

UNITED STATES DEPARTMENT OF AGRICULTURE

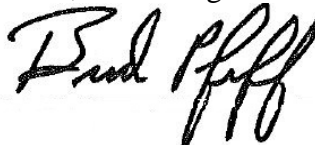
Farm Service Agency
Washington, DC 20250

Notice FSFL-129

For: State and County Offices

FSFL Requirements for Hops Storage and Handling

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

State and County Offices have received several inquiries from producers about hops eligibility for FSFL. The Food, Conservation, and Energy Act of 2008 gave the Secretary the discretionary authority to add other commodities for FSFL eligibility. Using this authority, the Secretary added hops as an eligible commodity for FSFL on August 17, 2015.

All FSFL eligible borrower requirements apply to hops producers. See Notice:

- FSFL-121 for the complete list of new eligible FSFL commodities
- FSFL-125 for general eligibility requirements
- FSFL-126 for CCC-185, CCC-185-1, and CCC-185-D.

Policies and procedures included in this notice are effective immediately.

B Purpose

This notice provides:

- policies and procedures for hops storage and handling
- authorization to State and County Offices to accept CCC-185's (dated 1-11-16)
- eligible components, equipment, and structures.

C Contact

State specialists with questions about this notice shall contact Toni Williams by either of the following:

- e-mail at toni.williams@wdc.usda.gov
- telephone at 202-720-2270.

Disposal Date

September 1, 2016

Distribution

State Offices; State Offices relay to County Offices

2 Storage Need Requirements for Hops

A Determining the Hops Storage Need

For a producer to be considered eligible for a hops FSFL, COC **must** determine the producer owns or has leased property with readily identifiable boundaries.

Applicants **must** show a need for the hops capacity as determined by the following formula and information in this paragraph.

The quality of hops crop can only be maintained for a limited period of time. Cold storage facilities can extend this period of time, but in **no** case will a cold storage facility maintain the quality of hops for longer than 1 year.

The hops storage need will be determined based on production for 1 year.

County Offices may determine the need for hops cold storage by using either of the following:

- producer's share of up to the 3 most recent FSA-578's
- verifiable information to determine a 3-year average that may include, but is **not** limited to:
 - actual yields
 - actual production records
 - records of sales, volume sold, or other business records that can be extrapolated to demonstrate cold storage need
 - production shares as part of a community-supported agriculture business.

A COC-determined reasonable 1-year acreage and yield projection may be used instead of an average for any the following:

- newly acquired farms
- eligible commodity being produced for the first time
- cases where disasters adversely affect the average production.

Note: In most instances, using the producer's actual yield and production records provides, for the eligible commodity, better information for calculating the producer's cold storage need.

2 Storage Need Requirements for Hops (Continued)

B Determining Reasonable Hops Production/Yield

COC's may:

- determine if the applicant's production/yield for hops is reasonable using guidance in subparagraph A
- use practical knowledge of the producer's farming business when determining a reasonable yield.

C Determining the Capacity of the Hops Structure

The capacity of the proposed structure can be obtained from the manufacturer of the cold storage facility for hops. If requested, the applicant shall provide this information to the County Office.

3 Types of Structures and Equipment Eligible for Hops Storage

A Eligible Structures

FSFL-financed structures for hops must be used for the purpose for which constructed, assembled, or installed for the entire FSFL term.

Hops cold storage facilities, with a useful life of at least 15 years, and eligible for FSFL's include the following:

- a new facility of wood pole and post construction, steel or concrete, suitable for storing hops produced by the borrower
- new walk-in prefabricated, permanently installed cold storage coolers that are suitable for storing the hops production.

FSFL eligible storage structures for hops must be built:

- of such quality that the structure can be insured
- to protect the hops from containments
- to support local climate conditions for the area.

Hops storage facilities must be built according to acceptable design guidelines from the manufacturer, NIFA, or land-grant universities.

3 Types of Structures and Equipment Eligible for Hops Storage (Continued)

B Eligible Components

Eligible permanently affixed equipment necessary for a hops FSFL may include the following:

- baggers
- cement flooring
- circulation fans
- dryers
- conveyors
- hoppers
- refrigeration units
- freezer units
- electrical equipment, such as lighting, motors, and wiring integral to the proper operation of an hops storage facility
- sorting tables
- bailers.

Notes: The area of a structure required to house eligible handling equipment is eligible, in addition to the cold storage space.

All eligible components financed with FSFL funds must be insured.

If there are components and/or equipment not listed, contact Toni Williams, according to subparagraph 1 C for further guidance.