



NEWSLETTER



Montana Farm Service Agency State E-Newsletter

March 2012

Montana State FSA Committee:

Steve Carney, *Chair*
Floyd Dahلمان, *Member*
Kelly Flaherty-Settle, *Member*
Hans McPherson, *Member*
Patricia Quisno, *Member*

Acting State Executive Director

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Montana FSA Web site:

www.fsa.usda.gov/mt

Hours:

Monday - Friday
7:30 a.m. - 4:30 p.m.

Upcoming 2012 State Committee Meetings:

April 4-5, July 9-10 and Oct. 10-11 in the Montana State Office located at 10 East Babcock on the 5th Floor of the Federal Building in Bozeman.

FSA State Office Management:

Dick Deschamps,
Chief Administrative Officer
Dave Pitts,
Farm Loan Program Chief
Amy Webbink,
Price Support/Conservation Chief Program Specialist
Shelly Rolando, *Disaster and Compliance Program Chief*
Jennifer Perez Cole, *Public Affairs Specialist. Outreach Coordinator, State Civil Rights Coordinator*
Cindy Coad, *Program/Management Analyst*

Reasonable Accommodations:

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, contact the County Executive Director directly or by phone at the county FSA Office or the Federal Relay Service at 1-800-877-8339.

2012 DCP/ACRE Sign-Up Began Jan. 23; Ends June 1, 2012

2012 Direct and Counter-Cyclical Program (DCP) enrollment will begin Jan. 23, 2012 and will end June 1, 2012. Contact the FSA County Office to schedule an appointment.

IMPORTANT REMINDERS:

- 1) All producers planting on **DCP base** acres must be identified on the DCP/ACRE contract and receive a proportionate share of DCP/ACRE payment for the farm.
- 2) Changes on the farm after enrolling in DCP/ACRE **must** be reported to your local FSA office. This includes: Ownership changes; Producer changes (Individuals and Entities); Change in crop shares arrangements. **Important:** Changes cannot be made after Sept. 30, 2012.

CRP General Signup 43 Set for March 12 to April 6, 2012

USDA's FSA will conduct a four-week Conservation Reserve Program (CRP) general signup, beginning on March 12 and ending on April 6. CRP is a voluntary program available to agricultural producers to help them use environmentally sensitive land for conservation benefits. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion and develop wildlife habitat. In return, USDA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years. Producers with expiring contracts and producers with environmentally sensitive land are encouraged to evaluate their options under CRP. Producers also are encouraged to look into CRP's other enrollment opportunities offered on a continuous, non-competitive, signup basis. Currently, about 30 million acres are enrolled in CRP; and contracts on an estimated 6.5 million acres will expire on Sept. 30, 2012. Offers for CRP contracts are ranked according to the Environmental Benefits Index (EBI). FSA collects data for each of the EBI factors based on the relative environmental benefits for the land offered. Each eligible offer is ranked in comparison to all other offers and selections made from that ranking. FSA uses the following EBI factors to assess the environmental benefits for the land offered: Wildlife habitat benefits resulting from covers on contract acreage; Water quality benefits from reduced erosion, runoff and leaching; On-farm benefits from reduced erosion; Benefits that will likely endure beyond the contract period; Air quality benefits from reduced wind erosion; and Cost. For more information, contact the FSA county office.

Map Packets Available for Pickup in April

Due to budget constraints, we ask that producers pick up their map packets used for 2012 acreage reporting in lieu of mailing the packets. The map packets should be available for pickup sometime in April. Call the office to set up an appointment so your map packets can be ready for you when you come in. If you absolutely can't come in and pick up your map, please contact the office so we can make arrangements to mail the packet to you. The acreage reporting deadline is July 16, 2012.

Change to Average Adjusted Gross Income (AGI) Compliance Forms and Process

Forms CCC-926 (Average Adjusted Gross Income Statement) and forms CCC-927 and CCC-928 (Consent to Disclosure of Tax Information) have now been replaced by a single form, CCC-931 (Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information). This form will be submitted to your local County FSA Office, and can be used for any of the years 2009-2012. The forms will then be sent by the County Office in batches to the IRS in order to complete the mandated compliance checks. One important thing to note is that because the form also serves as an IRS information release, Farm Service Agency signature authority documents, such as the FSA-211 Power of Attorney form, cannot be used to sign the CCC-931 on behalf of anyone else. The form must be signed by someone who has the authority to sign tax documents for the individual or entity in question.

2010 SURE Crop Disaster Program Signup Deadline - June 1

Signup for the Supplemental Revenue Assistance Payments (SURE) program began on Nov. 14, 2011 and will end **June 1, 2012**.

