



## Texas FSA Today

February 2011

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

### CRP GENERAL SIGNUP BEGINS MARCH 14

The Conservation Reserve Program (CRP) is offering a general signup period from March 14, 2011 through April 15, 2011. This is the second consecutive year that USDA has offered a general CRP signup.

Landowners enrolled in the CRP program receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible farmland. Land that is not currently enrolled in CRP can be offered during sign-up if all eligibility requirements are met. CRP participants with contracts expiring this fall can make new contract offers during the signup period. Contracts awarded during this general signup will become effective October 1, 2011. For more information, please contact your local office or visit <http://www.fsa.usda.gov/crp>.

### CONSERVATION LOAN PROGRAM

The Farm Service Agency makes and guarantees conservation loans on farms and ranches to help conserve our natural resources. The Conservation Loan (CL) Program provides farmers with the credit necessary to implement conservation measures on their land.

The direct CLs loan limit is up to \$300,000 and guaranteed CLs up to \$1,119,000 (amount adjusted for inflation), may be available by applying with lenders working with FSA to obtain a guarantee.

Conservation practices must be approved by NRCS before FSA can provide financing. Producers who do not currently have an existing conservation plan should visit NRCS to develop one prior to requesting Conservation Loan Program assistance. Examples of conservation practices include installation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; transitioning to organic production; manure management, including manure digestion systems; etc.

### SURE SIGNUP

Signup for the 2009 Supplemental Revenue Assistance Program (SURE) began Jan. 10, 2011, and ends July 29, 2011. SURE provides benefits for 2008 - 2011 crop year farm revenue losses due to natural disasters.

A farm enrolled in SURE may be eligible for benefits when either:

- farms in counties with Secretarial disaster declarations, including contiguous counties, that have incurred crop production or quality losses, or both, and includes all crops grown by a producer nationwide, except grazed crops.
- any farm in which, for the crop year, the actual production of the farm because of disaster related conditions is less than 50% or less than normal production of the farm.

### DCP SIGNUP & ADVANCE PAYMENTS

Enrollment for the 2011 Direct and Counter-cyclical Program (DCP) has begun and will continue through June 1, 2011. Advance payments of 22% on the 2011 DCP program were available on December 1, 2010. The remaining 78% of your DCP payment will be issued after October 1, 2011.

Eligible producers receive direct payments at rates established by statute regardless of market prices. DCP contract signatures for enrollment are due by the signup deadline of June 1, 2011. Please contact your local FSA office for more information.

### THE ACRE OPTION

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.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss.

In exchange for participating in ACRE, a farm's direct payment is reduced 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, 2011, deadline is statutory for all participants.

### CCC-927 OR CCC-928 MUST BE SENT TO IRS

Producers who participated in 2009 or 2010 programs subject to adjusted gross income limitations (AGI) had to certify compliance with AGI rules. The average AGI verification process for 2009 and 2010 payment eligibility requires all program participants to provide written consent to IRS for the disclosure of certain information to FSA.

On October 6, 2010, a letter was mailed to producers who have not submitted:

- CCC-927: "Consent to Disclosure of Tax Information-Individual Form"
- CCC-928: "Consent to Disclosure of Tax Information-Legal Entity"

Individuals and legal entities, including members of legal entities, that certified to average AGI compliance for 2009 and/or 2010 payment eligibility must submit a completed CCC-927 or CCC-928 to IRS regardless of whether they received program benefits directly or as a member of a joint operation or entity. These forms must be submitted to IRS in order to avoid a demand for refund of program payments and benefits received.

### 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 a 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 when 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 by the legal entity and each of the members can't exceed \$40,000.

### IRS FORM 1099-G

Producers annually receive CCC-1099-Gs detailing payments producers have received from the Commodity Credit Corporation. The annual report of program payments on CCC-1099-Gs is a service intended to help our customers report taxable income. It is not intended to replace the producers' responsibilities to report income to IRS.

FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, county office staff can review payments for accuracy.

### MILC PRODUCTION START MONTH CHANGE PROVISIONS

Provisions to the MILC program require that dairy operators select a month of commercially marketed production for which CCC will begin issuing payments to the dairy operation.

Changes to the start month must be made on or before the 14th of the month before the:

- Month originally selected by the dairy operation as their MILC production start month
- Newly selected MILC production start month for the dairy operation

Changes must be made prior to payment rates being publicly announced for both the original production start month the dairy operation is changing from and the production start month to which the dairy operation is changing.

### BCAP

The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to approved biomass conversion facilities (BCF) for conversion to heat, power, bio-based products or bio-fuels. Initial assistance is targeted to providing direct payments to eligible material owners to mitigate the collection, harvest, storage and transportation (CHST) costs associated with the delivery of eligible materials. Producers (eligible material owners) who sell these materials can apply for FSA matching payments under the matching payment provisions of BCAP CHST.

An application and supporting eligibility documentation must be submitted before the eligible material is sold and delivered to a BCF to qualify for potential benefits. After the eligible materials are delivered, the eligible producer must provide FSA with documentation from the BCF reflecting the producer, product quantity, payment rate and date of transaction. County offices will validate submitted payment requests and if other eligibility requirements are met continue to complete the process for the producer.

BCAP also allows the submission of area wide project proposals for review as a means of obtaining longer term approval as well as additional benefits through authorized cost share for establishment costs and an annual contract payment to support the development of the eligible biomass production in the area. Interested producers are encouraged to review the information available on the FSA website [www.fsa.usda.gov/bcap](http://www.fsa.usda.gov/bcap) and contact their local office for additional assistance.

