FSA
FARM SERVICE AGENCY

Ohio State FSA Newsletter

December 2009

October MILC Payments for Dairy Producers

Producers participating in USDA's Milk Income Loss Contract (MILC) program will receive payments for the month of October. USDA makes MILC payments on a monthly basis when the Boston Class I milk price falls below $16.94 per hundredweight as adjusted for feed costs.

The MILC payment trigger price of $16.94 is adjusted upward when the National Average Dairy Feed Ration Cost for a month is greater than $7.35 per cwt. USDA's National Agricultural Statistics Service recently released the data for determining the Average Dairy Feed Ration Cost for the month of October on November 30, 2009. Using this information, the MILC payment trigger for the month of October has been adjusted to $16.94, for a final MILC payment rate of $0.60300.

For more information about the MILC program, please visit your local FSA office or go online to: http://www.fsa.usda.gov/FSA.

Visit our website at:
www.fsa.usda.gov/oh

Beginning Farmers and Ranchers

USDA

FSA has funding to assist beginning farmers and or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more that 10 years;
- Will materially and substantially participate in the operation of the farm;
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA;
- Does not own a farm in excess of 30 percent of the county's median farm size; and
- Also, the applicant must meet the loan eligibility requirements of the program to which he/she is applying.

Note: All applicants for direct farm ownership loans must have participated in business operation of a farm for at least three years.

To find out more about loans for Beginning Farmer and Ranchers and more basic qualifications required, contact your local FSA county office to setup an appointment with a loan approval official.

LDP Deadline on Unshorn Wool, Mohair and Lamb Pelts

Eligible producers have until Feb. 1, 2010, to apply for LDPs for wool, mohair and 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.

Ohio FSA State Committee Members Announced

The following Ohioans were selected to serve on the Ohio FSA State Committee: Jim Rex (Chairperson), who has more than 40 years experience in southeast Ohio livestock and grain operations. In addition, he has 30 years experience with the Farm Service Agency (FSA) at all levels, including county executive director and district director.

John Bresler, a fourth generation family farmer from Bloomdale, Wood County, Ohio and longtime member of the Ohio Famers Union. He participated and volunteered for the Farm Service Agency Wood County committee.

John Lavelle, owner of a family livestock farm in addition to the law firm, Lavelle & Associates located in Athens, Ohio. He served as special counsel to five Ohio attorney generals.

Bruce Long, owner and operator of Long Farms in South Charleston, Clarke County, Ohio. Last year, he received the Ohio Environmental Stewardship Award. Long serves on the boards of the Ohio Livestock Coalition, the U.S. Grains Council, and the Ohio Corn Marketing Program.

Jim Zumbrink, a self-employed farmer for more than 40 years in Rossburg, Darke County, Ohio, is the current president of the Darke County

Agricultural Society and the vice president of the Darke County Farmers Union. In addition, Zumbrink has served the Ohio Farm Service Agency as both a county committeeman and as a community committeeman.

DCP Sign-up Continues

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) will continue through June 1, 2010. USDA urges producers to make use of the eDCP automated website to sign-up, or producers can visit any USDA Service Center to complete their 2010 DCP contract.

The electronic DCP (or eDCP) service saves producers time, reduces paperwork and speeds up contract processing at USDA Farm Service Agency (FSA) offices. It is available to all producers who are eligible to participate in the DCP Program and can be accessed at: www.fsa.usda.gov/dcp and then click on the "Access eDCP Services" link, under the "I Want to Section". To access the service, producers must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at: http://www.eauth.egov.usda.gov and then click on the "Create an Account Page" link, and lastly followed by a visit to the local FSA Service Center for identity verification.

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. USDA will issue advance direct payments beginning Dec. 1, 2009. 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 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.

Selected Interest Rates for December 2009	
90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	2.875%
Farm Ownership Loans — Direct	4.625%
Farm Ownership Loans — Down Payment	1.500%
Emergency Loans	3.750%
Farm Storage Facility Loan -- 7 year	3.000%
Farm Storage Facility Loan -- 10 year	3.500%
Farm Storage Facility Loan -- 12 year	3.750%
Sugar Storage Facility Loans	4.125%
Commodity Loans 1996-Present	1.375%

Foreign Investors Who Hold Agricultural Land

Foreign investors, who buy, sell or hold a direct or indirect interest in U.S. agricultural land must report their holdings and transactions to the U.S. Secretary of Agriculture. Failure to timely file an accurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land. Foreign persons who are buying or selling land must report the transaction **within 90 days of the date of the transaction.**

Who Must Report:

- Individuals who are not U.S. citizens or citizens of the Northern Mariana Islands or the Trust Territory of the Pacific Islands;
- Individuals who are not lawfully admitted to the U.S. for permanent residence or who are not paroled into the U.S. under the Immigration and Nationality Act;
- Any organization created under laws of a foreign government or which has located its principle place of business outside the U.S.;
- Any U.S. organization in which a significant interest or substantial control is directly or indirectly held by foreign individuals, organizations or governments; and
- Any foreign governments.

What to Report:

- Each tract of agricultural land in the U.S., its territories, the Northern Mariana Islands and the Trust Territories of the Pacific Islands owned by persons required to report; and
- Leaseholds of 10 years or more.

