



Maricopa County January 2009 Newsletter

Farm Service Agency

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Hours: 7:30 am to 4:30 PM

PROGRAM NOTES:



Dates to Remember

- DCP Sign-up Deadline June 1, 2009
- MILC Initial phase deadline Jan. 21st, 2009
Extended Phase Sept. 2012
- Jan 31st –Final Availability Date for Mohair,
Unshorn Pelts and Wool Loans/LDP's
- Jan 19th – Office Closed (Holiday)
- Feb 16th – Office Closed (Holiday)
- On going - Farm Loan Program Applications
are accepted (Direct and Guaranteed Loans)

ATTENTION ALL PRODUCERS-

(ACTION): For your convenience, we are asking all producers to **SCHEDULE APPOINTMENTS FOR ALL PROGRAM SIGNUPS.** Please allow up to 2 hours for the sign-up process, you will need to meet with more than one person and filing new payment limitation forms is **mandatory for all participants.** To provide you the optimum service possible in a timely manner, please schedule your appointment 1 week in advance and don't forget to bring in any new land leases and equipment leases.

Election Update- FOR LAA 3

Jan. 1, 2009 New committee member: Dawnie Stewart and Jason Perry as First alternate. First COC meeting January 20th, 2009.

DCP Sign-up Underway-(ACTION):

Enrollment for 2009 Direct and counter-cyclical payment program for farms with base acres began Dec. 22 both online and at the local USDA service center and will continue until June 1, 2009. Producers are urged to make use of the eDCP automated website to signup. Call office for more info.

The **June 1, 2009 deadline is mandatory** for all participants. USDA will **not accept** any "late-filed"

applications. Accordingly, enrollment is **NOT** permitted after June 1, 2009. CCC-509 will **NOT** be approved unless all producers sharing in base acres with more than a zero share have signed and submitted all applicable documentation. A CCC-509 not having all requisite signatures of producers having more than a zero share of contract acreage on or before June 1, 2009 will **NOT** be considered submitted to CCC for any purpose and will not be acted on or approved.

Each producer must provide a copy of their written lease to COC and, in the absence of a written lease, must provide to COC a complete written description of the terms and conditions of any oral agreement or lease. An owner's or landlord's signature affirming a zero share on a contract may be accepted as evidence of a cash lease between the owner/landlord as determined by CCC.

Producers who are eligible for the DCP program will also be eligible to enroll in the Average Crop Revenue Election (ACRE) Program. The enrollment period will begin in Spring. Producers may first enroll in DCP, receive advance direct payments and then later modify their enrollment to include the ACRE program or wait till spring to enroll in both.

Direct payments will be computed by multiplying:

- 83.3 % of the covered commodity base X
- The covered commodity's payment yield X
- The payment rate for the covered commodity X
- The producer's share of the commodity

For 2009, advance direct payments will be based on 22% of the direct payment for each commodity. And those payments may begin as early as December.

Changes To Payment Limitation, Income Qualification, Direct Attribution Programs-(INFO):

With the publication of an interim final regulation in the Federal Register next week, the United States Department of Agriculture announced changes to both Adjusted Gross Income (AGI) qualifications, program payment limitations, and direct attribution for Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS) programs, which

became effective in accordance with the 2008 Farm Bill. For commodity and disaster programs, the AGI limitation was reduced from \$2.5 million AGI from all sources to a three-year average non-farm AGI of \$500,000 such that a person or entity shall not be eligible for such programs if the non-farm AGI exceeds \$500,000. Also, under the new regulations, an individual or entity must have a 3-year average AGI less than or equal to \$750,000 per year from farm income in order to qualify for direct payments issued under the Direct and Counter-cyclical Program. The definition of income derived from farming, ranching and forestry operations was expanded to include, among other items, such items as the packing, storing and transporting of agricultural commodities; production of livestock products; farm-based production of renewable bio-energy; and in some instances, the providing of operational inputs to farmers, ranchers and foresters.

For conservation programs, the average nonfarm AGI limitation is \$1 million or less for eligibility. However, an individual or entity who has non-farm AGI in excess of \$1 million remains eligible for conservation programs only if 66.66 percent or more of the total AGI is derived from farming, ranching and forestry operations. In addition, the AGI limitation for conservation programs may be waived on a case-by-case basis if it is determined that environmentally sensitive land of special significance would be protected. Program payments are limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the individual, both directly and indirectly. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

States, local governments, political subdivisions, and other agencies were eligible for payments prior to enactment of the 2008 Act. The 2008 Act and this rule make such jurisdictions ineligible for payments unless such payments are earned on State-owned land and are used to support public schools. Payments under this exception are limited to \$500,000 annually; the limitation is waived for a State that has a population of less than 1.5 million. Individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of: (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination.

Under rules in effect since 1988, not every member of an entity had to contribute active personal labor or management. The interim final rule requires each

partner, stockholder, or member with an ownership interest to make a contribution of active personal labor or active personal management. The contribution must be regular and substantial, and documented as well as separate and distinct from any other member's contribution. The rule limits the ability of passive stockholders to continue to realize benefits from the entity. Under the interim final rule, the addition of individuals or entities to an existing operation to qualify for additional payments is more restrictive than under previous regulations. The prior rule in effect since 1988 said the acquisition of new cropland to the farming operation of at least 20 percent qualifies for the increase of an unlimited number of new persons and/or legal entities as eligible for payment. The rule changes the 20-percent increase requirement from cropland to base acres and only allows for the addition of one new person to the operation. However, based on the magnitude and complexity of the change in the farming operation, the State FSA Office may approve additional persons or legal entities for payment in the farming operation. The change eliminates the loophole that previously allowed an unlimited increase in the number of limitations that could accompany a 20 percent increase in eligible land area that meets the definition of cropland.

