



USDA SERVICE CENTER NEWS

KINGS COUNTY FARM SERVICE AGENCY

TELEPHONE (559) 585-8732 FAX (559) 584-8715

Vol. 2007 No. 1

February 2007

PETER RIETKERK RE-ELECTED TO COUNTY COMMITTEE

Corcoran Community has elected Peter Rietkerk to a three year term on the Kings County FSA Committee. Also elected and serving as his 1st Alternate is Anna Proctor. Mr. Rietkerk will continue to serve as a member of the USDA Kings County FSA Committee, representing farmers and ranchers in the Corcoran area.

Historically, the Kings County Committee, through efforts of committee members like Peter Rietkerk, has established a reputation Statewide, for professionalism and dedication in addressing local agricultural and environmental issues for which federal programs are designed and funds are appropriated. The County Committee is the direct link from local grassroots government to Department and Congressional leadership.



Serving on the 2007 FSA Committee are John Martins-Hanford, Craig Pedersen-Lemoore and Peter Rietkerk-Corcoran.

WEATHER RELATED LOSSES



If your crop experiences weather related damage, you should immediately contact your crop insurance agent, the local Agriculture Commissioner's office and the local Farm Service Agency office. Documentation should be kept such as pictures, rainfall totals, recorded temperatures, etc. For FSA, form CCC-576, Notice of Loss, must be filed within 15 calendar days after the disaster occurrence or date damage to the specific crop acreage is apparent to the producer. Reports after the crop is harvested may not be accepted.

DIRECT AND COUNTER CYCLICAL PROGRAM

Producers may apply for Direct and Counter Cyclical program (DCP) benefits for the 2007 DCP through June 1, 2007. Advance payments may be requested when you sign your contract. For the 2007 year, direct payment advances have been reduced from 40% to 22%. **Please call for an appointment time.**

MARKETING ASSISTANCE LOAN & LOAN DEFICIENCY PAYMENT PROGRAM

Marketing assistance loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. Allowing producers to store production at harvest facilitates more orderly marketing of commodities throughout the year.

Marketing assistance loans for covered commodities are nonrecourse because the commodity is pledged as loan collateral and producers have the option of delivering the pledged collateral to the Commodity Credit Corporation (CCC) as full payment for the loan at maturity. Market loan repayment provisions specify, under certain circumstances, that producers may repay loans at less than principal plus accrued interest and other charges. Alternatively, loan deficiency payment (LDP) provisions specify that, in lieu of securing a loan, producers may be eligible for an LDP. For ELS cotton, LDP provisions do not apply and marketing assistance loans must be repaid at the loan rate plus interest.

Marketing assistance loan repayment and LDP provisions are intended to prevent delivery of loan collateral to CCC, minimize accumulation of CCC-owned stocks, and allow U.S. produced-commodities to be marketed competitively. Accumulating CCC-owned stocks tends to make U.S.-produced commodities less competitive in world markets and can result in substantial storage costs to taxpayers.

The Farm Security and Rural Investment Act of 2002 provides for nonrecourse marketing assistance loans and LDPs for the 2002-2007 crops of wheat, corn, grain sorghum, barley, oats, soybeans, other oilseeds (including sunflowers, canola, safflower, flaxseed, rapeseed, mustard seed, crambe and sesame), rice, upland and Extra Long Staple (ELS) cotton, peanuts, honey, wool, mohair, dry peas, lentils, and small chickpeas.

Final Loan/LDP Availability Dates

Producers may obtain loans or receive LDPs on all or part of their eligible production anytime during the loan availability period. The loan availability period runs from when the commodity is normally harvested (or sheared for wool) until specified dates in the following calendar year. Final availability dates are January 31 for wool, March 31 for barley, honey, oats and wheat and May 31 for corn, ELS & upland cotton, grain sorghum, safflower & soybeans.

