



## Iowa FSA Today

March 2013

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

### DCP/ACRE SIGN-UP

FSA began DCP and ACRE sign-up for 2013 crops on **Feb. 19, 2013**. The DCP sign-up period will end on Aug. 2, 2013; and the ACRE sign-up period will end on June 3, 2013.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants in 2013 may choose to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012 may elect to enroll in DCP in 2013 or may re-enroll in ACRE in 2013. Likewise producers who were enrolled in DCP may opt for ACRE enrollment.

Contact the FSA county office for more information, or an appointment to enroll.

### NEW AGI FORM FOR 2013

Under the 2008 Farm Bill extension, all payment eligibility and payment limitation provisions were extended, including AGI limitations for the 2013 crop year, program year and fiscal year.

The following four qualifying levels for AGI provisions will be in effect for the 2013 program year:

- \$500,000 Nonfarm Income – if a person or legal entity has average adjusted gross nonfarm income that exceeds \$500,000, the person or legal entity is ineligible for all commodity program payments and benefits,
- \$750,000 Farm Income – if a person or legal entity has average adjusted gross farm income that exceeds

- \$750,000, the person or legal entity is ineligible for DCP direct payments only,
- \$1,000,000 Farm and Nonfarm Income – if a person or legal entity has average adjusted gross farm and nonfarm income that exceeds \$1,000,000, the person or legal entity is ineligible for 2013 direct payments,
- \$1,000,000 Nonfarm Income – if a person or legal entity has average adjusted gross nonfarm income that exceeds \$1,000,000 the person or legal entity is ineligible for all conservation program benefits unless at least 66.66% of total AGI is average adjusted gross farm income.

The average AGI is based on the average of adjusted gross income for the 3 taxable years preceding the most immediately preceding complete taxable year. For the 2013 program year, the 3 taxable years for AGI purposes would include 2011, 2010, and 2009.

Annual certifications of AGI compliance are required from each individual and legal entity requesting CCC program payments either directly or indirectly. Annual certifications are made on form CCC-931 or CCC-933 or by a statement from a certified public accountant or an attorney.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payment and benefits. This includes the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child, and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity. All average

AGI limitations for commodity, price support, disaster assistance, and conservation programs are also continued for 2013 including the \$1 million average AGI limitation for 2013 direct payments.

Producers will be required to complete a new AGI compliance certification and written consent for disclosure for 2013 using form CCC-933, which is a new form for 2013 only. The CCC-933 must be completed by the person or legal entity earning USDA benefits either directly or indirectly in the 2013 program. Producers who fail to provide the certification and consent must refund all applicable program payments received from FSA and NRCS.

Producers may obtain CCC-933 at their local USDA Service Center or online at [www.fsa.usda.gov/ccc933](http://www.fsa.usda.gov/ccc933).

### CRP GENERAL SIGN-UP

USDA will conduct a four-week general sign-up for the Conservation Reserve Program (CRP), beginning May 20 and ending on June 14. CRP protects the nation's natural resources through voluntary participation, while providing significant economic and environmental benefits to rural communities across the United States.

Currently, about 27 million acres are enrolled in CRP. Producers that are accepted in the sign-up can receive cost-share assistance to plant long-term, resource-conserving covers and receive an annual rental payment for the length of the contract (10-15 years).

Contracts on 3.3 million acres of CRP

are set to expire on Sept. 30, 2013. Producers with expiring contracts or producers with environmentally sensitive land are encouraged to evaluate their options under CRP.

For more information on CRP, visit a local FSA service center or [www.fsa.usda.gov](http://www.fsa.usda.gov).

### **NEW MICROLOAN PROGRAM**

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations. The program will operate similar to the Operating Loan program but will include reduced requirements for managerial experience and loan security, as well as reduced paperwork.

The microloan program can be used for such expenses as annual crop inputs, marketing and distribution expenses, purchase of livestock and equipment, and minor farm improvements such as wells and coolers.

Eligible applicants may obtain a microloan for up to \$35,000. The repayment term may vary and will not exceed seven years. Annual operating loans are normally repaid within 12 months or when the agricultural commodities produced are sold. Interest rates will be the same as the regular Direct Operating Loan rates.

### **MILC PROGRAM EXTENDED**

Dairy producers enrolled in the Milk Income Loss Contract program (MILC) will have their contracts automatically extended through Sept. 30, 2013. There is no need to re-enroll in the program. The MILC program was part of several FSA-related programs that were continued with the extension of the 2008 Farm Bill.

The production start month previously selected by an operation is applicable for FY 2013. Starting March 1, 2013 all production start month changes must be made according to normal start month selection provisions.

Normal start month provisions: Changes

must be made on or before the 14th day of the month before the selected MILC production start month, except as otherwise provided during the applicable sign-up phase. A dairy operation cannot select a MILC production start month for any month that has already begun, except as otherwise provided; has already ended or; milk was not produced by the dairy operation.

Please call the FSA office and make an appointment if you decide to make changes.

