



# Kern County FSA News

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## Crop Disaster Program Signup

The Crop Disaster Program (CDP) provides benefits to farmers who suffered quantity and quality losses to 2005, 2006, or 2007 crops. **CDP signup for quantity** losses began **October 15, 2007**. No deadline has been announced at this time.

Losses from natural disasters may qualify for financial assistance if the crop was planted before December 31, 2007, or, in the case of prevented plantings, for crops that would have been planted before December 31, 2007. Producers who incurred qualifying losses in 2005, 2006 or 2007 can and should apply for benefits or every year and will be paid the highest dollar amount. The calculation is complex, prices for insurable crops are not the same between all three years, eligibility may not be the same for all three years. Participants may apply for loss benefits on multiple commodities as long as the losses occurred in the same crop year.

Only producers who obtained crop insurance coverage or coverage under the Noninsured Crop Disaster Assistance Program (NAP) for the year of loss will be eligible for CDP benefits. Producers must have suffered quantity losses in excess of 35 percent to be eligible for CDP. For

more information on this, or to make an appointment to sign up contact the Kern County Farm Service Agency office.

## Livestock Disaster Programs

The new Livestock Compensation Program (LCP), Livestock Indemnity Program (LIP) sign-up opened September 10. Eligible ranchers and other livestock producers can apply to receive LCP compensation for feed losses or LIP for livestock losses occurring between January 1, 2005, and December 31, 2007, due to a natural disaster. Check with the Kern county office for details, or to make an appointment to sign up.

## County Committee Election Results

Congratulations to Ben Ansolabehere for being elected to represent the farmers from the Greenfield area. Ben has been elected to a three year term. The election results for Local Administrative Area # 3;

- Ben Ansolabehere – Elected to the County Committee.
- Angela Vandborg – 1<sup>st</sup> alternate to County Committee

FSA appreciates all of the voters who took the time to complete the election ballot. The County Committee system

works only because of your participation.

## NAP Production Reporting

Production records for individual crops need to be filed with our office to establish an approved NAP yield. If this is the first year you participated in NAP, you can provide production and acreage information from prior years to establish your yield. If you participated in NAP in previous years, you must report your production and acreage on a yearly basis to keep your yield up to date. Records submitted must be reliable and verifiable. Records need to show crop disposition. We recommend producers submit 2007 production records as soon as harvest is complete. **All production records must be submitted by the subsequent crop year's final acreage reporting date.**

## DDAP III Sign UP Resumes

Eligible dairy producers, who suffered losses during 2005, 2006, or 2007, may now apply to receive benefits under the Dairy Disaster Assistance Program III (DDAP III) beginning March 5. The final rule published in the Federal Register on March 4, specifies this newly reopened **sign up period ends on May 5, 2008.**

FSA began enrolling producers in DDAP III in late 2007. Then in early 2008, FSA temporarily halted sign up pending the completion of rulemaking. Based on public comments on the program elicited during this suspension, FSA made minor changes to the DDAP III rules.

To be eligible, a producer's operation must be in a county designated a major disaster or emergency area by the president or declared a natural disaster area by the secretary of agriculture between January 1, 2005, and December 31, 2007. Producers in contiguous counties are also eligible. Further eligibility is possible if an FSA Administrator's Physical Loss Notice was issued. For further information, contact our office or visit [www.fsa.usda.gov/ca](http://www.fsa.usda.gov/ca)

### **Partial Counter Cyclical Payments for Cotton**

USDA issued California producers about \$25 million in partial 2007 crop year counter cyclical payments (CCPs) for upland cotton base acres enrolled in USDA's Direct and Counter Cyclical Program (DCP). The 2002 Farm Bill authorizes preliminary partial payments for the 2007 crop to be made six months after the start of the marketing year, which began on August 1, 2007, for this commodity. Preliminary payments must be refunded if full year price calculations result in a lower payment rate.

USDA estimates producers with enrolled upland cotton base acres nationwide will receive \$300 million in partial CCPs. The 2007 crop year projected partial payment rates, equal to 40 percent of the projected amount, are \$0.0309 per pound for cotton. Overpayments to producers can be repaid to USDA, or the computer system will automatically deduct any unearned amount from a producer's future payments.

### **No Partial Counter Cyclical Payments for Grains & Oilseeds**

Based on supply/demand and price projections from USDA's World Agriculture Supply and Demand Estimates, producers of crops **other than** cotton and peanuts, will not receive a second partial counter

cyclical payment. When effective commodity price projections are equal to or more than their respective target prices; the commodities do **not** qualify for counter cyclical payments.

### **Acreage Reporting**

Acreage reporting time is here. Please remember filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs. No farm bill in place, however certifications are still required by the appropriate dates to be filed timely.

Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acreage reports are required for many FSA programs. For crops other than NAP (Noninsured Crop Disaster Assistance Program) crops, acreage reports are to be certified by the April 30, 2008, deadline on small grains and July 15, 2008 on all other crops.

Acreage reports on crops for which NAP assistance may be paid are due in the county office by the earlier April 30, 2008 for small grains and July 15, 2008 for all other crops, or 15 days before the onset of harvest or grazing of the specific crop acreage being reported.

