



# South Carolina State FSA Newsletter



Volume 5, Issue 4

April, 2010



**Laurie C. Lawson, State Executive Director,  
South Carolina Farm Service Agency**

It is my hope that after the very cold and wet winter we will have a wonderful growing season that will benefit not only row crop farmers but livestock producers as well. Please pay particular attention to the "Dates to Remember" block that appears on this front page of our FSA Newsletter. When you do not sign up on time you may not get the full benefits of our programs. FSA wants every farmer to get every dollar and every benefit that he or she deserves.

I encourage each of you to be fully aware of the Farm Storage Facility Loan Program. Many are using this program to put up grain bins and other storage facilities. The program has low interest rates and the loans are available for 7, 10 or 12 year payment terms. All of the facts are available in your FSA County Offices. Our good employees will be happy to answer any questions about this program or any other program that we administer.

Each and every employee, as well as our FSA County and State Committee members, is doing their best to help me make the South Carolina Farm Service Agency farmer friendly each and every day.

### Importance of Accurate and Timely Acreage Reports

Filing an accurate and timely acreage report for all crops and land uses, including failed acreage, can prevent loss of program benefits. In stressing timeliness of making an acreage report, it is important for producers to know that if a crop is not reported by the established state reporting date, or the required NAP reporting date (if applicable), a late-filing fee will be assessed. The crop can be considered timely reported as long as there is physical evidence of the crop still remaining in the field.

### Prevented Planted Provisions

Producers should report prevented planted acreage to their local FSA Office when the crop acreage is not planted due to a natural disaster. To be considered timely, producers who request prevented planting acreage credit must report the acreage within 15 calendar days after the final planting date.

### Office Closures

May 31, 2010	Offices Closed – Memorial Day
July 5, 2010	Offices Closed – Independence Day

### Dates to Remember

May 1, 2010	NAP Application Closing Date: All nursery plants not covered by FCIC
May 1, 2010 Also, final disposition date	Final Reporting Date for Fall Seeded Crops: Wheat, Barley, Oats, Rye, Triticale, Trees, and Fall Seeded Grasses
June 1, 2010	Final Reporting Date for Spring Planted Fruit and Vegetables, Production Reporting Date for Actual Production History (APH)
June 1, 2010	DCP Enrollment Deadline
July 15, 2010	Flue-Cured Tobacco
July 15, 2010	Spring Seeded Crops: Cotton, Corn, Peanuts, Rice
July 15, 2010	Summer Seeded Crops: Soybeans, Grain Sorghum, Summer Seeded Grasses, and other land uses
July 15, 2010	CRP, Orchards, Vineyards, all other NAP crops



**NOTE:** For spring planted fruit and vegetable crops not planted by the final reporting date, the acreage must be reported by 15 calendar days after planting is completed.

**Measurement service** is available to owners, operators, or other tenants. Contact your local FSA Office for rates and additional information.

### **IMPORTANT: Adjusted Gross Income**

If you have received or will receive any payments covered by the 2008 Farm Bill Adjusted Gross Income rules you are required to complete and return directly to the Internal Revenue Service (IRS) Form CCC-927 or CCC-928, as applicable. USDA has worked with IRS to develop an electronic information exchange process strictly for the purpose of average AGI verification. This process electronically looks at certain line items on tax returns filed for the applicable three-year period; performs a series of calculations to arrive at the average amounts; and then compares these values to

the average AGI limitations. USDA receives the results of these comparisons with indicators of whether the participant appears to exceed or not exceed the average AGI limitation amounts. No actual tax data will be included. Failure to submit completed CCC-927's or CCC-928's, as applicable, to the IRS will be determined noncompliant with the AGI limitations for the 2009 and 2010 crop, program and fiscal year's and you will be required to refund **ALL** 2009 and 2010 payments received under the programs subject to the average AGI limitations (this excludes Marketing Assistance Loans, BCAP and CRP contracts approved prior to October 1, 2008). Those limits are; \$500,000 adjusted gross non-farm income, \$750,000 adjusted gross farm income for Direct Payments and \$1,000,000 non-farm average AGI for conservation programs.

## DCP/ACRE Signup



2010 Direct and Counter-Cyclical Program (DCP) enrollment will end June 1, 2010. Last year the DCP enrollment period was extended due to congress not timely implementing the 2008 Farm Bill. We are back on schedule with the normal ending enrollment date of June 1, 2010. Here are some **IMPORTANT REMINDERS**:

- All producers planting on DCP base acres must be identified on and sign the DCP/ACRE contract to receive a proportionate share of DCP/ACRE payment and enroll the farm.
- Changes on the farm after enrolling in DCP/ACRE **must** be reported to your local FSA office such as:
  - Ownership changes
  - Producer additions or changes
  - Change in crop shares arrangements
- If, after contract enrollment in DCP, any of the above changes take place, such changes must be reported to FSA and a new DCP contract initiated no later than September 30<sup>th</sup> of the fiscal year.
- DCP contracts may not be initiated after June 1 of the fiscal year.

