



March 2010

# Clearwater County FSA News



## Clearwater County USDA Service Center

**Clearwater County FSA**  
12730 Highway 12, Ste C  
Orofino, ID 83544  
208-476-4612 (phone)  
208-476-7365 (fax)  
www.fsa.usda.gov/

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

**County Committee**  
Cory Brown  
Earl Lawrence  
Ross Triplett  
Jean White

**Staff**  
Karel Wemhoff, CED  
Kathy Gruell, PT  
Millie Lansing, PT  
Justin Allen, PT

FSA Committee meetings are open to the public. Regular COC meetings are held the third Wednesday of each month at the Orofino USDA Service Center, beginning at 8:30 a.m.



## SURE

Applications for the Supplemental Revenue Assistance Program (SURE) are now being accepted for the 2008 crop year. SURE provides benefits for farm revenue losses due to natural disasters that occur 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). Grazing is the only exception to this provision. Acreage reports including all land operated must also be filed annually.

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. However, this designation may impact the producer's available payment. Please contact the County Office for more information.

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
- Crop of economic significance is 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.

Producers who do not operate within a County that has a Secretarial Designation,

but who have an individual loss of at least 50%, are also eligible to receive SURE payments for production losses or crop quality losses.

Losses are measured with consideration to 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. All farms in all states and counties will be considered when completing a SURE application.

## 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 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<sup>th</sup>** 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/eforms/mainservlet>.



## DCP Signup Continues

Signup for the 2010 Direct and Counter-cyclical Payment (DCP) Program continues until June 1, 2010. FSA will not accept late-filed applications.

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 2010, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. Counter-cyclical payments are issued if the effective price for a commodity falls below the commodity's target price.

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. 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.

## ACRE

The 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. The June 1, 2010, signup deadline is mandatory for all participants. FSA will not accept any late-filed applications.

A 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.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3% (85% in 2012) of the farm's planted acres times the difference between the state ACRE guarantee and the state revenue times the ratio of the farm's yield divided by the state expected yield. The total number of planted acres for which a producer may receive

ACRE payments may not exceed the total base on the farm. Participants in ACRE will forgo counter-cyclical payments. Also 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.

## 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.

An exception to this rule for a stockholder or member of a legal entity applies if both of the following are true:

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

## IMPORTANT NAP REMINDERS:

- A Notice of Loss must be filed within 15 days of the date a disaster occurs or a loss becomes apparent.
- Acreage reports must be filed timely – the deadline is the earlier of June 30<sup>th</sup> or fifteen days prior to the onset of harvest
- Actual production records for the 2009 crop year (and previous years, if necessary) must be provided to the County Office by **June 30<sup>th</sup>**

## FSA Payment Record 1099-G



Producers who received payments from FSA should have received a CCC-1099-G - 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.

Please check with your records to verify the amounts listed on the CCC-1099-G are correct. Refunds are not 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, contact your local FSA office for assistance.

## Honey Loans

Honey loans are available on 2009 crop until March 31, 2010. Market prices currently exceed the loan rate, so Loan Deficiency Payments (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: extracted the honey on or before December 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. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The containers must be marked with the producer's name, type of honey, container number 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 from the county office staff.

## Marketing Assistance Loans

2009 Marketing Assistance Loan availability ends March 31<sup>st</sup> for small grains and oilseeds. Loans for 2009 pulse crops are available through June 1<sup>st</sup>. Beneficial interest in the crop must be maintained 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.

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements, timely acreage reports, and Commodity Credit Corporation (CCC) minimum grade and quality standards. Commodities 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.

## Don't Forget - Crop Reports Are Due By June 30<sup>th</sup>

Crop reporting time is just around the corner. Plan to visit the office as soon as you have completed seeding for the year. Filing an accurate acreage report for all crops and land uses, including failed acreage, prevented planting acreage, and Conservation Reserve Program (CRP) acreage, can prevent the loss of benefits for a variety of FSA programs.

## Production Records Due for ACRE Farms

Farms enrolled in the 2009 ACRE program are required to prove yields on program crops. Production records for 2004-2009 must be provided to the County Office no later than June 30, 2010. Acceptable records of production include:

- LDP and MAL records
- Warehouse receipts, ledgers, load summaries and settlement sheets
- Scale tickets or weight slips supported by other evidence, such as a sales document
- RMA yield production and loss appraisal records
- Measured quantities of farm-stored production

Don't wait – bring your records in now!



### CREP, SAFE & Continuous CRP Available

Environmentally sensitive acreage may be eligible for enrollment in the Conservation Reserve Enhancement Program (CREP) or the Conservation Reserve Program State Acres for Wildlife Enhancement (SAFE) Programs. Availability of these programs may be contingent on previous program approval in your state. Continuous CRP is available in every state during the fiscal year. These targeted programs remain funded, and continue to provide increased environmental benefit in select areas. Check with your nearest county office to confirm program availability in your area.

Dates to Remember	
31 March	Last day to request 2009 commodity loans on wheat, barley, oats, canola, flaxseed, rapeseed
31 March	Honey Loans Close
31 May	Office closed in observance of Memorial Day
1 June	Last day to request 2009 commodity loans on dry peas, lentils, mustard seed, chickpeas
1 June	DCP/ACRE Sign-up Ends
30 June	Last day to file 2010 acreage report
30 June	Deadline to submit production records for 2009 ACRE
4 July	Office closed in observance of Independence Day

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