

Montgomery/Chautauqua County Farm Service Agency News

May 2010

Montgomery/Chautauqua
County FSA
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Office Hours

8:00 AM—4:30 PM

Monday—Friday

Closed Legal Holidays

Farm Program Staff

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County FSA Committee

Robert Casey, Chairperson

Chuck Springer, Vice-Chair

Melvin Gordon, Member

Steve Clark, Member

Jerry Barnett, Member

Bonnie Oliver, Advisor

Committee meets at 9:00 am
on the 1st Wednesday of each
month at the USDA Service
Center meeting room.

Web Sites

www.fsa.usda.gov

www.usda.gov

DCP Sign-up Ends June 1

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.

County Committee Nominations Sought

County committee elections will be held this year in Local Administrative Areas 3 and 4. LAA-3 consists of West Cherry, Cherry, Drum Creek and Liberty townships in Montgomery County. LAA-4 consists of Caneyville, Center, Jefferson, Summit, Harrison and Hendricks townships in Chautauqua County. To hold office as a county committee member, a person must meet basic eligibility criteria of participating or cooperating in a program administered by FSA, be eligible to vote in a county committee election, and reside in the LAA in which the person is a candidate. The

County Committee (Cont'd)

nomination period begins June 15, 2010. Nomination forms may be obtained from the local USDA Service Center or online at <http://www.fsa.usda.gov/>. The final date to file nomination forms is August 2, 2010.

Beginning Farmer Downpayment Program

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

A beginning farmer is an individual or entity who (1) has not operated a farm for more than 10 years; (2) meets the FSA loan eligibility requirements; (3) substantially participates in the operation; and, (4) does not already own more than 36 acres in Montgomery County. (Note: all applicants for direct real estate loans must have participated in the business operation of a farm for at least 3 years.)

To qualify:

The applicant must make a cash down payment of at least 5 percent of the purchase price.

The maximum loan from FSA does not exceed 45 percent of the least of (a) the purchase price; (b) the appraised value of the farm or ranch to be acquired. The term of the FSA loan is 20 years with an interest rate currently at 1.5%. The remaining balance may be obtained from a commercial lender or private party (retiring farmer.).

Financing from participating lenders or private party must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

As with all other FSA Farm Loan Program loans, the applicant must not be able to obtain credit from a conventional lending source.

To obtain additional information regarding this loan program, please contact FSA, Farm Loan Programs @ 410 Peter Pan Rd, Independence, KS 67301 (620) 331-4860.

Dates to Remember

May 31 – Office closed for Memorial Day

July 5 – Office closed for July 4th Holiday

April 15 thru July 15 – Restrictions on CRP activity due to primary nesting season for wildlife.

June 1 - Final date to report 2010 wheat, barley and oats.

June 1 – Signup ends for 2010 DCP and ACRE. All contract signatures also due by this date.

June 1 – Final date to request 2009 crop year loans for feed grains.

June 15 – Final date to submit FSA-927/928 to IRS.

August 2 – Final date to report 2010 feed grains.



SURE Sign-Up Continues

Signup for the Supplemental Revenue Assistance Program (SURE) began January 4, 2010 for crop production losses for the 2008 crop year. SURE provides crop disaster assistance payments to eligible producers on farms that have incurred crop production or crop quality losses.

To be eligible for SURE, producers must have suffered at least a 10 percent production loss on a crop. In addition, producers must meet the risk management purchase requirement by either obtaining crop insurance or NAP coverage for all crops of economic significance.

Producers must also have a farming interest physically located in a county that was declared a primary disaster county or contiguous county under a USDA Secretarial Disaster Designation or suffer a 50 percent production loss on the farm due to a natural disaster. For the 2008 crop year Montgomery and Chautauqua counties received contiguous county designations. For SURE, a farm is defined as all crops in which a producer had an interest nationwide.

For more information on the new SURE program, please visit the county office or the Disaster Assistance Programs link found on the USDA web site at www.fsa.usda.gov.

Reporting Changes

Producers are reminded to report changes in their farming operations to the office. Changes can include changes in land ownership, operator or share changes. Many producers have established trusts which often become owners of the land. This is considered a change in ownership and should also be reported.

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

AGI (Continued)

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. If all fields are not completed correctly, IRS will reject the form. These forms may be obtained from local FSA and NRCS offices but must be submitted directly to the IRS.

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 FSA programs. All cropland on the farm must be reported to receive benefits from the DCP and loan programs.

CRP acreage must be reported to receive annual rental payments. Crop acreage for NAP crops must also be reported. A total farm acreage report is required for producers interested in the SURE program, including grass acreage which the producer has an interest in.

Crop reports must be reported on form FSA-578, Report of Acreage, and must account for all cropland on a farm, whether idle or planted. Producers have until June 1 to file acreage reports for small grains and until August 2 to file for feed grains.

Prevented planted acreage needs to be reported no later than 15 calendar days after the final planting date for a crop and reports of failed acreage must be filed before disposition of the crop.

Failure to meet any of these deadlines will result in a late-filing fee of \$46 per farm.

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