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# CROOK COUNTY FSA NEWS

JANUARY 2009

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**TOWER OUTLOOK**

UNITED STATES DEPARTMENT OF AGRICULTURE  
CROOK COUNTY FARM SERVICE AGENCY  
P.O. BOX 1070, 117 S. 21st ST.  
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COUNTY COMMITTEE:

MERVIN PETERSON

LARRY FOWLKES

ROSS GARMAN

ROXIE DACAR

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## COC ELECTIONS

Thanks to all who participated in this year's election for Local Administrative Area 2 – the middle third of the county. Ross Garman was elected the representative to serve on the committee. Eddie Chatfield and Dave Wolfskill will serve as first and second alternates respectively. We thank Ross, Eddie and Dave for their willingness to serve their fellow farmers and ranchers.

## **LOAN DEFICIENCY PAYMENTS (LDP)**

Producers are reminded that **January 31, 2009** is the deadline to file an LDP application for wool/mohair/unshorn pelts that were shorn from sheep or goats or came from unshorn lambs in calendar year 2008. Also, producers of wool, mohair, or unshorn sheep going to slaughter need to have a signed CCC-633 page 1 on file at the FSA office prior to loss of beneficial interest in the commodity. The term "beneficial interest" means that retention of ownership or the ability to determine what is done with the commodity is still retained by the producer. Page 1 must be filed at the county office before: Selling the commodity, or before delivery to a buyer/warehouse in which the producer loses control of the commodity.

Once the commodity is sold or a delivery sheet is obtained then the producer can file an application for payment on page 4 of form CCC-633. Documentation of sale or delivery should accompany the page 4 application.

## ***DIRECT AND COUNTER CYCLICAL (DCP) SIGNUP ANNOUNCED***

The Food, Conservation, and Energy Act of 2008 (2008 Act) was enacted on June 18, 2008. The 2008 Act provided for the continuation of DCP for 2008 through 2012. Signup for the 2009 DCP started on December 22, 2008 and will run until **June 1, 2009**. The 2008 Act, doesn't provide any provisions for late filed applications, so all producers on the farm must sign the application (CCC-509) **by June 1, 2009** for the farm to be enrolled for the 2009 payment. Each eligible producer on a farm will be given the opportunity to annually enroll in a DCP or Average Crop Revenue Election (ACRE) program contract. DCP/ACRE enrollment will be done by the appointment system. We will be sending appointment cards to producers starting in a few weeks. During this DCP signup we will also be taking the "Eligibility" and "AGI" paperwork – which has to be completed prior to any payments being issued. (See following pages for "Eligibility" and "AGI" information).

Direct payments will be computed by multiplying 83.3 percent of the covered commodity base acres times, the payment yield, times the payment rate for that commodity, times the producers share of the

commodity. Advance payments may be made any month throughout the year prior to October 1, 2009, at 22 percent of the total payment.

Counter cyclical payments are authorized for a covered commodity when the effective price for the commodity is less than the target price for the commodity. These payments will be computed by multiplying 85 percent of the commodity base acres, times the payment yield, times the payment rate, times the producers share of the commodity. The Counter cyclical payment rate is determined by subtracting the effective price for the commodity from the target price.

It is very important that when the DCP signup is completed that you are sure of your 2009 farming interests. If advance payments are made and then a change to your operation occurs you will be required to refund the advance payment plus interest from the date of dispersal.

Farms that were previously enrolled in the DCP program with 10.0 base acres or less will not be eligible for the 2009-2012 enrollments. However, the prohibition does not apply to a farm that is wholly owned by a socially disadvantaged or limited resource farmer or rancher.

Producers who are eligible for the DCP Program will also be eligible to enroll in the Average Crop Revenue Election (ACRE) Program. The enrollment period for the ACRE Program will begin in the spring. Producers may first enroll in DCP, elect to receive advance direct payments and then later modify their enrollment to include the ACRE program or they may wait and elect to enroll in DCP and ACRE at the same time in the Spring of 2009.

The optional ACRE Program 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 the 2009 crop, the 2-year price average will be based on the 2007 and 2008 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 of the farm's actual planted acres of the crop. 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 2009 payment rate for covered commodities is as follows: Barley \$0.24/bu., Corn \$0.28/bu., Grain Sorghum \$0.35/bu., Oats \$0.024/bu., Wheat \$0.52/bu.