Loan Deficiency Payment Eligibility on Double Cropped Crops

The Kings County Committee (COC) has reviewed the eligibility of double cropped corn and grain sorghum when the crops are not harvested for grain. COC established that if the initial crop is either wheat, barley, oats, tomatoes, onions or broccoli, that the double cropped corn or sorghum is eligible for LDP only if it is planted to a 90 day variety.



ANNUAL NOTIFICATION OF PAYMENT LIMITATION PROVISIONS

Determinations - Payments and benefits under certain programs are subject to some or all of the following: “person” determinations, payment limitations, “actively engaged in farming” requirements, cash-rent tenant rule, permitted entity restrictions, foreign person rule, and the average adjusted gross income limitation. These determinations may be initiated by producers or the local County Committee.

The following payment limits apply to DCP; \$40,000 for direct payments and \$65,000 for counter-cyclical payments. Loan deficiency payments and loan marketing gains have a total limitation of \$75,000. Person, actively engaged, cash rent tenant, permitted entity, foreign person and adjusted gross income provisions apply.

Farm Operating Plan (CCC-502) and Other Forms - Producers are only required to file a new farm operating plan (and current documentation) if one is not on file or the current farm operating plan has significant changes which may affect a determination. Anyone requesting benefits that currently has a CCC-502 on file must also ensure that the form was filed for the 2003 or later year. No program benefits subject to these determinations will be provided until all required forms are submitted and applicable approved determinations are made. In addition to the Farm Operating Plan, producers may also be required to provide information regarding the members in entities, and their designation of permitted entities.

Cash Rent Tenant Provisions - Cash rent tenants who do not provide a significant contribution of active personal labor are required to provide a significant contribution of equipment and management. If the equipment comes from the same or similar source as the labor, then there must be separate contracts that reflect fair market value and the cash-rent tenant must exercise **complete control** over the use of a significant amount of the equipment during the current crop year. Equipment leased with labor for only a portion of the year will not qualify as a contribution of equipment and may result in ineligibility under this provision unless additional equipment is provided.

Custom Farming - The equipment used in the performance of custom farming cannot be considered a significant contribution of equipment toward meeting the “actively engaged in farming” requirements because the individual, joint operation, or entity does not exercise complete control over this equipment. (Custom farming is the performance of any field work, crop production handling, or related activity (such as crop harvesting, land preparation, or chemical application) for a producer on a fee for service basis (such as by the hour or per acre basis).

Borrowed Capital - If capital is borrowed by one farming operation using collateral from other operations, a commensurate amount of the loan proceeds must be subsequently deposited in a commercial bank account for each of the operations in order for the capital to be considered as a contribution to the farming operation. If the funds are distributed through lines of credit or through accounting methods, the farming operations may not be considered separate and distinct or may be ineligible to receive benefits. Also, capital which is obtained from, secured by (including cross-collateralization), or guaranteed by an individual, joint operation, or entity that has an interest in the farming operation will not be considered as a capital contribution for the “actively engaged” determination. Example: Three partnerships obtain a single loan using assets from each partnership. If a commensurate amount of the loan proceeds is not distributed to each partnership’s bank account, then the partnerships will not be considered separate and distinct and may be ineligible to receive benefits.

Adjusted Gross Income Provisions - Starting with the 2003 crop year, individuals and entities whose previous 3-year average adjusted gross income (AGI) exceeds \$2.5 million are ineligible for many program benefits unless they can establish that at least 75 percent of their AGI is derived from agriculture.

FOREIGN LANDOWNER NOTIFICATION

Foreign investors who buy, sell, or hold a direct or indirect interest in U.S. agricultural land must report their holdings and transactions to the Secretary of Agriculture. Failure to timely file an accurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land. For reporting purposes, agricultural land is any tract of more than 10 acres in farming, ranching, forestry or timber production. All foreign persons must report within 90 days after any change in ownership or use.

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual’s income is derived from public assistance programs. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA’s TARGET Center at 202/720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.