



Adair County News

March 2010

Adair County USDA Service Center

Adair County FSA
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Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

County Committee
David Kittle
Burrel Harris
Frank Collop
Charlene Fisher

County Committee
Meets 1st Wednesday of
each month

Staff
Program Techs
Jennifer Brummit
Lisa Denton
Barb Snyder
Dana Thompson

Co Executive Director
Philip Ayers

Farm Loan Manager
Curt Corbett



SURE

Applications for the Supplemental Revenue Assistance Program (SURE) are being taken for the 2008 crop year. SURE provides benefits for farm revenue losses due to natural disasters. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops, including hay, of economic significance in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP), except for grazed acreage. **Remember March 15th** is the deadline to apply for crop insurance coverage for spring crops and also for NAP coverage on hay.

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.

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,
- the crop of economic significance must be 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. Those who show proof of an individual loss of at least 50% are also eligible to receive SURE payments for production losses or crop quality losses.

Losses are computed as 60% of the SURE farm guarantee less the expected farm revenue. This includes crop insurance indemnities and commodity program payments, so that producers are not paid more than once for the same loss.

DCP Signup Continues

Signup for the 2010 Direct and Counter-cyclical Payment (DCP) Program continues until **June 1, 2010**. FSA will **not** approve 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 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.

ACRE (Average Crop Revenue Election)

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** approve applications filed after this deadline.

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 forego 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.

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 15 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 if both of the following apply:

- 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 cannot exceed \$40,000.

NAP Coverage Deadlines

Noninsured Crop Disaster applications are due at different times according to the crop being insured. Producers should apply for Noninsured Crop Disaster Assistance Program (NAP) coverage using form CCC-471 (Application for Coverage). Related service fees are due when the application is filed. The application and service fee **MUST** be filed by the crop sales closing date. Contact your local FSA office for the filing dates for your crops. For hay, the sales closing date for Missouri is March 15. The service fee is \$250 per crop per county or \$750 per producer per county. The fee cannot exceed a total of \$1875 per producer for individuals with

farming interests in multiple counties. Limited resource producers may request a waiver for service fees. To qualify, a producer must share in the risk of producing an eligible crop.

Marketing Assistance Loans

Marketing Assistance Loans for crop years 2009 through 2012 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 Commodity Credit Corporation (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. **March 31st is the final date to obtain a 2009 wheat loan and June 1st is the final date to obtain a corn or soybean loan.**

Livestock Indemnity Program (LIP)

Eligible commercial producers of livestock, honeybees and farm-raised fish that suffered death losses due to adverse weather on or after January 1, 2008, and before October 1, 2011, can now sign up for the Livestock Indemnity Program (LIP). Producers who suffered losses due to weather will be required to provide documentation of the losses. Losses due to adverse weather include flooding, high winds, blizzards, high winds, freeze and lightning. For losses after January 1, 2010, producers will have 30 days after the loss occurred to file a notice of loss. Application for payment must be filed within 30 days of the end of the calendar year.

Adequate documentation must prove the loss occurred as a direct result of an eligible adverse weather event in the calendar year for which benefits are being requested. There are no late file provisions.

Producer eligibility for ELAP also requires that all crops in all counties have crop insurance coverage or Noninsured Disaster Assistance Program (NAP) coverage for the crop year in which benefits are requested. USDA's payment limitation provisions apply to producers enrolling in the disaster program along with adjusted gross income limitations and conservation compliance.

Farm Loan Programs

The Farm Service Agency (FSA) offers loans for farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are temporarily unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources. Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,112,000. Emergency loans are always direct loans for farmers who may have suffered physical or production losses in disaster areas designated by a Presidential or Secretarial disaster declaration. Rural Youth Loans, Loans to Beginning Farmers and loans for socially disadvantaged applicants are also available through FSA. For details, just contact the county office staff for an appointment with the farm loan staff.

Beginning and Limited Resource Farmers

FSA assists beginning farmers and or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's median size (for a Farm Ownership loan)
- Meets all loan eligibility requirements.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov

Sodbuster/Swampbuster Weather-Related Temporary Variances

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 (NRCS).

Be sure to have determinations made on any new land you plan to plant to annual crops. 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 creating a new drainage system, improving existing systems, or clearing wooded wetlands.

During last fall's harvest season (including October through December 2009), Missouri received excessive amounts of rainfall. Nearly every county in the east half of the state received 5 inches or more rainfall than normal. Many landowners and operators were forced to complete their harvest under extremely wet conditions that resulted in ruts. Landowners/operators will soon be forced to decide how to maintain their approved conservation system during planting time.

Those who participate in USDA programs are required to stay in compliance with the highly erodible land conservation (HELC) provisions of the Farm Bill. One means to maintain compliance and resolve problems with ruts involves the USDA program participant requesting a temporary variance due to the wet weather. As deemed appropriate, NRCS District Conservationists can grant such a variance that would allow the landowner/operator to till the rutted areas prior to planting and avoid noncompliance.

It is imperative that producers request the weather variance prior to beginning fieldwork. This request for variance must be made in advance of 2010 field preparation.

FSA Payment Record (1099-G)

During the last week of January, producers who have received payments from FSA should have also received a CCC-1099-G from the Kansas City office. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to you during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.



If you received a CCC-1099-G, we recommend that you check the amounts shown with those in your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database located under “Online Services on the FSA web site <http://www.fsa.usda.gov>. Program participants with a Level 2 eAuthentication user ID’s and passwords can 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 a question concerning the 1099-G refund information, you may contact your local FSA office for assistance locating the correct payment data. If you choose to visit the office, bring CCC-1099-G with you.

Selected Interest Rates for March 2010	
90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	3.00%
Farm Ownership Loans — Direct	5.125%
Limited Resource Loans	5.00%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer, Rancher or Socially Disadvantaged	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans 7-yr.	3.125%
Farm Storage Facility Loan 10-yr.	3.625%
Farm Storage Facility Loan 12-yr.	4.00%
Commodity Loans 1996-Present	1.375%

Dates to Remember	
March 15	NAP Sales Closing Date - Forage & Spring-seeded Crops
June 1	DCP & ACRE Signup Deadline
Continues	Farm Storage Facility Loans
Continues	Continuous Conservation Reserve Program

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