



# “SCOOP”

## ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE

February 2007

### **Sign-up Deadline for 2005 Supplemental Hurricanes Disaster Programs**

The deadline for the 2005 Supplemental Hurricanes Disaster Programs has been extended to March 30, 2007. All interested producers must apply by the deadline as there are no late-filed provisions for any of the programs. Contact your local FSA Office for details.

### **Planting of Fruits, Vegetables (FAV's) and Wild Rice on Base Acres**

The planting of fruits (including nuts), vegetables (other than lentils, mung beans, and dry peas) and wild rice on base acres on the farm is prohibited and shall result in a violation of the terms of the Direct and Counter-Cyclical Contract unless one of the following exceptions are met:

(1) The fruit (including nuts), vegetable or wild rice is planted in a double-cropping practice with a covered commodity or peanuts, as determined by the county committee, in any region designated by CCC in the Federal Register (at 7 CFR Part 1412) as having a history of double-cropping covered commodities or peanuts with fruits, vegetables or wild rice, in which case there is no contract violation or reduction in DCP payments.

The designated regions (counties) in Arkansas are: Ashley, Benton, Clay, Crawford, Cross, Faulkner, Franklin, Independence, Jackson, Jefferson, Lee, Lincoln, Logan, Lonoke, Phillips, Pulaski, St. Francis, Sebastian, Woodruff, and Yell.

(2) The fruit (including nuts), vegetable or wild rice is planted on a farm that has an established history of planting fruits, vegetables or wild rice, as determined by the county committee, in which case there is no contract violation; however, DCP payment acres shall be reduced by an acre for each acre of base acres planted to a fruit (including nuts), vegetable (other than lentils, mung beans, and dry peas) or wild rice; or

(3) The producer(s) with an interest in the specific fruit, vegetable or wild rice planted has an established history of planting the specific fruit, vegetable or wild rice, and the plantings on base acres do not exceed the producer's average annual planting history for the specific fruit, vegetable or wild rice for either the 1991 through the 1995 crop years or the 1998 through 2001 crop years, but not both, as selected by the producer, in which case there is no contract violation; however, DCP payment acres shall be reduced by an acre for each acre of base acreage planted to a fruit (including nuts), vegetable (other than lentils, mung beans, and dry peas), or wild rice. When calculating a producer's average annual planting history, all years in which the producer did not plant the specific fruit, vegetable or wild rice, as applicable, shall be excluded. Failure to comply with the fruit, vegetable and wild rice provisions may result in termination of the contract or a reduction in the DCP payments.

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Market Assistance Loans					X		
Marketing Loan Gains & Loan & Deficiency Payments	X	X	X	X	X	X	\$75,000***
Conservation Reserve Program (CRP)	X	X	X	X	X	X	\$50,000
Non-Insured Disaster Assistance Program (NAP)	X						\$100,000
EQIP						X	\$450,000****

- \* separate \$40,000 limitation for covered commodities and separate \$40,000 limitation for peanuts
- \*\* separate \$65,000 limitation for covered commodities and separate \$65,000 limitation for peanuts
- \*\*\* separate \$75,000 limitation for covered commodities and separate \$75,000 limitation for peanuts, honey, wool, and mohair
- \*\*\*\* \$450,000 limitation over 6 years by attribution (individual or entity) not per “person”

**“Actively Engaged in Farming” Rule** – an individual or entity must have:

- Significant “left-hand” contributions to the farming operation
  - Capital, land, equipment, or a combination
- Significant “right-hand” contributions to the farming
  - Active personal labor or active personal management or a combination
- A claimed share of the profits or losses from the farming operation that is commensurate with the contributions to the farming operation
- Contributions that are at risk

**Cash Rent Tenant Rule** applies to any producer that rents land from another producer for cash or a crop share guaranteed as the amount of the commodity to be paid in rent. The provision also applies to tenants who rent land for zero dollars or who farm on the land in exchange for compensation other than cash, such as controlling weeds on land not owned or barter arrangements. Any cash-rent tenant shall be ineligible to receive payment unless the cash-rent tenant makes either of the following:

- A significant contribution of active personal labor to the farming operation
- A significant contribution of both active personal management and equipment to farming operation

**Permitted Entities Rule** – an individual or entity may not receive specified payments, either directly or indirectly, from more than 3 “permitted entities.”

**Foreign Person Rule** applies to individuals and entities.

- Foreign individual is someone who is not a citizen of the U. S. or a lawful alien possessing a valid Alien Registration Receipt Card. The individual must provide significant contribution of land, capital, and active personal labor.

Foreign Entity is a corporation, trust, estate, or other similar organization, that has more than 10 percent of its beneficial interest held by individuals who are not citizens of the U. S. or lawful alien possessing a valid Alien Registration Receipt Card. Each foreign individual who is a stockholder or other type of member must provide significant active personal labor for the entity.

### Spot Checks by FSA for Payment Eligibility

All CCC-501s (Members Information), CCC-502s (Farm Operating Plan for Payment Eligibility Review), and CCC-526s (Average Adjusted Gross Income Certification) 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, Federal and State income tax returns, financial statements, balance sheets, reports prepared for other government agencies, information prepared for private lender, and any other items the FSA County Committee determine are necessary. The producer is required to provide these items for the spot check so 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 which was originally completed, and average adjusted gross income provisions are met as certified.

### Payment Eligibility Requirement-Average Adjusted Gross Income (AGI)

Under the Farm Security and Rural Investment Act of 2002, producers are ineligible for FSA program payments and benefits if their Average Adjusted Gross Income (AGI) is in excess of \$2.5 million, unless 75 percent of the AGI is from farming, ranching or forestry operations. AGI is effective for the 2003 through 2007 crop and fiscal years. The average AGI for the individual or entity is the average of AGI, or comparable measure, of the individual or entity over the 3 tax years immediately preceding the year for which benefits are requested. To comply with the AGI requirement, all individuals or entities, including embedded entities must submit a completed form CCC-526 before program benefits can be issued.

### Program Deadlines

2006 Applications for NAP coverage for most spring-seeded vegetable crops	February 28, 2007
Deadline for Applications for 2007 Crop Tomatoes	March 15, 2007
Final 2006 loan and LDP Availability for Wheat, Barley, Oats, Honey, Canola, Crambe, Flaxseed, Rapeseed, and Sesame Seed	March 31, 2007
2005 Supplemental Hurricane Disaster Program Deadline Extended to	March 30, 2007
2007 NAP acreage reporting date for all types of Greens (kale, mustard, collards, turnip, spinach, etc.)	April 1, 2007
Payment Limitation Status Date	April 1, 2007
Reporting Acreage of Fall-Seeded Crops	May 15, 2007
Final 2006 Loan and LDP Availability for Corn, Dry peas, Grain sorghum, Lentils, Mustard seed, Safflower seed, Small chickpeas, Soybeans and Sunflower seed.	May 31, 2007
2007 DCP Sign-up	June 1, 2007