

December 2008



New Haven/Middlesex County News

New Haven/Middlesex
County USDA
Service Center

New Haven/Middlesex
County FSA
900 Northrop Road
Suite# A
Wallingford, CT 06492
www.fsa.usda.gov/ct

Hours:
Monday - Friday
8:00 a.m. - 4:30 p.m.

County Committee:
Bill Weed, Chairman

Nelson Cecarelli,
Vice-Chairman

Richard Brock,
Regular Member

Joyce Werbiski,
Minority Advisor

Next County Committee
Meeting will be:
Tuesday, January 20th,
2009 at 11:00 A.M.

Staff:
Nancy Welsh, County
Executive Director

Ann Marie McCard,
Program Technician

Teresa Peavey,
Program Technician

Kathryn Gostyla,
Program Technician

DCP Sign Up Underway

Sign-up has started for the 2009 Direct and Counter-cyclical Payment (DCP) Program for farms with base acres. You can sign up online or at local USDA service centers. Sign up will continue until June 1, 2009. The June 1, 2009 deadline is mandatory for all participants. FSA will not accept any late-filed applications.

The electronic DCP (or eDCP) service will save you time, reduce paperwork and speed up contract processing at FSA offices. It is available to anyone eligible to participate in the DCP Program and can be accessed at www.fsa.usda.gov/dcp. To access this on-line service, you must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at <http://www.eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

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 2009, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. FSA will issue advance direct payments later this month. 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.

Producers who are eligible for the DCP Program will also be eligible to enroll in the Average Crop Revenue Election (ACRE) Program. The enrollment period for the ACRE Program will begin in the spring. You may first enroll in the DCP Program, receive advance direct payments and then

later modify your enrollment to include the ACRE program or you may wait and elect to enroll in DCP and ACRE at the same time in Spring 2009.

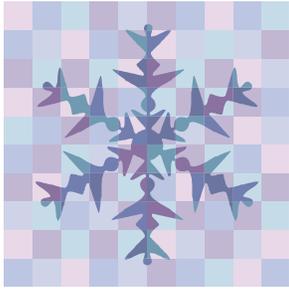
MILC Sign Up Underway

Sign up for the Milk Income Loss Contract Program (MILC) is underway and will continue through the program's expiration date, Sept. 30, 2012.

The 2008 Farm Bill reauthorizes the MILC Program, which operates similarly to the counter-cyclical payment program for crops, and makes three key changes in program operation. Under the Farm Bill, the MILC payment rate and the per-operation poundage limit are modified, depending on when the milk is produced. In addition, a "feed cost adjuster," is introduced over the life of the 2008 Act, which adjusts the \$16.94 per hundredweight (cwt.) benchmark price upward depending on the cost of feed rations. When available, MILC payments are based on a payment rate percentage that is multiplied by the difference between a now-flexible target (\$16.94 per cwt. or higher) and the specific month's Boston Class I price of milk.

The 2008 Farm Bill made changes to the provisions for payment eligibility and adjusted gross income (AGI). If the individual or entity has non-farm AGI greater than \$500,000, the individual or entity is not eligible for MILC benefits.

For more information on the MILC program, contact your local USDA Service Center.



USDA Enacts Changes to Payment Limitations, Income Qualifications, and Implements Direct Attribution

USDA recently published an interim final regulation in the Federal Register announcing changes to both Adjusted Gross Income (AGI) qualifications, program payment limitations, and direct attribution for FSA and Natural Resources Conservation Service (NRCS) programs, which became effective in accordance with the 2008 Farm Bill.

For commodity and disaster programs, the AGI limitation was reduced from \$2.5 million AGI from all sources to a three-year average non-farm AGI of \$500,000 such that a person or entity shall not be eligible for such programs if the non-farm AGI exceeds \$500,000. Also, under the new regulations, an individual or entity must have a 3-year average AGI less than or equal to \$750,000 per year from farm income in order to qualify for direct payments issued under the Direct and Counter-cyclical Program.

The definition of income derived from farming, ranching and forestry operations was expanded to include, among other items, such items as the packing, storing and transporting of agricultural commodities; production of livestock products; farm-based production of renewable bio-energy; and in some instances, the providing of operational inputs to farmers, ranchers and foresters.

For conservation programs, the average nonfarm AGI limitation is \$1 million or less for eligibility with allowances for certain exceptions.

Individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of: (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination.

Public comments on this interim final rule must be submitted to the Department by within 30 days of the date of publication.

IRS Form 1099-G

Producers who have repaid a market gain on a Commodity Credit Corporation (CCC) loan with cash or commodity certificates in exchange for outstanding loan collateral will have their market gains reported to the IRS on Form 1099-G.

FSA is required to report to the IRS all market gains associated with the repayment of a CCC loan.

A market gain is the difference between the repayment rate, determined by the CCC, and the original loan rate. If the repayment rate drops below the original loan rate then the difference is considered a market gain. Producers will receive, by mail, the amount reported by FSA to the IRS for market gains and storage credits on IRS Form 1099-G.

Producers who have questions about how reporting market gains will affect their taxes should contact a tax advisor or visit the IRS website on *Repayment of Commodity Credit Corporation Loans* at http://www.irs.gov/irb/2007-33_IRB/ar07.html.

Commodity Loans

Producers considering a loan on their stored grain before the end of the year, need to allow enough time before December 31st, to get the loan processed. Last second transactions that run into delays can be problematic.

Commodity loans, also referred to as Marketing Assistance Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest 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 in a commodity 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; beneficial interest





requirements, report how you use cropland acreage on the farm and ensure that the commodity meets 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 Direct and Counter-Cyclical Program 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.

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

Spousal Signatures

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. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

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

A spouse's authority to sign documents on behalf of the other spouse does not entitle the spouse to review or receive agency records of the other spouse.

Continuous CRP

The Continuous Conservation Reserve Program is a private lands environmental improvement program that allows participants the opportunity to enroll acreages in conservation practices that will reduce soil erosion, improve water and soil quality and provide wildlife habitat and food sources.

Continuous CRP program participation is voluntary. Eligible landowners enter into contracts that range from 10 to 15 years in length. In return, the landowners will receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment. To be eligible for enrollment in the Continuous CRP, participants and acreage must meet certain requirements. Provided the eligibility requirements are met, FSA will automatically accept enrollments of acreage into Continuous CRP. Landowners may enroll in the program at any time during the year.

For more information on Continuous CRP enrollments or local Conservation Reserve Enhancement Program (CREP) availability, please contact your local FSA office or visit <http://www.fsa.usda.gov/pas/publications/facts/html/crpcont03.htm>.

Report of Payments to Producers

A summary of all earned payments and/or refunds during the previous calendar year, will be mailed to producers during the last week of January. Form CCC 1099-G will be mailed from KCMO.

Bank Account Changes?

All FSA payments are supposed to be electronically transferred into your bank account. In order to make timely payments, you need to notify the office if you close your account or if your bank is purchased by another financial institution. Payments can be delayed if we are not aware of changes to account and routing numbers.



Selected Interest Rates for October 2008	
Farm Operating - Direct	***
Farm Ownership - Direct	***
Limited Resource - Farm Operating	***
Limited Resource - Farm Ownership	***
Farm Ownership - Direct Down Payment Beginning Farmer or Rancher	***
Emergency	3.75%
Farm Storage Facility	***

*** Please contact Ellen Losee for current rates at (860)626-8258 ext# 104

Dates to Remember	
Dec 25 & 26	Office Closed for Christmas Holiday
Jan 1, 2009	New Years Holiday, office closed
Continues	Continuous Conservation Reserve program

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

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