SURE is available to eligible producers on:

- farms in counties with Secretarial disaster declarations, including contiguous counties, that have incurred at least a 10 percent crop production loss or quality loss, or both, on at least one crop of economic significance on crops grown by a producer nationwide, except grazed crops; or
- farms in which, for the crop year, an overall loss greater than 50 percent of the actual production on the farm compared to normal production for the farm.

If you suffered crop production and/or quality losses in 2010, please contact your local office. A map of Montana counties that were designated as 2010 primary or contiguous secretarial disaster counties and more information about FSA programs are available on the state FSA Web site at www.fsa.usda.gov/mt.

2011 Crop Losses

Our experience with the SURE program in the past two years has made us aware of the importance of documenting losses now and ensuring that acceptable production records are maintained. Remember that if you suffer a loss, you are required to timely file a CCC-576 "Notice of Loss and Application for Payment noninsured Crop Disaster Assistance Program" with FSA. If you had insured crops covered under and FCIC policy and suffered a loss, they will complete the appraisals and provide the production information to FSA for the 2011 SURE program. If you have uninsurable crops that are covered by NAP and suffer a loss, FSA will complete the appraisals and maintain the production records for SURE purposes. In addition, FSA offers measurement service for producers that have production that is intended to be fed. The measurement service provides reliable documentation of the production that can be used for SURE purposes. Please contact the local FSA office for further information.



BURNING on CRP

There have been a multitude of questions – and changes – about what is allowed, and not allowed in terms of burning of CRP cover. Hopefully, this will “clear the smoke”.

When CRP participants have offered to re-enroll CRP acres, and it is determined that the vegetative cover needs to be renovated, prescribed burning may be allowed for stand establishment IF it is included in an approved Conservation Plan. The prescribed burning for stand establishment cannot be done in the last year of the CRP contract or the first fall of a CRP contract. Producers have 12 months from the October 1 effective date of their new contract to do an initial seeding, therefore, the prescribed burn for stand establishment should be completed in the spring. CRP procedure does allow extensions of the initial seeding date if necessary.

After a stand is established, CRP contracts require participants to select some type of management activity to rejuvenate the stand mid-way through the contract. One option that can be used, with cost-share assistance, is a prescribed burn. The participant is responsible for following all local burn ordinances, and working with NRCS to ensure their Conservation Plan reflects the management activity.

Burning is NOT allowed in the last year of the CRP contract under the Early Land Preparation provisions, to prepare a seedbed for a spring-seeded or fall-seeded crop.

Producers who burn the CRP acres in the last year of the contract to prepare for a spring-seeded or fall-seeded crop may be considered in violation of CRP rules and regulations which may result in the producers having to refund all payments received on the contract from its effective date, including annual rental and cost share payments, interest and liquidated damages.

In the last year of the CRP contract, producers have multiple options to destroy the CRP cover before the contract expiration date to plant a spring-seeded crop if they first obtain authorization from FSA and NRCS. However, producers cannot do anything to the existing vegetative cover until after the Primary Nesting and Broodrearing Season of May 15 through July 15 has ended. Options for producers who want to destroy the cover before the contract expires for a spring-seeded crop include:

- applying chemicals to prepare the expiring CRP acres for a spring-seeded crop
- mowing prior to applying chemicals to prepare the acreage for a spring-seeded crop

CRP BURNING, CONT. IN NEXT COLUMN

BURNING ON CRP, continued

- haying the CRP acreage when needed to adequately apply chemicals for a spring-seeded crop. However, no commercial use can be made of the forage and the participant must pay for a field visit by the FSA county office to verify that the hay is destroyed. A payment reduction will not be assessed for the haying.

For fall-seeded crops, because Montana is an arid state, producers may destroy the cover starting May 1 if maintaining the CRP cover through June 30 could inhibit normal planting of the crop.

CRP participants will be assessed a payment reduction to exclude payment for the number of days the producer is destroying the cover between May 1 and June 30. A payment reduction is not required if the producer destroys the cover between July 1 and September 30, unless the producer requests to hay the acres. If the producer wants to hay the acres and keep or sell the hay, then a 25 percent payment reduction will be assessed. If haying is needed to prepare the seedbed for a fall-seeded crop and the producer agrees to hay the acres and destroy the hay, no payment reduction will be assessed but the producer will have to pay for a field visit by the County Office to verify the destruction of the hay.

Producers who sign up to destroy the CRP cover before the contract expiration date to prepare for a fall-seeded crop must plant a fall-seeded crop. Failure to do so may result in a refund all payments received on the contract from its effective date, including annual rental and cost share payments, interest and liquidated damages.

