South Carolina FSA Newsletter

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The State Executive Director's Outlook

It is hard to believe that it has been 20 years since the beginning of the Conservation Reserve Program (CRP), which was first intended to take highly erodible land out of production. After a couple of years, the program was modified to allow for filter strips, adjacent to permanent water bodies to reduce runoff pollution of our water supplies. In 1989 South Carolina ranked number two in the nation in the number of acres of vegetative filter strips established under the program. Also in 1989 South Carolina landowners planted hundreds of thousands of acres in trees and thereby ranked fourth in the nation in the acres of trees planted under the CRP program. Now we are enrolling every acre possible in the expansion of quail habitat in the State – another way South Carolina is showing it's support for our wildlife and environmental resources. I am proud and thankful for each of our CRP participants, as it is an indication of our State's priority in taking care of our natural resources.

In celebration of 20 years of the Conservation Reserve Program, a website has been developed showcasing CRP success stories across the Nation. Several South Carolina Stories are posted. Visit the website at: http://www.fsa.usda.gov/crp20/index.asp.

J. Kenneth Rentiers, Jr.

County Committee Election Reminder: Nominations (FSA-669A) for your Committee representative are due Aug. 1, 2006!

Farm Service Agency Names Frank A. Sligh as Farm Loan Chief

On May 8, 2006, South Carolina State Executive Director J. Kenneth Rentiers, Jr. announced the selection of Frank A. Sligh as Chief of Farm Loan Programs for the USDA, Farm Service Agency.

Mr. Sligh began his career as a student intern with Farmers Home Administration in Darlington County in 1978. After graduating from Clemson University in 1979 with a BS Degree in Community and Rural Development, Mr. Sligh reported to Saluda County as Assistant County Supervisor. Three years later he was selected as County Supervisor for Edgefield and McCormick counties. Six years later, Mr. Sligh returned to Saluda as County Supervisor. In 1993, Mr. Sligh transferred to the State Office in Columbia where he served as Farm Loan Specialist. During that time Mr. Sligh held various positions including Multi-Family Housing District Loan Specialist, Supervisory Loan Resolution Specialist and Acting District Director.

Conservation Reserve Program Reminders

- ✓ Maintenance and Management activities required in the Conservation Plan must be completed outside of the primary nesting season. The primary nesting season set by the State Technical Committee is April 1 through September 1.
- ✓ Producers must receive prior COC approval to commercially thin CRP pines. **Thinning pines for commercial use without COC approval is a violation of the contract.** Piling of timber refuse on CRP land is not allowed.
- ✓ Harvesting pine straw is a violation of the CRP contract.
- ✓ If a CRP participant sells the CRP land, or there is a death of a CRP participant, the new owner or estate representative must assume the contract within 60 days or the contract will be terminated.
- ✓ Hunting pen raised wildlife is not allowed on CRP acres unless the producer has a commercial license from SCDNR.
- ✓ Participants in approved Practice CP-33 Habitat Buffers for Upland Birds, during calendar year 2005, are required to complete the Bobwhite Quail Whistling Call Count Census each year. A census form should have been mailed to you during May 2006. Failure to complete the census is a violation and could result in contract termination.

Local FSA Offices Accepting Applications for Practice CP-33, Upland Habitat for Birds, "Quail Strip"
South Carolina has received an additional 5,000 acre allocation for the Continuous Conservation Reserve Program (CCRP) practice CP-33 Upland Habitat For Birds, commonly referred to as "Quail Strips". The purpose of this practice is to retire a border around row-cropped fields in order to establish habitat for quail and other upland birds. Acreage will be approved on a first-come first-serve basis as approved conservation plans are completed. Interested producers should immediately contact their local FSA office.

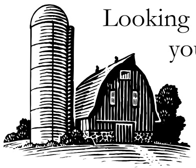
2007 NAP Application Closing Dates

Producers in need of insurance coverage for the following crops, for which catastrophic level of insurance is not available through Federal Crop Insurance, must apply under the Noninsured Crop Assistance Program (NAP) by the following dates:

August 1, 2006 - Strawberries and Bulb Onions
September 1, 2006 - Nursery Stock, Floriculture, Aquaculture, Turf Grass Sod, Christmas trees, Mushrooms, Cilantro, and Parsley
September 30, 2006 – Small Grains, Canola, Flax, Garlic, and Triticale.

