

March 2010

Douglas/Ozark County FSA Newsletter

Douglas/Ozark County
USDA Service Center

Phone and FAX numbers:

1-800-434-0366
Long Distance Phone

417-683-4212 EX2 Local
417-683-3054(fax) or
www.fsa.usda.gov

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

County Committee
E.J. Hampton: Chairman
Marty Clinton V. Chairman
Mickey Harvill: member
H. K. Gaulding: member
Marty Morrison: member
Teresa Rodgers: advisor

County Committee meets
2nd Thursday monthly

District Director:
James J. Kyle

County Office Staff:

Timothy K. Kennemer
County Executive Director

Amy Peiter:
Farm Loan Manager

Debby Tate:
Program Tech.

Elaine Graham:
Program Tech.

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 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.

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.

SURE

Currently 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 disaster that were incurred starting in 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), except for grazed acreage.

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 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.

A SURE calculator is available at: http://www.fsa.usda.gov/Internet/FSA_File/sure_calculator_2008.xls. The calculator is not official, but is intended for educational use. A fact sheet and Q & A are also available online at www.fsa.usda.gov.

NAP Enrollment

Producers must apply for coverage before a disaster strikes. Noninsured Crop Disaster Assistance Program (NAP) applications for coverage must be filed using Form CCC-471 and pay the applicable service fees by the closing date of, **MARCH 15TH** for forage & spring-seeded crops. Application closing dates vary by crop. Douglas/Ozark County producers can contact the FSA Office for specific crop application sales closing dates.

Producers are reminded about the need for insurance coverage on crops in order to remain eligible for the agency's Disaster Assistance Programs such as SURE, LFP, TAP, and ELAP. Producers must purchase at least catastrophic (CAT) level of insurance for all insurable crops.

NAP is a federally-funded program that provides coverage to producers for non-insurable crops when low yields, loss of inventory or prevented planting occurs due to natural disasters. Crops eligible for NAP coverage are those for which crop insurance is not available, including

fruits and vegetables, aquaculture, pecans, turf grass and forage crops just to name a few. NAP fees can be waived for groups, such as limited resource farmers, or beginning farmers.

More information about NAP may be found on the FSA web site located at <http://www.fsa.usda.gov>

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, sign-up 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 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.

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.

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.

Honey Loans

Honey loans are a type of marketing assistance loan, and applications for 2009 honey are accepted until March 31, 2010. The national loan rate for honey is \$0.60 per pound for 2009 crop honey and \$0.69 per pound for 2010-2012 crop years. 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 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.

SAFE & Continuous CRP Available

Environmentally-sensitive acreage qualifying for the Conservation Reserve Program State Acres for Wildlife Enhancement (SAFE) Practice and Continuous CRP are eligible for enrollment. These targeted programs remain funded and continue to provide a heightened environmental benefit on select areas.

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.

**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

Visit our website at: www.fsa.usda.gov/mo

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