FSA News
Farm Service Agency
February 2010

Adjusted Gross Income Provisions

Agriculture Secretary Tom Vilsack has 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 Vilsack. "It will also provide more flexibility for family farm operations across the country."

As part of the 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.

IRS requires written consent from the individual or legal entity to provide USDA verification of the average AGI. Such written consent is given by completion of forms CCC-927, Consent to Disclosure of Tax Information - Individual; or if a legal entity, CCC-928, Consent to Disclosure of Tax Information - Legal Entity. These forms allow for the selection of the appropriate year or years and authorize IRS to perform the average AGI calculations. These consent forms must be completed for the same year or years an individual or legal entity was required to provide an AGI certification. Failure to provide the written consent will require refund of applicable payments received from FSA and NRCS.




Selected Interest Rates for February 2010

Farm Operating Loans — Direct	2.625%	Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.5%
Farm Ownership Loans — Direct	4.875%	Emergency Loans	3.75%

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Supplemental Revenue Assistance Program (SURE) Signup

Signup for the 2008 Supplemental Revenue Assistance Payments program (SURE) began on January 4, 2010. SURE 2008 is for those who suffered crop production losses during crop year 2008.

SURE provides crop disaster assistance payments to eligible producers on farms that have incurred crop production or crop quality losses. The program takes into consideration crop losses on all crops grown by a producer nationwide. SURE provides assistance in an amount equal to 60 percent of the difference between the SURE farm guarantee and total farm revenue. The farm guarantee is based on the amount of crop insurance and Non-insured Crop Disaster Assistance Program (NAP) coverage on the farm. Total farm revenue takes into account the actual value of production on the farm as well as insurance indemnities and certain farm program payments.

Producers with a farming interest physically located in a county that was declared a primary disaster county or contiguous county by the Agriculture Secretary must have suffered at least a 10 percent production loss on a crop of economic significance. Producers must meet the risk management purchase requirement by either obtaining a policy or plan of insurance, under the Federal Crop Insurance Act or NAP coverage, for all economically significant crops. For 2008 crops, producers had the opportunity to obtain a waiver of the risk management purchase requirement through a buy-in provision. Producers considered socially disadvantaged, a beginning farmer or rancher, or a limited resource farmer may be eligible for SURE without a policy or plan of insurance or NAP coverage.

If there is no Secretarial Disaster Designation, individual producers may also be eligible for SURE if the actual production on the farm is less than 50 percent of the normal production on the farm due to a natural disaster. 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 http://www.fsa.usda.gov.

Environmental Quality Incentive Program (EQIP)

During the last three years nearly **2 million dollars** were obligated to Kauai Farmers and Ranchers to help install more efficient irrigation systems, remove undesirable plants, build fences install water systems for livestock and implement other conservation management practices. Not only are **4200 acres of Kauai Agricultural land benefitting**, but in nearly all cases the **thirty farmers and ranchers** improved their profitability. The source of funding is the Environmental Quality Incentives Program (**EQIP**) which is part of the USDA 2008 Farm Bill. EQIP is a program that supports conservation and agriculture at our local level.

Are you experiencing high water costs due to deteriorated or inefficient irrigation systems, or are unwanted plants competing with the crops you grow or graze? Perhaps there are other challenges inhibiting your abilities to meet your production or landscape goals. **You too may be eligible for assistance through the Environmental Quality Incentives Program.** We're available to assist you and discuss your situation. For more information contact our Kauai staff: Lex Riggle 245-9014 ext. 101, Rick Berscheid 245-9014 ext. 109 and Morri-Ann Nagata 245-9014 ext. 106

Environmental Quality Incentives Program (EQIP). EQIP program offers financial and technical assistance to farmers, ranchers, and landowners to implement projects to correct resource concerns that are inhibiting their ability to meet production goals. Some resource concerns addressed in past contracts include noxious or invasive species, irrigation efficiencies, soil erosion, soil condition, water quality, animal health and plant condition. Some of the more common practices installed to address various resource concerns include but not limited to: pest management, nutrient management, fence, pipeline, water facilities for livestock, storage tanks, prescribed grazing, brush management, cover crops, windbreaks, mulching, and irrigation practices to name a few. For additional information and to learn more about how these program may help you please contact the field office in Lihue. The EQIP program has a continuous signup and all applications received will be reviewed by funding availability.