NEWSLETTER

September 2012

Lower Columbia Area FSA (Clark, Cowlitz, Skamania, and Wahkiakum Counties)

11104 NE 149th Street, C-500
Brush Prairie, WA 98606
(360) 883-1987 ext. 2
Fax: (360) 885-2284

Office Hours

Monday – Friday
8:00 AM – 4:30 PM

County Committee

Ken Bajema LAA4, Chair
Gary Boldt LAA2, Vice-Chair
Erin Thoeny LAA1, Member
Gordon Calvert LAA5, Member
Joe Shulke LAA3, Member

Office Staff

Taylor Murray, CED
Wes Taylor, PT

Farm Loan Staff

Jeff Peterson, FLM
Ruth Wynn, FLT
1554 Bishop Road, Suite 100
Chehalis, WA 98532-8710
(360) 748-0083 ext. 2
FAX: (360) 740-9745

Next COC Meeting

Thursday, September 27, 2012
at 10:00 am

New AGI Forms Required for 2012 Participants

FSA and NRCS program participants, including all members of participating entities, must meet certain Adjusted Gross Income (AGI) requirements to qualify for benefits. Starting for the 2012 crop year, a new AGI form has been developed that both reports whether an applicant or member meets the AGI requirements and authorizes the IRS to confirm that information for FSA.

The new form also reflects an additional AGI limitation applicable only to 2012 direct payments. In addition to the $500,000 average nonfarm AGI and the $750,000 average farm AGI limitation, a $1 million average AGI limitation will be applicable for 2012 direct payments.

New this year, most power-of-attorney authorizations will not work for this form. So the form will have to be signed by the participant or entity member themselves. IRS will not accept FSA power-of-attorney forms. These new AGI forms are available today from your county office or on the FSA internet site at www.fsa.usda.gov

Responding to Weather Damage

Farmers and ranchers throughout the nation are dealing with extreme weather situations this year. While Washington State has been spared the worst of the drought and fires suffered in other parts of the country, the region has suffered from storms throughout the state. Wherever possible, Secretary of Agriculture Tom Vilsack has used his authority to flex program rules to provide relief, especially since many of the 2008 Farm Bill disaster assistance programs expired last fall.

FSA disaster relief includes emergency haying and grazing of Conservation Reserve Program (CRP) land; emergency loans and the Emergency Conservation Program.

The Secretary reduced the annual interest rate for emergency loans to 2.25 percent. FSA makes emergency loans available in counties with disaster designations. In counties not receiving a disaster designation, producers who have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate or chattel property may be eligible. This provision may be especially applicable due to this season's thunderstorms, which caused isolated damage.

Emergency Loan funds can be used to restore or replace essential property, pay production expenses for the disaster year, pay family living expenses, reorganize the farming operation, and to refinance certain debts. Producers can borrow up to $500,000. The term of the loan is based on the repayment ability of the applicant, not to exceed 20 years for production losses or 40 years for losses to real estate.

To assist farmers and ranchers affected by drought, the Secretary opened additional acres under CRP to be used for haying or grazing under emergency conditions. Land in which all, or a portion, of the county is considered abnormally dry or higher according to the U.S. Drought Monitor is now eligible for emergency haying or grazing. Previously, emergency haying and grazing was only available in counties reaching severe on the Drought Monitor.

The annual rental payment on CRP acres used for emergency haying or grazing will be reduced by 10 percent in 2012, instead of the 25 percent reduction used in past emergencies. (Adams, Benton, Douglas, Franklin, Grant, Kittitas, Yakima County/counties is/are eligible for CRP haying or grazing under this provision.) CRP landowners may use the emergency haying and grazing option for their own use or to sell the hay or lease the ground for grazing. Contact FSA prior to haying or grazing to modify your CRP contract.

Producers who suffered damage from recent thunderstorms may qualify for benefits under the Emergency Conservation Program (ECP). ECP can provide up to 75 percent cost-share to restore cropland damaged by runoff to the extent it cannot be repaired with normal tillage equipment. Cost-share may be available to repair conservation practices damaged by the storms, also. Contact FSA prior to any restoration work.

