



Missouri DISTRICT 3 NEWSLETTER

JANUARY 2010



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SURE Sign-up Begins January 2010

FSA announced the implementation of the Supplemental Revenue Assistance Program (SURE) for January 4th 2010. This program is part of the 2008 Farm Bill that replaces ad hoc disaster programs that have been used in the past. Previous ad hoc disaster programs paid for crop losses by farm. SURE is a “total farm” disaster program. A SURE farm is all of your crop acreage in all counties that you planted or intended to plant for harvest, for commercial sale, or for on-farm livestock feeding.

The new SURE program does not have to be legislated, but is already in effect if certain criteria are met:

There must be a Secretarial Declaration of disaster OR the producer needs a 50% loss in crop production on the farm. (Remember, farm is ALL acreage you have an interest in.)

At least one crop of economic significance must show a 10% loss in production. (To be of economic significance crop must contribute 5% or more of the total expected revenue from all crops on the farm.)

You must meet a Risk Management Purchase Requirement (RMPR) in that all insurable crops must have crop insurance and all non-insurable crops must have NAP (non-insurable assistance program) coverage. Some producers purchased a “buy-in” policy for 2008 because it was too late to purchase regular crop insurance for insurable crops and

NAP for forage. (If hay is a crop of economic significance on the farm, it is required to have a NAP policy to be eligible for SURE.)

Crops considered “de minimis”, the value will not be 5% of the value of all crops, or the fee for the policy exceeds 10% of the value of the coverage (Value less than \$3636 in 2008 and \$9090 in 2009). If this is the case, the hay can be excluded from the purchase requirement.

If all eligibility rules and criteria are met, SURE pays 60% of the difference between the expected revenue and the actual revenue on the farm for the year. Production will be provided by insurance companies with the exception of hay. Producers will be notified when signup begins. The next critical date is March 15, 2010 to obtain insurance on all crops for 2010.

Adjusted Gross Income Certification

Producers will be required to certify their AGI (Adjusted Gross Income) again this year when applying for benefits. Currently the provisions are as follows: **Average non-farm AGI** cannot exceed \$500,000 to qualify for commodity program benefits, **farm average AGI** cannot exceed \$750,000 to remain eligible for direct crop base payments and **average adjusted non-farm income** cannot exceed one million (with some exceptions) to remain eligible for Conservation programs. The rules for AGI provisions changed significantly last year and producers should be sure to review all information carefully before making their certification.

DISTRICT 3 OFFICES

Tom Balsler · District Director
Shelby County · 573.633.2387

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Judy Warren – CED
4615 S. Clark
Mexico, MO 65265
573.581.1406
7:30-4:30 M-F

C
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K

Sharon E. Marks – CED
Kurt Shelangoski – FLM
Jnctn Hwys 81 and 136
Kahoka, MO 63445
660.727.3364
7:30-4:30 M-F

K
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Mark March – CED
Daryl Huchteman – FLM
Hwy 6 East
Edina, MO 63537
660.397.2559
7:30-5:00 M-F

L
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W
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S

John Wheeler – CED
502 S. Washington
Monticello, MO 63457
573.767.5274
7:45-4:30 M-F

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Joe Linneman - CED
112 Frenchman Bluff Rd
Troy, MO 63379-9701
636.528-4113
7:45-4:30 M-F

M
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Cheryl Fullerton – CED
Jared Weydert – FLM
2108 U.S. Hwy 63
Macon, MO 63552
660.385.2616
8:00-4:30 M-F

M
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Joe Swisher – CED
6465 Hwy 168, Suite A
Palmyra, MO 63461
573.769-2235
7:45-4:30 M-F

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Tony Francis – CED
Sheila Osbourne – FLM
18771 Hwy 15
Paris, MO 65275
660.327.4137
8:00-4:30 M-F

P
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Roger Colbert - CED
Robert Noellsch – FLM
1220 South Business 61
Bowling Green, MO
63334
573.324.3313
8:00-4:30 M-F

R
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S

Brian Mulherin - CED
17623 Hwy 19
New London, MO 63459
573.985.8611
8:00-4:30 M-F

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Beth Stiefel – CED
210 E. Main
Shelbyville, MO 63469
573.633.2440
8:00-4:30 M-F

2010 DCP and ACRE Signup Underway

Producers may now enroll in the 2010 DCP and/or ACRE Program. Signup ends June 1, 2010. USDA 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, eligible producers 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. Counter-cyclical payments are issued only when the effective price for a commodity is below its target price. The effective price for each covered commodity equals the direct payment rate plus the higher of the national average market price received by farmers during the 12-month marketing year or the national average loan rate.

Producers who are eligible for the DCP Program will also be eligible to enroll in the Average Crop Revenue Election (ACRE) Program.

The ACRE program was new for 2009 and is a farm by farm election. ACRE payments are calculated based on the actual crop acres planted (up to the previous crop base). Crop revenue will be determined by using the farm's previous 5 year production yields times prices based on a two year average. For 2010, the two-year price average will be based on the 2008 and 2009 crop years. The election to enroll in the ACRE program is irrevocable. The owner(s) of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled in ACRE, the farm will remain in ACRE through 2012 crop year. By enrolling in ACRE producers would give up some current benefits: a 20% reduction in direct payments, a 30% reduction in marketing assistance loan rates, and no counter-cyclical payments.

