



**Northwest Ohio FSA
News
February 2009**

2009 Direct and Counter-Cyclical Program (DCP) Signup

The Food, Conservation, and Security Act of 2008 (2008 Act) provides for the continuation of the DCP program for 2008 through 2012. Producers will have through June 1, 2009 to timely file a 2009 crop year Direct and Counter-Cyclical Program contract (CCC-509). For 2009, **there are no late-filing provisions**; thus, DCP contracts must have all signatures of producers having more than a zero percent share of contract acreage by June 1, 2009. Direct payments for each covered commodity will be 83.3 percent of the covered commodity's base acres and CCC will make an advance payment at a rate of 22 percent to requesting producers. Final payments are issued after October 1, 2009.

Average Crop Revenue Election (ACRE)

The 2008 Act also provides an Acreage Crop Revenue Election (ACRE) option that has a safety net based on State revenue losses and is an alternative to receiving price-based, counter-cyclical payments under the DCP. Under the ACRE provision, a farm's payment is based on a revenue guarantee calculated using a 5-year Olympic average state yield and the most recent 2-year national average market price for each eligible commodity.

An ACRE payment is issued when both the State and the farm have incurred a revenue loss. ACRE payments are based on planted acres and not base acres, as are counter-cyclical payments, and the total number of planted acres for which a producer may receive ACRE payments may not exceed the total base acres on the farm. For 2009, the payment is based on 83.3 percent 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 decision to enroll in the ACRE Program may be made on a farm-by-farm basis in any year 2009 through 2012 and enrollment is irrevocable. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year for all covered commodities on the farm. The owners of the farm and all producers on the farm must agree to enroll in ACRE.

Farms that are enrolled in ACRE will not receive counter-cyclical payments, when available, and will have direct payments reduced by 20 percent and marketing assistance loan rates reduced by 30 percent.

NOTE: Policies and decisions regarding the ACRE Program are still being written and the option to enroll in the program is not expected to be available until sometime in the spring.

Newsletter Distribution

This newsletter is distributed to all producers served by Northwest Ohio District Farm Service Agency offices. While the return address for this mailing on the reverse of this newsletter is that of the Wood County Farm Service Agency, producers should contact their servicing county Farm Service Agency office for additional information and program details.

2009 Payment Limitation/Eligibility

The 2008 Act provided for certain changes regarding program payment limitations and eligibility. For 2009, "person" and permitted entity rules **do not apply**. Rather, payments will be limited by direct attribution. Under direct attribution, the payment limitation is applied by crediting individuals and legal entities with both the amount of payments they receive directly and also the amount they are considered to have received indirectly by holding an interest in a legal entity receiving payment.

For the 2009 DCP, an individual or a legal entity is limited to receipt of \$40,000 in direct payments earned through the interests held in all contracts/agreements entered into during FY 2009. There are no "person" determinations nor is there a restriction on the number of legal entities through which an individual may hold an interest that also receive payment.

The 2008 Act establishes a new requirement that **each** of the partners, stockholders, or members of a legal entity must make a contribution of active personal labor and/or active personal management to the farming operation that must be performed on a regular basis, be identifiable and documentable, and be separate and distinct from the contributions of any other partner, stockholder, or member of the farming operation. The contribution of the partners, stockholders and members must be significant and commensurate. The legal entity must make contributions to the farming operation that are at risk for loss, with the level of risk being commensurate with the claimed share of the farming operation. The failure of any partner, stockholder, or member to meet his requirement will result in a reduction of payments to the legal payment entity commensurate with the ownership share held by that interest holder.