### **PAYMENT LIMITATION / ADJUSTED GROSS INCOME PROVISIONS**

**DIRECT ATTRIBUTION:** The 2008 Farm Bill required that beginning in **2009** each payment made to a legal entity will be attributed to those persons who have a direct or indirect ownership interest in the legal entity. Additionally, each payment made directly to a person shall be combined with the pro rata interest of the person through payments received by a legal entity.

The 2008 farm bill provisions repealed the Person and Permitted Entity Provisions from previous legislation which allowed an individual to earn program benefits as an individual as well as two additional entities in which they held no more than 50% ownership interest. There are three primary factors that affect direct attribution: Organizational Structure, Payment Limitation and Adjusted Gross Income (AGI).

**AGI PROVISIONS:** AGI is the average of the following: Average AGI or Comparable Measure, Three taxable years preceding the most immediately preceding complete taxable year. When determining AGI, three AGI amounts are considered: 1/ Average Adjusted Gross Income; 2/ Average Adjusted Gross Farm Income; 3/ Average Adjusted Gross Non-farm Income (Average Adjusted Gross Income minus Average Adjusted Gross Farm Income).

There are three AGI limitations beginning in 2009:

- Exceeds \$500,000 Adjusted Non-Farm Income –person or entity is ineligible for all commodity program payments and benefits.
- Exceeds \$750,000 Adjusted Gross Farm Income – person or entity is ineligible for DCP Direct payments.
- Exceeds \$1 million Adjusted Gross Non-Farm Income - person or entity is ineligible for all conservation program benefits unless at least 66.66% of total AGI is Average Adjusted Gross Farm Income

Producers will be required to provide documentation to substantiate their AGI certification. **For 2009** this documentation will encompass years 2007, 2006 and 2005, Certifications on form CCC-926 are now required annually.

Confused? Don't worry, we will clarify these provisions when you visit our office to complete needed paperwork. There are new forms to complete to determine an individual's or entity's eligibility to earn payments. These forms for payment limitation – which includes the "Direct Attribution" provisions and AGI provisions, will be completed upon the DCP Program signup mentioned on page 1 of the newsletter or upon a producer's first application for any program payment.

### **PAYMENT CENTRALIZATION**

FSA will now be issuing all program payments via Payment Centralization. All program applications will still be filed at FSA offices; however, all disbursements will be routed through National Payment Service (NPS) prior to being direct deposited to producer's bank accounts or payment via check received in the mail. Payment transaction statements will probably be mailed from Kansas City. There will be some minor changes to the statement format.

### **CARBON SEQUESTRATION**

The process of removing CO<sub>2</sub> from the atmosphere and locking it away in the ground is called carbon sequestration. Prior to ag activity there existed a large amount of dead organic matter in ground soils. Since the onset of agriculture, through turning and aeration of the soil, this thick layer of organic matter has resulted in soil carbon losses by conversions of organic matter to CO<sub>2</sub>. However, changes in ag management practices, such as no-till drilling, can result in an increase in the accumulation of organic matter thus resulting in a decrease of atmospheric release of CO<sub>2</sub>. Thus, farmers and ranchers employing management practices that conserve carbon earn what they call "carbon credits". These credits can be marketed and sold to industries that are emitting carbon into the air. Currently, there are two companies involved in this process. Packets are available at our office for inquires. **Note:** this is not an FSA program. We are only providing this information as a service to assist you in managing your farm/ranch and we can only provide general info on this matter. The packets contain names, address and phone numbers of company reps that can explain in detail what they require.

### **IMPORTANT DATES TO REMEMBER**

**IMMEDIATELY...Notify county office of direct deposit changes**

**...Notify county office of farm record changes or management changes**

**Jan 31...Last day to file LDP application for 2008 Wool/Mohair/Unshorn Pelts**

**Feb. 16...Office closed – Presidents Day**

**March 31...Last day to file LDP applications for 2008 small grain crops for grain and hay**

**April 1...Deadline to Purchase policy of spring seeded NAP crops**

**ANYTIME...Continuous CRP enrollment**

**Call FSA prior to breaking up sod (new land) and before planting a crop on sod**

**For more information on any Farm Service Agency program, visit or call our office, or visit the FSA Homepage at [www.fsa.usda.gov](http://www.fsa.usda.gov)**

Have a Nice Day, /s/ Mike Idler, CED  
 UNITED STATES DEPARTMENT OF AGRICULTURE  
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