

# Farm Service Agency

## Imperial County

# FSA NEWS

March 2010

Newsletter 1

### Address:

USDA Service Center  
177 N. Imperial Avenue  
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### Web Sites:

FSA: [www.fsa.usda.gov](http://www.fsa.usda.gov)  
USDA: [www.usda.gov](http://www.usda.gov)  
Farm Bill:  
[www.usda.gov/farmbill](http://www.usda.gov/farmbill)

### Hours:

Monday-Friday  
8:00 AM-4:30 PM

### County Committee:

Gary Mamer, Chairperson  
Curt Corda, Vice-Chair  
Craig Alameda, Reg Mbr

### Advisor:

Raul Rodriguez Jr.

### County Executive Director:

Rosalinda Singh  
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## Enrollment Continues For 2010 DCP



Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) is under way ***and will continue through June 1, 2010***. USDA producers can visit their USDA Service Center to complete their 2010 DCP contract. There are no late-file provisions for DCP or ACRE.

FSA computes DCP Program 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 2010, you may request to receive advance direct payments based on 22% of the direct payment for each commodity associated with the farm. Counter-cyclical payment rates vary depending on market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

The ACRE Program is an option for eligible DCP farms that allows participants to receive additional payments based on crop revenue reductions instead of only low national prices. Revenue considers both yields and prices, so the reductions can be attributed to low yields and/or low prices. Note that there must be both a revenue reduction for the farm and at least a 10% revenue reduction for the State.

## 2010 Acreage Reporting Deadlines

Filing an accurate and timely acreage report for all crops/commodities and land uses can prevent loss of benefits for programs listed in the following table. The 2010 acreage reporting deadline for small grains is **March 15, 2010**. The 2010 deadline for hay, fruits & vegetables and all other crops is **July 15, 2010**.

Benefit	Ac. Reporting Requirement	Reason for Requirement
Loans & LDP's	All cropland on the farm	Needed to determine reasonableness of claimed production.
NAP	Crop acreage or commodity for which NAP benefits may be requested. (Rpt Date for NAP is July 15 or 15 days before onset of harvest)	Needed to establish eligibility of the crop or commodity and producer for NAP benefits
Commodity Programs	All cropland on the farm	Required by program



## ***Payment Limitation & Payment Eligibility Requirements***

The 2008 Farm Bill required program participants to meet specific provisions to receive farm program benefits. Here is a summary of those provisions to be eligible for payments:

**Actively Engaged in Farming:** Specific programs require all participants provide significant contributions to the farming operation to be considered “actively engaged in farming”. Contributions can consist of capital, land and/or equipment as well as active personal labor and/or active personal management. Effective 2009, each partner, stockholder or member with an ownership interest must contribute active personal labor and/or active personal management to the farming operation on a regular basis. The contribution must be identifiable and documentable; as well as separate and distinct from the contributions made by any other partner, stockholder or member. If any partner, stockholder or member with an ownership interest fails to meet this requirement, program payments will be reduced by the corresponding share held by that partner, stockholder or member.

There is an exception allowed for legal entities, such as corporations, if at least half of the interest in the entity is held by stockholders or members who are providing active personal labor or active personal management; *and* the total direct payments received both directly and indirectly, by the legal entity and its members do not exceed \$40000.00.

**Foreign Persons:** Foreign persons, other than registered aliens, are not eligible to receive any program benefits including commodity loans, unless that person provides a significant contribution of capital, land and active personal labor to the farming operation.

**Direct Attribution:** The 2008 Farm Bill establishes a maximum dollar amount for each program that can be received annually, directly or indirectly, by each person or legal entity. Such limitations on payments are controlled by direct attribution. Program payments made directly or indirectly to a person are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal entity have been reduced by the pro rata share of the person. Program payments made directly to a legal entity are attributed to those persons that have a direct and indirect interest in the entity, unless the payments to the entity have been reduced by the pro rata share of the person. Payment attribution to a legal entity is tracked through 4 levels of ownership.

**Cash-rent Tenant Rule:** A cash-rent tenant will be ineligible to receive payments on the cash-rented land unless the tenant makes a significant contribution of active personal labor. If the cash-rent tenant does not

provide labor, he or she must make a significant contribution of both active personal management and equipment to the farming operation.

**Adjusted Gross Income (AGI) Limitations:** A person or legal entity shall not be eligible to receive certain program benefits during the 2009- 2012 crop, program or fiscal year if the average AGI exceeds specified amounts. The AGI limitations are as follows:

<b>If average adjusted gross</b>	<b>Then person or legal entity is ineligible for...</b>
Nonfarm income exceeds \$500,000	Commodity, price support & disaster assistance program benefits
Farm income exceeds \$750,000	DCP Direct Payments
Nonfarm income exceeds \$1 million	Conservation program benefits unless 66.66% or more of the average AGI was derived from farming, ranching & forestry

Additionally, payment eligibility and payment limitation determinations may be initiated by county committee (COC) or requested by the producer. 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 AGI determination, producers must timely notify this office by filing revised farm operating plans and/or supporting documentation as applicable. Failure to do so may adversely affect payment eligibility.

There are statutory provisions that require entities earning program benefits that are subject to limitation, to provide the names, addresses and Tax ID#'s of the entities' members to COC. All applicable payment eligibility and payment limitation forms submitted by producers are subject to spot check through the end of year review process.

A determination of not actively engaged in farming results in the producer being ineligible for any payment or benefit requiring a determination of actively engaged in farming.

Noncompliance with AGI provisions, either by exceeding the applicable limitations or by failure to submit a certification statement will result in the determination of ineligibility for all program benefits subject to AGI provisions; program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible person or legal entity in any legal entity, general partnership or joint operation that receives benefits subject to the average AGI limitations.

