



March 2010

# *Bingham County FSA News*

## **USDA Bingham County FSA**

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### **Hours**

Monday - Friday  
8:00 a.m. - 4:30 p.m.

### **County Office Staff**

Steve Fullmer, CED  
Elise Cumpston, PT  
Sheila Rigby, PT  
Dorese Cornelison, PT

### **Farm Loan Staff**

Bradley J. McMurtrey, FLM  
Dustin Carter, FLO  
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Nikki Roberts, FLPT

## **DCP Signup Continues**

Signup for the 2010 Direct and Counter-cyclical Payment (DCP) Program continues until June 1, 2010. FSA will not accept late-filed applications.

FSA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2010, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. Counter-cyclical payments for a commodity are only issued if the effective price for a commodity is below the commodity's target price.

The electronic DCP (or eDCP) service will save you time, reduce paperwork and speed up contract processing at FSA offices. It is available to anyone eligible to participate in the DCP Program. To access this on-line service, you must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at <http://www.eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

## **ACRE**

The ACRE Program provides a safety net based on state revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The June 1, 2010, signup deadline

is mandatory for all participants. FSA will not accept any late-filed applications.

A payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity. For 2010, the 2-year price average will be based on the 2008 and 2009 crop years.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3% (85% in 2012) of the farm's planted acres times the difference between the state ACRE guarantee and the state revenue times the ratio of the farm's yield divided by the state expected yield. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. Participants in ACRE will forgo counter-cyclical payments. Also a farm's direct payment is reduced by 20% and marketing assistance loan rates are reduced by 30%.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.

## **ACRE Yields**

May 1<sup>st</sup> is the county deadline to submit ACRE yields.

ACRE payments are based upon state



benchmark yields and farm benchmark yields. Your farm benchmark yield needs to be established before June 1. Bingham County FSA has asked ACRE producers to submit their production evidence by May 1<sup>st</sup> to allow time to complete and prepare the farm benchmark.

The benchmark yield is established by using the higher of the county average yield or the farm's proven yield, each of the years 2004-2008, dropping the high and low, and dividing the remaining 3 yields. There are guidelines that will be followed in the use of yearly yields.

In addition, 2009 actual yields are required to be submitted by this deadline.

### **Adjusted Gross Income**

USDA has a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to USDA.

The agreement ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-927 (Individual) and/or CCC-928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. These forms may be obtained from local FSA and NRCS offices.

### **Actively Engaged**

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs if both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management; and
- The total direct payments received, both directly and indirectly, by the legal entity and each of the members can not exceed \$40,000.

### **Crop Reporting**

June 30<sup>th</sup> is the deadline to file your planted crops for 2010. Appointments will be made to insure all producers have an opportunity to report. If you do not receive an appointment card, just come in. **Remember, it must be completed by June 30<sup>th</sup>.**

### **FSA Payment Record 1099-G**

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to

report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

If you have questions concerning the 1099-G refund information, contact your local FSA office for assistance.

### **Marketing Assistance Loans**

Marketing Assistance Loans for crop years 2009 through 2012 are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan even if you regain beneficial interest.

Commodity loan eligibility also requires you comply with conservation and wetland protection requirements; beneficial interest requirements, report how you use cropland acreage on the farm and ensure that the commodity meets Commodity Credit Corporation (CCC) minimum grade and quality standards. For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Producers do not have to participate in the Direct and Counter-Cyclical Program to be eligible for commodity loans.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans.

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

### **Bingham County Newsletter**

There will only be 2 more newsletters physically mailed to producers for the remaining 2010 year. Budget constraints have forced a reduction.

There will be newsletters e-mailed to producers who have submitted to us their e-mail address. Please pass this news to your neighbor.

This newsletter, March 2010, is ONLY being sent to e-mail addresses. No physical copy will be mailed.

### **CREP, SAFE & Continuous CRP Available**

Environmentally sensitive acreage may be eligible for enrollment in the Conservation Reserve Enhancement Program (CREP) or the Conservation Reserve Program State Acres for Wildlife Enhancement (SAFE) Programs. Availability of these programs may be contingent on previous program approval in your state. Continuous CRP is available in every state during the fiscal year. These targeted programs remain funded, and continue to provide increased environmental benefit in select areas. Check with your nearest county office to confirm program availability in your area.

### **Dates to Remember**

- March 31<sup>st</sup> is the final date to obtain a commodity loan
- June 1<sup>st</sup> is the final date to sign up for DCP
- June 1<sup>st</sup> is the final date to submit ACRE production evidence for 2004-2009
- June 30<sup>th</sup> is the final date for crop reporting

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