ACRE payments are triggered when both the Actual State Revenue for the crop year for the covered commodity is less than ACRE Program Guarantee AND Actual Farm Revenue is less than the Farm ACRE Benchmark Revenue.

Livestock Indemnity Program (LIP)

The 2008 Farm Bill authorized the Livestock Indemnity Program (LIP) to provide benefits to livestock producers for livestock deaths in excess of normal mortality. To be eligible, the producer must have owned the livestock on the day the loss occurred and the livestock must have died as a direct result of an eligible adverse weather event.

Important: Interested producers must submit a notice of loss to FSA within 30 calendar days of when the loss became apparent or they will not be eligible for payment. Also, detailed documentation of deaths is needed and veterinarian verification is highly encouraged.

General CRP Signup

There is the possibility of a CRP general signup in 2010. Producers are reminded that land must be physically capable of being cropped in order to be eligible for the program. Land currently enrolled in CRP that has tree/brush encroachment over the years will be ineligible unless physically capable of being cropped at the time an offer is made to participate in the program.

Side Note*** If you intend to burn CRP acres this spring be sure to request a burn plan from NRCS. The burn plan gives you a detailed directive on how to properly conduct a burn on your acres and is highly recommended. Contact your local NRCS for more details.

Farm Ownership or Operation Changes

Producers need to notify their local office prior to the beginning of the 2010 program year of any changes in their farming operations. Failure to timely notify the county office of any changes could result in invalid contracts and payment refunds. Changes include:

Farm Ownership Changes = this includes transferring your land into a trust or other entity type, death of owner. Please contact the County Office staff if you have any questions about what benefits may be affected when buying/selling property. If you're planning to sell farmland, there may be some program consequences you should be aware of. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you might have to refund all of the payments you've received to date.

Changes in entity structure = any changes to member shares or members making up entity.

Operator changes = can be made with the owners verification or by submitting a lease containing the operator and owners' signatures.

Changes in land use = did you build a new barn, house, machine shed.

IRS Form 1099-G

Producers annually receive CCC-1099Gs detailing payments producers have received from FSA. This year, the 2009 Advance payments producers received from the Direct and Counter-Cyclical Payment (DCP) Program were processed as overpayments and offset from the 2009 Final payments. The 2009 Advance payments will not be reflected on the CCC-1099G producers receive. The CCC-1099Gs will reflect only the 2009 DCP direct entitlement. Note: Producer refunds are not shown on the 1099G.

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 on Form 1099-G.

Computer software problems have caused numerous issues regarding 2009 payments. Producers should thoroughly review their 1099G for accuracy.

Highly Erodible Land (HEL)/Wetland Conservation (WC)

Compliance with HEL and WC provisions are required to receive program payments. Producers with HEL determined soils must be in compliance with tillage, crop residue, and rotation requirements as specified in their conservation plan. If you have any questions concerning the requirements of your conservation plan contact your local Natural Resource Conservation Service.

Prior to any land clearing or drainage projects, producers should contact their local USDA Service Center to complete form AD-1026. Contacting your USDA Service Center before taking any action can save you time and money, as HEL and WC violations can be very costly.

Website for Digital Imagery

Landowners who have access to the internet may find the following site of interest. Producers can access 2004 digital imagery for their land by using the map room link at <http://www.cares.missouri.edu/index.asp>

There will be no line work on the fields, but it is a good source of current photography. Producers can also access topographical maps, floodplain maps and measure distance and acreages.



Dates to Remember

January 4

Sure Signup Begins

January 19

Martin Luther King Day

Offices Closed

- **Wheat, Barley , Other Small Grain Acreage Reporting**
- ◆ **Marketing Assistance Loans**
- ◆ **DCP/ACRE Sign Up**

January Interest Rates

Farm Operating 2.875%

Farm Ownership 4.75%

Beginning Farmer 1.5%

Facility Loan

7 yr. 3%

10 yr. 3.5%

12 yr. 3.75%

Commodity 1.375%

Attention Beginning Farmers or Socially Disadvantaged

If you are considering purchasing farm real estate in the future, the Farm Service Agency may be able to assist you with your financing needs. Applicants will be required to provide a 5% down payment, with 45% of the loan amount provided by the Farm Service Agency and the remaining 50% provided by a commercial lender. The maximum eligible Farm Service Agency loan is \$225,000. The Farm Service Agency loan term will be 20 years, the current fixed interest rate is 1.5%. Eligible beginning farmers:

- Have operated a farm or ranch for 3-10 years
- Will materially and substantially participate in the operation of the farm
- Do not own a farm in excess of 30% of the county's average farm size.

LDP Deadline on Unshorn Lamb Pelts

Eligible producers have until February 1, 2010, to apply for Loan Deficiency Payments (LDP) for unshorn pelts produced during the 2009 crop year.

Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

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