## Land Changes

If you have bought, sold or are renting different land from the previous year, make sure you report the changes to the Farm Service Agency as soon as possible after they occur. For farm ownership changes you will need to provide a recorded deed. Land owners you rent from may not have timely reported land sold that is currently included in the FSA farm number that you are operating. This can affect your DCP/ACRE contract eligibility and Payment Limitation eligibility, as well as other FSA program activities. Please review your land leases to determine farmland you have leased as well as farmland you have given up from the previous year and report these changes to your local county office. It is up to the farm operator to review with FSA land changes before signing program contracts. Signing program contracts containing farmland you do not control could result in contract being terminated without benefits. Failure to maintain accurate records with FSA on all land you have an interest in can lead to problems with Crop Insurance if FSA farm numbers and acreage reports do not agree with Crop Insurance records.

## Limited Liability and Payment Limitation

It has come to our attention that many partnerships and joint ventures have been encouraged by tax accountants and attorneys to increase liability protection by forming a Limited Liability Company, Limited Partnership, and other similar entities. Doing so will change the number of persons for FSA payment limitation purposes.

Example: Smith Partnership has been farming as a general partnership with Father and two sons. The County Committee determined that Smith Partnership was 3 persons for payment limitations as a general partnership. In 2009, Smith Partnership filed for Limited Liability protection with the Secretary of State's Office by forming a Limited Liability Partnership. Forming a Limited Liability Partnership will automatically reduce the number of persons for payment limitation purposes to ONE. This would mean Smith Partnership could be overpaid in 2009 if the Farm Operating Plan For An Entity (CCC-902E) was not updated in the County Office to reflect this change before payments are made for crop year 2009.

If you have made such a change and not updated your Farm Operating Plan, please immediately contact your local County Office to further discuss how this may affect your farming operation.

## Farms Not Eligible for Payment

The Food, Conservation, and Energy Act of 2008 (Farm Bill) provides that producers on farms with **DCP base** acres that total 10.0 acres or less will not receive a direct or counter-cyclical program payment or ACRE payments, unless the farm is **wholly** owned by a socially disadvantaged or a limited resource farmer or rancher. DCP/ACRE program provisions have been **changed** to now allow payment on farms whose ownership is at least 50 percent socially disadvantaged or limited resource farmer or rancher. In South Carolina, 36 percent of total DCP/ACRE farms are in this category. This **change** can significantly impact producers that may have been told they were ineligible for payment in a previous year. For instance; a farm that is owned by a husband and wife (undivided ownership interest on the deed) was previously not eligible for payment. The ineligibility resulted from the husband being a white male who was not included as a member of the socially disadvantaged and protected group. Now, under the new change, 50 percent of the farm, as described above, is owned by the wife who has been recently included as socially disadvantaged as defined by congress. Since women are now included in the 2008 farm bill definition of socially disadvantaged, 50 percent of this farm would be owned by a socially disadvantaged person (wife) making the farm eligible for payment.

For this provision's purpose, a socially disadvantaged farmer is a person who is a member of a group whose members have been subjected to racial, ethnic or gender prejudice because of their identity as members of a group without regard to their individual qualities. The USDA Farm Service Agency Fact Sheet identifies socially disadvantaged farmer, rancher, or agricultural producer as Women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders. White males are excluded from this group and are not eligible for DCP payments on above farms owned wholly by white males, even though they meet all eligibility requirements for payment.

Status as a limited resource farmer or rancher is one who directly

or indirectly had gross farm sales of not more than \$100,000 in each of the previous two years (as adjust for inflation using Prices paid by Farmer Index as compiled by the National Agricultural Statistics Service) and has a total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous years (to be determined annually using Commerce Department data). White males may meet the payment provision for DCP 10 acre or less farms if they meet limited resource requirement.

A limited resources farmer or rancher can be determined in an automated system using the Website for USDA Limited Resource Farmer and Rancher Online Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>.

### **Combining Farms with 10.0 or less DCP Base Acres**

Farms with 10.0 or less DCP base acres may be combined with other farms with DCP base acres to meet the payment requirements for DCP/ACRE. Since Congress instituted payment restrictions on farms with 10.0 or less DCP Base acres, farm and producers meeting all eligibility requirements were restricted from receiving their DCP/ACRE payments unless they are Women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders (Socially Disadvantaged). Land owners who do not fit into this group and find themselves restricted from their DCP/ACRE payments may qualify for farm combination to overcome the payment restrictions implemented by Congress. If the farms being combined meet all other combination requirements rules, a combination of farms to exceed the 10.0 acre DCP Base payment restriction can be made. Check with your local FSA County Office for details.

### **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 is the process of combining or dividing farms or tracts of land based in the farming operation. The following are the different methods used when doing a farm recon.

**Estate Method** — the division of bases, allotments and 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. In order to use this method, the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding. This method allows seller or buyer an opportunity to retain bases on the farm.

**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.

If payments have already been issued on a particular farm, the reconstitution will be effective for the next year, unless the payments are refunded. Request for recons may be filed through August 1.