### **IMPORTANT Late Filed Report of Acreage**

The County Committee may accept a late filed FSA-578 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.**
- ✓ The crop's use can be verified.
- ✓ The crop's acreage for the specific year can be determined.

If the late filed acreage report is for any program other than establishing FAV history, NAP Actual Production History, first time, or CRP Cropping History, physical existence is required. If the physical existence no longer exists, program payments could be jeopardized and producers risk the loss of benefits.

### **Revising Crop or Acres**

FSA-578's may be revised at any time if the revised acreage can be verified by **PHYSICAL EVIDENCE**.

**Intended Use;** is the anticipated use at the time of planting and should not be revised. If the acreage fails, then a failed acreage report must be filed within 15 days of the disaster event and before disposition of the crop.

Accepting a revised acreage report does not guarantee program's eligibility.

### **Agriculture Foreign Investment Disclosure Act of 1978**

The Act requires any foreign person who acquires or transfers any interest other than a security interest in agricultural land to submit a completed FSA-153 to the Secretary of Agriculture no later than 90 calendar days after the date of acquisition or transfer.

Any foreign person who holds, acquires, or transfers any interest in agriculture land, who the Secretary of Agriculture determines did not submit a FSA-153, or who knowingly submitted a report which was incomplete, misleading, or false is subject to civil penalty of not more than 25 percent of the fair market value of the land on the date the penalty is assessed.

### **Payment Limitation Refresher**

Media stories of Farm Service Agency and Commodity Credit Corporation payments will become more wide spread as the mid-term elections near and the next farm bill is debated. Consequently, more groups are seeking information about payments to farmers and ranchers.

Payment limitation rules are not new to anyone who has participated in a FSA program. The total annual payments 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; Noninsured 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.

**Capital Contribution** Was the loan acquired as a result of a loan being made to, guaranteed by or secured by an individual, entity, member of a joint operation, or any other joint operation with an interest in the farming operation?

If yes, the capital contribution will not qualify as a significant contribution.

Interest in a farming operation:

- Any producer who shares in the production or proceeds of the production from the farming operation
- Landowners have an interest in the farming operation containing the land owned, whether or not the landowner has an interest in the production or proceeds from the production
- A member of a joint operation when the joint operation is a producer in the farming operation
- Landlords, including landowners, have an interest in the farming operation containing the

acreage owned or leased, whether or not the landlord has an interest in the production or proceeds from the production

- General partner of a limited partnership when the limited partnership is a producer in the farming operation
- Grantor of a revocable trust when the trust is a producer in the farming operation.

## **Beware of Crop Insurance Rebating Schemes**

With the spring sales closing date for many Federal crop insurance policies right around the corner, crop insurance agents have stepped up their marketing efforts. The Risk Management (RMA) has received reports from producers and agents that some aggressive marketers have been approaching producers with rebate offers. These schemes promise lower insurance premiums, refunds, dividends, or items of value tied to crop insurance purchases. Most of these activities are illegal.

RMA reminds all Federal crop insurance program participants it is now coordinating with state regulators to take appropriate regulatory action against all those who are found to promote or participate in such schemes. Producers who are found to participate in illegal rebating activities will not only lose their crop insurance coverage but will also lose eligibility in all USDA programs. Producers and agents can report suspicions of illegal rebating to the OIG Hotline: **1-800-424-9121**.

## **Low Interest Loans Available from FSA**

FSA may be able to assist your farming operation with an operating or ownership loan. The rate for operating loans approved in March, 2008, is 3.750 percent.

It is the time of year where farmers begin thinking of our spring planting needs. Whether you need loan funds to finance your spring needs for fertilizer, seed, or you need to upgrade your equipment line with a new tractor, planter, baler, or perhaps you have been thinking about expanding your operation or need credit to increase your production, FSA may be able to help.

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY  
Kern County FSA  
5000 California Avenue #100  
Bakersfield CA 93309-0711

RETURN SERVICE REQUESTED

# IMPORTANT INFORMATION ENCLOSED



## Dates to Remember:

DDAP III Sign Up Deadline  
Acreage Reporting: Wheat, Barley, Oats  
Acreage Reporting: All Other Crops  
NAP-Notice of Loss

May 5, 2008  
April 30, 2008  
July 15, 2008  
Within 15 days of Natural Disaster  
Or Loss Becomes Apparent

### Flexible or Cash Lease

Producers should be careful to differentiate between flexible leases and cash leases when reporting to the Farm Service Agency (FSA).

Flexible leases, in which the producer pays a base rent, and offers a bonus on yield and/or price increase to a landowner, are considered by the Farm Service Agency as share leases. Cash leases specifying a fixed amount, not subject to changes from yield or price are common and the norm across the country. Flexible or hybrid leases are now coming to the attention of FSA.

Each year FSA participants complete form CCC-502 Continuation Sheet for Leased or Owned Land which are subject to spot check. Paying more than what the original lease specifies may violate a producer's CCC-502, if not completed correctly. A violation could make an operator ineligible for Direct Counter Cyclical Payments (DCP).

FSAWEBSITE: [www.fsa.usda.gov](http://www.fsa.usda.gov)

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