USDA FSA NEWSLETTER

March 2011

North Dakota Farm Service Agency

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Hours

Monday - Friday

8:00 am - 4:30 pm

State Executive Director

Aaron Krauter

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Website

www.fsa.usda.gov/nd

From the State Executive Director

Greetings from the state FSA office. I am really ready for winter to be over and the fresh smells of spring to fill the morning air. Mother nature is, as always, letting us know who is really on charge. Please read this newsletter closely and mark your calendar for many important dates or deadlines. If you are ever in doubt about a farm program or a program dates give your county office a call. The knowledgeable and experienced staff is ready to meet your needs. Think spring and be safe!

Aaron Krauter

Conservation Reserve Program Signup

A general Conservation Reserve Program (CRP) will be held March 14 through April 15. Land that may be enrolled includes cropland expiring from CRP on September 30, 2011, and cropland that is not currently enrolled. Cropland must have been cropped or considered cropped in four of the six years from 2002 through 2007.

All land that is offered during the signup period will be ranked using an environmental benefits index (EBI). After the signup period ends, the highest ranking applications are offered CRP contracts.

Most of the factors for scoring a CRP offer are based on the soil type and location of the offer. However, landowners can increase the EBI score of a CRP offer by agreeing to enhance existing stands to a more diverse mixture of grasses and legumes. Planting a mixture of at least five native grasses, legumes or forbs will provide the maximum EBI cover score.

Additional points are available if the landowner is willing to plant pollinator habitat on at least ten percent of the offered acreage. Pollinator habitat is a diverse mixture of flowering legumes and forbs.

Reducing the contract's rental rate below the maximum computed rate will also increase the EBI score.

Applications are submitted to the county FSA office that administers the land. Contact your local office for assistance.

2011 DCP/ACRE Program Signup Deadline is June 1

Producers have until June 1, 2011, to enroll into and provide owners' signatures for the 2011 Direct and Counter-cyclical Payment Program (DCP) or Average Crop Revenue Election (ACRE) Program.

FSA computes DCP/ACRE direct 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 2011, advance payments are available at 22% of the applicable direct payment rates. The final direct payments will be issued after Oct. 1, 2011. Counter-cyclical payments vary depending on market prices, and are issued only when the effective price for a commodity is below its target price (which takes into account the direct payment rate, market price and loan rate). ACRE payments are made when the state and farm triggers have been met and are computed based on the acreage planted or considered planted to a covered commodity and not the base acres.

Farms with base acres of 10.0 acres or less will not receive DCP/ACRE payments, unless the farm is wholly owned by socially disadvantaged or limited resource farmers or ranchers.

Payment Eligibility

Program payments are limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the individual, both directly and indirectly. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation. 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, land, or a combination; and (2) personal labor or active personal management, or a combination.

Payments and benefits under certain FSA programs are subject to some or all of the following:

- payment limitation by direct attribution
- payment limitation amounts for the applicable programs
- actively engaged in farming requirements
- cash-rent tenant rule
- foreign person rule average AGI limitations
- no program benefits subject to limitation will be provided until:
- all required forms for the specific situation are provided
- necessary payment eligibility and Payment limitation determinations are made
- after 2009, a farm operating plan is not required to be filed annually, if the
- farming operation continues to be conducted as reflected on the farm operating plan and supporting documents are 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 Adjusted Gross Income (AGI) determination, producers must timely notify the County Office by filing revised farm operating plans and/or supporting documentation, as applicable. Failure to timely notify the County Office may adversely affect payment eligibility.

2009 SURE Program

Applications under the 2009 Supplemental Revenue Assistance Payment Program (SURE) program can now be filed at your local FSA County Office. Applications must be received by July 29, 2011. Producers who believe they may be eligible for a SURE program payment must contact their local county office for an appointment to determine eligibility.

Emergency Livestock Assistance Program

Livestock Assistance Program (ELAP) provides emergency relief to livestock and honey producers because of losses due to adverse weather that are not covered by other disaster programs.

The types of losses that may be covered under ELAP include:

- Purchased or harvested feed that was destroyed by adverse weather events
- Additional feed that was purchased to sustain livestock for a short period of time because of blizzards or floods.
- Physical losses of honey bees because of colony collapse disorder or adverse weather
- Physical losses of hives because of adverse weather or flooding

Deadline Calendar

March 15

NAP Sales Closing for 2011 Forage and other Spring Planted crops.

June 1

DCP/ACRE Signup Deadline

July 15

Acreage Reporting Deadline

2010 ACRE Production Evidence Due

July 29

2009 SURE Deadline

Open Burning in North Dakota

The North Dakota Department of Health would like to remind agricultural producers that open burning of refuse is generally restricted under Chapter 33-15-04 of the north Dakota Air Pollution Control Rules. There are some categories of permissible open burning, including agricultural crop burning and land clearing. For a listing of all conditions under Chapter 33-15-04 of the North Dakota Air Pollution Control Rules go to

www.ndhealth.gov/AQ/openBurning.htm.

Eligible Commodities and Final Loan/ LDP Availability Dates for the 2010 Crop

March 31, 2011

Barley, Canola, Crambe, Flaxseed, Honey, Oats, Rapeseed, Wheat, Sesame Seed

May 31, 2011

Corn, Dry Peas, Grain Sorghum, Lentils, Mustard, Safflower, Small Chickpeas, Large Chickpeas, Soybeans, Sunflowers

2011 NAP

The Noninsured Assistance Program (NAP) covers crops for which Federal Crop Insurance is not available. NAP covers losses greater than 50% of your expected production, based upon your approved yield and reported acreage. To apply for 2011 crop coverage, producers must complete a CCC-471 application for coverage and pay the service fee before the sales closing date. The service fee is $250 per crop per county or $750 per producer per county, not to exceed $1875 per producer in all counties.

