

December 2009

Linn County  
USDA Service Center

**Linn County FSA**  
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660-258-7265 (phone)  
660-258-3257 (fax)  
[www.fsa.usda.gov/mo](http://www.fsa.usda.gov/mo)

**Hours**  
Monday - Friday  
7:30 a.m. - 4:30 p.m.

**County Committee**  
Vicky Ervie  
James Pfeiff  
Lee Jaynes

County Committee  
meets 01/15/2010

**Staff**  
Susan McLain  
Roberta Kehr  
Caroline Frizzell  
Matt Lambert  
Greg Smith



## DCP Signup Continues

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) 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 to receive advance direct payments based on 22 percent of the direct payment. USDA will issue advance direct payments beginning Dec. 1, 2009. Counter-cyclical payment rates vary depending on market prices. Counter-cyclical payments are issued only when the effective price for a commodity is below its target price. The effective price is the higher of the national average market price received during the 12-month marketing year for each covered commodity and the national average loan rate for a marketing assistance loan for the covered commodity.

## ACRE

The Average Crop Revenue Election Program (ACRE) 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. 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.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3 percent (85 percent 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. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is re-

duced by 20 percent, and marketing assistance loan rates are reduced by 30 percent.

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.

The June 1, 2010, deadline is mandatory for all participants. USDA will not accept any late-filed applications.

## SURE

The 2008 Farm Bill amended the Trade Act of 1974 to create the Supplemental Revenue assistance program (SURE).

The SURE program provides benefits for farm revenue losses due to natural disaster that occurred in the crop years 2008 through September 30, 2011. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage. However, crop insurance or NAP coverage is no longer required for crops that are not of economic significance or those where the administrative fee required to buy NAP coverage exceeds 10 percent of the value of the coverage.

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
- crop of economic significance is 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
- producers in counties declared disaster counties by the Secretary of Agriculture, or in contiguous counties, or those who

show proof of an individual loss of at least 50% are eligible to receive SURE payments for crop producer or crop quality losses. Losses are measured with consideration to the whole-farm revenue, which includes crop insurance indemnities and commodity program payments, so that producers are not paid more than once for the same loss.

## **COC Election Results**

Vicky Ervie was reelected to the Linn County FSA committee during the 2009 election. Congratulations Vicky.

## **BCAP**

FSA is currently accepting applications from biomass facilities interested in participating in the Biomass Crop Assistance Program (BCAP). BCAP provides financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities 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. Once an agreement is signed between FSA and a facility allowing funding through the program to become available, the facilities can begin accepting materials.

Producers who sell these materials can apply for matching payments under the collection, harvest, storage and transportation (CHST) component of BCAP.

A biomass material producer is eligible to receive payments for two years. The purpose of the matching payments is to assist biomass producers with the CHST cost of delivering biomass to a qualified biomass conversion facility. Once a facility becomes qualified, eligible material owners or producers who deliver biomass to that facility may be eligible to receive CHST payments.

Eligible material owners or producers, who market eligible material to a qualified biomass conversion facility, may apply for the matching CHST payment at their FSA county office. An application must be submitted before the eligible material is sold and delivered to a qualified biomass conversion facility. 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 and information provided under the terms of MOUs with the qualified biomass conversion facilities.

## **CRP**

There is the possibility of a CRP general signup in 2010. Producers are reminded that land must be physically capable of being cropped in order to be eligible for the program. Land currently enrolled in CRP that has tree/brush encroachment over the years will be ineligible unless physically capable of being cropped at the time an offer is made to participate in the program.

## **IRS Form 1099-G**

Producers annually receive CCC-1099Gs detailing payments producers have received from FSA. This year, the 2009 Advance payments producers received from the Direct and Counter-Cyclical Payment (DCP) Program were processed as overpayments and offset from the 2009 Final payments. The 2009 Advance payments will not be reflected on the CCC-1099G producers receive. The CCC-1099Gs will reflect only the 2009 DCP direct entitlement. Note: Producer refunds are not shown on the 1099G.

Producers who have repaid a market gain on a Commodity Credit Corporation (CCC) loan with cash or commodity certificates in exchange for outstanding loan collateral will have their market gains reported to the IRS on Form 1099-G.

FSA is required to report to the IRS all market gains associated with the repayment of a CCC loan.

A market gain is the difference between the repayment rate, determined by the CCC, and the original loan rate. If the repayment rate drops below the original loan rate then the difference is considered a market gain. Producers will receive, by mail, the amount reported by FSA to the IRS on Form 1099-G.

Computer software problems have caused numerous issues regarding 2009 payments. Producers should thoroughly review their 1099G for accuracy.

## **Commodity Loans**

Producers considering a loan on their stored grain before the end of the year will need to allow enough time before December 31<sup>st</sup>, to get the loan processed. Last second transactions that run into delays can be problematic. Commodity loans, also referred to as Marketing Assistance Loans, 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 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.

## Maintaining the Quality of Loaned Grain

This year's large grain crop has its obvious up side, but there is a downside too. Many producers are hard pressed to find adequate storage for every bushel harvested. Overfilled grain storage bins can lead to grain quality problems.

Bins are ideally designed to hold a level volume of grain. When bins are overfilled 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.

