



Colorado FSA Today

April 2011

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

AGRICULTURE SECRETARY VILSACK ANNOUNCES PROCESS TO RESOLVE DISCRIMINATION CLAIMS OF HISPANIC AND WOMEN FARMERS

As part of continued efforts to close the chapter on allegations that discrimination occurred at USDA in past decades, Agriculture Secretary Tom Vilsack and Assistant Attorney General Tony West announced the establishment of a process to resolve the claims of Hispanic and women farmers and ranchers who assert that they were discriminated against when seeking USDA farm loans.

The claims process offers a streamlined alternative to litigation and provides at least \$1.33 billion in compensation, plus up to \$160 million in farm debt relief, to eligible Hispanic and women farmers and ranchers. This announcement follows the Obama Administration's settlement of long-standing litigation brought by African American farmers and Native American farmers.

In conjunction with this announcement, USDA is launching an outreach effort to potential claimants that will include a call center for farmers and ranchers, a website, public service announcements, and in-person meetings around the country. Individuals interested in participating in the claims process may register to receive a claims package, or may obtain more information, by visiting www.farmerclaims.gov. Beginning February 25, 2011, individuals can register to receive a claims package by calling the Farmer and Rancher Call Center at 1-888-508-4429. USDA cannot provide legal advice to potential claimants. Persons seeking legal advice may contact a lawyer or other legal services provider.

JOIN USDA AND FSA IN CELEBRATING EARTH DAY 2011

April 22 marks Earth Day 2011. In recognition of the power of millions of individual actions, Earth Day 2011 will be organized around A Billion Acts of Green®: Personal, organizational and corporate pledges to live and act sustainably. The first Earth Day was celebrated on April 22, 1970. The passage of the landmark Clean Air Act, Clean Water Act, Endangered Species Act and many other ground-breaking environmental laws soon followed. The Earth Day Network

(EDN) works with over 22,000 partners in 192 countries and more than 1 billion people now participate in Earth Day activities each year, making it the largest civic observance in the world. For more information about Earth Day, visit www.earthday.org

DCP SIGNUP & ADVANCE PAYMENTS

Enrollment for the 2011 Direct and Counter-cyclical Program (DCP) has begun and will continue through June 1, 2011. Advance payments of 22% on the 2011 DCP program will be available starting December 1, 2010. The remaining 78% of your DCP payment will be issued after October 1, 2011.

Eligible producers receive direct payments at rates established by statute regardless of market prices. DCP contract signatures for enrollment are due by the signup deadline of June 1, 2011. For more information producers can contact their local FSA office.

CRP Signup Ends April 15

Farmers and ranchers have until April 15 to enroll eligible land, including contracts expiring this fall, into the Conservation Reserve Program (CRP) during the general sign-up period, which opened earlier this month.

Contracts awarded under this sign-up are scheduled to become effective Oct. 1, 2011.

FSA will evaluate and rank eligible CRP offers using an Environmental Benefits Index (EBI) that shows the wildlife, water, soil, and air benefits of enrolling the land in CRP. Decisions on the EBI cutoff will be made after the sign-up ends and after analyzing the EBI data of all the offers.

In addition to the general sign-up, CRP's continuous sign-up program will be ongoing. Continuous acres represent the most environmentally desirable and sensitive land. More information can be found online at: <http://www.fsa.usda.gov/crp>.

THE ACRE OPTION

The Average Crop Revenue Election (ACRE) program provides a safety net based on state revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. 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.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. In exchange for participating in ACRE, a farm's direct payment is reduced by 20 percent, and marketing assistance loan rates are reduced by 30 percent.

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.

The June 1, 2011, deadline is statutory for all participants.

SURE SIGNUP

Signup for the 2009 Supplemental Revenue Assistance Program (SURE) began Jan. 10, 2011, and ends July 29, 2011. SURE provides benefits for 2008 - 2011 crop year farm revenue losses due to natural disasters.

A farm enrolled in SURE may be eligible for benefits when either:

- the farm is in a county with a Secretarial Disaster Declaration or within a contiguous county and incurred crop production or quality losses, or both, and includes all crops grown by a producer nationwide, except grazed crops;
- or, if not a Secretarial Disaster Declared county, the farm suffered greater than 50% loss because of disaster related conditions for the crop year.

LIVESTOCK PROGRAMS AVAILABLE

FSA administers several programs that may be available to assist livestock producers who are dealing with problems caused by the winter weather. Producers need to document the number and kind of livestock that have died as a direct result of these winter storms. There may also be situations where producers are transporting feed to their livestock. Producers should document these additional costs.

Among the key programs are the Livestock Indemnity Program (LIP) and the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program

(ELAP). For livestock death losses to be eligible under LIP, producers must file a notice of loss with their local FSA office within 30 calendar days from when the loss is apparent to the producer.

Contact your local FSA office for additional information.

REMEMBER HAY NET

Producers are encouraged to use Hay Net on the FSA website <http://www.fsa.usda.gov/haynet>. This online service allows producers with hay and those who need hay to post ads so they can make connections. Hay Net is a popular site for farmers and ranchers who have an emergency need, such as the one caused by the current wintry conditions. Individual ads can be posted free of charge by producers who complete a simple online registration form the first time they use the site.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed.

Drought conditions are wide-spread throughout the state. If you have crops that have been affected by drought or adverse weather conditions file a notice of loss NOW. Do not wait until it is too late to receive assistance.

Production records for all crops must be reported to FSA no later than the final acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications.

NAP Losses must be reported within 15 days of a disaster event or the date the loss becomes apparent.

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 FSA.

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 1, 2011 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>.

ACTIVELY ENGAGED

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity must make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing significant active personal labor or active personal management; and
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

IRS FORM 1099-G

Producers annually receive CCC-1099-Gs detailing payments producers have received from the Commodity Credit Corporation. The annual report of program payments on CCC-1099-Gs is a service intended to help our customers report taxable income. It is not intended to replace the producers' responsibilities to report income to IRS.

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.

MARKETING ASSISTANCE LOANS

A Marketing Assistance Loan (MAL) is available to producers who share in the risk of producing a crop. To be eligible, a producer must maintain continual beneficial interest in the crop from harvest through the earlier of the date the loan is repaid or CCC takes title to the commodity.

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 in a commodity is lost, the commodity is ineligible for loan — even if the producer regains beneficial interest.

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation 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 Direct and Counter-Cyclical and/or ACRE Programs to be eligible for commodity loans.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans.

FINAL LOAN AVAILABILITY DATES FOR 2010 CROPS

- March 31- Wheat, Barley, Honey, Oats
- May 31- Corn, Grain Sorghum, Rice, Soybeans, Cotton

SAFE & CONTINUOUS CRP PRACTICES AVAILABLE

Environmentally sensitive acreage, in designated areas, qualifying for enrollment through the Conservation Reserve Program State Acres for Wildlife Enhancement (SAFE) Practices, and Continuous CRP may be offered anytime during the year. These environmentally targeted programs remain funded, and continue to provide heightened environmental benefits for selected areas. Please contact your county office to determine if your land is located in a designated SAFE area.

Readers are advised that dates and related provisions for FSA programs in Colorado are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.