

February, 2013



**St. Joseph/Kalamazoo
County FSA Office**

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New Microloan Program

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.

The program will operate similar to the Operating Loan program but will include reduced requirements for managerial experience and loan security, as well as reduced paperwork. The microloan program can be used for such expenses as annual crop inputs, marketing and distribution expenses, purchase of livestock and equipment, and minor farm improvements such as wells and coolers. Eligible applicants may obtain a microloan for up to \$35,000. The repayment term may vary and will not exceed seven years. Annual operating loans are repaid within 12 months of when the agricultural commodities produced are sold. Interest rates will be the same as the regular Operating Loan rates.

USDA Announces 45th General Sign-Up for the Conservation Reserve Program

Agriculture Secretary Tom Vilsack today announced that the U.S. Department of Agriculture (USDA) will conduct a four-week general sign-up for the Conservation Reserve Program (CRP), beginning May 20 and ending on June 14. CRP has a 27-year legacy of protecting the nation's natural resources through voluntary participation, while providing significant economic and environmental benefits to rural communities across the United States.

Currently, about 27 million acres are enrolled in CRP. Producers that are accepted in the sign-up can receive cost-share assistance to plant long-term, resource-conserving covers and receive an annual rental payment for the length of the contract (10-15 years).

Contracts on 3.3 million acres of CRP are set to expire on Sept. 30, 2013. Producers with expiring contracts or producers with environmentally sensitive land are encouraged to evaluate their options under CRP.

Additional sign-ups for continuous CRP programs such as Highly Erodible Land Initiative and Initiative to Restore Grasslands, Wetlands and Wildlife will be announced in spring 2013.

For more information on CRP and other FSA programs, visit a local FSA service center or www.fsa.usda.gov.

MILC Contracts Automatically Extended

Dairy producers enrolled in the Milk Income Loss Contract program (MILC) will have their contracts automatically extended through Sept. 30, 2013. There is no need to re-enroll in the program. The MILC program was part of several FSA-related programs that were continued with the extension of the 2008 Farm Bill.

Planting Transferability Pilot Project in Michigan

The USDA Farm Service Agency (FSA) Planting Transferability Pilot Project (PTPP) permits Michigan producers to plant approved vegetables for processing on base acres under the Direct and Counter-Cyclical Program (DCP). Eligible producers have until April 5, 2013 to sign up for the PTPP.

The PTPP allows producers to plant approved fruits or vegetables for processing on a farm's base acres – these include cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn or tomatoes. Without the PTPP, planting these crops on base acres would be prohibited. Base acres on a farm will be temporarily reduced each year on an acre-for-acre basis, for each base acre planted with an approved fruit or vegetable on that farm. Michigan is approved to enroll a total of 9,000 acres into PTPP.

Eligible participants must agree to produce one of the approved crops for processing and provide the county FSA office with a copy of the contract between the producer and the processing plant. Participants must agree to produce the crop as part of a program of crop rotation on the farm to achieve agronomic, pest and disease management benefits, and to provide disposition evidence of the crop. Participants must complete form CCC-749, *Request to Participate in the 2013 Planting Transferability Pilot Project*, (available at: <http://www.fsa.usda.gov>) and file it with their county FSA office by the April 5, 2013 deadline.

Payment Limitations (PL)

All payment eligibility and payment limitation provisions, including AGI limitations, are extended for the 2013 crop year, program year, and fiscal year.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payment and benefits. This includes the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child, and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity.

Farm Reconstitutions

In program terminology, farms are constituted to group all tracts having the same owner and the same operator under one farm serial number. When changes in ownership or operation take place, a farm reconstitution is necessary. The reconstitution, or recon, is the process of combining or dividing farms or tracts of land based on the farming operation.

Requests for recons must be filed by August 1st.

The following are the different methods used when doing a farm recon.

Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a

tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

Emergency Loan Designations and Deadlines

Kalamazoo and St. Joseph Counties have been approved for the following disaster designations:

Secretarial Disaster Designation S3259

Cause – blizzards, excessive snow, excessive heat, excessive rain, high winds, hail, freeze, frost, tornadoes, flooding and lightning that occurred January 1, 2012 through May 11, 2012.

Deadline to apply for production losses: **March 1, 2013**

Secretarial Disaster Designation S3303

Cause – drought that occurred July 17, 2012 and continuing.

Deadline to apply for production losses: **March 25, 2013**

Secretarial Disaster Designation S3370

Cause – drought and excessive heat that occurred March 1, 2012 and continuing.

Deadline to apply for production losses: **April 29, 2013**

St. Joseph County has also been approved for the following disaster designations:

Secretarial Disaster Designation S3275

Cause – drought that began June 19, 2012.

Deadline to apply for production losses: **March 12, 2013**

Secretarial Disaster Designation S3380

Cause – combined effects of excessive heat, frost, freeze, and drought that began February 1, 2012.

Deadline to apply for production losses: **May 6, 2013**

IRS 1099-G Changes

Calendar year 2012 brought changes to the way FSA reports farm program payments to the producer and to the IRS. In past years, IRS Forms 1099-G would be issued to show all program payments received from the Farm Service Agency, regardless of the amount.

For calendar year 2012, producers whose total reportable payments from FSA were less than **\$600** will not receive IRS Form 1099-G. Also, producers who received payments from more than one county will only receive **one** Form 1099-G if the total of all payments from all counties was \$600 or more.

The same changes will apply to those who normally receive IRS Form 1099-MISC from FSA.

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9450, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay).