

Missoula/Mineral County
FSA Office
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Missoula, MT 59808
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New Adjusted Gross Income Compliance Process

County Committee Members

Paul Hanson, Chair
Jody Wills, Vice Chair
Denley Loge, Member
Ray Rugg, Member
Bob Schroeder, Member

FSA Office Personnel

Collette Rulison, Prog Tech
Curt Anderson, CED

Agricultural Lending

Opportunities

Questions regarding obtaining credit to start or enlarge a farming or ranching operation; financing agricultural operating expenses; or livestock, machinery purchases call:

Lynn "Fred" Smith, FLM @
Lake County FSA
(406)676-2811

Dates to Remember:

May 15 – Beginning date of Primary Nesting Season
June 1 – DCP/ACRE Signup Deadline
June 15 – COC nominations begin
July 15 – Acreage Report deadline
July 15 – Deadline to Report Production for ACRE
August 1 – Farm Reconstitution Request Deadline
August 2 – Last Day for FSA to Accept COC Election Nominations

USDA has finalized a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income provisions for programs administered by USDA's FSA and Natural Resources Conservation Service. This agreement will ensure that payments are not issued to producers whose adjusted gross income (AGI) exceeds certain limits.

The electronic process that USDA developed with IRS reviews data from tax returns, performs a series of calculations, and compares these values to the AGI limitations from the 2008 Farm Bill FSA and NRCS will receive a record that indicates whether or not the program participant appears to meet the income limits. Written consent will be required from each producer or payment recipient for this process. No actual tax data will be included in the report that IRS sends to USDA. As part of the review and evaluation process, participants whose AGI may exceed the limits will be offered an opportunity to provide third party verification or other information to validate their income.

Any individual or entity that is required to file CCC-926 (Average Adjusted Gross Income Statement) as a condition of eligibility for FSA or NRCS programs for 2009 or 2010 must submit CCC-927 (for an individual) or CCC-928 (for an entity) directly to the IRS to authorize them to release data to the agency indicating compliance or possible non-compliance with the income limitations. The deadline for producers to submit the form to the IRS is June 15, 2010. It is important that the name and address you enter on the form exactly match what appears on your tax returns. Forms and a fact sheet explaining the process are available on our national website: <http://www.fsa.usda.gov/> or from your local County FSA office.

2010 Acreage Reports

The deadline to file 2010 acreage reports is July 15, 2010. The farm maps are available at the FSA county office for producers. There are new requirements for reporting all cropland and rangeland for various program eligibility. Please follow the instructions closely for completing the maps. If you have not received information from the county office and believe you should have, please contact us at 829-3395.

Adjusted Gross Income

The 2008 Farm Bill states that an individual or entity shall not be eligible to receive commodity program benefits as specified in the bill if the average adjusted gross non-farm income (AGI) of the individual or entity exceeds \$500,000. An individual or entity shall not be eligible to receive direct DCP payments if their average adjusted gross farm income exceeds \$750,000. An individual or entity shall not be eligible to receive conservation program benefits if their average adjusted gross non-farm income exceeds \$1,000,000 unless more than 66.6% of their adjusted gross income was derived from farm sources. Revisions to what is considered 'farm' income versus 'nonfarm' income have been made; please contact this office for additional details. Noncompliance with the AGI provisions, either by exceeding the applicable limitations or failure to submit the applicable certification statement, will result in ineligibility for all program benefits subject to the AGI provisions; program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible individual or entity in any entity, general partnership, or joint operation that receives benefits subject to the AGI limitation.

Farm Storage and Facility Loan Program(FSFL)

FSA's Farm Storage and Facility Loan (FSFL) Program provides low-interest financing for producers of eligible commodities to build or upgrade farm storage and handling facilities. The new maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a down payment of 15 percent, with Commodity Credit Corporation (CCC) providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. New loan terms of seven, ten, or twelve years are available depending on the amount of the loan.

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FSFL PROGRAM CONTD

Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department. Payments are available in the form of a partial disbursement and the remaining final disbursement. A partial disbursement of up to 50 percent of the total loan amount will be available, if desired, after a portion of the construction has been completed. The final disbursement will be made when all construction is completed.

An FSFL generally must be approved before any site preparation or construction can begin. The following commodities are eligible for farm storage facility loans: corn, grain sorghum, soybeans, oats, wheat, barley, or minor oilseeds harvested as whole grain; corn, grain sorghum, wheat, oats, or barley harvested as other than whole grain; hay; renewable biomass; fruits (including nuts) and vegetables—cold storage facilities. Contact your local FSA office for more information.

