

February 2016



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State FSA Newsletter

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<http://offices.sc.egov.usda.gov/locator/app>

Please contact your local FSA Office for questions specific to your operation or county.

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From the State Executive Director

Greetings to all,

Cropping year 2015 is pretty much in the books and the 2016 growing season is right around the corner. At your county offices we are finalizing the 2014 ARC/PLC safety net payments and taking sign-ups for the 2016 ARC/PLC program along with the annual verification (CCC-941) that a producer's 3 year average income does not exceed \$900,000.

Offices are busy accepting CRP applications before the February 26th deadline and many of our borrowers are in working up their 2016 financial operating plans.

If land changes owners or has a different renter we really appreciate getting that information as soon as possible.

Our county office staffs are ready to serve you, that's why we are the "Farm Service Agency".

Have a great February – leap year!

--Aaron Krauter, State Executive Director

USDA Removes Farm Program Payments to Managers Not Actively Engaged in Farming

USDA finalized a rule to ensure that farm safety-net payments are issued only to active managers of farms that operate as joint ventures or general partnerships, consistent with the direction and authority provide by Congress in the 2014 Farm Bill. The action, which exempts family farm operations, closes a loophole where individuals who were not actively part of farm management still received payments.

Since 1987, the broad definition of "actively engaged" resulted in some general partnerships and joint ventures adding managers to the farming operation, qualifying for more payments, that did not substantially contribute to management. The rule applies to operations seeking more than one farm manager, and requires measureable, documented hours and key management activities each year. Some operations of certain sizes and complexity may be allowed up to three qualifying managers under limited conditions. The changes apply to payments for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, Loan Deficiency Payments (LDP) and Marketing Loan Gains (MLG) realized via the Marketing Assistance Loan program.

As required by Congress, the new rule does not apply to family farms, or change regulations related to contributions of land, capital, equipment, or labor. The changes go into effect for the 2016 crop year for most farms. Farms that have already planted fall crops for 2016 have until the 2017 crop year to comply. For more details, producers are encouraged to consult their local Farm Service Agency office.

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Conservation Reserve Program Signup

FSA is conducting a general enrollment period for the Conservation Reserve Program (CRP) that began on December 1, 2015, and ends on Feb. 26, 2016. December 2015 also marked the 30th anniversary of CRP, a federally funded program that assists agricultural producers with the cost of restoring, enhancing and protecting certain grasses, shrubs and trees to improve water quality, prevent soil erosion and reduce loss of wildlife habitat.

In addition to benefits available through Farm Service Agency, the North Dakota Game and Fish Department may have some program options that could help North Dakota landowners who want to enroll land in the federal Conservation Reserve Program. Kevin Kading, Game and Fish private land section leader, says there are some Environmental Benefit Index factors that producers can influence, such as a higher diversity grass mix, like pollinators. North Dakota Game and Fish can help with the costs associated with that higher diversity mix, and offer additional incentives if producers are willing to enroll the land into the Department's Private Land Open to Sportsmen walk-in access program. Game and Fish Department private land biologists are also available for consultation to help landowners find the best possible combination of factors that could positively influence their EBI score and increase the likelihood of acceptance into the program. Game and

Fish can also make arrangements with contractors to assist producers with land preparation, grass seeding and CRP management.

Several workshops for landowners will be scheduled through various conservation partners around the state in late January and early February. More information on those workshops will be available on the Game and Fish website at gf.nd.gov.

Producers interested in enrolling land in CRP should contact their local Farm Service Agency office.

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Emergency Livestock Disaster Programs

Livestock producers, including Honeybee and Farm-raised Fish producers, are reminded that the 2015 Emergency Livestock Disaster Program (ELAP) program year began October 1, 2014 and continues through September 30, 2015.

Producers who suffer livestock losses not covered under LIP, or losses of eligible stored feed stocks, colony-collapse disorder, etc, are reminded to report these losses within 30 calendar days of when the loss is apparent. In addition to filing a notice of loss, a timely filed acreage report for the 2015 program year must also be submitted with the administrative FSA county office. For Honeybee producers who have become aware of colony collapse while in another state, the notice of loss can be filed with the local FSA office in that state.

