

# Colorado FSA News

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#### From the State Executive Director

President Dwight D. Eisenhower once said "Farming looks mighty easy when your plow is a pencil and you're a thousand miles from the corn field." It's our job here at the Farm Service Agency to help Colorado agriculture producers understand and benefit from our wide array of programs and services, some of them quite complex and many of them new since the 2008 Farm Bill.

I grew up on a family farm on the Western Slope and understand the challenges and the risks-- as well as the deep rewards-- of earning a living from the land. Like the hardworking farmers and ranchers that we serve, our hard working FSA staff is dedicated to providing excellent service to our customers. And our grassroots approach of using locally elected county committees ensures that your voice is heard.

I look forward to working with you on issues important to Colorado agriculture and invite you to contact your local FSA office or visit our website at <http://www.fsa.usda.gov/co> to learn more about our programs and services.

Warm Regards,  
Trudy Kareus

#### Newly Appointed Colorado State FSA Committee

Five new members of the FSA State Committee were appointed on January 15, 2010. The State Committee oversees the activities of the agency including carrying out the state agricultural conservation programs, resolving appeals from the agriculture community and helping to keep producers informed about FSA programs.

The individuals appointed to serve on this committee include: Marsha Daughenbaugh (Chairperson) from Steamboat Springs, Colorado; James H. Hume, from Walsh, Colorado; William W. Warren from Keenesburg, Colorado; Paul A. Mailander from Holyoke, Colorado; and Dr. Armando Valdez, from Capulin, Colorado.

#### County Committee Election Results

*The Colorado State Office would like to congratulate all newly elected county committee members (COC). The COC members' contributions are important to the agency and to the producers of Colorado. Please contact your local county office for a listing of county committees.*

## **SURE**

SURE Program sign ups are currently being taken for the 2008 Crop Year. The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that occurred starting in the crop year 2008 through September 30, 2011. To be eligible for SURE payments a producer is required to obtain crop insurance on all crops of economic significance in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP), except for grazed acreage.

Eligible farmers and ranchers who meet the definition of Socially Disadvantaged, Limited Resource, or Beginning Farmer or Rancher are exempt from the risk management purchase requirement.

The following are the conditions that trigger SURE payments:

- at least one crop of economic significance must suffer a 10% production loss due to an eligible disaster condition
- the crop of economic significance must be a crop that has contributed or would have contributed at least 5% or more of the total expected revenue from all crops on the farm
- the farm experiencing the loss must be in a county declared a disaster county by the Secretary of Agriculture, or in contiguous counties. Those who show proof of an individual loss of at least 50% are also eligible to receive SURE payments for production losses or crop quality losses.

Losses are measured based on the whole-farm revenue, which includes crop insurance indemnities and commodity program payments, so that producers are not paid more than once for the same loss.

A SURE calculator is available at: [http://www.fsa.usda.gov/Internet/FSA\\_File/sure\\_calculat\\_or\\_2008.xls](http://www.fsa.usda.gov/Internet/FSA_File/sure_calculat_or_2008.xls). The calculator is not official, but is intended for educational use. A fact sheet and Q & A are also available online at [www.fsa.usda.gov](http://www.fsa.usda.gov).

## **2010 DCP Signup**

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) has begun and will continue through June 1, 2010. USDA urges producers to make use of the eDCP automated website to sign up, or producers can visit any USDA Service Center to complete their 2010 DCP contract.

USDA 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, eligible producers may request advance direct payments based on 22 percent of the direct payment.

Important: All signatures on the CCC-509 are required to be submitted to the county office by June 1, 2010.

## **ACRE**

The optional ACRE Program provides a safety net based on revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The June 1, 2010 signup deadline is mandatory for all participants. USDA will not accept any late-filed applications.

A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity. For 2010, the 2-year price average will be based on the 2008 and 2009 crop years.

Payments are based on planted or prevented planted acres of commodity crops. In order to receive a payment for the crop, there must be both a state and farm revenue loss. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is reduced by 20% and marketing assistance loan rates are reduced by 30%.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.

## Conservation Reserve Program (CRP)

U.S. Department of Agriculture Secretary Tom Vilsack has announced that USDA will conduct a general CRP signup later this year, with program details and the specific signup start date to be announced upon completion of an Environmental Impact Statement.