USDA designated the FSA to collect the AFIDA report forms. Individuals wanting to obtain an AFIDA report form (FSA-153) may do so from any FSA County office. The (FSA-153) is available in both English and Spanish translations. You can also go on-line and download the form at: http://forms.sc.egov.usda.gov/efcommon/eFileServices/Forms/FSA0153_010524V02.pdf.

Although interested parties may obtain a report form from any FSA County office, the completed form must be returned to the FSA County office where the land or where the programs are administered.

Foreign investors should contact your local FSA if this pertains to you. To locate the Farm Service Agency county office, you can look in the telephone book white pages or go on-line to: www.fsa.usda.gov/oh and then click on the "County Offices" link. Then click on the county where the land is located.

ACRE

The Average Crop Revenue Election Program (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-year 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 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.

The June 1, 2010, deadline is mandatory for all participants. USDA will not accept any late-filed applications.

Maintaining the Quality of Loaned Grain

This year's large grain crop has its obvious up side, but there is a downside too. Many producers are hard pressed to find adequate storage for every bushel harvested. Overfilled grain storage bins can lead to grain quality problems.

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

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's producers receive. The CCC-1099G's will reflect only the 2009 DCP direct entitlement.

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.

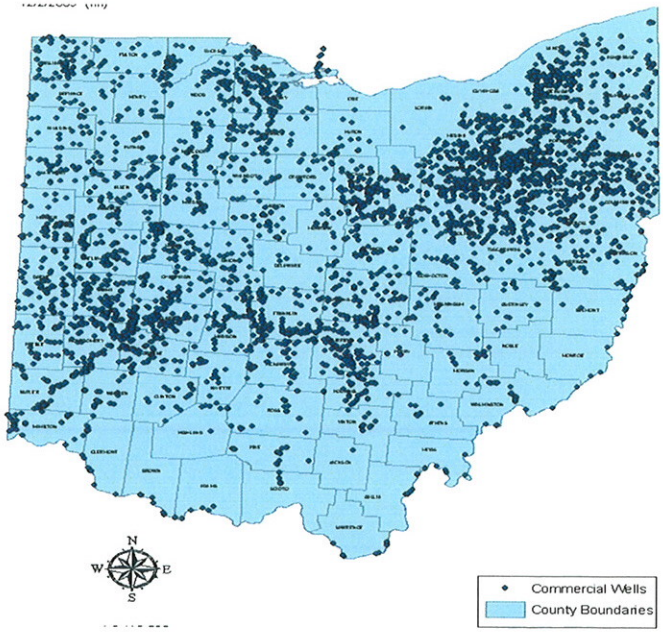
A market gain is the difference between the repayment rate, determined by the CCC, and the original loan rate. If the repayment rate drops below the original loan rate then the difference is considered a market gain. Producers will receive, by mail, the amount reported by FSA to the IRS on Form 1099-G.

Funding Available to Landowners for Water Protection

The Conservation Reserve Program (CRP) has long been available to most producers. Through CRP, you can receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible farmland. Now additional payment incentives and open enrollment are available to those producers with acreage lying within a drinking water source protection area.

Drinking water source protection areas or Wellhead Protection Areas are areas around community public water system wells designated by the Ohio Environmental Protection Agency. These areas range in size from a few acres to several square miles, depending on how much water is being pumped and some geological factors. Public water suppliers and the community they serve are encouraged to protect these areas from accidental contamination by avoiding, where possible, activities within these areas that tend to cause ground water contamination. Such activities may include: landfilling, chemical storage, and those cropping practices that rely on heavy applications of pesticides and fertilizer. The result is a safe source of drinking water for the community, and also less expensive drinking water because it requires less treatment.

The figure below shows a "typical" drinking water source protection area.



OHIO

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Starting June 25, 2009, Ohio producers with at least 51 percent of their acreage located within a wellhead protection area may be eligible for CRP annual rental payments including an additional 10 percent rental rate incentive. Cost share and Practice Incentive Payments will offset nearly 90% of the practice installation costs. The acreage may be enrolled at any time of the year as this is a continuous CRP. This is also an opportunity to enroll whole fields. The contracts are for a 10-15 year period, depending on the conservation practice put in place.

To find out more about this program, including whether your land lies within a Wellhead Protection Area, please contact your local Farm Service Agency (FSA) office.

Dates to Remember	
Dec. 7	**Last day** to return voted Ballots in county committee election.
Dec. 10	**Last Day** to file 2008 notice of loss and application for payment at your local FSA office for the Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).
Dec. 25	Christmas Day Holiday. **FSA Offices Closed.**
Jan. 1	New Year's Day Holiday. **FSA Offices Closed.**
Jan. 1	Elected Committee Members and alternates take office.
Jan. 18	Martin Luther King Jr. Day Holiday. **FSA Offices Closed.**
Feb. 1	**Deadline** on 2009 LDPs for wool, mohair and unshorn lamb pelts.
Continues	Continuous Conservation Reserve program.
Continues	Farm Storage Facility Loan Program.
Continues	Grassland Reserve Program (GRP).

Visit our website at: www.fsa.usda.gov/oh

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