



U.S. Department of Agriculture

Warren-Sussex-Morris County FSA

101 Bilby Road, BLDG 1H
Hackettstown, NJ 07840

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Hours

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

Staff

Lindsay Spagnoli, CED
John Snearowski, PT
Diandra Brunstetter, PT
Debbie Crisman, PT
Virginia Brophy, FLM

County Committee

Scott Ashley
Carl Sigler
Holly Sytsema
Robert De Block
James Smith

County Committee meets
the last Monday of month
at 9:30am

IMPORTANT DATES:

- Mar 15 – NAP closing for beans, Brussel sprouts, cantaloupes, celery, corn, cucumbers, eggplant, honeydew, oats, okra, peppers, pumpkins, sorghum, soybeans, squash, sunflowers, sweet potatoes, yams, tomatillos, tomatoes, & watermelon
- May 25 – Emergency loan deadline
- May 31 – small grains reporting deadline
- June 1 – DCP/ACRE signup deadline & last day to request a recon
- June 15 – new forms must be returned to IRS



FSA NEWSLETTER

Adjusted Gross Income



The USDA has a Memorandum of Understanding with the Internal Revenue Service (IRS) 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 USDA. 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. Forms are **NOT** to be mailed to the FSA County Office. These forms may be obtained from the FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainservlet>.

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 the 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
- Total direct payments received, both directly and indirectly, by the legal entity and each of the members can not exceed \$40,000.

Please contact the office if you have any questions concerning these rule changes.

Changes to Farm Records



Now is the time to begin thinking about potential changes to your farming operation. Please contact the office as soon as possible if you have added or dropped land, or if you would like to request a reconstitution. In order to ensure that you receive your 2010 DCP program benefits, you should stop by the office by **May 1st** to report any changes in your farming operation. Waiting until acreage reporting to report these changes may result in ineligibility for 2010 DCP.

1099-G

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with 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. Program participants with an eAuthentication user ID and password may 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 questions concerning the 1099-G refund information, contact the FSA office for assistance.

BCAP

The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to approved biomass conversion facilities (BCF) for use as heat, power, bio-based products or bio-fuels. Initial assistance will be for the collection, harvest, storage and transportation (CHST) costs associated with the delivery of eligible materials. Producers who sell these materials can apply for FSA matching payments.

An application must be submitted before the eligible material is sold and delivered to a BCF. After the product is delivered, a producer must provide FSA with documentation of product quantity, quality and payment rate. County offices will validate payment requests with information in the county office.

Emergency Loans

FSA Emergency Loans are now available for losses caused by severe storms, with high winds, heavy rainfall, hail, and associated plant diseases that occurred from April 15 and continuing. Sussex, Morris, Warren & Passaic counties are included in the eligible area. Please contact Ginny Brophy at (908) 852-2576, ext. 110 for more information. The application deadline is **May 25, 2010**.

2010 DCP Signup Continues

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) has begun and will continue through **June 1, 2010**. Producers are urged to signup via the eDCP website or schedule an appointment at the office.

DCP payments are computed 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. Counter-cyclical payment rates vary depending on market prices and are issued only when the effective price for a commodity is below its target price. The effective price is the higher of the national average market price received during the 12-month marketing year for each covered commodity and the national average loan rate for a marketing assistance loan for the covered commodity.

ACRE Signup

The Average Crop Revenue Election Program (ACRE) signup has begun. The signup deadline is **June 1, 2010**. ACRE 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. A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-yr 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 percent (85 percent 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. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is reduced by 20 percent, and marketing assistance loan rates are reduced by 30 percent.

The decision to enroll in ACRE is irrevocable. The owner of the farm and all producers on the farm must agree to enroll. Once enrolled, the farm shall be enrolled for that initial crop year and remains in ACRE through the 2012 crop year.

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. **March 15, 2010** is the sales closing date for the following crops: beans, Brussel sprouts, cantaloupes, celery, corn, cucumbers, eggplant, honeydew, oats, okra, peppers, pumpkins, sorghum, soybeans, squash, sunflowers, sweet potatoes, yams, tomatillos, tomatoes, & watermelon.

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.

Farm Loan Programs

The 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 \$1,094,000. 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.

For more information, please contact the Virginia Brophy at (908)852-2576, extension 110.

Grassland Reserve Program

Signup is currently underway for the Grassland Reserve Program (GRP). GRP is jointly administered by the Natural Resources Conservation Service (NRCS) and FSA. The program purpose is to assist owners and operators of private land in protecting grazing uses and the related grassland values. Please contact the office for details. Applications for 2010 will be accepted through **April 30th**.

SURE

Supplemental Revenue Assistance Payments (SURE) program signup is currently underway for producers that suffered crop production losses during the **2008** crop year. The program provides benefits for farm revenue losses due to natural disaster.

To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage. However, crop insurance or NAP coverage is no longer required for crops that are not of economic significance or those where the administrative fee required to buy NAP coverage exceeds 10 percent of the value of the coverage. The following are the conditions that trigger SURE payments:

- at least 1 crop of economic significance must suffer a 10% production loss due to an eligible disaster condition (crop of economic significance is 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)
- producers in counties declared disaster counties by the Secretary of Agriculture, or in contiguous counties, or those who show proof of an individual loss of at least 50% are eligible to receive SURE payments for crop producer 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.

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.

Sussex, Bergen, and Passaic Counties were contiguous to declared disaster counties in 2008.

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Selected Interest Rates for February 2010	
Farm Operating - Direct	2.625 %
Farm Ownership - Direct	4.875 %
Limited Resource - Farm Operating	5.00 %
Limited Resource - Farm Ownership	5.00 %
Farm Ownership - Direct Down Payment Beginning Farmer or Rancher	1.50 %
Emergency	3.75 %
Marketing Assistance Loans	1.375 %
Farm Storage Facility	
7-year loan term	3.25 %
10-year loan term	3.75 %
12-year loan term	4.00 %

Farm Reconstitutions

In program terminology, farms are *constituted* to group all tracts having the same owner and the same operator under one farm serial number. When changes in ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation. The following are the different methods used:

Estate Method — the division of bases, allotments & quotas for a parent farm among heirs in settling an estate;

Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. There are additional requirements;

DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

Requests for reconstitutions must be filed by **June 1, 2010**. For more details, please contact the office.

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