CRP is the nation's largest private land conservation program with authority to enroll 32 million acres. CRP is a voluntary program available to agricultural producers to help them safeguard environmentally sensitive land. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion and enhance wildlife habitat.

If you are currently enrolled in CRP, the following may be of interest to you:

In the final year of CRP-1, participants in Colorado may destroy CRP cover on certain acreage beginning May 1, if maintaining CRP cover through June 30 could inhibit normal planting of a fall-seeded crop. This special provision requires that participants obtain an approved conservation plan for the destruction of the cover and submit a request to FSA to destroy the CRP cover before July 1. The CRP contract will be assessed a payment reduction to exclude payment for the number of days the cover is destroyed between May 1 and June 30. **NOTE;** Participants that destroy CRP cover to prepare land for fall-seeding crops shall be informed that failure to plant a fall-seeded crop in a normal manner is a violation of CRP-1 and may result in a refund of all CRP annual rental payments, plus interest, and liquidated damages. Please contact your local FSA office before planning **ANY** early land preparation for land under the last year of a CRP contract.

Managed Haying and Grazing is permitted and is an approved Mid-Contract Management practice on CRP acreage in Colorado. Payment reductions on the CRP acreage hayed or grazed apply. The timing, frequency and percentage of CRP acreage that may be hayed or grazed vary, depending on when the CRP contract was approved. Please contact your local FSA office before haying or grazing CRP.

For Colorado, the Primary Nesting Season dates established in the National Wildlife Federation Agreement shall apply beginning March 15 and ending July 15. CRP provisions require that NRCS or the Technical Service Provider shall ensure that the approved

conservation plan ensures that the CRP cover will not be disturbed during the primary nesting season.

## Farm Loan Programs

The FSA offers loans for eligible farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,112,000. Emergency loans may be available for farmers who have suffered physical or production losses in disaster areas designated by a Presidential or Secretarial disaster declaration. Rural youth loans, loans to beginning farmers and loans for socially disadvantaged applicants are also available. For details please contact the county office staff for an appointment with a farm loan officer.

## Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Funds are available for operating type loans and/or to purchase or improve farms or ranches. While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of socially disadvantaged groups.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to

applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

### **Farm Storage Facility Loan Program**

The Farm Storage Facility Loan Program (FSFL) provides low-interest financing for producers to build or upgrade farm storage and handling facilities. A farm storage facility loan must be approved by the local FSA county committee before any site preparation and/or construction can be started. An eligible borrower is any person who is a landowner, landlord, leaseholder, tenant or sharecropper. Loan applications should be filed in the administrative FSA Office that maintains the farm's records.

### **Nonrecourse Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP) Programs.**

MALs provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows.

A producer who is eligible to obtain a loan (MAL) but who agrees to forgo the loan may obtain an LDP. An LDP is the amount by which the applicable loan rate exceeds the alternative loan repayment rate for the respective commodity.

The deadline date to obtain a commodity loan is March 31 for small grains and May 31 for coarse grains and oilseeds.

### **Emergency Assistance for Livestock, Honey Bees, & Farm-raised fish (ELAP)**

ELAP provides Emergency relief to producers of livestock, honey bees, and farm-raised fish. It covers losses from disaster such as adverse weather or other conditions, such as wildfires, that are not adequately covered by any other disaster program.

### **Livestock Forage Disaster Program (LFP)**

The Livestock Forage Disaster Program (LFP) provides compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or is planted specifically for grazing. The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. The grazing

losses must have occurred on or after January 1, 2008 and before October 1, 2011.

The deadline date to sign up for fiscal year 2010 is January 30, 2011.

### **2010 Livestock Indemnity Program (LIP) Deadline**

LIP provides assistance to eligible producers for livestock deaths in excess of normal mortality that result from natural disasters, including losses due to blizzards, wildfires, and extreme heat or cold.

Livestock owners or contract growers who suffer livestock losses in 2010 and subsequent years must file a notice of loss the earlier of the following dates: within 30 calendar days of when the loss of livestock became apparent to the participant; or 30 calendar days after the end of the calendar year in which the loss of livestock occurred. In addition, an application for payment must be filed no later than 30 calendar days after the end of the calendar year in which the loss of livestock occurred.