No program benefits subject to limitation will be provided until all required forms for the specific situation are provided and necessary payment eligibility and payment limitation determinations are made.

Payment Limitation Amounts and applicable programs continue on the next page:

Program Payment Type	Limitation in \$\$\$			
	09	10	11	12
Counter-cyclical & ACRE-except Peanuts	65000 <sup>1</sup>			
Direct Payments-except Peanuts	40000 <sup>2</sup>			
CRP annual rental payment	50000			
ELAP, LFP, LIP and SURE	100000			
NAP	100000			
TAP	100000			
LDP, MAL and MLG	No Limits			

<sup>1</sup> - Under ACRE, this amount will be a combined limitation for counter-cyclical and ACRE payments. If a person or legal entity has a direct or indirect interest in payments earned on a farm participating in ACRE, this limitation will reflect an increase for the amount that the direct payments were reduced.

<sup>2</sup> - If the person or legal entity has a direct or indirect interest in payments earned on a farm that is in ACRE, this limitation will reflect a 20% reduction in direct payments on each farm that is participating in ACRE.

### Adjusted Gross Income

USDA has a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to USDA.

The agreement ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-927 (Individual) and/or CCC-928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. These forms may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainservlet>.

### County Committee (COC) Election Results

Congratulations to Curt Corda! Curt was re-elected to represent farmers from LAA 1(Imperial Valley south of Keystone Road) for a 3-year term. The election results are as follows: Curt Corda – COC member; Alice Abatti 1<sup>st</sup> Alternate; Sandra Benner 2<sup>nd</sup> Alternate; Tom Brundy was a write-in candidate. Thank you to all nominees – we appreciate your willingness to serve the local farming community.

FSA appreciates all of the voters for taking the time to complete election ballots. The committee system works only because of your participation!

### Marketing Assistance Loans & Loan Deficiency Payments (LDP's)

Marketing Assistance Loans (MALs) for crop years 2009 through 2012 are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest (BI) in the crop through the time of application. Beneficial Interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once Beneficial Interest is lost, the commodity is ineligible for loan even if you regain Beneficial Interest.

Commodity loan eligibility also requires you comply with conservation and wetland protection requirements; report cropland acreage use on the farm and ensure that the commodity meets Commodity Credit Corporation (CCC) minimum grade and quality standards. For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Producers do not have to participate in the DCP to be eligible for Marketing Assistance Loans. Violating provisions of a Marketing Assistance Loan may trigger administrative actions.

LDP's are payments made to producers who, although eligible to obtain an MAL agree to forego the loan in return for a payment on an eligible commodity. By completing and agreeing to the terms and conditions provided on FSA form CCC-633EZ BEFORE losing Beneficial Interest, producers indicate their intentions to receive LDP benefits. This one page covers all counties and all eligible harvested commodities for the entire year for the individual, joint operation or entity identified on the form. *Producers must sign & submit this form to FSA before Beneficial Interest in the commodity is lost.* Once CCC-633EZ Page 1 has been signed & submitted, the producer can submit an LDP request by completing commodity applicable page 2, 3 or 4 at any time during the loan availability period. Eligible commodities and final loan availability dates are as follows:

Commodity	Final Loan Availability Date	
	For 2009 Crops	For 2010 Crops
Wool, mohair, unshorn pelts	January 29, 2010	January 31, 2011
Wheat, honey, barley, canola, oats, crambe, flaxseed, rapeseed, sesame	March 31, 2010	March 31, 2011
Cotton, corn, grain sorghum, lentils, mustard	May 31, 2010	May 31, 2011

UNITED STATES DEPARTMENT OF AGRICULTURE  
 Farm Service Agency  
 Imperial County FSA Office  
 177 N. Imperial Avenue  
 El Centro CA 92243

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<b>Dates to Remember</b>	
<b>March 15, 2010</b>	<b>Deadline to report Small Grains</b>
<b>March 24, 2010</b>	<b>Tentative date for next County Committee meeting</b>
<b>March 31, 2010</b>	<b>Final loan availability date for several 2009 commodities-see chart pg 3</b>
<b>May 31, 2010</b>	<b>Final loan availability date for several 2009 commodities-see chart pg 3</b>
<b>June 1, 2010</b>	<b>Deadline to enroll in DCP or ACRE</b>
<b>June 15, 2010</b>	<b>Date to file CCC-927 and/or CCC-928 forms with IRS</b>
<b>July 15, 2010</b>	<b>Deadline to report all crops other than small grains</b>
<b>15 days of natural disaster or loss becomes apparent</b>	<b>NAP Notice of Loss (must file notice of loss on FSA form FSA-576)</b>

**REASONABLE ACCOMMODATIONS** - Special accommodations will be made, upon request, for individuals with disabilities, vision impaired, or hearing impairment. If accommodations are required, please call our office at (661) 942-9549.

**APPEAL PROCESS** - After an FSA official makes a decision on your request or application for USDA services, you will be sent a letter informing you of the decision and options you can pursue if you disagree. Generally, appellants have 3 choices – an informal review with the original agency decision-maker, an opportunity for mediation and finally an appeal to the next level of authority within the agency.

**CIVIL RIGHTS COMPLAINT PROCESS** - Any person, class or group of persons may file a discrimination complaint within 180 days of an alleged discriminatory action. Complaints may be filed in writing or orally with the agency head, any designated agency official or the Secretary of Agriculture, USDA, Washington, D.C. 20250. Assistance in filing a complaint can be obtained by calling or visiting any FSA office.

*The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance programs. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202)-720-6382 (TDD). USDA is an equal opportunity provider and employer.*