### **FSA MOVES TO ELECTRONIC CHECK PROCESSING**

FSA is moving towards an electronic method for processing check payments from customers. All paper checks submitted for payment, either in person or through the mail, will be converted into an Electronic Funds Transfer (EFT) using Over the Counter Channel (OTCnet), a web-based application.

The electronic transfer of funds could occur within 24 hours. FSA will hold the paper check for up to 14 calendar days to ensure that the transaction was successfully processed and then the check will be shredded. The producer will not receive the paper check back from FSA.

All counties will be transitioned into OTCnet by the end of 2013.

The new electronic check processing system will benefit the Agency and producers. The new system will reduce the possibility of losing or misplacing checks, speed up the check clearing process and reduce the potential for human error.

### **Hispanic and Women Farmer and Rancher Claims Period Ends March 25**

Agriculture Secretary Tom Vilsack reminds Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades that there are 45 days remaining in the filing period closing March 25, 2013.

USDA urges potential claimants to con-

tact the Claims Administrator for information and mail their claim packages on or before March 25, 2013.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied his or her application for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000. As announced in February 2011, the voluntary claims process will make available at least \$1.33 billion for cash awards and tax relief payments, plus up to \$160 million in farm debt relief, to eligible Hispanic and women farmers and ranchers. There are no filing fees to participate in the program.

Claimants may register for a claims package by calling the telephone number below Monday through Friday 9 a.m. to 8 p.m. Eastern Time or by downloading the forms from the website.

Website: [www.farmerclaims.gov](http://www.farmerclaims.gov)

Phone: 1-888-508-4429

Claims Period: September 24, 2012 - March 25, 2013.

Independent legal services companies will administer the claims process and adjudicate the claims. Although there are no filing fees to participate and a lawyer is not required to participate in the claims process, persons seeking legal advice may contact a lawyer or other legal services provider.

### **2011 SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM APPLICATIONS**

The Farm Service Agency (FSA) will continue to accept SURE applications for 2011 crop losses through June 7, 2013. Under the 2008 Farm Bill, SURE authorizes assistance to farmers and ranchers who suffered crop losses caused by natural disasters occurring through September 30, 2011.

All eligible farmers and ranchers must sign up for 2011 SURE benefits before the June 7, 2013 deadline.

Producers in counties receiving a Secretarial Disaster Designation, whether

primary or contiguous, and producers are eligible to apply for SURE benefits if they experienced at least a 10 percent production loss that affects one crop of economic significance. Producers in other counties must have received at least a 50 percent production loss to qualify.

To meet program eligibility requirements, producers must have obtained a policy or plan of insurance through the Federal Crop Insurance Corporation or obtained Noninsured Crop Disaster Assistance Program (NAP) coverage for all economically significant crops. Eligible farmers and ranchers who meet the definition of a socially disadvantaged, limited resource or beginning farmer or rancher do not have to meet this requirement. Forage crops intended for grazing are not eligible for SURE benefits.

For more information on SURE program eligibility requirements contact your local FSA office or visit the website at <http://www.fsa.usda.gov/sure>.

### **EMERGENCY FARM LOANS**

Producers in all of Iowa's counties are eligible for Emergency Farm Loan assistance due to drought, excessive heat, high winds and other storm related losses.

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.

#### **Loan Uses:**

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation; and
- Refinance certain debts.

Loan funds are available at 2.125% interest. Loan amounts and eligibility will be determined based on the level of loss.

Further information and applications for

Emergency loans are available at local FSA county offices.

### **FSA GOVDELIVERY**

The USDA Farm Service Agency offices have moved to a paperless news distribution system.

Producers are asked to enroll in the new GovDelivery system, which provides notices, newsletters and electronic reminders instead of a hard copy through the mail.

FSA, like many other organizations, is trying to work smarter and be more efficient. Moving to electronic notifications via email helps conserve resources and save taxpayer dollars.

Producers can now subscribe to receive free email updates by going to [www.fsa.usda.gov/subscribe](http://www.fsa.usda.gov/subscribe).

### **CCC 1099 CHANGES**

In past years, CCC 1099-G was issued to show all program payments received from the Farm Service Agency, regardless of the amount. For calendar year 2012, the 1099-G reporting will change.

CCC Form 1099-G (Report of Payments to Producers) will only be issued to producers whose reportable payments total \$600 or more for the calendar year. Additionally, if the producer has at least \$600 in reportable payments received from multiple FSA offices, only one Form 1099-G will be issued. Producers subject to voluntary withholding or backup (involuntary) withholding will receive the appropriate IRS form, even if combined payments are less than \$600.

The same changes will apply to producers and vendors who normally receive CCC Form 1099-MISC from FSA.

Any producer who receives less than \$600 in combined payments should consult a tax advisor to determine if these payments must be reported on their tax return.