### **Banking Changes?**

If you have changed banks and not notified FSA, your payment could be delayed. Payments are electronically transferred into your bank account. If FSA is not aware of changes to your account and routing numbers, payments will not be received. In order to make timely payments, you need to notify the FSA office if you close your account or if another financial institution purchases your bank. It is important that any changes in producer's account such as type account, bank mergers, routing number or account numbers, be provided to the county office promptly to avoid possible payment delay.

### **Average Crop Revenue Election (ACRE)**

The ACRE program provides participating producers a revenue guarantee each year based on market prices and average yields for the respective commodities. The guarantee is based on State-level [planted yields](#) and national market prices, but payments are dependent upon State- and farm-level planted yields and national market prices.

Producers can enroll in ACRE any year during crop years 2010-12. A producer must enroll all covered commodities (wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, [other oilseeds](#), peanuts, dry peas, lentils, small chickpeas, and large chickpeas) for a participating farm. Upon enrollment, the farm is enrolled in ACRE for the remainder of the 2008 Farm Act, which ends with crop year 2012. After enrollment, a farm is no longer eligible to receive Counter-Cyclical Program Payments. Also, as a condition for the farm's enrollment in ACRE, [direct payments](#) for the farm are based on 80 percent of the legislated direct payment rate, and [marketing loan benefits](#) are based on 70 percent of the legislated national marketing loan rate.

### **Farm Storage Facility Loan Program**



The Farm Storage Facility Loan Program (FSFL) provides low-interest financing for producers to build or upgrade farm storage and handling facilities. The FSFL program has been amended to allow producers financing to build cold storage facilities to store fresh fruits and vegetables. Portable structures and portable handling and cooling equipment are not included. The maximum loan amount is \$500,000 per loan and requires a 15% down payment. Applications must be approved before construction begins. Loan terms of 7, 10, or 12 years are available depending on the amount of the loan. For more details visit your local County Office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

### **MAJOR CHANGES TO 2010 BWEP**

South Carolina cotton farmers will **NOT** file Boll Weevil Eradication Program (BWEP) preliminary acreage reports in 2010. Also, County FSA Offices will **NOT** accept BWEP assessment payments this year. However, cotton farmers are still required by state law to file a final cotton acreage report at their local FSA Office by July 15, 2010. Invoices for the BWEP assessment will be mailed to producers later in the year. The 2010 BWEP assessment rate is \$1.25.

**APRIL INTEREST RATES**

Farm Operating	2.875%
Farm Operating – Limited Resource	5.000%
Farm Ownership	5.000%
Farm Ownership – Limited Resource	5.000%
Farm Ownership – Beginning Farmer Down Payment	1.500%
Emergency – Actual Loss	3.750%

**Livestock Indemnity Program (LIP)**

To be eligible for LIP, livestock deaths must be reported no later than 30 calendar days after the loss is apparent to the participant. Report deaths due to normal mortality in the event livestock die due to natural disasters in the future. Provide pictures that are dated showing the dead livestock to the local FSA office.

**Tree Assistance Program (TAP)**

TAP authorized payments for eligible orchardist and nursery growers who produce nursery, ornamental, fruit, nut or Christmas trees for commercial sale and actually replant or rehabilitate eligible trees, bushes, and vines that have been destroyed or damaged by a natural disaster. For producers with losses in calendar year 2008 and 2009, application and supporting documentation must be furnished to the FSA office no later than 60 calendar days after the Federal Regulations are published. It is anticipated that the Federal Regulations for TAP will be published in April. For 2010 and subsequent years, applications must be filed within 90 calendar days after the disaster event.

**SOUTH CAROLINA FARM LOAN PROGRAMS – FY 2009**

In Fiscal Year 2009, Farm Loan Programs in South Carolina had an economic impact of \$87.7 million on our family farmers throughout the state. This represents a total of 602

loans. SC FSA approved 398 new direct loans for \$32.2 million, 120 new guaranteed loans for \$33.5 million, along with 84 line of credit renewals for \$22 million. All of this was accomplished while decreasing loan processing times, managing significantly increased demand and providing increased lending to beginning farmers and ranchers and socially disadvantaged farmers and ranchers. FSA made USDA the first to provide American Recovery and Reinvestment Act funding to Americans. In South Carolina, we approved 56 new loans for \$5 million using stimulus funds. SC FSA has an outstanding portfolio consisting of 915 direct loan borrowers with an unpaid balance of \$108 million along with another 484 guaranteed loan borrowers with an outstanding balance of \$177 million. In South Carolina, 63% of our loans are approved utilizing the guaranteed loan program. For years FSA was known as the “Lender of Last Resort” but now we prefer to be known as “The Lender of First Opportunity.” FSA offers a multitude of loans to assist family farmers in South Carolina.

**Please visit our website at <http://www.fsa.usda.gov/sc>**

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs 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 a 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 Civil Rights, 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.

The SC State FSA Newsletter is published and distributed by the SC State FSA Office at 1927 Thurmond Mall, Suite 100, Columbia, SC 29201-2375