**IMPORTANT:** There are **NO** late-filed provisions for LIP. Applications filed by participants after the end of the applicable filing date will be disapproved.

### **NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP) Coverage Deadlines**

Be sure to contact your local FSA office for the Noninsured Crop Disaster Assistance Program (NAP) filing deadlines for your crops. NAP applications are due at different times according to the crop being insured. Producers should apply for NAP coverage using form CCC-471 (Application for Coverage). Related service fees are due when the application is filed. The application and service fee **MUST** be filed by the crop sales closing date.

The current service fee is \$250 per crop per county with a maximum of \$750 per producer per county. The fee cannot exceed a total of \$1875 per producer for individuals with farming interests in multiple counties. Limited resource producers may request a waiver for service fees. To qualify, a producer must share in the risk of producing an eligible crop.

**NOTE: March 15 is the deadline date to obtain NAP coverage on spring seeded crops. For a list contact your local office.**

## NAP Crop Deadlines

**NAP Acreage Reporting Deadline:** The final date for reporting any specific crop acreage for which NAP assistance may be paid is the earlier of either: the established acreage reporting date or 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported.

Contact your local county office for the list of crop reporting dates.

**NAP Crop Production Reporting Deadline:** The final date to submit production for prior year's crop is no later than the immediately subsequent crop year acreage reporting date for the crop.

**Deadline for Filing Notice of Loss on NAP Crops:** Notice of loss for NAP crops must be filed within 15 calendar days after the disaster occurrence or date damage to the crop became apparent.

## Direct Attribution

The 2008 Farm Bill established a maximum dollar amount that can be received annually, either directly or indirectly, by each person or legal entity for each program. This is explained in more detail under the following title "Payment Limitations". Limits on these payments are controlled by what is known as "direct attribution" and means that payments made to entities such as corporations, estates, trusts and limited partnerships must be credited to the social security numbers held by "real people", such as the individuals, stockholder, heirs, beneficiaries, etc. of those entities, based on the shares that they own. For more detailed information on how this rule may affect you, please contact your local FSA office.

## Payment Limitations

Payments made directly or indirectly to a legal entity cannot exceed the annual amounts specified in Table 1. Payments made to a legal entity will be reduced by an amount that represents the direct or indirect ownership in the legal entity by any person or legal entity that has reached the maximum limitation

1. 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 percent reduction in

direct payments on each farm that is participating in ACRE.

2. 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.
3. TAA payments and counter-cyclical payments received by a person or legal entity for the same program or fiscal year are limited to combined total of \$65,000 if counter-cyclical payments are received for covered commodities or peanuts; or a total of \$130,000 if counter-cyclical payments are received for both covered commodities and peanuts.

**Table 1**

Program Payment Type	Limitation (In Dollars)			
	2009	2010	2011	2012
Commodity programs				
Direct payments on covered commodities except peanuts	40,000/1			
Direct payments on peanuts	40,000/1			
Counter-cyclical and ACRE payments on covered commodities except peanuts	65,000/2			
Counter-cyclical and ACRE payments on peanuts	65,000/2			
Price support programs	No limits			
Conservation programs				
CRP annual rental payment	50,000			
EQIP (all contracts for FY 2009-12).	300,000			
CSTP (all contracts for FY 2009-12)	200,000			
GRP	50,000			
WRP	50,000			
WHIP	50,000			
Disaster and Livestock assistance programs				
NAP	100,000			
SURE, LIP, LFP and ELAP	100,000			
TAP	100,000			
Other programs				
TAA	10,000 /3			

1/ 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.

2/ 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 percent reduction in direct payments on each farm participating.

3/ \$65,000 per crop year for combined TAA payments and counter-cyclical payments.

## Farm Reconstitutions and Transfers

**Recons:** A farm, as defined by FSA, is generally made up of tracts of land that have the same owner and same operator. The sale of a specific tract within a farm would be an instance that FSA would likely require a farm reconstitution in order to divide the farm. Farm reconstitutions could also involve combining tracts to create new farms. In either case, farm reconstitutions should be requested by August 1 of each year. A special “Landowner Designation” method is available to allow farm program bases to be divided in a manner agreed to by all buyers and sellers. This method should be completed in advance of the land transaction and must be requested in writing and include the signatures of all buyers and sellers.