## LDP Deadline on Unshorn Lamb Pelts

Eligible producers have until February 1, 2010, to apply for Loan Deficiency Payments (LDP) for unshorn pelts produced during the 2009 crop year.

Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands on which they operate or have interest.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

## Spousal Signatures

Husbands and wives may sign documents on behalf of each other for FSA Program and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

However, there are exceptions to the rule, where spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities. Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

For more clarification on spousal signature authority, feel free to contact your local FSA office.

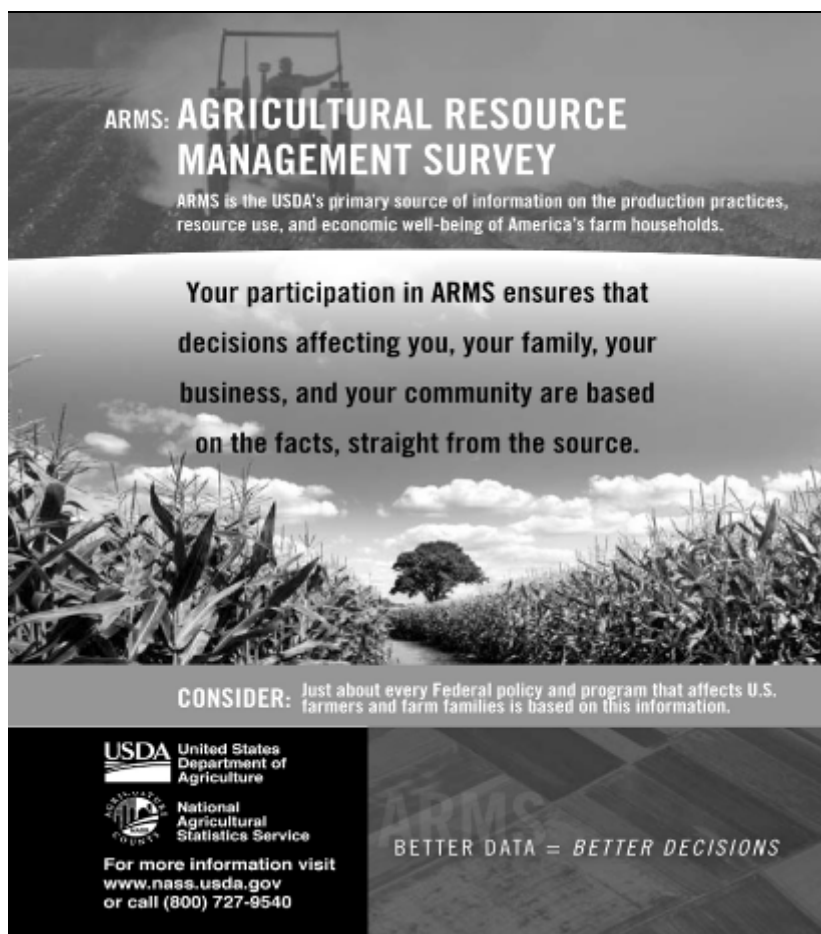
## Continuous CRP

The Continuous Conservation Reserve Program is a private lands environmental improvement program that allows participants the opportunity to enroll acreages in conservation practices that will reduce soil erosion, improve water and soil quality and provide wildlife habitat and food sources.

Continuous CRP program participation is voluntary. Eligible landowners enter into contracts that range from 10 to 15 years in length. In return, the landowners will receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment.

To be eligible for enrollment in the Continuous CRP, participants and acreage must meet certain requirements. Provided the eligibility requirements are met, FSA will automatically accept enrollments of acreage into Continuous CRP. Landowners may enroll in the program at any time during the year.

For more information on Continuous CRP enrollments or local Conservation Reserve Enhancement Program (CREP) availability, please contact your local FSA office or visit <http://www.fsa.usda.gov/pas/publications/facts/html/crpcont03.htm>



**ARMS: AGRICULTURAL RESOURCE MANAGEMENT SURVEY**

ARMS is the USDA's primary source of information on the production practices, resource use, and economic well-being of America's farm households.

**Your participation in ARMS ensures that decisions affecting you, your family, your business, and your community are based on the facts, straight from the source.**

**CONSIDER:** Just about every Federal policy and program that affects U.S. farmers and farm families is based on this information.

**USDA** United States Department of Agriculture  
**NASS** National Agricultural Statistics Service

For more information visit [www.nass.usda.gov](http://www.nass.usda.gov) or call (800) 727-9540

**BETTER DATA = BETTER DECISIONS**

Selected Interest Rates for December 2009	
90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	2.875%
Farm Ownership Loans — Direct	4.625%
Limited Resource Loans	5.00%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans 7-year term	3.00%
Farm Storage Facility Loans 10-year term	3.50%
Farm Storage Facility Loans 12-year term	3.750%
Commodity Loans 1996-Present	1.375%

Dates to Remember	
December 1	NAP Sales Closing Date - Honey
December 10	ELAP Signup Ending Date
December 25	Christmas – Office Closed
December 31	NAP Sales Closing Date – Potatoes
January 1	New Year's – Office Closed
February 28	NAP Sales Closing Date - Rice

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