DCP and ACRE Sign-up Deadline is June 1

Sign-up for the 2010 Direct and Counter-cyclical Payment (DCP) Program and Average Crop Revenue Election (ACRE) will continue until June 1, 2010. USDA will not accept any late-filed applications. FSA computes DCP Program payments using base acres and payment yields established for each farm and makes direct payments at rates established by statute regardless of marketing prices. For 2010, direct payments may be requested in advance based on 22 percent of the direct payment for each of the farm's commodities. Counter-cyclical payment rates vary with market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

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DCP/ACRE CONTD

The ACRE program provides eligible producers a state-level revenue guarantee, based on the 5-year state Olympic average yield and the 2-year national market year average price. Under ACRE, producers will receive a direct payment reduced by 20% of the rate of a DCP participant and ACRE farms are not eligible for counter-cyclical payments. In addition, the loan rate for an ACRE farm is reduced by 30%. If an eligible ACRE commodity meets both the State trigger and Farm trigger, ACRE payments will be calculated using planted acreage of the commodity. 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.

Conservation Compliance

Federal regulations discourage the production of crops on highly erodible cropland unless the land is protected from erosion by an approved conservation system. Status reviews are conducted to ensure producers follow a conservation plan on highly erodible land.

In addition to the highly erodible land, a person may not plant an agricultural commodity on wetlands converted after Dec. 23, 1985, or convert a wetland to make agricultural production possible after Nov. 28, 1990.

Failure to comply with these provisions will cause a person to be ineligible for USDA benefits. County Committees may review noncompliance situations for good faith and provide relief in approved cases.

Interest Rates for Farm Loan Program

Effective as of March 1, 2009	
Program	Interest Rates
Farm Operating- Direct	2.875%
Farm Ownership- Direct	5.00%
Farm Ownership- Direct, Joint Financing	5.00%
Farm Ownership- Down Payment	1.50%
Emergency Loan- Amount of Actual Loss	3.75%

Information on programs administered by FSA in MT and individual county office newsletters are available at:

www.fsa.usda.gov/mt.

Farm Loan Program

As Montana Farmers and Ranchers gear up for the 2010 production season, the FSA is here to help. A number of loan programs are available to assist your Farming/Ranching operation.

- Direct Operating Loans can go up to \$300,000 with a repayment of 1 to 7 years. You may purchase livestock, equipment, feed, seed and chemicals. Current interest rate 3%.
- Direct Farm Ownership Loans have a maximum amount of \$300,000 with a maximum term of 40 years. Loan funds can be used for the purchase of land, Construction of Farm Buildings or Other Improvements can be made. Current interest rate 5.125%.
- Beginning Farmer Down Payment for the purchase of Real Estate. Maximum loan amounts of 45% of the purchase price with a 20 year term. Maximum amounts of loans up to \$225,000 with an interest rate as low as 1.5%.
- Youth loans are available to youths ranging from 10 to 21 years of age with \$5,000 dollars available. Repayment is from 1 to 7 years. Interest rate can go as low as 3%. Must be for an agricultural related project. An advisor for a 4-H, FFA or similar organization will be needed.
- Emergency loans also available to producers in the event of a designated disaster. Limits of 100% of actual loss or maximum amount \$500,000. Repayment terms vary depending on use of loan proceeds.

As both commodity prices and agricultural inputs continue to be volatile, Farm Service Agency is here to help the American Farmer/Rancher in being successful to continue to produce high quality products. Please contact your local county FSA office to learn more about the many loan programs we have available.

U.S. Department of Agriculture
Missoula/Mineral County FSA
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Missoula, MT 59808

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Seedlings Still Available for Conservation Planting this Spring!

John Justin, Manager, Montana Conservation Seedling Nursery

Seedlings for conservation plantings are still available from the Department of Natural Resources and Conservation's nursery in Missoula. The nursery still has an excellent selection of many popular species including caragana, golden currant, lilac, woods rose, blue spruce, ponderosa pine, Western larch, aspen, cottonwoods, and willows. Although the nursery delivery truck has already visited most counties, seedling orders can still be shipped directly to a landowners' doorstep via Fed Ex.

The nursery will continue to accept seedlings orders for shipment this spring until at least May 23. The minimum order is 250 seedlings for new plantings. Replacement or fill-in seedlings are available in lots of 50 for deciduous seedlings and 25 for evergreen and containerized stock.

To find out more or place an order, contact the nursery directly at 406-542-4244. Additional information including a complete list of species and prices is also available on the nursery website: www.dnrc.mt.gov/forestry/nursery.

COC Nominations

Nominations for open positions on the COC open June 15th. There are 2 separate areas open for nomination this year. LAA1 – Missoula County north and east of the Clark Fork and west of the Rattlesnake Divide and LAA4 – Mineral County east and north of the Clark Fork from Alberton to St Regis and south from St Regis to Sanders County. COC elections provide farmers and ranchers the opportunity to represent producers in their community by running for a seat on the FSA COC. All farmers and ranchers are encouraged to consider running for 1 of these seats.