After producers have timely filed their notice of loss and acreage report, the next step is to make the application for payment. This step must be completed no later than November 1, 2015. Since ELAP funds are limited to \$20 million per fiscal year, the national office must determine if the requested ELAP payments exceed the \$20 million allocation. If the requested 2015 ELAP benefits exceed \$20 million, all payments will be factored.

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IRS Reporting for Tax Year 2015

IRS-1099-G detailing payments you received from the Commodity Credit Corporation have been distributed. This annual report of program payments is a service intended to help report taxable income and not intended to replace a producer's responsibilities to report income to IRS.

CCC will not issue form IRS 1099-G when CCC program payments total less than \$600 for the calendar year. In addition, producers which receive program payments from multiple counties will receive only one IRS Form 1099-G showing all payments from all counties.

FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, county office staff can review payments for accuracy.

Although refund information is not shown on the IRS 1099-G, a Customer's financial data including refund information, program payment amounts, and prior year CCC-1099 information is conveniently available via the internet through the FSA "Financial Inquiries" database (FSA-FI). Instructions for obtaining a FSA-FI user ID and password are available on the FSA web site at: <http://www.eauth.gov.usda.gov/eauthWhatIsAccount.html>

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USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines

The Farm Service Agency encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline. The NAP deadline for spring planted and forage crops is March 15, 2016.

Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program (NAP). The 2014 Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection.

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

USDA has partnered with Michigan State University and the University of Illinois to create an online tool at www.fsa.usda.gov/nap that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

Deadlines for coverage vary by state and crop. To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to <http://offices.usda.gov>.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: <http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

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Non-Irrigated Corn for Grain Coverage Available Under NAP Program

NAP coverage for non-irrigated corn for grain in eight western North Dakota counties is now available beginning with the 2016 crop year. Counties affected by the change in coverage are: Billings, Bowman, Burke, Divide, Golden Valley, McKenzie, Slope and Williams.

The application deadline for the 2016 NAP coverage for all non-insurable spring planted and forage crops, including grass for hay and grazing is March 15, 2016.

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Commodity Loan Repayments

Outstanding commodity loans can be repaid at any time at principal plus interest. Market rate loan repayments can be made on nonrecourse loans prior to loan maturity, when the market repayment rate is less than principal plus interest. Currently, there are no grain, oilseed or pulse crop

commodities with a market repayment rate less than principal plus interest. Matured loans cannot be repaid at the market repayment rate.

If the sales proceeds are needed to repay the loan, a marketing authorization (CCC-681-1) can be requested. The request can either be made in person or by telephone. The terms of the marketing authorization can be either 15 or 30 calendar days. All parties who signed the note are responsible for repaying the loan. If the buyer does not repay the loan as required by the marketing authorization, CCC will make demand for repayment on the producers who signed the note. If a market repayment option is available, the option cannot be used after loan maturity or when the buyer does not remit repayment within 15 days of the expiration date of the marketing authorization.

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Farm Storage Facility Loan Program

The Farm Storage Facility Loan Program (FSFL) allows producers of eligible commodities to obtain low-interest financing to build or upgrade on-farm storage and handling facilities. 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 eligible net cost of the storage facility and permanent drying and handling equipment. FSA requires additional security for all loans exceeding \$100,000 or when the aggregate amount of FSFL loans exceeds \$100,000.

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. Sign-up for the FSFL program is continuous throughout the year. All requests for FSFL prior to loan approval require a site inspection for an environmental assessment in accordance to National Environmental Protection Agency (NEPA) requirements showing no adverse impacts. FSFL policy requires the following actions cannot occur at the proposed FSFL location prior to the environmental assessment being completed:

- accepting delivery of equipment and/or materials in previously undisturbed areas
- site preparation or foundation construction in previously undisturbed areas
- no alteration to any structures that are 50 years old or older or within a historic district

If any of the above are completed prior to FSA completing the on-site assessment may impede the completion of the environmental assessment and eligibility for the FSFL.

