

LINN COUNTY FSA NEWS

May 2010

Linn County FSA Office

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Hours Monday – Friday
8:00 a.m. – 4:30 p.m.



www.fsa.usda.gov/ks

The Committee meets the 2nd Thursday of each month 8:30 a.m.

County Committee Members

Pamela Wilson
Edward Self
Clayton Carothers

Office Staff

Brian Lucker, CED

Diana Otto, PT

Jacque Nation, PT

Sue Stainbrook, PT

Laurie Gabbert, TPT

DCP Signup

Enrollment for the 2010 Direct and Counter-cyclical Program (DCP) ends on June 1, 2010. USDA urges producers to make use of the eDCP automated website to sign up, or producers can visit any USDA Service Center to complete their 2010 DCP contract. June 1 is also the final date to return all signatures for producers with a share greater than zero.

USDA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2010, eligible producers may request advance direct payments based on 22 percent of the direct payment.

ACRE Program

The Average Crop Revenue Election (ACRE) is a program authorized by the 2008 Farm Bill. Through ACRE, USDA's Farm Service Agency (FSA) offers producers an alternative to Direct and Counter-cyclical (DCP) payments. The ACRE alternative provides eligible producers a state-level revenue guarantee, based on the 5-year state Olympic average yield and the 2-year national average price.

ACRE payments are made when both state- and farm-level triggers are met. By participating in ACRE, producers elect to forgo counter-cyclical payments. Producers also elect to receive a 20% reduction in direct payments and a 30% reduction in loan rates.

A decision to elect ACRE binds the producer to the program through the 2012 crop year, the last crop year covered by the 2008 Farm Bill. Final date to sign-up for ACRE for 2010 is June 1, 2010.

SURE Program

The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that occurred in the crop years 2008 through September 30, 2011. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage. However, crop insurance or NAP coverage is no longer required for crops that are not of economic significance or those where the administrative fee required to buy NAP coverage exceeds 10% of the value of the coverage.

Eligible farmers and ranchers who meet the definition of Socially Disadvantaged, Limited Resource, or Beginning Farmer or Rancher are exempt from the risk management purchase requirement.

The following are the conditions that trigger SURE payments:

- At least one crop of economic significance must suffer a 10% production loss due to an eligible disaster condition
- Crop of economic significance is a crop that has contributed or would have contributed at least 5% or more of the total expected revenue from all crops on the farm
- Producers in counties declared disaster counties by the Secretary of Agriculture, or in contiguous counties, or those who show proof of an individual loss of at least 50% are eligible to receive SURE payments for crop producer or crop quality losses. Losses are measured with consideration to the whole-farm revenue, which includes crop insurance indemnities and commodity program payments, so that producers are not paid more than once for the same loss.

A SURE calculator is available at:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=diap&topic=sure>. The calculator is not official, but is intended for educational use. A fact sheet and background are also available online.

Adjusted Gross Income and IRS Disclosure

USDA has a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to FSA.

The agreement ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-927 (Individual) and/or CCC-928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. Ensure that the form is completed correctly and that the name entered on the form is how you file your taxes. Example: If you farm under a Trust, but file your taxes under your individual name, then you should record your individual name on the form (not the Trust). If all fields are not completed correctly, IRS will reject the form. These forms may be obtained from local FSA and NRCS offices.

Crop Reporting

The annual, timely and accurate reporting of acres for all crops and land uses, including failed acreage, can prevent loss of benefits for a variety of Farm Service Agency programs. All cropland on the farm must be reported to receive benefits from the Direct and Counter-cyclical Program, marketing assistance loans and Loan Deficiency Payments.

Conservation Reserve Program acreage must be reported to receive annual rental payments. And, crop acreage for Non-insured Crop Disaster Assistance Program (NAP) must also be reported. A total farm acreage report is required for producers interested in a Supplemental Revenue (SURE) Assistance Program Payment, including grass acreage which the producer has an interest. Crop reports, form FSA-578, Report of Acreage, must account for all cropland on a farm, whether idle or planted. Producers need to file their acreage reports by **June 1 for small grains.**

Prevented Planting:

Prevented planting needs be reported no later than 15 calendar days after the final planting date.

Failed Acreage:

Reports of failed acreage must be filed before disposition of the crop, and producers must be able to establish to the satisfaction of the county committee that the crop failed and was prevented from being replanted through the normal planting period because of natural disaster conditions.

Commodity Loans and LDPs

June 1 is the final date to request marketing assistance loans or loan deficiency payments for 2009 feed grains, oilseeds, and cotton.

Applicable Linn County loan rates are:

Corn	\$1.97
Gr. Sorghum	\$3.35/cwt
Soybeans	\$4.93

Unauthorized Disposition of Loaned Grain

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producers name will be placed on a loan violation list for a two-year period. Always call the office before any grain under loan is fed or sold.

Farm Storage Facility Loans

The Farm Storage Facility Loan (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. New 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 CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities

Farm Reconstitutions

At FSA, 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. If an owner or operator cannot agree about program participation, like in the case of the new ACRE program, then producers should inquire about a reconstitution of the farm at the local FSA office.

The reconstitution—or recon—is the process of combining or dividing farms or tracts of land based on the farming operation. Remember, to be effective for the current year, recons must be requested by August 2, 2010 for farms enrolled in specific programs.

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