



NEWSLETTER



JANUARY 2012

Franklin County Farm Service Agency

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Fax - 509-547-2007

Office Hours

Mon. – Fri. 8:00 a.m. – 4:30 p.m.

County Committee

Chris Herron, Chair (Non Irrig.)
Terri Hayles, Vice Chair (Irrig.)
Scott Knight, Member (Irrig.)

Office Staff

Farm Programs:

Bruce E. Clatterbuck, CED
Lynda O'Connor, Program Tech.
Bonnie Riehle, Program Tech.
Patty Welch, Program Tech.

Farm Loan Programs:

Joyce Nevins-Ginsberg, SLO
Beth Farias, Program Tech.

Next COC Meeting

March 22, 2012

Dates to Remember

- Feb. 20 – President's Day (Office Closed)
- March 15 – FSA's NAP program and Federal Crop Insurance, sales closing date for spring planted crops.
- March 30 – Deadline for 2011 Wheat (other small grain) commodity loans.

DCP-ACRE SIGN-UP NOW

Sign-up for the 2012 DCP/ACRE program began **January 23rd, 2012**. The DCP and ACRE program provides direct benefits to producers whose farms have established grain/oilseed bases and yields. Payments for 2012 will be calculated by taking base acres for the covered commodity times 85 percent, times the established yield, times the respective payment rate in effect for that commodity (less and reductions for fruit and vegetable plantings). A major change for the 2012 program year is no advance payments will be available.

As done in past years, this office is returning appointment scheduling calls on a first-called-first-served basis as much as possible, with some priority toward our dryland sector (as crop plantings are finalized).

Items that you will need to have with you during your appointment are **1) planting dates of your 2012 crops, and 2) 2011 production records for ACRE participants**. CALL NOW, the initial deadline is **June 1, 2012**.

ELECTION RESULTS

Chris Herron won your vote of confidence for another 3-year term, while Leonard Van Buren serves as alternate. We also offer thanks to Brian Cochrane for his willingness to run. Thanks to all LAA-3 voters!

2012 CROP ACREAGE REPORTING

Acreage reports are being accepted now through **June 30, 2012** for persons participating in programs requiring reporting, including DCP/ACRE CRP, SURE, NAP, and commodity loans. Be prepared to report person(s) share of the production, type/variety and intended use of the crop, and crop planting dates. Program data is now shared between FSA and RMA, so it is critical that the data provided to FSA and to crop insurance agents match! **Errors can lead to ineligibility for FSA programs, and/or lack of insurance coverage. Review your filed report carefully before signing.**

IRS Form 1099-G

Producers annually receive CCC-1099-Gs detailing payments from the Commodity Credit Corporation. The annual report of program payments on the CCC-1099-G is a service intended to help FSA customers report taxable income. It is not intended to replace producers' responsibility to report income to the IRS.

FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, we can review payments for accuracy of data. Please be prepared to provide us a copy of the 1099-G so we can better assist you.

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. 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 our office or on the FSA internet site.

AGI - 2009 and 2010

Producers who received another letter concerning Adjusted Gross Income (AGI) for 2009 and 2010 need to complete the CCC-931 form enclosed with the letter. The completed form should be returned to the FSA national office, as indicated in the letter. Overpayment notifications for those producers not returning these forms will soon be coming. Do not delay responding to any letter received regarding missing forms or debts due related to any AGI. We generally do not receive a copy of the letter sent to you so providing us a copy of your letter when you contact us would greatly help us help you.

Payment Limitation – Annual Notice

Producers participating in certain FSA programs are subject to limitations on the total annual payments that can be received. Under the 2008 Farm Bill, payments are limited by direct attribution. The maximum amount persons or entities can receive per year are: Direct payments - \$40,000; Counter-Cyclical (CC)/ACRE payments - \$65,000; SURE, LFP, LIP, and ELAP - \$100,000 combined; TAP - \$100,000; NAP - \$100,000; CRP and CREP rental/incentive payments - \$50,000; GRP - \$50,000; LDP and market loan gains - unlimited. With ACRE participation, the direct payment limitation will reflect a 20 percent direct payment reduction. The DCP CC/ACRE payment limitation will then be increased by the direct payment reduction amount.

The following provisions apply to certain programs: actively engaged in farming, cash rent tenant, foreign person, and average adjusted gross income (AGI). No program benefits will be provided until all required forms are filed and determinations are complete. Producers determined not actively engaged in farming are ineligible for any payment which requires such a determination. Determinations may be initiated by COC or requested by a producer.

All payment eligibility forms are subject to spot check through the end-of-year review process. Producers selected for spot check must provide adequate documentation to support: inputs used to determine contributions to the farming operation were significant; contributions were at risk and were commensurate with claimed shares of the farming operation; applicable “common attribution” determinations were correct; land ownership was accurately reported when the landowner rule was used; the producer was in compliance with applicable AGI limits; and any other

factors pertinent to the original determinations are substantiated.

Statute requires that entities earning program benefits that are subject to limitation provide members' names, addresses, and tax identification numbers to COC. After 2009, a farm operating plan is not required to be filed annually if the farming operation continues to be conducted as reflected on the operating plan and supporting documents are on file in the County Office. If any changes occur that could affect the determinations, producers must timely notify the County Office by filing revised forms and applicable supporting documentation.

AGI noncompliance, either by exceeding applicable limitations or failure to submit a certification statement, will result in ineligibility for all program benefits subject to AGI provisions. Program benefits to legal entities shall be reduced by an amount that is commensurate with the direct and indirect interest held by ineligible members.

New Land Contract Guarantee Loan Program

The Land Contract Guarantee Program benefits beginning farmers, minorities, and women, by giving them a new tool to obtain farm real estate. Purchasing farm land is one of the biggest obstacles facing beginning farmers and minority customers and this provides them with a new option. The guarantee provides an incentive to sell to individuals in these groups as it reduces the financial risk to the seller due to buyer default on contract payments. Under the new program, two options will be available. The first option guarantees up to three installments. The second option provides a guarantee on the unpaid principal of the contract.

Guarantees can be used for financing the purchase of a farm with a purchase price up to \$500,000 on a new land contract. Unlike the current guarantee loans offered by FSA, this program will not have the

1.5 percent guarantee fee. However, the buyer and seller must provide for the services of either an escrow or servicing agent. The maximum interest rate may not exceed the FSA direct farm ownership rate plus three percent. The buyer is required to pay a minimum down payment of five percent of the purchase price, plan to operate the farm and be able to project the ability to make the land contract payments.

Additional information, including a complete list of eligibility criteria and application materials may be obtained through the FSA website at www.fsa.usda.gov or contacting Senior Loan Officer, Joyce Nevins-Ginsberg.

CRP Sign-up and Filter strip Reenrollment

We're sorry to say that we still have no news regarding 2012 expiring standard acreage CRP and sign-up. We will update you through timely press release and GovDelivery bulletin when an announcement is made. We're running a preliminary assessment on filter strip reenrollment eligibility based on amended reenrollment guidance and will be visiting with you regarding this aspect of expiring contracts during DCP/ACRE sign-up and crop reporting.

CRP Final Seeding Date

The end of the seeding period for CRP contracts requiring permanent cover establishment is (generally in Franklin County), February 15. Modification of the cutoff date for seeding may be considered, for example if conditions have not been good for overwinter precipitation. Contract holders should plan on completing the required activities in CRP Conservation Plan of Operations (CPO) as scheduled. Changes to planned activities require

a revision to the CPO, with the concurrence of the FSA committee and NRCS. Failure to complete required seeding, or to obtain a revised plan in the event that seeding cannot be completed due to reasons beyond the participant's control, would be considered to be a violation of the CRP contract, subject to penalty, or contract termination depending upon the severity of the situation. If you have questions about the requirements of your CRP contract, please contact our office to review your plan ahead of the seeding deadline.

Transition Incentive Program Available for Expiring CRP Contracts

In Franklin County, 233 CRP contracts covering over 27,000 acres are due to expire as of September 30, 2012. To date, there has been no announcement by the Secretary of Agriculture authorizing a general CRP sign-up to reenroll this acreage. One potential answer for landowners and operators faced with the possibility of no general CRP sign-up is to consider the CRP-Transition Incentive Program (TIP).

TIP was authorized under the 2008 farm legislation to encourage the transfer of CRP lands from retiring landowners and operators, to beginning farmers and ranchers. The concept is fairly simple; in the final year of a CRP contract, a retiring landowner determines to transfer operation to a beginning farmer (someone who has been involved in the operation of a farm for 10 or less years) through either sale, or long term lease (minimum of 5 years). The beginning farmer agrees to farm the land upon the termination of the CRP contract using a sustainable conservation system developed through NRCS. Retiring landowners, and all persons on the existing CRP contract, then may earn two additional annual transitional payments, which are equal to the current CRP annual rental payment, and made on the same anniversary dates, while

allowing the beginning farmer to begin cropping of the CRP acreage during the transitional period.

There are restrictions on eligibility for TIP transfer, including transfers between lineal relatives, and beginning farmers must document their sustainable conservation system by development of an approved conservation plan through the NRCS. Finally, requests for participating in the TIP program must be filed prior to completing an agreement for sale of the land, or completion of the long term lease of land, and all activities required for approval of TIP contract must be completed no later than the expiration date of the current CRP contract

Move with FSA to Instant Electronic Information

The USDA Farm Service Agency offices are moving toward a paperless operation.

Producers can now enroll in the new GovDelivery system for notices, newsletters and electronic reminders and discontinue their slow and costly paper copies received through the mail.

FSA, like many other organizations, is working smarter and more efficiently. Conversion to electronic notifications via email helps conserve resources and save taxpayer dollars.

County Committee ballots will continue to be mailed to all eligible producers.

Subscribe now to receive free e-mail updates by going to <http://www.fsa.usda.gov/subscribe> or use the box "Sign up for updates" on the FSA homepage. Select "email updates" in the lower right navigation box and then select updates by state and county, then select the "+" next to Washington and the interested counties.