NAP coverage requires a service fee of $100 per crop, per producer with a $300 cap per county. Out-of-pocket expenses will not exceed $900 for any producer, even if production occurs in more than three counties. Service fees may be waived for eligible limited resource producers.

On Farm Grain Storage Loans



Looking for additional on-farm storage for commodities you produce? Farm Storage Facility Loan Program (FSFL) maybe just what you are looking for. Your local FSA county office provides low-interest financing for new construction or upgrade to existing farm storage and handling facilities. A FSFL must be approved by the local FSA County Committee before any site preparation and or construction can be started, so apply in plenty of time to allow for application processing. The net cost for building or upgrading farm storage may include purchase price, sales tax, shipping charges, site preparations costs, installation costs, concrete pads, electrical wiring, and attorney fees.

An eligible borrower must have satisfactory credit rating, demonstrate the ability to repay the loan, possess no delinquent non-tax federal debt, produce an eligible commodity and demonstrate a storage need based on a three-year-average minus any current storage, provide multi-peril crop insurance on crops produced for the life of the loan, provide all peril insurance on the structure and comply with USDA's provision for highly erodible land and wetlands.

The maximum loan amount per person is $100,000. The loan term is seven (7) years with a fixed interest rate based on the rate in effect during the month the loan is approved. A nonrefundable $45 application fee applies. Other security requirements also apply.

DCP Statutory Signup Deadline– September 30th

Direct and Counter-cyclical Payment Program (DCP) is an annual program and producers must apply each year. The sign-up period is from October 1 through June 1 of the applicable fiscal year. Enrollment after June 1, but before September 30, will be accepted, but the farm will be assessed a late-file sign-up fee of $100.

Each year a number of producers in South Carolina find themselves faced with one or more farms not enrolled in DCP. Unfortunately, many are discovered after September 30th which is the statutory deadline for enrollment of farms in DCP. Many are discovered in October when producers are looking for final DCP payments. Your local County Committee and the State Committee do not have the authority to enroll farms in DCP after the September 30 statutory deadline. Therefore, please double check to determine if each farm you intend to enroll in DCP is actually enrolled.

Your local County Office can assist you in this by printing an AD-1026A, which lists all farms you are associated with as an owner, operator or other producer. Compare the farms listed on the AD-1026A with the copy of each farms' CCC-509, DCP Contract, printed by the County Office for your records. In the convenience of your own office or home you may review these documents to make sure your farms are actually enrolled.

Idle DCP Acres

Owners, operators and other producers sharing in DCP contracts are required to protect unplanted DCP acreage from erosion and noxious weeds. Eligible covers in South Carolina include annual, biennial, or perennial grasses and legumes, including sweet sorghums, sorghum grass crosses and sudans. Small grain crops as well as volunteer stands of native grasses and forbs can be used provided sufficient growth is maintained to prevent erosion.

To prevent spread of noxious and undesirable weeds, briars, vines, etc, clipping, bush-hogging or mowing should be implemented. Light disking can be used if a sufficient residue is left on top or partially incorporated into the soil provided soil erosion can be controlled. If you have questions concerning weed control on highly erodible land (HEL), contact your local NRCS representative.

Remember, bush-hogging or disking should be delayed until September 1st to allow for wildlife nesting. Planting for wildlife food plots and habitat on DCP acres is acceptable provided no fruits (including nuts), vegetables, and wild rice is planted. The planting of fruits, vegetables and wild rice on DCP acres shall result in a violation of the terms of the DCP contract. Please contact your local FSA office for a listing of fruits and vegetables that may not be planted.

New LDP and Commodity Loan Rules!

Please Note! 7 Code of Federal Regulations Parts 1421 and 1427 amended regulations governing the Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP) with respect to certain **Beneficial Interest determinations**. A **major change** that affects South Carolina farmers involves storing commodities off the farm. Producers who deliver commodities to a facility where the commodity is commingled with commodities from other producers are *ineligible* for a MAL or LDP, if the facility is not authorized by State or Federal law to store such commodities for the benefit of producers. Therefore, the delivery of commodities to a location that is not considered a CCC-approved or State or Federally licensed facility will result in the loss of beneficial interest in the commodity on the date of physical delivery.

If you plan to store grain off the farm at a commercial facility, contact your local county office to determine if the facility is approved. Again, if the facility is not approved either by the State of South Carolina or Federal UGRSA approved, beneficial interest is considered lost immediately upon delivery.