Program	Pay Limit
DCP Direct Payments	\$40,000
DCP Counter-Cyclical Payments	\$65,000
For producers participating in the ACRE option on at least 1 farm the combination of direct, counter-cyclical, and ACRE payments on all farms for all covered commodities can not exceed	\$105,000
Conservation Reserve Program (CRP)	\$50,000
Noninsured Assistance Program (NAP)	\$100,000
The combination of SURE ,LIP, LFP and ELAP can not exceed	\$100,000
Loan Deficiency Payments/Market Gain	\$75,000
Environmental Quality Incentives Program (EQIP)	\$450,000

2009 Adjusted Gross Income (AGI) Rules

Average AGI limitations for 2009 payment eligibility apply to both individuals and legal entities. For commodity and price support programs, if the individual or legal entity has a 3-year average nonfarm AGI greater than \$500,000, the individual or entity is **not** eligible for DCP, price support, or disaster assistance program benefits. If the individual or legal entity has 3-year average farm AGI greater than \$750,000, the individual or legal entity is **not** eligible for direct payments under DCP.

For conservation programs, if the individual or legal entity has 3-year average total AGI greater than \$1 million, the individual or entity is **not** eligible unless 66.66 percent is derived from farming, ranching, and forestry operations, as defined. If the individual or entity has a 3-year average nonfarm AGI greater than \$1million, the individual or entity is **not** eligible for conservation program benefits.

The average AGI is calculated using the income from the 3 taxable years previous to the current tax year minus 2 years. For the 2009 program year, tax years 2007, 2006 and 2005 are applicable. Worksheets are available at local offices to assist producers in determining their AGI status.

Change in Farming Operation/Address

Producers are reminded to contact the FSA office to report any change in a farming operation so that records can be kept current and accurate. Changes include, but are not limited to, farm ownership, farm operator, address, tax identification number, and agricultural use. Producers are required to verify, initial and date changes to their critical data when the request is made in person or by telephone. The final date to request farm and tract divisions or combinations of farm, tract and crop records for 2009 program administration purposes is August 1, 2009.

Crop Disaster Program Deadline

The sign-up period for 2005 through 2007 crop year Crop Disaster Program will end the close of business February 27, 2009. The ending date applies to both quantity and quality losses. Applications and all supporting documentation and forms must be filed by the deadline. Late-filed provisions do not apply.

Loans for Grain Storage Facilities

Loans are available to producers to install eligible grain storage facilities under the Farm Storage Facility Loan Program. The term of the loan is seven years and a 15 percent down payment is required. The application process does take some time but producers can expedite the process by providing a balance sheet prepared within the last 90 days, a cash flow statement, and copies of tax records for the past 3 years. This information is needed to do a financial analysis determination. The January 2009 interest rate is 2.125 percent per annum. The interest rate for the loan term is set when the application is approved.

The 2008 Act did authorize changes to the farm storage facility loan program; however, the changes will not be implemented until after the final rule is published and policies and procedures have been issued.

Supplemental Agriculture Disaster Assistance Programs

The 2008 Act created the following five new disaster programs, collectively referred to as Supplemental Agriculture Disaster Assistance programs:

Supplemental Revenue Assistance Program (SURE) will be available to eligible producers on farms in disaster counties, including contiguous counties, that have incurred crop production losses and/or crop quality losses during the crop year or any farm in which, during the calendar year, the total loss of production of the farm because of weather is greater than 50 percent of the normal production of the farm.

Tree Assistance Program (TAP) – will provide assistance to orchardists and eligible nursery tree growers who produce nursery, ornamental, fruit, nut, or Christmas trees for commercial sale that lost trees because of a natural disaster. **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)** will provide emergency relief to producers of eligible livestock, honey bees, and farm-raised fish because of losses from adverse weather. **Livestock Forage Disaster Program (LFP)** will be available to eligible livestock producers who suffered grazing losses for eligible livestock because of drought. **Livestock Indemnity Program (LIP)** will be available to eligible livestock producers on farms that have incurred livestock death losses in excess of normal mortality because of adverse weather.

To be eligible for SURE, TAP, and ELAP producers must purchase at least catastrophic risk protection (CAT) level of crop insurance for all insurable crops and NAP coverage for non-insurable crops on the farm. Limited resource and socially disadvantaged producers and beginning farmers, as defined, are exempt from this requirement. Producers may opt to waive the risk management purchase requirement for SURE on a crop that contributes less than 5 percent of the total expected value of all crops or for which the NAP service fee exceeds 10 percent of the value of the NAP coverage. To be eligible for the LFP, producers must timely obtain a crop insurance policy for insured crops or timely file the required paperwork for NAP for the grazed land. The LIP is exempt from the risk management purchase requirement.

