

USDA - FARM SERVICE AGENCY – KLAMATH CO

Voice: 541.883-6924 Ext 2 FAX: 541.882-9044

2316 South Sixth Street Suite C Klamath Falls, OR 97603



www.fsa.usda.gov/or

COUNTY COMMITTEE

Les Sturm
Ron Stewart
Garry Freitag
Gerda Hyde, Advisor

OFFICE STAFF

Jennifer Simon, CED X107
Dawn Rose, PT X 102
Dorothy Scull Farm Loan Officer , X104
Farm Loan Manager, Roseburg OR
Mary Hope , PT X105
Rowena Chase PT X 109
Jim Jutson, 541.673.6071 X108

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This month's newsletter covers a few of the changes to Farm Service Agency Programs. This newsletter is designed to provide a brief overview. Please attend one of our producer meetings this spring for the most up to date and current information. Because of the delay in implementing the farm bill we do not have all of the information we would like at this time but will keep you informed as we learn more. Also note that because of the changing economy and in an effort to reduce costs and save your taxpayer dollars we are reducing the number of mailings for newsletters and postcard reminders. We will continue to submit articles to local newspapers and media stations. We will utilize producer meetings more frequently in an effort to keep you informed. We also hope to utilize email to share important deadlines and new information. If you would like to be added to our email list please email Mary at mary.hope@or.usda.gov . Also visit our newsletter updates at www.fsa.usda.gov/or Click on the newsletter link on the left and view the latest newsletter or updates.

New Changes to 2009 Direct and Counter Cyclical Program - The signup for the 2009 Direct and Counter Cyclical program began on December 22, 2008. Some changes that will affect Klamath County producers include:

- **Base acres on land owned by Federal agencies will be terminated for 2009.** Current leases will be evaluated to determine if the base will be terminated effective for 2009 or at the end of the lease. These farms may not be eligible for 2009.
- No late file provisions. Contracts without all required signatures obtained and documentation provided prior to June 1 will not be approved.
- Farms with less than 10 base acres are not eligible for enrollment unless wholly owned by a socially disadvantaged or limited resource producer.
- Producers will have an option enroll farms with base into the DCP program or the new Average Crop Revenue Election Program. (More info about ACRE on page 2)
- Direct payments are 83.3% of the base acres.

There are other changes to the program which may affect your eligibility to earn payments. To enroll contact Dawn Rose at 541-883-6924 x 102.

FOREIGN INVESTORS NOTIFICATION - The Agricultural Foreign Investment Disclosure Act requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. FSA administers this program for USDA.

Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA form could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, Realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

HIGHLIGHTS ON 2008 FARM BILL CHANGES

Payment Limits by Program for 2009:

DCP – Direct Payments	\$40,000	SURE, LIP, LFP, ELAP	\$100,000
DCP - Counter-Cyclical and ACRE	\$65,000	CRP Annual Payments	\$50,000
Non Insured Assistance	\$100,000	LDP and Market Gain	Unlimited

PAYMENT LIMITATION – DIRECT ATTRIBUTION - With the passage of the Farm Bill, new procedure has been implemented for tracking and setting payment limitations for all programs. In the past, the County Committee made “person” determinations for each operation and payment limitations were assessed by “person”. Also, husbands and wives were automatically combined as “persons” unless they requested to be separate. Each spouse then had to be determined to be actively engaged in a farming operation and had to meet the “person” requirements on their own. In addition, a three permitted entity rule applied, which meant producers could potentially receive payments through up to three permitted entities.

Beginning with the 2009 program year, the term “person” is no longer used. Instead, each payment limit will be tracked to the “warm body” through direct attribution. Husband and wives will no longer be combined. The three permitted entity rule has been repealed, meaning there are no restrictions on the number of entities a producer can be involved with. However, if an individual operates as an individual and is a member of an entity, the entity’s payment could be reduced if the individual reached the payment limitation as an individual first.

Following is a basic example of the change between the 2008 year and the rules effective for 2009; it does not apply to any one person or entity in particular.

Example – DCP Direct Payment limit equals \$40,000. Farmer A operates as an individual. Farmer A and Farmer B each have a 50% interest in Corporation A. Assuming both Farmer A and Corporation A meet the \$40,000 payment limit, the following shows the difference between payments received from 2008 and 2009.