Payment Limitation Spot Checks by FSA

All CCC-501s (Members Information) and CCC-502s (Farm Operating Plan for Payment Eligibility Review) are subject to spot check through our end-of-year review process. If selected for a spot check, producers will be asked to submit proof of their contribution to the operation such as seed, fertilizer and chemical bills, land lease agreements, land contracts or property tax payments, equipment lists, cancelled checks for paid labor or hired management and any other items the FSA County Committee determine are necessary.

The producer is required to provide these items for the spot check so that the FSA county committee can make a determination that the farming operation is actually being performed as was stated on the applicable CCC-501 or CCC-502 that was originally completed. Farming operations must be operating as disclosed by the annual status date of April 1st.

Southeast Beef Cattle Marketing School – July 13 – 14, 2006 to be held at the Newberry County Farm Bureau Building, Newberry, SC

Feeder calf producers have enjoyed near record prices for the last two years. Five-weight steers have been over $100 per cwt. since the last week in April 2004 and reached $125 per cwt. last year. However, prices have begun to slip by $10 to $15 per cwt. from last year. What is the market outlook for this fall and for next year? How have the increases in fuel and fertilizer affected production costs? What is the outlook for profitability for this fall and beyond?

Producers will have the opportunity to hear these questions answered, as well as have the opportunity to ask their own marketing and risk management questions at the upcoming Southeast Beef Cattle Marketing School to be held at the Newberry County Farm Bureau Building on July 13-14. This workshop is an opportunity for cow-calf producers to improve their marketing skills by learning how to use the commodity futures and option markets to protect against low prices. Producers will also learn how to use the futures market to predict a sale price for feeder calves. This is also an opportunity for producers to better understand the USDA grading standards and how calf quality affects the price producers receive for their calves. This one and a half day workshop will help producers better understand the pros and cons of alternative marketing systems like group feeder sales, networks and alliances. There will be an update on the National Animal ID System and the opportunity to meet producers who are using this ID technology to improve their production record-keeping and management system. Finally, the workshop instructors will put all of this information together to help producers make better decisions in their farm business. The workshop agenda is attached.

Registration is $35 per person in advance and $50 per person the day of the workshop. Lunch and dinner will be provided on July 13, so pre-registration is greatly appreciated to help in planning for meals and snacks. Producers can register on-line through the University of Georgia website http://www.ugatiftonconference.org to register with a credit card. The UGA website will be able to handle the conference registration soon.

The Southeast Beef Cattle Marketing School is a partnership between the USDA Risk Management Agency and Extension Economists from Clemson University, Auburn University, the University of Georgia and the University of Florida. This school will be replicated throughout the Southeast this summer and early fall. Other dates and locations include: July 19-20 – Calhoun, GA; August 8-9 – Lake City, FL; and September 14-15 – Auburn, AL.

If you have any questions or comments about the program, please contact me at (864-656-5777) or by email at tddavis@clemson.edu.

Payment Limitation Refresher

Payment limitation rules are not new to anyone who has participated in a FSA program. The total annual payments that a "person" may receive under agricultural programs has been in effect since enactment of the Agricultural Act of 1970. The 2002 Farm Bill authorized payments to which payment limitation and payment eligibility provisions were applicable and added a $2.5 million average adjusted gross income limitation.

Payment limitations include Direct and Counter-cyclical Payment Program, $40,000 for direct payments and $65,000 for counter-cyclical payments; Conservation Reserve Program, $50,000; Non-insured Crop Disaster Assistance Program, $100,000; and $75,000 per crop year for Loan Deficiency Payments. Some of the basic actively engaged categories used in review by county office staff are:

"Person" Determinations - A "person" for payment limitation purposes may be many things, including an individual; a limited liability partnership; a limited liability company; a corporation; a joint stock company; an association; a limited stock company; a limited partnership; an irrevocable trust; a revocable trust together with the grantor of the trust; an estate; a charitable organization; and a state, political subdivision or agency thereof.

For an individual or entity to be considered a separate "person," the individual or entity must have a separate and distinct interest in the land or crop involved, exercise separate responsibility for this interest and maintain funds or accounts separate from that of any other individual or entity for this interest.