2009 Non Insured Crop Disaster Assistance Program (NAP)

Producers are reminded that the final date to apply for NAP coverage is **March 16, 2009** for many (but not all) fruit and vegetable crops. Administrative fees have increased to \$250 per crop not to exceed \$750 per county or \$1875 per producer in all counties. Limited resource producers can request a waiver of the service fees.

New Power of Attorney Form Available

Power of Attorney Form FSA-211 has been modified to include programs related to FSA, NRCS, and CCC. Prior Power of Attorney forms executed to cover “all current and future programs” continue to be valid for programs authorized by the 2008 Act.

Report of Payments to Producers

The Commodity Credit Corporation is required to file an informational return (Form 1099-G) with IRS when payments are issued to producers. A program payment is considered made in the calendar year that the payment was issued, and not in the calendar year that it was earned or received. The report will be mailed by January 31st and is provided as a service to help producers report taxable income. Producers should direct questions regarding their tax liability to their tax consultant or the IRS.

Foreign Investment Disclosure

Foreign persons who acquire, transfer, or hold interest in any tract of U. S. agricultural land, forestland, or timberland must report the transaction within 90 days of the closing to the Secretary of Agriculture through the local Farm Service Agency office. Foreign persons must also report changes in land use from agricultural to nonagricultural and vice-versa; changes in interest from foreign to non-foreign or foreign to foreign, and changes in legal addresses of 1st, 2nd, and 3rd tier members. Persons failing to report could be subject to civil penalties of up to 25% of the fair market value of the property.

Civil Rights and Discrimination Process

As applicants of and participants in USDA programs or activities, all producers have a right to be treated fairly and equitably and with dignity and respect. If you feel you have been treated unjustly because of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or familial status, or because all or part of your income is derived from any public assistance program you may file a complaint. Complaints should be filed within 180 days of the date the alleged discrimination occurred. Complaints may be by letter or by the standard USDA Form AD-1126 available at all USDA offices. The complaint should be submitted to USDA, Director, Office of Civil Rights, Room 326W, Whitten Building, 14th and Independence Avenue, SW, Washington DC 20250-9410 or (202) 720-5964 (voice and TDD).

Report Direct Deposit Changes

Please notify your local FSA office of closed accounts, changes in account numbers, and changes in bank routing numbers. It is the responsibility of the producer to ensure that funds are available in the designated account to cover debit transactions FSA has no statutory authority to reimburse producers for charges incurred because of an electronic transfer deposit being made late.

Spousal Signature

A husband and wife may sign program documents on behalf of each other for most Farm Service Agency and Commodity Credit Corporation programs in which either has an interest unless written notification denying a spouse this authority has been provided to the FSA office.

Faxed Signatures Accepted

Most USDA forms may be submitted by FAX. USDA is not responsible for transmission failures or other problems that prevent successful and timely receipt of faxed information.

Designation by Landowner Method

This is a method of dividing farm and tract crop records in a manner agreed upon by the seller and purchaser. This method is available when an entire farm or tract or part of a farm or tract is sold or transferred or when a farm or tract is sold or transferred to 2 or more persons. The land being transferred must be owned for three years and a written memorandum of understanding is required.

Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision, or hearing impairment. If accommodations are required, individuals should contact the County Executive Director of their local Farm Service Agency office.

Highly Erodible Land and Wetland Conservation Compliance

Producers are ineligible for benefits under USDA programs if they plant an agricultural commodity on a wetland that was converted after December 23, 1985. After November 28, 1990, it is also considered a violation to convert a wetland by draining, dredging, filling, leveling, or any other means to make the production of an agricultural commodity possible. Producers who plant agricultural commodities on land determined to be highly erodible must be in compliance with an approved conservation plan or system. Producers are required to request a conservation compliance determination before performing drainage activities or bringing new land into production.

