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USDA Extends Comment Period for Regulation on Payment Limitations and Payment Eligibility

(*Bozeman, MT*) Feb. 6, 2009 – Richard Deschamps, Acting State Executive Director for the USDA's Farm Service Agency (FSA) in Montana announced today that following Agriculture Secretary Tom Vilsack's announcement that the comment period for the regulation defining actively engaged participation in a farming operation has been extended for an additional 60 days, FSA is seeking a diverse range of comments from different areas of the United States and farming communities.

With this extension, the public may continue to submit comments until April 6, 2009. The extension document is available at <http://www.fsa.usda.gov/FSA/federalNotices?are=home&subject=lare&topic=frd-ii>.

The regulation, published Dec. 29, 2008, invited comments on the interim rule for implementation of key eligibility requirements for many FSA and Natural Resources Conservation Service (NRCS) programs. The regulations were revised as mandated by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) to make changes in payment eligibility, payment attribution, maximum income limits and maximum dollar benefit amounts for participants in CCC-funded programs. In addition, certain provisions were incorporated that are discretionary.

The actively engaged provision requires that individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination.

Under rules in effect since 1988, not every member of an entity is required to contribute active personal labor or management. The interim rule requires each partner, stockholder, or member with an ownership interest to make a contribution of active personal labor or active personal management. The contribution must be regular and substantial, and documented as well as separate and distinct from any other member's contribution. The rule limits the ability of passive stockholders to continue to realize benefits from the entity.

The substantive rule changes make the requirement for adding new persons to a farming operation more restrictive. The addition of a person to an existing farming operation can be met through an increase of 20 percent of base acres to the operation; previously the requirement was an increase of 20 percent in cropland.