**Transfers:** Normally, farms are administered in the FSA offices that serve the county where the farm is physically located. However, new procedure now allows a one-time change in the administrative county to a contiguous county if all owners and operators agree and can document that it would be significantly more convenient to conduct business.

## Adjusted Gross Income Compliance

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 IRS 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/efcommon/eFileServices/eForms/CCC927.PDF>.

<http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/CCC928.PDF>

## 1099-G: Note Changes

Producers who have received payments in 2009 from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is to help participating producers report taxable income. It is not intended to replace the program participant’s responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select “Inquiry Type 1099/Refund Reports”. Refund amounts are displayed on the Producer’s Year-to-Date Activity web page.

If you have questions concerning the 1099-G refund information, please contact your local FSA office for assistance locating the correct payment data.

## Actively Engaged in Farming

To be eligible for payments and benefits under specified programs, all program participants, either individuals or legal entities, must provide significant contributions to the farming operation to be considered as “actively engaged in farming.” Contributions can consist of capital, land, and/or equipment, as well as active personal labor and/or active personal management. The management contribution must be critical to the profitability of the farming operation and the contributions must be at risk.

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 total direct payments received, both directly and indirectly by the legal entity and its members, do not exceed \$40,000.

**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. All other "actively engaged in farming" requirements apply as well.

**Foreign Landowners**

Foreign investors who buy, sell or hold a direct or indirect interest in agricultural lands in the U.S. are required under the Agricultural foreign Investment disclosure Act to report their holdings and transactions to the U.S. Secretary of Agriculture (via the FSA office). Transactions must be reported within 90 days of the date of the sale. Failure to file an accurate or timely report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

Commodity loan availability dates are March 31<sup>st</sup> for small grains and May 31<sup>st</sup> for course grains and oilseeds.

**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.

**Spousal Signature Policy**

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule, where spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

For more clarification on spousal signature authority, please contact your local FSA office.

**Bank Account Changes**

Current policy mandates that FSA payments be electronically transferred into your bank account. In order for timely payments to be made, producers need to notify the FSA county office if your account has been changed or if another financial institution purchases your bank. Payments can be delayed if the FSA office is not aware of updates to your account and routing numbers.

**Electronic Services Available**

**If a producer has Internet access, program participants can access many services from home 24 hours a day, seven day a week, and receive approval and payment by direct deposit within 48 hours.**

**To participate in these services, you must meet all program eligibility requirements. Online services have stringent security measures to protect your private information.**

Selected Interest Rates for March 2010	
90-Day Treasury Bill	.125%
Farm Operating - Direct	3.00%
Farm Ownership - Direct	5.125%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.5%
Emergency	3.75%
Farm Storage Facility - 7 year	3.125%
Farm Storage Facility - 10 year	3.625%
Farm Storage Facility - 12 year	4.00%
Sugar Storage Facility	4.250%
Commodity Loans 1996-Present	1.375%



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Dates to Remember	
March 15	Final date to purchase NAP coverage on 2010 crops including spring seeded crops, Contact county office for list of crops.
March 31	Deadline date to obtain a commodity loan for small grains
May 1	Final date to purchase NAP coverage on 2010 parsnip
May 31	Deadline date to obtain a commodity loan for coarse grains and oilseeds
June 1	<p><b>*2010 DCP and ACRE Sign up Deadline</b></p> <p>*All signatures on CCC-509 (DCP contract) must be submitted to county office</p>

Dates to Remember - continue	
June 15	IRS consent form for AGI compliance due
July 15	<p>*Production reporting deadline for ACRE farms</p> <p>*Acreage reporting deadline</p>
August 2	Deadline to request farm reconstitution
For NAP crops the deadline date to report 2010 acres is, the earlier of 15 days prior to harvest or the acreage reporting date (acreage reporting date is July 15 <sup>th</sup> )	
For NAP crops the deadline date to report 2009 production is the same date the 2010 acre is certified for that crop.	

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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