Status Date - The status of an individual or entity on April 1 of the applicable program year is the basis for determining the number of "persons" for payment limitation purposes for that year. Actions taken by an individual or entity after that date to increase the number of "persons" will not be recognized for the current program.

Actively Engaged in Farming - A producer must be considered "actively engaged in farming" to be eligible for payments and benefits under some programs. Generally, in order to be considered "actively engaged in farming," the producer must provide significant contributions to the farming operation, which are commensurate to the claimed share of the farming operation and the contributions must be at risk.

General Rules - A producer must make a significant contribution of capital land, and/or equipment to the farming operation as well as a significant contribution of active personal labor and/or active personal management. "Active personal labor" and "active personal management" are labor and management that are actually performed by the individual in question. The contribution of active personal management must be critical to the profitability of the farming operation, taking into consideration the individual or entity's commensurate share in the farming operation.

Cash-Rent Tenant Rule - A cash-rent tenant will be ineligible to receive payment on the cash-rented land unless the tenant makes a significant contribution of active personal labor, or, if labor is not provided, a significant contribution of management together with a significant contribution of equipment to the farming operation.

Permitted Entities - No person may receive payments subject to these rules from more than three entities in which the person holds substantial beneficial interest, generally 10 percent or more. If an individual receives payments as an individual, the individual may not also receive payment from more than two entities that receive payment as a separate "person." If an individual does not receive payment as an individual, the individual may not receive payment from more than three entities that receive payment as a separate "person."

For example, if an individual has a farming interest as an individual and also owns stock in six corporations that also farm, the individual must select just two of those corporations through which he or she may indirectly receive payments. The payments to the other four corporations will be reduced by the same percentage that the individual owns in each of the other four corporations. If the individual did not have an individual farming interest, three of the corporations could be selected as "permitted entities."

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Any person who owns 10 percent or more of a corporation or other entity that is earning payments subject to these rules, either directly or indirectly, will be required to select that interest as "permitted" before that share of the payment may be paid to the entity.

Crop Acreage Reporting

South Carolina producers are reminded that participation in DCP, NAP, CRP, Commodity loans/LDP's require a complete accurate crop acreage report for all crops and land uses, including failed acreage and prevented planting acreage. Filing an accurate and timely acreage report for all crops and land uses, including failed and prevented planting acreages, can prevent loss of benefits.

Late-Filed Report of Acreage - The County Committee may accept a late acreage report as timely filed when all of the following apply:

- the operator pays the cost of a farm visit and the costs of verification and determination of crop acreage
- physical existence of the late-filed crop or crop residue for the crop year being reported exists, if applicable.
- the crop's residue can be verified
- the crop's acreage for the specific crop year can be determined.

Prevented Planted Acreage - Producers who request prevented planting acreage credit must report the acreage to their local Farm Service Agency within 15 calendar days after the latter of the occurrence of prevented planting or the end of the planting period.
Producers must establish to the County Committee that:

- all cropland feasible to plant and prevented from being planted was affected by a natural disaster rather than a management decision
- preliminary efforts made by the producer to plant the crop are evident, such as disking the land or orders for purchase or deliver of seed and fertilizer.

Failed Acreage - Producers reporting failed acreage credit must prove to the County Committee's satisfaction that:

- the crop was planted with the intent to harvest using farming practices consistent for the crop and area
- the acreage failed because of disaster-related conditions.

To be approved as failed acreage, the acreage must have been reported as failed acreage before the disposition of the crop, and the acreage must have been planted under normal conditions but failed as the result of a natural disaster and not a management decision.

FINAL CROP REPORTING and DISPOSITION DATES
FOR FARM PROGRAM CROPS, INCLUDING NAP

CROPS	**REPORTING DATES**
Flue-Cured Tobacco	July 15
Spring Seeded Crops: Cotton, Corn, Peanuts, Rice	July 15
Summer Seeded Crops: Soybeans, Grain Sorghum, Summer Seeded Grasses and other land uses	July 15
CRP	July 15
Orchards and Vineyards	July 15
All other NAP Crops	July 15
Fall Planted Fruits and Vegetables	September 15
Ornamental Nursery, Aquaculture Species	September 15

Important Note: For fall planted fruit and vegetables crops not planted by the final reporting date, the acreage must be reported by 15 calendar days after planting is completed.

Measurement Service
The cost of a measurement request is available to owners, operators, or other tenants for various services offered by the Farm Service Agency.

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