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

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Additional Commodities added to Eligibility for Farm Storage Facility Loans

Commodities currently eligible for facility loans has included corn, soybeans, wheat, oats, barley, minor oilseeds, pulse crops (lentils, chickpeas and dry peas), hay, honey, vegetables for cold storage.

New commodities added as eligible for facility loans will now include hops, floriculture, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water).

FSFL loans are designed to assist a diverse range of farming operation, including small and mid-sized business and new producers. To learn more about the FSA Farm Storage Facility Loan, visit www.fsa.usda.gov/pricesupport.

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Farm Ownership Microloans

Farm Ownership (FO) Microloans offer more flexible access to credit and serve as an attractive loan alternative for smaller farming operations, like specialty crop producers and operators of community supported agriculture (CSA). These smaller farms, including non-traditional farm operations, often face limited financing options.

Ownership microloans can be used for all approved operating expenses authorized by the FSA Farm Ownership (FO) Loan Program, such as to purchase a farm or farm land, enlarge an existing farm, construct new farm buildings, improve existing farm buildings, pay closing costs and implement soil and water conservation and protection practices.

The microloan application process is simpler, requiring less paperwork to complete. Applicants for ownership loans need to have three years of farm experience out of the last 10 prior to the date of the application being submitted. One of the years can be substituted with any of the following experience:

- Post-secondary education, that is at least 16 semester hours in agriculture business, horticulture, animal science, agronomy or other agriculture-related fields
- Significant business management, that is at least one year of management experience in a non ag-related field where the applicant's day-to-day responsibilities included direct management experience, such as personnel decisions, payroll and inventory ordering; however, not an individual who is a manager in title only
- Military leadership or management that is, as a general rule, any officer or E5 or above will have completed an acceptable military leadership course
- If an applicant has successfully repaid an FSA youth loan, the term of that loan may be used towards the three years of management experience required for an ownership loan.

Ownership microloans are secured by the real estate being purchased or improved. The value of the real estate must be at least 100 percent of the loan amount.

For ownership microloans, eligible applicants may obtain a microloan for up to \$50,000. The repayment term may vary and will not exceed 25 years. Interest rates are the regular FSA farm ownership rates in effect at the time of the loan approval or closing.

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Firearms and Dangerous Weapons Forbidden In Federal Facilities

This is an important reminder to all customers and patrons of USDA Farm Service Agency (FSA) offices and USDA Service Centers statewide that firearms are forbidden (even with a permit/license) in Federal Buildings. A Federal Building by definition is any building owned, leased or rented by the Federal Government, where Federal employees are regularly present for the purpose of performing their official duties.

The items that are prohibited in Federal facilities include any item prohibited by any applicable Federal, State, local, and tribal law and/or ordinance, as well as firearms, dangerous weapons, explosives, or other destructive devices (including their individual parts or components) designed, redesigned, used, intended for use, or readily converted to cause injury, death, or property damage. Possession of firearms and dangerous weapons in Federal facilities as outline above is a crime punishable by fines and imprisonment.

For a complete list of items prohibited in Federal facilities, please view and/or download the document titled, Items Prohibited from Federal Facilities: An Interagency Security Committee Standard: <http://www.dhs.gov/sites/default/files/publications/isc-items-prohibited-federal-facilities->

[feb-2013-508.pdf](#). The lists of prohibited items outlined in this document apply to all facility occupants, contractors, and the visiting public.

If you have questions or concerns regarding this notification, please contact your local Farm Service Agency Office—<http://offices.usda.gov>.

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Important Dates and Deadlines

February 26 - CRP 49th General Signup Ends

March 15 - NAP Deadline - 2016 Spring Planted and Forage Crops

August 1 - 2016 ARCPLC Sign up deadline

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February Loan and Interest Rates

Commodity Loans -1.625%

Operating Loans - 2.625%

Farm Ownership Loans - 3.875%

Farm Ownership - Down Payment Loans - 1.50%

Emergency - Amount of Actual Loss - 3.625%

Farm Storage Facility Loan, 7-Year - 2.000%

Farm Storage Facility Loan, 10-Year - 2.125%

Farm Storage Facility Loan, 12-Year - 2.250%

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USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).