### SORGHUM CHECKOFF REFERENDUM SCHEDULED

USDA will conduct a referendum on the Sorghum Checkoff Program Feb. 1-28, 2011, at local Farm Service Agency (FSA) offices. Ballots may be obtained in person, by mail or facsimile at county FSA offices, or via the Internet at [www.ams.usda.gov/sorghumpage](http://www.ams.usda.gov/sorghumpage).

Any eligible person engaged in the production of importation of sorghum from July 1, 2008, to December 31, 2010, is eligible to participate. Individuals are required to provide documentation such as a sales receipt or remittance form that shows they engaged in the production or importation of sorghum.

Sorghum Checkoff is a national, coordinated, self-help marketing program designed to strengthen the position of sorghum in the market place, maintain and expand existing domestic and foreign markets and uses for sorghum, and develop new markets and uses for sorghum.

### FARM LOAN PROGRAMS

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, direct and guaranteed loans are currently available.

Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

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 \$1,119,000. Producers are encouraged to apply early so that a loan can be processed and funded in a timely manner.

To find out more about FSA loan programs, contact the county office staff.

### RURAL YOUTH LOANS

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

### BEGINNING FARMER & RANCHERS

FSA assists beginning farmers and ranchers 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 any loan assessment and borrower training in financial and production management program sponsored by FSA
- Does not own a farm greater than 30 % of the median size farm in the county

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 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 targeted funding for members of Socially Disadvantaged groups.

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 a group.

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

## MARKETING ASSISTANCE LOANS

A Marketing Assistance Loan (MAL) is available to producers who share in the risk of producing a crop. To be eligible, a producer must maintain continual beneficial interest in the crop from harvest through the earlier of the date the loan is repaid or CCC takes title to the commodity.

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 the producer regains beneficial interest.

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation 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 and/or ACRE Programs 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.

## COUNTY COMMITTEE ELECTION RESULTS

The County Committee election results have been tallied. Contact your local office for a current list of county committee members.

FSA appreciates all of the voters for taking the time to complete the election ballot. The county committee system works only because of your participation.

The committee members will hold their organizational meeting in January to determine who will serve as the county committee chairman and vice-chairman.

## COUNTY COMMITTEE ADVISORS

FSA County Committee (COC) Advisors are a valued voice for under represented groups and socially disadvantaged farmers and ranchers.

County committee members and their county executive directors, actively reach out to producer groups who are under represented on county committees. The COC shall have submitted the name of their nominee to the State Committee for confirmation, no later than February 1 of each year.

*Eligibility requirements for COC advisor nominee include:*

- be actively participating in farming or ranching in the county or area
- be willing and able to serve as an advisor, if appointed
- indicate in writing a willingness and ability to serve

*County committee advisors serve for:*

- for a 12-month period not to exceed 9 consecutive years beginning March 1 each year

*Duties and Responsibilities of COC Advisors include:*

- attending each COC meeting, including executive sessions
- participating in all deliberations
- increasing awareness of and participation in FSA activities, including elections, by eligible voters to ensure that socially disadvantaged group problems and viewpoints are understood and considered in FSA actions
- helping to develop interest and incentives in socially disadvantaged group members for considering FSA work as a career
- actively soliciting candidates from socially disadvantaged groups for nomination during the election process
- able to perform special duties at COC s request

Note: Advisors do not have authority to sign documents.

## LIVESTOCK FORAGE DISASTER PROGRAM

The Livestock Forage Disaster Program (LFP) provides compensation to eligible livestock producers who suffer grazing losses for covered livestock due to: drought conditions or fire on federally managed

land.

Eligible livestock producers may receive assistance for eligible livestock grazing losses that occur due to drought or fire on or after January 1, 2008, and before October 1, 2011, during the calendar year in which the loss occurs.

County committees can only accept applications after being notified by the National Office of qualifying drought, or if Federal agency prohibits producers from grazing normal permitted livestock on Federal managed lands due to qualifying fire.

For 2010 and subsequent years, signup applications must be filed no later than 30 calendar days after the end of the calendar year in which the grazing losses occurred. Losses must occur in calendar year the application is being filed.

Eligible producers must have obtained a policy or plan of insurance under FCIA or NAP coverage by the applicable state sales closing date.

Additional Information about LFP including eligible livestock and fire criteria is available at county FSA offices or online at: [www.fsa.usda.gov](http://www.fsa.usda.gov).

## FOREIGN INVESTORS MUST REPORT U.S. AGRICULTURAL LAND HOLDINGS

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.

Foreign investors must also file a report when there is a change in the status of ownership such as owner changes from foreign to non-foreign, from non-foreign to foreign or from foreign to foreign.



For more information regarding AFIDA and FSA programs, contact your local county office or visit the USDA Web site at <http://www.usda.gov>.

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

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 new 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. If a participant provides 20% or greater down payment, then the requirement for a severance agreement for loans under \$50,000 will be waived. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount not to exceed \$250,000.

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, rice, soybeans, oats, peanuts, 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 - cold storage facilities

### **NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)**

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed.

These benefits are only available for crops for which the catastrophic level of crop insurance is not available for the crop. NAP is not available for crops when the Risk Management Agency (RMA) offers coverage for the crop in the county. An example could be that RMA offers coverage for corn in the county and special provisions state that the crop must be irrigated. Since corn is covered in the county, NAP cannot be offered on non-irrigated corn.

Production records for all crops must be reported to FSA no later than the final acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. NAP Losses must be reported within 15 days of a disaster event or the date the loss becomes apparent.

---

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