

USDA



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Power County FSA News

February 2010

1099-G: Note Changes

Producers who have received payments in 2009 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 compared with your records to see if 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. Participants with an e-Authentication 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 Power County FSA office for assistance in locating the correct payment data.

ACRE

The optional ACRE Program provides a safety net based on 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. USDA will not accept any late-filed applications.

A farm's 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.

Payments are based on planted or prevented planted acres of commodity crops. In order to receive a payment for the crop, there must be both a state and farm revenue loss.

The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. In exchange for participating in ACRE, a farm's direct payment is reduced by 20%, marketing assistance loan rates are reduced by 30%, and the farm will not receive counter cyclical payments.

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.

For producers who have already signed up for ACRE you must complete form 658P, on this form you are certifying the previous 6 years of production. 2009-2004. We need this information by June 30, 2010 to accurately compute your 2009 ACRE Payment.

2010 DCP Signup

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) has begun and will continue through June 1, 2010. USDA urges producers to make use of the eDCP automated website to sign up, or producers can visit any USDA Service Center to complete their 2010 DCP contract. USDA 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, eligible producers may request an advance which is 22% of the direct payment.

CRP Update

We have approximately 33,000 acres of CRP expiring on September 30, 2010. Most of that ground is currently classified as **not highly erodible** and under current regulations would not be eligible to re-enroll.

We have been working with many local partners including Idaho Fish and Game to re-apply for a Conservation Priority Area (CPA). The species of concern that we have highlighted are Columbian Sharp-tailed Grouse and Sage Grouse. If we are approved for a CPA then the ground does not have to meet highly erodible standards to qualify for CRP. The initial CPA has already been submitted.

Next we are waiting for the rules on how we may be able to exceed our 25% cropland limitation. If that step is not approved or applied for, then we will only be eligible for approximately 5,000 acres of the 33,000 expiring CRP acres.

In the meantime on current CRP Contracts, have you checked your fields lately? Every year we find contracts that are in violation and we have to make payment reductions. We usually have some unauthorized grazing however we do not catch all violations. We continue to monitor as much CRP acres as we can, and your turn may be next. This last year we have found a motor cross track that caused major damage on a CRP Contract. A new violation that seems to be causing more problems the last couple of years is CRP becoming a storage yard for farm and sprinkler equipment. The CRP is considered cropland, not a storage yard for excess equipment. We have been, and will continue to assess payment reductions for these infractions. So please move the extra equipment before it becomes a violation. There are no warnings for a first offense; violation results in payment reductions or a terminated contract.

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 IRS 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. We will not be mailing out these forms in a mass mailing. This is applicable to not only FSA Payments but also NRCS. If these forms are not submitted timely then you will be required to **refund all payments** that you have received in 2009. These forms may be obtained from Power County FSA offices or online at <http://forms.sc.egov.usda.gov>. Browse for form number only.

SURE

Currently SURE Program sign ups are being taken for the 2008 Crop Year. The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disaster that incurred starting in the crop year 2008 through September 30, 2011. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops of economic significance in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage.

Eligible farmers and ranchers who meet the definition of Socially Disadvantaged, Limited Resource, or Beginning Farmer or Rancher are exempt from the risk management purchase requirement.

The following are the conditions that trigger SURE payments:

- at least one crop of economic significance must suffer a 10% production loss due to an eligible disaster condition if you are in a disaster declared county
- the crop of economic significance must be a crop that has contributed or would have contributed at least 5% or more of the total expected revenue from all crops on the farm
- the farm experiencing the loss **must be in a county declared a disaster county (Oneida County)** by the Secretary of Agriculture, or in contiguous counties.
- those producers who show proof of an individual loss of at **least 50%** in non-designated disaster counties (Power) are also eligible to receive SURE payments for production losses or crop quality losses.

Losses are measured with consideration to the whole-farm revenue, which includes crop insurance indemnities and commodity sales.

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 the FSA.

Every stockholder or member of a legal entity, such as a corporation, does not have to contribute labor or management 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 that altogether qualifies as a significant contribution to the farming operation;

- The total direct payments received, both directly and indirectly, by the legal entity and each of the members can not exceed \$40,000.

NAP Coverage Deadlines

Be sure to contact the Power County FSA office for the Noninsured Crop Disaster Assistance Program (NAP) filing deadlines for your crops. NAP applications are due at different times according to the crop being insured. Producers should apply for NAP coverage using form CCC-471 (Application for Coverage). Related service fees are due when the application is filed. The application and service fee **MUST** be filed by the crop sales closing date.

The current service fee is \$250 per crop per county with a maximum of \$750 per producer per county. The fee cannot exceed a total of \$1875 per producer for individuals with farming interests in multiple counties. Limited resource producers may request a waiver for service fees.

To qualify, a producer must share in the risk of producing an eligible crop.

Farm Loan Programs

The FSA offers loans for eligible farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are temporarily unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,112,000. Emergency loans are always direct loans for farmers who may have suffered physical or production losses in disaster areas designated by a Presidential or Secretarial disaster declaration. Rural Youth Loans, Loans to Beginning Farmers and loans for socially disadvantaged applicants are also available.

For details please contact the county office staff for an appointment with a farm loan officer.

Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of Socially Disadvantaged Applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or

gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

BCAP

The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that sell and deliver eligible biomass material to qualified biomass conversion facilities (BCF) for use as heat, power, bio-based products or bio-fuels. Initial assistance will be for the collection, harvest, storage and transportation (CHST) costs associated with the delivery of eligible materials. Producers or entities who sell and deliver these materials can apply for FSA matching payments up to \$45 per dry ton.

An application must be submitted before the eligible material is sold and delivered to a BCF. After the product is delivered, a producer must provide FSA with documentation of product quantity, quality and payment rate. County offices will validate payment requests with information in the county office. For more information, find the BCAP page of details at www.fsa.usda.gov

Appeal Process

After an FSA official makes a decision on your request for USDA services or application, you will be sent a letter informing you of the decision and options you can pursue if you disagree.

Generally, program participants have three choices — an informal review with the original agency decision-maker, an opportunity for mediation, and finally an appeal to the next level of authority within the agency.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA.

All individuals who are not U.S. citizens, and have purchased or sold agricultural land in the county are required to report the transaction to FSA with 90 days of the closing. Failure to submit the AFIDA form (FSA-153) could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, Realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

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FSA County Newsletter

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Visit Idaho's FSA Website at:
<http://www.fsa.usda.gov/id>

Selected Interest Rates for February 2010	
Farm Operating - Direct	2.625%
Farm Ownership - Direct	4.875%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency	3.75%
Dates to Remember	
March 9 th	COC Meets at 9:30 am
Feb. 15 th	Presidents' Day - USDA Office Closed
Check with local office	Noninsured Crop Disaster Assistance Program Deadlines
June 1, 2010	2010 DCP Sign up Deadline
June 1, 2010	2010 ACRE Sign up Deadline

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance programs. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202)-720-6382 (TDD). USDA is an equal opportunity provider and employer."