### **PAYMENT LIMITATIONS AND ACTIVELY ENGAGED**

The method in which FSA will limit payments in 2013 will again be by direct attribution. The following is a listing of programs and their associated limitations for the 2013 program year:

- DCP Direct; \$40,000
- DCP CC/ACRE; \$65,000
- CRP; \$50,000
- NAP; \$100,000
- SURE, LIP, LFP, & ELAP; \$100,000
- LDP & Market Gain, No limit

To be eligible for payments and benefits under specific programs, 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, and/or land; and (2) active personal labor and/or active personal management. In addition, cash-rent tenant provisions must be met, if applicable.

Program benefits will not be provided until all required forms are provided and necessary determinations have been made. A determination of not actively engaged in farming will result in the producer being determined ineligible for any payment or benefit requiring a determination of actively engaged in farming.

A new farm operating plan (CCC-902) is not required to be filed if the farming operation continues to be conducted as reflected on the existing farm operating plan and supporting documents on file in the county office. If any changes occur that could affect an actively engaged in farming, cash-rent tenant, foreign person, or average AGI determination, producers must timely notify the county office by filing a revised farm operating plan. Failure to timely notify the county office may adversely affect payment eligibility.

All entities earning program benefits subject to payment limitation are re-

quired to provide the names, addresses, and tax ID numbers of the entities' members to the county office.

Each partner, stockholder or member with an ownership interest must contribute active personal labor and/or active personal management to the farming operation on a regular basis. The contribution must be identifiable and documentable; as well as separate and distinct from the contributions made by any other partner, stockholder or member. If any partner, stockholder or member with an ownership interest fails to meet this requirement, program payments will be reduced by the corresponding share held by that partner, stockholder or member. There is an exception allowed for legal entities, such as corporations, if total direct payments received both directly and indirectly, by the legal entity and its members do not exceed \$40,000.

Additionally, all applicable payment eligibility and payment limitation forms submitted by producers are subject to spot check through the end-of-year review process.

### **Continued Applicability of Highly Erodible Land and Wetland Conservation Compliance**

With the recent one year extension of the 2008 Farm Bill, producers are reminded that highly erodible land conservation (HELC) and wetland conservation (WC) provisions remain in effect for the 2013 program year. HELC and WC compliance provisions are provided by the Food Security Act of 1985 and amended by subsequent Acts, resulting in the continued application of those provisions.

In order to receive payments from USDA, compliance with Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions is required. Farmers with HELC determined soils are reminded of tillage, crop residue, and rotation requirements as specified per their conservation plan. Producers are to notify the USDA Farm Service Agency prior to conducting land clearing or drainage projects to insure

compliance. Failure to obtain advance approval for any of these situations can result in the loss of eligibility and all Federal payments.

### **2013 FAV / Wild Rice Exception**

Producers may not plant fruits, vegetables (FAVs) or wild rice on base acres enrolled in DCP or ACRE. However, if the farm has a history of planting FAVs or wild rice or if the producer has a history of planting the specific FAV or wild rice, the FAV or wild rice may be planted on base acres. In such cases, the direct and countercyclical payments shall be reduced acre for acre for each base acre planted to FAVs or wild rice.

### **HAY NET**

Producers are encouraged to use Hay Net on the FSA website (<http://www.fsa.usda.gov/haynet>). This online service allows producers with hay and those who need hay to post ads so they can make connections. Hay Net is a popular site for farmers and ranchers who have an emergency need. Individual ads can be posted free of charge by producers who complete a simple online registration form the first time they use the site.

### **FARM STORAGE FACILITY LOAN PROGRAM**

The Farm Storage Facility Loan (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a minimum down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term may be different and are based on the rate which CCC borrows from the Treasury Department.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, soybeans, oats, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables for cold storage facilities
- Honey

### **MARKETING ASSISTANCE LOANS (MAL)**

Short-term financing is available by obtaining low interest commodity loans for eligible harvested production. A nine-month Marketing Assistance Loan provides financing that allows producers to store production for later marketing. The crop may be stored on the farm or in the warehouse.

Loans are available for producers who share in the risk of producing the eligible commodity and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss because of damage to the commodity and title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible for a loan, even if you regain beneficial interest.

### **FINAL AVAILABILITY DATES FOR 2012 MARKETING ASSISTANCE LOANS & LOAN DEFICIENCY PAYMENTS**

- April 1-Honey, Oats, Wheat
- May 31-Corn, Cotton, Grain Sorghum, Rice, Soybeans

## Maintaining the Quality of Loaned Grain

Bins are ideally designed to hold a level volume of grain. When bins are over-filled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

## UNAUTHORIZED DISPOSITION OF GRAIN

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

## Honey Loans

Honey loans are a type of marketing assistance loan and 2012 crop is available until April 1, 2013. The national loan rate for honey is \$.69 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-loan inspections are required before the loans can be disbursed.

Honey used as collateral may not be disposed of without approval of the county office staff.

## BEGINNING FARMER LOANS

FSA assists beginning farmers and or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's median size.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

## 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, Afri-

can Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

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**Readers are advised that dates for FSA programs in Iowa could be county-specific. Please contact your local FSA office for detailed information pertaining to you operation.**

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USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay).