



January 2009

ADAMS FSA NEWS -n- VIEWS

Adams County FSA

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Office Hours

Monday – Friday
8:00 AM – 4:30 PM

County Committee

Greg Galbreath
Leroy Watson Jr.
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COC Meetings

Next meeting date January 22,
2009

Office Staff

Chris Holt, CED
Rae Ann Telecky, PT
Jullie Cain, PT
Angela Melcher, PT
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Direct Counter-Cyclical Program Signup Announced

Signup for the 2009 Direct Counter-Cyclical Program (DCP) is now authorized, and will continue through June 1, 2009. There will be no late filed DCP enrollment provision for 2009. Due to the updates required to all producer eligibility determinations for 2009, we plan to conduct 2009 DCP signup by appointment, rather than through the mail, as we did in 2008. Operators are reminded to bring all supporting documentation (eg. leases, tax ID numbers, entity charters, resolutions, stock certificates, etc.) to support any changes to your farming operation, including purchases, sales, leases, or new entity formation, and should also be prepared to complete 2009 eligibility forms during your appointment.

Producers can also complete DCP enrollment online at <http://www.fsa.usda.gov/dcp>. To access the service, producers must have an active USDA e-Authentication Level 2 account, which requires filling out an online registration form at <http://www.eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

2009 DCP-What is the Same

Payment rates remain unchanged, at \$0.52/bu. for wheat, \$0.28/bu. for corn, and \$0.24/bu. for barley, \$0.024/bu. for oats, and \$0.80/Cwt. on eligible oilseed bases, and advances on 22% of direct payments can be requested in any month beginning in January 2009. Fruit and Vegetable (FAV) provisions remain in effect; under FAV, producers may not plant fruits or vegetables on DCP contract acreage, unless the farm has a history of FAV plantings, or the specific producer carries FAV history to the farm. For those farms or producers with qualifying history, FAVs planted on DCP contract acreage requires an acre for acre DCP contract payment reduction.

Direct payment limits remain at \$40,000; counter-cyclical limit is \$65,000. Beginning with 2009, payments will be limited to these amounts by payment entity (tax identification number), and also at the member level within an entity, through use of payment limit attribution.

2009 DCP-Important Changes

Dry peas, chick peas and lentils will now be allowed to have farm bases established, based on 1998-2001 plantings. Payment yields are calculated using a farm's proven actual average yield for base years (1998-2001) in comparison to a factor established using national 1981-1985 average yields/farm 1998-2001 yields. County average yields are used, if this calculation results in a yield less than 75% of the county average yield. Pulse crop bases will only be used for counter-cyclical or ACRE payment calculations; no direct payments will be made on pulse crops.

Farms with less than 10 acres of DCP base will not be eligible for payment in 2009 unless wholly owned by limited resource/socially disadvantaged owners; this provision was originally in place for 2008, and was later rescinded for 2008 only. A change has been made to allow for farm reconstitutions to combine farms with less than 10 acres, to allow for payment, with agreement of all landowners involved in the reconstitution.

Base acreage for payment is reduced to 83.3% for 2009-2011 crop year direct payments, and returns to 85.0% for 2012. Counter-cyclical payments are based on 85.0% in all years.

Counter-cyclical advance payments are now based on 40% of projected payment rates, if applicable, and would be issued in one payment, at the midpoint of the marketing year. Previously, two separate advances were potentially available during the marketing year.

Election of participation in the Average Crop Revenue Election or ACRE program is available to producers beginning in 2009. This election essentially trades a portion of direct payments, and a reduction in your marketing assistance loan and LDP rates, for a counter-cyclical payment program (ACRE) that is linked to actual plantings, rather than historical bases. The ACRE election is made *by farm* for the life of the farm bill, and cannot be rescinded. Election requires the agreement of all landowners on the farm. Final ACRE regulations have not yet been developed; therefore, election into ACRE for 2009 will be available later, and could potentially be done after DCP enrollment for 2009. One drawback to this method of election would be the need to obtain landowner signatures for 2009 two separate times. *With this in mind, producers considering ACRE for 2009 may wish to delay DCP enrollment on farms they will consider for ACRE, until final regulations are published.*

County Committee Election Results

Congratulations to Matt Miller of Lind who was elected to serve on the Adams County FSA Committee for the upcoming three year term. Thanks also go out to Derek Schafer who will serve as alternate to the Committee for the same term.