Election Notification

To ensure that individuals within minority, female, and other potentially underrepresented groups are fairly considered for representation on County Committees, Northwest Ohio County FSA Committees encourage females and others to notify the FSA office if land is under joint ownership and FSA records do not reflect all joint owners. This will ensure that voting lists and program participation statistics reflect an accurate accounting of females, minorities, and others. If you have not received an election ballot in the past and believe you may be eligible to vote, please notify your local FSA office.

Controlled Substance

Any person who is convicted under federal law of planting, producing, cultivating, harvesting, growing, or storing a controlled substance will be ineligible to participate and receive payments under USDA programs. Marijuana, opium poppies, and other drug producing plants are controlled substances.

Trust Agreements

Many individual landowners have established trust agreements of various types as a result of an estate planning process. The process usually involves a land transfer transaction from the individual to the trust entity. These transactions need to be reported as program documents require the signatures of the current farm owners.

USDA FSA
WOOD COUNTY
1616 E. WOOSTER ST. BOX 31
BOWLING GREEN, OH 43402

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Change in FSA Payment Process

Effective December 9, 2008, local FSA offices began routing all electronic and manual payments (paper checks) to FSA's National Payment Services (NPS) for processing. All checks generated by NPS will be printed by Treasury's Kansas City facility on U. S. Treasury's check stock. Producers receiving payment by check should expect a slight delay in receipt of the check because the information must be transferred to the Treasury. There is no delay when payment is made by electronic funds transfer; however, producers may experience a delay in notification that the payment has been issued as the Financial Services Center (FSC) will print the disbursement transaction statements and mail the statements to the payment recipient. Local FSA offices will no longer mail or file the statements. The statements have been slightly redesigned to provide additional information for the program participant. The program participant will receive one statement listing all payments issued on the same day from the same state and county office.

Lamb Checkoff Program

USDA will offer lamb producers, feeders, and first handlers the opportunity to vote in a nationwide referendum February 2-27, 2009 on whether to continue or terminate the Lamb Promotion, Research, and Information Order, authorized under the Commodity Promotion, Research, and Information Act of 1996. To be eligible to vote, persons must certify and provide documentation that shows they have been engaged in the production, feeding, or slaughtering of lambs during the period January 1, 2008 through December 31, 2008.

2008 Commodity Loans and Loan Deficiency Payments (LDP)

Producers are reminded that commodity loans and loan deficiency payments (LDP's) are available to producers for the 2008 crop through the following dates:

Wheat **March 31, 2009**
Corn, Soybeans **June 1, 2009**

CRP and Lake Erie CREP

The Conservation Reserve Program and the Lake Erie Conservation Reserve Enhancement Program has been reauthorized by the 2008 Act. The national enrollment authority remains at 39.2 million acres for 2009. There are no general sign-up or extension opportunities expected for 2009.

Quail/Upland Bird Habitat on CRP

The opportunity to enroll 30 to 120-foot field borders under a 10-year Conservation Reserve Program contract for the purpose of establishing habitat for quail and other upland birds has been reauthorized by the 2008 Act.

Northwest Ohio FSA Offices

Allen Co. FSA Office	419-223-0010
Defiance Co. FSA Office.....	419-782-4781
Fulton Lucas West Co. FSA Office.....	419-335-6061
Hancock Co. FSA Office.....	419-422-5438
Hardin Co. FSA Office	419-673-7238
Henry Co. FSA Office	419-592-2926
Ottawa Lucas East Co. FSA Office	419-898-2651
Paulding Co. FSA Office.....	419-399-3841
Putnam Co. FSA Office.....	419-523-4871
Seneca Farm Loan Office.....	419-447-7071
Williams Co. FSA Office	419-636-2057
Wood Co. FSA Office	419-352-5171
Van Wert Co. FSA Office	419-238-6780
NW Ohio District Director, Joel Obrecht .	419-352-5171

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Note: This newsletter provides a brief summary of program provisions and is not meant to be all-inclusive. Further information is available at local FSA offices and from FSA's Home Page at: www.fsa.usda.gov