Producers must purchase NAP policies for all spring planted crops, including grass for hay and grazing, by the 2011 sales closing date of March 15, 2011.

- Reimbursement of additional costs incurred for providing feed to livestock during a blizzard or flood such as hay lifts
- Reimbursement of additional costs incurred by hiring equipment for snow removal to clear a trail to transport feed to livestock.

A notice of loss must be filed within 30 days of when the loss is apparent. The application must be completed within 30 days after the year in which the loss occurred.

To be eligible for the program, the applicant must have purchased a plan of insurance for all crops on the farm except for grazing. Bee keepers are required to have NAP cover on honey production. Socially disadvantaged, limited resource and beginning farmer or ranchers are exempt from this requirement.

2010 Crop Commodity Loan and LDP Deadline

Producers planning to use the commodity loan program for their 2010 crops have until March 31, 2011 to file applications for the 2010 wheat, barley, oats, canola, crambe, flaxseed, rapeseed and honey crops. March 31 is also the deadline for requesting a loan deficiency payment (LDP) for crops earning an LDP. To be eligible for a loan or LDP, a producer must have complied with the annual program requirements for the farm that produced the crop, maintain beneficial interest in the commodity, and not have a delinquent federal nontax debt.

Producers interested in a commodity loan or LDP on the above listed commodities should contact their local county FSA office staff prior to March 31 deadline.

Restrictions on Removing CCC Loan Collateral

Producers preparing for spring planting are reminded of Commodity Credit Corporation (CCC) loan restrictions. Grain under CCC loan cannot be removed without prior authorization or repayment. Unauthorized removal, which includes removal for cleaning for seed or planting, is considered a violation and is subject to monetary and administrative penalties.

The loans are subject to spot check. Determined shortages must be repaid with principal plus interest, and additional monetary penalties plus loss of future loan eligibility and restrictions on LDP's may apply.

Producers planning to remove or clean CCC loan grain should contact their local county FSA office staff for additional information.

Average Adjusted Gross Income

For commodity and disaster programs under the 2008 farm bill, the average adjusted gross income (AGI) limitation was reduced from $2.5 million from all sources to a three-year average non-farm AGI of $500,000 such that a person or entity shall not be eligible for such programs if the non-farm AGI exceeds $500,000. Also, under the new regulations, an individual or entity must have a 3-year average AGI less than or equal to $750,000 per year from farm income in order to qualify for direct payments issued under the Direct and Counter-cyclical Program.

For conservation programs, the average nonfarm AGI limitation is $1 million or less for eligibility. However, an individual or entity who has non-farm AGI in excess of $1 million remains eligible for conservation programs only if 66.66 percent or more of the total AGI is derived from farming, ranching and forestry operations. In addition, the AGI limitation for conservation programs may be waived on a case-by case basis if it is determined that environmentally sensitive land of special significance would be protected.

Farm Storage Facility Loans (FSFL)

Producers considering expanding their on-farm storage capacity are reminded that the Farm Storage Facility Loan (FSFL) Program is available for eligible storage and handling equipment. New structures used to store commodity loan program commodities and having a useful life of at least 15 years are eligible for loan. Permanently affixed grain handling and grain drying equipment are eligible for loan when the county committee

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United States Department of Agriculture

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determines that the equipment is needed and essential to a producer's storage system.

The maximum principal amount of a loan through FSFL is $500,000. Participants are 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. Real estate liens are required for new loans and aggregate loan balances exceeding $50,000. Loan terms of 7, 10, or 12 years are available depending on the amount of the loan : $100,000 or less – 7 years; $100,000.01 - $250,000 – 7 or 10 years; $250,000.01 - $500,000 – 7, 10 or 12 years. Interest rates for each term may be different and are based on the rate which CCC borrows from the Treasury Department. The interest rate is determined in the month that the loan application is approved. The interest rates for FSFL loans approved in February 2011 are as follows: 2.750 percent with seven-year loan terms, 3.375 percent with 10-year loan terms and 3.625 percent with 12-year loan terms.

Loan application processing can take up to 90 days to review the storage needs, borrower financial data, lien records, completion of the environmental inspection and security requirements. Authorizing delivery of equipment or materials, site preparation or construction prior to obtaining approval can result in disapproval of the loan request. Producers considering the FSFL program should contact the staff at their local county FSA office.

Prevented Planting

Producers who request prevented planting acreage credit must report the acreage and complete a CCC-576, Notice of Loss, within 15 calendar days after the final planting date for the respective crop as established by RMA or FSA. Producers must establish to the satisfaction of the County Committee that all cropland that was feasible to plant and prevented from being planted was affected by a natural disaster rather than a management decision. Additionally, producers are required to prove that preliminary efforts to plant the crop are evident, such as disking the land or orders for purchase or delivery of seed and fertilizer.

Share an Address?

To cut costs, we cannot send more than one copy of the FSA Newsletter to a single address. If there are multiple operators residing at the same address, please share this newsletter with anybody who may have an interest in FSA programs. Additional newsletters will be available at the county office.