



March 2008

Pima-Santa Cruz County News

Pima Santa Cruz County USDA -FSA

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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 Agency (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 that 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**.

Honey Loans

Marketing assistance loans and loan deficiency payments for 2007 crop year honey are available until March 31, 2008. The national loan rate for honey is \$0.60 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping.

Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The honey must be produced in the United States by an eligible producer, from an approved floral source, and stored in approved containers.

The containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-loan inspections are required before the loans can be disbursed.

Honey used as collateral may not be disposed of without approval of the county office staff.

Acreage Reporting

Acreage reporting time will soon be here. Please remember that 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.

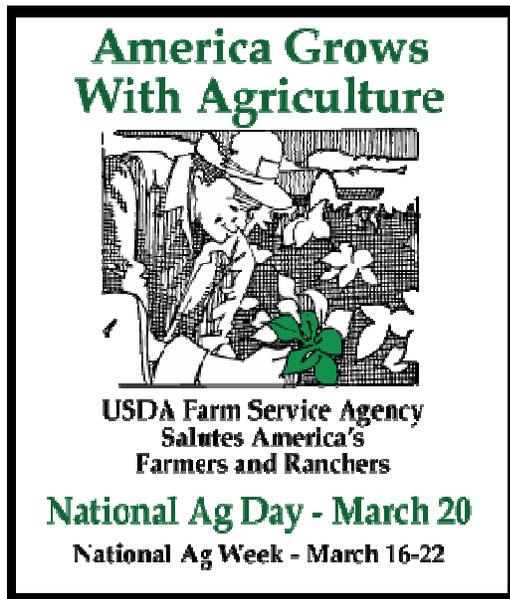
Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acreage reports are required for many Farm Service Agency programs. For small grains (wheat, barley, & oats), acreage reports are to be certified by the **May 15th** deadline. All other crops, (Cotton, Grain Sorghum, corn, and all fruits and vegetables, deadline is **July 15**.

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

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.



Sodbuster, Swampbuster



Most Farm Service Agency programs require compliance with sodbuster and swampbuster provisions. These provisions require producers to follow an approved conservation system on all highly erodible land planted to an annual crop as determined by the Natural Resources Conservation Service.

Be sure to have determinations made on any new land you plan to plant to annual crops. If you plan to plant a different crop on your current cropland, check with NRCS to assure the new crop will qualify under your conservation system.

Swampbuster provisions state that converting a wetland to make possible the planting of a crop will result in the loss of all USDA benefits. To avoid this possibility it is strongly recommended that producers check with NRCS before starting to work in the fields.

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).

Example: A lease that is for \$100 acre plus an additional \$40 per acre if the crop exceeds \$4/bushel or 170 bushels corn/acre or \$7/bushel or 40 bushels of soybeans per acre is by FSA procedure a share lease. FSA procedure states that, a lease is a share lease if the lease bases the amount of rent on the quantity of crop produced or the proceeds from the crop, or the interest a producer would have if the crop had been produced. In this case both producers would be required to meet eligibility requirements.

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 that this newly re-opened 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 rule-making. 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.

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 3.75 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."

FSA's loan programs are designed to help family farmers who are temporarily unable to obtain private or commercial credit. FSA also provides credit to beginning farmers, most do not have sufficient net worth to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural and economic disasters, or who have limited resources with which to establish and maintain profitable farming operations.



Some farmers obtain their credit needs through the use of loan guarantees. Under a guaranteed loan, a local agricultural lender makes and services the loan, and FSA guarantees it against loss; in most cases this is a 90 percent guarantee of loss. In certain limited circumstances, a 95-percent guarantee is available.

Contact your local USDA Service Center or FSA County Office for more information.

Youth Loans

Remember FSA makes operating loans to individual rural youths age 10 through 20 to establish and operate income producing agriculture-related projects. These projects must be of modest size, educational and be initiated, developed, carried out by rural youths participating in 4-H Clubs, FFA, or a similar organization.

The project must be an organized and supervised program of work. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience. Contact your local FSA office for more details

Loans for Socially Disadvantaged

The Farm Service Agency (FSA) can make and guarantee loans to socially disadvantaged applicants to buy and operate family size farms and ranches. Funds specifically for these loans are reserved each year. A socially disadvantaged farmer or rancher is one of a group whose members have been subjected to racial, ethnic, or gender prejudice because of his or her identity as a member 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 and Alaskan Natives, Hispanics, and Asians and Pacific Islanders. Contact your local FSA Farm Loan Manager or Officer for more details and assistance in applying.

Pima-Santa Cruz County FSA Office
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Dates to Remember	
Mar.5	DDAP III Sign up Reopens
April 3	COC Meeting
May 5	DDAP III Sign up Closed
May 15	Small Grain certification
July 15	All other crops, (Cotton, Grain Sorghum, Corn etc.

Visit our Web site at
<http://www.fsa.usda.gov/>

Arizona State FSA Homepage: www.fsa.usda.gov/edso/az/az.htm

USDA eCommerce Home (forms web site): <http://www.sc.egov.usda.gov/Main.asp>

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