Producers must contact the local FSA office to complete the required paperwork and receive FSA approval before undertaking any early land preparation activities on CRP.

Highly Erodible Land & Wetland Conservation Compliance

Landowners and operators are reminded that in order to receive payments from USDA, compliance with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions are required. Producers that have previously tilled acreage in permanent vegetation, such as pasture grass or CRP, with HEL determined soils, are reminded of tillage, crop residue, and rotation requirements as specified per their conservation plan. Producers are to notify the FSA county office prior to conducting land clearing or drainage projects to insure compliance. Failure to obtain advance approval for any of these situations can result in the loss of eligibility and all Federal payments.

IRS Form 1099-G

Producers annually receive their CCC-1099-G forms detailing payments producers have received from the Commodity Credit Corporation. The annual report of program payments on the CCC-1099-G form is a service intended to help our customers report taxable income. It is not intended to replace the producers' responsibilities to report income to IRS. FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, county office staff can review payments for accuracy.

Payment Limitations

Several FSA programs are subject to payment limitation provisions. Violation of any of these provisions may subject the producer to loss of payment and possible prosecution. The following are current FSA program payment limitations:

| <u>Program:</u> | <u>Limit:</u> |
|-------------------|---------------|
| DCP Program | \$40,000 |
| DCP CC/ACRE | \$65,000 |
| CRP | \$50,000 |
| SURE, LIP, LFP | \$100,000 |
| NAP | \$100,000 |
| LDP, Market Grain | No Limit |

Eligibility: Specific eligibility criteria exist for the DCP and ACRE programs. Contact your nearest county FSA office for further information regarding these and other provisions: 1) Actively Engaged, 2) Cash-Rent Tenant Rule and 3) Foreign Persons.

Changes to Farming Operation

FSA encourages producers to notify us of any changes to your farming operation including land ownership or lease changes, entity changes including members and shares, and who is authorized to sign documents for the operation or individuals. **This notification includes reporting to our office of a death of an owner or operator in an operation or entity to avoid contract terminations and repayment of program funds.**

Selling Land

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. Reviewing program implications with your local Farm Service Agency staff before completing a sale of farmland is always a prudent precaution.

Important Reminder of NAP Coverage Deadlines for 2012 Crop Year

FSA's Non-Insured Crop Disaster Assistance Program (NAP) was designed to provide financial assistance to producers of non-insurable crops when low yields or prevented planting occurs as the result of natural disasters. Statutes limit NAP coverage to each commercial crop or agricultural commodity, except livestock, for which the catastrophic (CAT) level of insurance is not available. Application deadlines for 2012 NAP coverage in Montana is **March 15, 2012**, for all NAP crops except for value-loss and honey crops. The deadline for 2012 value-loss crops (Christmas Trees, Crustaceans, Fin Fish and Flowers) was Sept. 1, 2011. The deadline for the 2012 honey coverage was Dec. 1, 2011. In order to meet eligibility requirements for NAP, crops must be noninsurable, commercially-produced agricultural commodity crops for which catastrophic risk protection level of crop insurance is not available. If the Risk Management Agency offers coverage for a crop in the county, then NAP coverage is not available for that crop. In the event of a natural disaster, NAP covers the amount of loss greater than 50 percent of the expected production based on the approved yield and reported acreage. Eligible producers can apply for coverage using form CCC-471 application for coverage and pay the applicable service fee by the sales closing deadline. Eligible producers must pay a service fee of \$250 per crop per administrative county or \$750 per producer per county, not to exceed \$1875 for a producer with farming interests in multiple counties. Service fees may be waived for limited-resource producers. For more info on NAP or other FSA programs, contact your local FSA office.

CRP Managed Haying and Grazing in 2012

The FSA State Committee has approved the Conservation Reserve Program (CRP) haying and grazing periods listed below. These haying/grazing periods are for 2012 and future years.

Managed Grazing Periods:

- Spring grazing period: March 16th to May 14th
- Summer-Fall grazing period: July 16th to September 13th

Managed Haying Period:

- July 16th – September 30th.

All hay bales must be removed from CRP acres no later than November 12, 2012.

Average Adjusted Gross Income (AGI) Provision

For 2012, there are now four qualifying levels for AGI provisions as follows:

1) **\$500,000 Nonfarm Income** – if a person or legal entity has AGI nonfarm income that exceeds, \$500,000, the person or legal entity is ineligible for all commodity program payments and benefits.