MILC Income Loss Contract Program

Sign-Up-(ACTION): USDA's Farm Service Agency (FSA) announced that sign-up for the Milk Income Loss Contract Program (MILC) begins Dec 22 and will continue through the program's expiration date, Sept 30, 2012. The 2008 Farm Bill reauthorizes the MILC Program, which operates similarly to the counter-cyclical payment program for crops, and makes three key changes in program operation. Under the 2008 Act, the MILC payment rate and the per-operation poundage limit are modified, depending on when the milk is produced. In addition, a "feed cost adjuster," is introduced over the life of the 2008 Act, which adjusts the \$16.94 per hundredweight (cwt.) benchmark price upward depending on the cost of feed rations. When available, MILC payments are based on a payment rate percentage that is multiplied by the difference between a now-flexible target (\$16.94 per cwt. or higher) and the specific month's Boston Class I price of milk. USDA's Commodity Credit Corporation (CCC) issues MILC payments on an operation-by-operation basis up to a maximum of 2.4 million pounds of milk produced and marketed (about 120 cows) from Oct. 1, 2007, through Sept. 30, 2008. The production limit per operation increases to 2.985 million pounds (about 145 cows) for each fiscal year from Oct. 1, 2008, through Aug. 31, 2012. The production limitation reverts back to the original limit of 2.4 million pounds per fiscal year in Sept. 2012. The 2008 Act adjusts the trigger price of \$16.94 cwt., depending on the extent to which feed costs increase. The feed cost adjustment takes effect when the monthly National Average Dairy Feed Ration Cost (calculated from the "entire month"

prices published by the National Agricultural Statistics Service) is greater than \$7.35 per cwt. beginning Jan. 1, 2008, through Aug. 31, 2012. Calculations from Jan. 1, 2008, through Aug. 31, 2012, will be made at 45 percent of the percentage that the National Average Dairy Feed Ration Cost exceeds \$7.35 per cwt.

Beginning with Fiscal Year 2009 marketings, which started Oct. 1, 2008, the 2008 Act made changes to the provisions for payment eligibility to add an adjusted gross income (AGI) limit. If the individual or entity has annual non-farm AGI for the relevant base period greater than \$500,000, the individual or entity is not eligible for MILC benefits. The base period will be set pursuant to AGI regulations yet to be issued. That rule will also define what is considered to be non-farm income. During the signup application period, participating dairy operations must select the month of the fiscal year to start receiving payments for eligible production. Producers submitting a contract application within 30 days of the beginning of the application period can select any preceding month as the start month. Producers submitting contract applications after Jan. 21, 2009, will not have the option of selecting an earlier month as the payment start month for the dairy operation for a fiscal year; and will be limited to applicable start month selection rules. Those general rules are that the start month must either be the month the contract is submitted or some later month. Changes in the month may be made from year to year so long as the designation is made by the fourteenth of the month proceeding the new start month. Pound limits run from the start month and all pounds for which payment is received count against the limit for that fiscal year.

Eligible dairy producers are those who commercially produce milk in the United States. To receive program approval, producers must enter into a MILC contract with CCC and provide monthly milk marketing data. Dairy producers can apply for MILC at local FSA offices.

All payments in the program are subject to limits in the contract, regulations, and to changes in statutory provisions for payment.

Non-Insured Crop Assistance Program - (INFO):

The cost for NAP is a service fee of \$250 per crop, per a total of \$750 per producer, per county.

2008 Crop Year Sales (Application) Closing Dates are set by the state committee. **Producers are required to apply for the NAP program prior to these dates in order to remain eligible for payments.** **You must file a notice of loss within 15 days from the date that the loss was apparent.**

Jan 31, 2008 – Cucumbers, Grapes, Bermuda Grass, Sudan Grass, Basil, Herbs, Jojoba, Pecans, Chile Peppers, Raisins

Feb 28, 2008- Pinto Beans, Corn, Cotton, Okra, Olives, Peanut, Sweet Potato, Pumpkins, Sorghum, Squash

May 31, 2008- Nursery

Note: Ornamental nursery sales closing date is 09/01/2005

Producers are reminded of these dates to ensure continued eligibility for the 2008 crop year. Producers must:

1. Annually provide records of crop acreage, crop yields, and production evidence for NAP crop to be eligible.
2. Inform FSA within 15 days of the date any disaster condition occurred or damage to the crop became apparent. **Producers must file this form even if they intend to harvest the crop.**
3. Not exceed the gross revenue cap of \$2.0 million. HELC/WC compliance is required (AD-1026)

Foreign Investors Must Report U.S. Agricultural Land Holdings- (INFO):

Foreign investors with an interest in agricultural lands in the United States are required to report their holdings and any transactions to the U.S. Secretary of Agriculture. Any foreign person who acquires or transfers any interest, other than a security interest, in agricultural land in the United States is required by law to report the transaction no later than 90 days after the date of the transaction.

Foreign investors must file Agricultural Foreign Investment Disclosure Act (AFIDA) reports with the Farm Service Agency

County Office that maintains reports for the county where the land is located.

Failure to file a report, filing a late report or filing an inaccurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

For AFIDA purposes, agricultural land is defined as any land used for farming, ranching or timber production, if the tracts total 10 acres or more.

Disclosure reports are also required when there are changes in land use. For example, reports are required when land use changes from nonagricultural to agricultural or from agricultural to nonagricultural. County Office that maintains reports for the county where the land is located.



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Attention: FSA Program Participant
This newsletter contains valuable information and important dates regarding our programs; therefore you may lose benefits



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