County Committees serve as the local link to USDA programs, providing input to help ensure the effectiveness of national programs administered to local conditions. Thanks to all who voted in this important election.

Farm Bill Meetings Announced

To help growers understand the changes encompassed by the 2008 farm bill, our office will be participating in a series of informational meetings. Where noted, meetings will target specific portions of 2008 farm bill changes.

January 20, 2009- 9:30 a.m. American Legion Hall, Ritzville; FSA staff will host a meeting providing a detailed presentation on commodity program changes to Direct Counter-Cyclical Program (DCP), changes in payment limitation and adjusted gross income provisions for 2009, Average Crop Revenue Election (ACRE) program, and the Supplemental Revenue Assurance Program (SURE). Farm Loan staff will also present information on loan programs available through FSA for beginning and limited resource farmers, Emergency Disaster Loans, and other topics of interest.

January 27, 2009- in conjunction with Adams Conservation District/WSU Cooperative Extension Annual Meeting, Legion Hall, Ritzville; FSA presentation scheduled for the morning session. FSA will present a brief overview of livestock programs authorized under the 2008 farm bill, including the Livestock Indemnity Program (LIP), Livestock Forage Disaster Program (LFP), Emergency Assistance for Livestock, Honey Bees and Farm Raised Fish (ELAP), and range provisions applicable to the Noninsured Assistance Program (NAP). We will also cover any pertinent information related to changes in conservation programs including CRP, and the effects of new payment limitation provisions on CRP.

January 27, 2009 in conjunction with Franklin County Weed Board Annual Meeting, Connell Community Center; FSA presentation scheduled for the afternoon session, approx. 2:30 p.m. FSA staff from Adams and Franklin Counties will focus this presentation on Direct Counter-Cyclical Program (DCP), new payment limitation and Adjusted Gross Income rules, Average Crop Revenue Election (ACRE) Program, and the Supplemental Revenue Assistance Program (SURE).

2009 MILC Program Announced

Signup for the 2009 Milk Income Loss Contract (MILC) program is underway for FY 2009. During the initial signup phase, which continues through January 21, 2009, producers may select to have benefits calculated based on either the month application is submitted and any previous months of 2009, or beginning with any remaining month in 2009. After this initial phase, normal election rules apply, requiring producers to select a starting month not later than the 15th day of the month prior, with payments based on rates effective for the selected month, and each successive month, until the earlier of the operation reaching maximum payment quantity, or the end of the FY.

2009 Adjusted Gross Income Provisions

Significant changes have been incorporated into Adjusted Gross Income (AGI) provisions for 2009. Briefly, the following participants, when directly or indirectly requesting benefits subject to AGI, must certify compliance for payment eligibility; natural persons, legal entities, all interest holders in legal entities, all members of joint operations or general partnerships. To be considered eligible for benefits under each listed program below, you may not exceed the following average AGI

If average AGI exceeds	Then person or legal entity is ineligible for the following benefits
\$ 500,000 nonfarm income	all commodity, price support market loan gains/LDPs, and disaster program benefits. (eligibility is maintained for market assistance loans repaid with principle plus interest)
\$1,000,000 nonfarm income	all conservation program benefits, unless 66.66% or more of average AGI was from Activities related to farming, ranching, and/or forestry operations.
\$ 750,000 farm income	DCP direct payments

AGI limits in effect on September 30, 2008 continue to apply for conservation programs with contracts in effect prior to enactment of 2009 AGI rules.

AGI amounts are derived from an average of the three taxable years *preceeding* the year prior to year of certification (2005-2007 tax years for benefits issued in FY 2009). AGI for persons is located on IRS form 1040; for trusts/estates is the total income and charitable contributions reported to IRS; for corporations, is the total of the final taxable income, and charitable contributions reported to IRS; and for LLC, LLP or similar entities, is the total income from trade and business activities, plus guaranteed payments to members reported to IRS.

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