FSA reminds farmers and ranchers to report damage to the county FSA office. USDA uses damage reports to determine a need for disaster declarations. Damage reports are not limited to crops. They also include farmsteads (structures, fences, homes, shops, etc.), farmland (through erosion) and livestock.

Helpful documentation includes the specific location of the farm damage, date and time of disaster event, type of damage (i.e. hail, wind, etc.), what was affected by the disaster and its estimated percent of loss. Contact the county office for information about disaster relief programs.

Continuous CRP Adds Highly Erodible Land Initiative and Pollinator Habitat

New changes to the Conservation Reserve Program (CRP) will make it easier to enroll land meeting certain criteria into the program on a non-competitive basis. However, signup under these new initiatives ends **September 30, 2012**.

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Changes to CRP allow producers to non-competitively enter land with an Erosion Index of 20 or greater into CRP. An Erosion Index of 20 means, on average, this land has the potential to erode at 20 tons of soil per acre per year. Producers may sign a CRP contract with the Farm Service Agency at any time under this new provision and not have to wait for a general signup period. The agency is authorized to accept up to 10,300 acres with an Erosion Index of 20 in Washington.

Other changes include a new practice emphasizing a mix of plants that flower throughout the growing season for pollinators, and 20 to120-foot wide field borders for upland birds. Land bid into CRP for pollinator habitat must be at least 20 feet in width and individual plantings must be a minimum of 0.5 acres. There are no maximum limits on width or contract size. Field borders must generally be implemented around an entire field, but at a minimum they must be installed where runoff enters or leaves the field.

Eligible land must have been planted to an annual crop or conserving use in at least four years between 2002 and 2007. Land currently in CRP and within one year of the contract expiration date may be enrolled under the new initiatives. Leaving the most highly erodible soils in CRP and farming the rest of the land may be an option for some producers with expiring CRP contracts.

Contracts involve planting grasses and forbs and maintaining them for ten years. In general, no other income, besides the rental rates, can be derived from the land while under contract. Rental rates are based on the relative productivity of the soils within each county and the average dryland cash rent or cash rent equivalent.

All practices are eligible for 50% cost sharing to install the cover. Enrollment of land for pollinator habitat or field borders is eligible for a 40% practice incentive payment (like cost shares) and a $150 per acre signing incentive payment (SIP). The Highly Erodible Land initiative does not include additional payments beyond the annual rental payments and the cost-share to establish the vegetative cover.

FSA county office staff can answer questions on program rules, application procedures and possible benefits.

Farm Storage Facility Loan Program

Farm Storage Facility Loans (FSFLs) are a source of low-interest financing to build or upgrade farm storage and handling facilities. On an ongoing basis, the FSA will accept FSFL applications for the following crops:

- Corn, grain sorghum, soybeans, oats, wheat, barley or minor oilseeds
- Pulse crops, lentils, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruit and vegetable cold storage facilities (CA cold storage facilities are ineligible).

Producers may borrow up to $500,000. A 15 percent down payment is required. FSA loans the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Loan terms of 7, 10, or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which USDA's Commodity Credit Corporation borrows from the Treasury Department.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. Producers do not have to be denied commercial credit to obtain an FSFL. An FSFL must be approved before any site preparation or construction can begin.

Farm Service Agency – Lender of First Opportunity

The Farm Service Agency offers farm loan assistance to farmers and ranchers who have the experience and desire to own and operate their own farm or ranch, but who don't yet meet the qualifications to obtain financing from a traditional lender. FSA makes both direct and guaranteed loans. The current loan limit for a direct loan is $300,000 and for a guaranteed loan the limit is $1,214,000.

FSA has a variety of loans, including Farm Ownership, Farm Operating, Emergency and Youth.

FSA offers farmers and ranchers the following:

- Loans delivered in a timely manner
- Agricultural loans at lower interest rates and longer repayment terms
- Individualized financial planning and expertise
- A wide range of financial products and services to meet your needs
- Experienced loan officers familiar with cash flow lending.

To find out more about FSA's lending programs, contact Jeff Peterson, Farm Loan Manager, at the Twin Harbors – Lewis County Farm Service Agency located at 1554 Bishop Rd., Chehalis, WA 98532; or at 360-748-0083, ext. 2.

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