2) **\$750,000 Farm Income** – if a person or legal entity has AGI farm income that exceeds \$750,000, the person or legal entity is ineligible for DCP direct payments only.

3) **\$1,000,000 Nonfarm Income** – if a person or legal entity has AGI nonfarm income that exceeds \$1,000,000, the person or legal entity is ineligible for all conservation program benefits unless at least 66.66% of total AGI is average adjusted gross farm income.

4) **\$1,000,000 Total Farm and Nonfarm Income** – if a person or legal entity has AGI farm and nonfarm income that exceeds \$1,000,000, the person or legal entity is ineligible for 2012 direct payments under DCP.

Form CCC 931 must be completed to authorize the AGI certification process in conjunction with the IRS. The average AGI is based on the average adjusted gross income for the three taxable years preceding the most immediately preceding complete taxable year. For the 2012 program year, the three taxable years for AGI would include 2008, 2009 and 2010.

Year End Farm Loan Reviews

Producers that have a farm loan with FSA are reminded they must provide data for their Year-End Analysis (YEA) to their loan officer each year. Borrowers are urged to provide this information timely so that their files can be maintained. The office will contact you for the data you will need to assist us.

AFIDA

Any foreign person who acquires, transfers or holds any interest, other than a security interest, in agricultural land in the United States is required by law to report the transaction no later than 90 days after the date of the transaction. They must file Agricultural Foreign Investment Disclosure Act (AFIDA) reports with the FSA county office that maintains reports for the county where the land is located. For AFIDA purposes, agricultural land is defined as any land used for farming, ranching or timber production, if the tracts total 10 acres or more. For more info, contact the FSA office near you or visit the USDA Web site at www.usda.gov.



FSA: Upcoming Important Dates to Remember:

- March 12: CRP General Sign-Up Begins
- March 15: NAP Closing Date for 2012 Crops (except value loss and honey)
- March 16: CRP Managed Spring Grazing Period Begins
- March 31: Final date to apply for loans/LDPs for 2011 crop year barley, canola, crambe, flaxseed, honey, oats, rapeseed, wheat, and sesame seed
- April 6: CRP General Sign-Up Ends
- May 31: Final date to apply for loans/LDPs for 2011 crop year corn, dry peas, grain sorghum, lentils, mustard seed, rice, safflower seed, chickpeas, soybeans and sunflower seed.
- May 14: CRP Managed Spring Grazing Period Ends
- May 28 - USDA Offices closed in observance of Memorial Day federal holiday
- June 1: 2012 DCP & ACRE Signup Deadline
- June 1: SURE Sign-up Deadline for 2010 Crop Year
- July 4: USDA Offices closed in observance of Independence Day federal holiday
- July 16: Final date to file 2012 Acreage Report and 2011 NAP Production Report and 2011 NAP Application for Payment
- July 16: CRP Managed Summer/Fall Grazing Period Begins
- Sept. 13: CRP Managed Summer/Fall Grazing Period Ends
- Nov. 12: All Hay Bales Must be Removed from CRP Acres
- Continues: Continuous Conservation Reserve Program

Montana Department of
Agriculture's Hay Hotline:
www.services.agr.mt.gov/Hay_List/

Selected Interest Rates - March 2011

| Loan Type | Current Rate (%) |
|-------------------------------------|------------------|
| Farm Operating | 1.375 |
| Farm Ownership | 3.375 |
| Farm Ownership - Down Payment | 1.5 |
| Emergency - Actual Loss | 3.75 |
| Farm Storage Facility Loan - 7 year | 1.375 |
| Farm Storage Facility Loan -10 year | 2.000 |
| Farm Storage Facility Loan -12 year | 2.250 |
| Commodity Loans | 1.125 |

Get GovDelivery - Instant News, Updates

FSA offices are adopting an instant delivery, electronic option. Producers can now enroll in the new GovDelivery system which will provide notices, newsletters and reminders via email, rather than costly paper copies delivered through the mail. FSA, like many other organizations, is working smarter and more efficiently. Conversion to electronic notifications via email helps conserve resources and save taxpayer dollars. **Customers with emails in the FSA database are automatically being subscribed to the Montana & County Newsletter & Updates. If you have been added, you can modify your subscription at www.fsa.usda.gov/subscribe or if your email isn't in the FSA system, you can subscribe today at the same Website above. Contact your FSA county office to stop receiving the mailed newsletter and if you need assistance signing up for GovDelivery. County Committee ballots will continue to be mailed to all eligible producers.**

USDA Nondiscrimination Statement/Complaint Process:

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Adjudication and Compliance, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer and lender."