



## Texas 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 your local FSA office for more information or to make 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.

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 the 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.

The average AGI for 2013 payment eligibility purposes will be based on the average of AGI amounts for the 3-year period of 2009, 2010, and 2011. 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/cc933](http://www.fsa.usda.gov/cc933). Specific detail about AGI may be found here.

### 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 and other FSA programs, 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.

### **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. Application for coverage must be filed by the applicable crop's application closing date.

Production records for all crops must be reported to FSA no later than the 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 the date the loss became apparent.

All applications for NAP payment must be signed by the subsequent crop year's acreage reporting date in order to be considered timely. There are no late-file provisions for NAP applications for payment.

The following crops have a NAP application closing date of March 15, 2013: beets (PP 1, 2, 3), broccoli (PP 2), Brussel sprouts (PP 1), cabbage (PP 2), calabaza melons (PP 1), carrots (PP 1, 2), cauliflower (PP1), greens (PP 1, 2, 3), herbs CIL (PP 1,2), herbs DIL (PP 2), herbs FEN (PP 1), herbs PAR (PP 2), kohlrabi (PP 2, 3), lettuce (PP 1, 2, 3), oats (PP 41), potatoes (PP 1), radishes (PP 2), vetch (PP 1).

### **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 contact 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 Sept. 30, 2011.

During 2011, all Texas counties received 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.

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>.

## 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).

## IRS 1099 CHANGES

In past years, IRS Form 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.

IRS 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 IRS 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.

For more information regarding IRS reporting changes, please contact your local FSA office at Phone.

## ACTIVELY ENGAGED

To be eligible for payments and benefits under specified programs, all program participants, either individuals or legal entities, must provide significant contributions to the farming operation to be considered as

“actively engaged in farming.” Contributions can consist of capital, land, and/or equipment, as well as active personal labor and/or active personal management. The management contribution must be critical to the profitability of the farming operation and the contributions must be at risk.

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.

## 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 Program (FSFLP) 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 now required to provide a 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. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities,

cold storage facilities, hay barns and for all loans exceeding \$50,000. 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.

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, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

For more information about FSFL please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## 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 MARKETING ASSISTANCE LOANS & LOAN DEFICIENCY PAYMENTS

- March 31-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 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.

### 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 they are 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 that 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, African 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.

**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.**

Selected Interest Rates for March 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.25%
Farm Ownership Loans — Direct	3.25%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.25%
Farm Storage Facility Loans (7 years)	1.375%
Sugar Storage Facility Loans	2.50%
Commodity Loans 1996-Present	1.125%