



# NEWS RELEASE

UNITED STATES DEPARTMENT OF AGRICULTURE • FARM SERVICE AGENCY

USDA  
Farm Service Agency

Stillwater, OK

---

## **USDA ENHANCES INTEGRITY AND DEFENSIBILITY OF FARM PROGRAMS AND STREAMLINES PAYMENT LIMITS FOR FAMILY FARMERS**

Stillwater, OK, Jan. 4, 2010 – Francie Tolle, Executive Director of USDA's Farm Service Agency in Oklahoma today announced that announced that USDA is partnering with the Internal Revenue Service to reduce fraud in farm programs and streamlining payment limits for family farmers. The actions are intended to strengthen the integrity and defensibility of USDA farm safety net programs and help the agricultural industry to meet requirements included in the 2008 Farm Bill.

"Today's announcement will ensure that the producers who depend upon the safety net of USDA programs will have future access to these programs by enhancing the overall integrity of the programs," said Tolle. "It will also provide more flexibility for family farm operations across the country."

As part of today's announcement, USDA has finalized a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income provisions for programs administered by USDA's FSA and Natural Resources Conservation Service. This agreement will ensure that payments are not issued to producers whose adjusted gross income (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.

The electronic process that USDA developed with IRS reviews data from tax returns, performs a series of calculations, and compares these values to the AGI limitations from the 2008 Farm Bill. FSA and NRCS will receive a record that indicates whether or not the program participant appears to meet the income limits. Written consent will be required from each producer or payment recipient for this process. No actual tax data will be included in the report that IRS sends to USDA. As part of the review and evaluation process, participants whose AGI may exceed the limits will be offered an opportunity to provide third party verification or other information to validate their income.

Meanwhile, beginning with the 2010 program year, USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by the USDA Farm Service Agency (FSA).

USDA has implemented the following change to permit certain operations, most often family-run operations, to meet 'actively engaged' in farming requirements under less restrictive rules.

Every stockholder or member of a legal entity, such as a corporation, does not have to contribute labor or management if both of the following apply:

- at least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management that altogether qualifies as a significant contribution to the farming operation;
- the total direct payments received, both directly and indirectly, by the legal entity and each of the members does not exceed \$40,000.

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (800) 795-3272(voice), or (202) 720-6382 (TDD).

#