2008

- Farmer A receives \$40,000 as an individual
- Corporation A receives \$40,000 as an entity
- Total payment received equals \$80,000

2009

- Farmer A receives \$40,000 as an individual
- Corp A would receive \$20,000 because one of it’s members (Farmer A) has already received \$40,000 and has met the payment limit. Therefore, Farmer A’s 50% share in the entity is not paid.
- Total payments received equals \$60,000

COMMODITY LOANS AVAILABLE - If you still hold beneficial interest in your 2008 Wheat, Barley or Oat crop you may be eligible for a commodity loan. Loans are made for crops stored in an eligible storage structure. The loan expires 9 months from the dispersal dates. The current loan rates per bushel for Klamath County are:

Barley \$2.21 Oats \$1.31 Wheat HRS \$3.23 SWW \$2.69

Discounts will be applied for low bushel weight or other grading factors.

The interest rate for January is 1.625%

ADJUSTED GROSS INCOME (AGI) CHANGES - For 2009 and future years the AGI rules have changed as follows:

We will be looking at the average adjusted gross income of the three previous years preceding the most recent tax year; for 2009, the years reviewed are 2005, 2006, 2007. There are three qualifying levels for AGI provisions:

\$500,000 Nonfarm Income – if a person or legal entity has average AGI nonfarm income that exceeds \$500,000, the person or entity is ineligible for all commodity program payments and benefits;

\$750,000 Farm Income – if a person or legal entity has average AGI farm income that exceeds \$750,000, the person or entity is ineligible for DCP direct payments only;

\$1,000,000 Nonfarm Income – if a person or legal entity has average AGI nonfarm income that exceeds \$1M the person or entity is ineligible for all conservation program benefits unless at least 66.66% of total AGI is average adjusted gross farm income.

AVERAGE CROP REVENUE ELECTION PROGRAM (ACRE) - ACRE is a component of the Farm Bill safety net that protects against crop revenue shortfall resulting from price and/or production declines at the state and farm level. A farm must have base acres on it to be eligible. All producers (operator and owners) on a farm must agree to participate in ACRE and file an election form. The decision to participate can be made by June 1st of any year 2009-12, once the decision has been made to participate in ACRE, it is irrevocable. By enrolling a farm in ACRE that farm is no longer eligible for counter-cyclical payments, a 20% reduction in direct payments will apply and a 30% reduction in marketing assistance loan rates will apply. Payments are based on crops planted on the farm, not base acres, but the planted acres in which payment is calculated cannot exceed the total base acres on the farm. If enrolled in ACRE, five years of production data must be provided to establish a crop history and annual submission of production records are required.

Farms enrolled in ACRE may receive two types of payments: direct payments and ACRE payments. For an ACRE payment to be made, two triggers must be met. 1. The State Acre Guarantee must exceed the Actual State Revenue, 2. The Farm Acre Benchmark Revenue must exceed Actual Farm Revenue. If these two triggers are met, the ACRE payment is calculated using the following calculation:

83.3% of the farm’s planted/considered planted acres for 2009-11; 85% in 2012 times (farm’s expected yield divided by State benchmark yield) times lesser of (State ACRE Guarantee minus Actual State Revenue) or (State ACRE Guarantee times 25%) More details on this program at a later date.

FARM LOANS AVAILABLE - The Farm Service Agency continues to offer farm loans. An operating loan may help you cover a majority of farm expenses. We also have farm ownership loans, guaranteed loans and youth loans available. Some funds are targeted specifically for socially disadvantaged or limited resource producers. Funding is limited so it is best to apply early. If you have any questions contact Dorothy at extension 104.

SUPPLEMENTAL REVENUE ASSISTANCE PAYMENTS (SURE) - The SURE program is a new disaster program which will provide assistance for crop production and/or quality losses due to natural disasters. It will replace ad-hoc disaster programs and allow for a permanent program to deal with crop losses. This is a revenue based program that looks at an entire farming operation to determine payment amounts. SURE will be available in Secretarial declared disaster counties and those contiguous, and/or to individual producers who suffer at least a 50% production loss.

To be eligible for SURE you must have obtained Federal Crop Insurance and/or NAP on all of your crops. Most of these deadlines have already passed for 2009 crops. There is now an exception for crops that are not economically significant (less than 10% of the farm's income), these do not have to be insured or covered by NAP. However if they are not covered, the crop is not included in either end of the equation when calculating losses. Also, NAP coverage is not required on crops and rangeland intended for grazing. NAP is required on grazed crops to qualify for the Livestock Forage Program (LFP).

The SURE program will not offer any immediate payments. Payments will be based on average market prices after harvest and final computations will not happen until the following year. The program compares actual total revenue to the expected revenue for a producer's farming operation; this equals the sum of all crop acreage in all counties that is planted or intended to be planted for harvest, including haying. The SURE program will pay 60% of the difference between expected revenue and actual revenue to eligible producers.

ELECTION RESULTS - Congratulations to Ron Stewart who was re-elected to the county committee. Ty Kliewer was elected as the alternate. The committee held their organization meeting. Les Sturm will continue as the chairperson. Ron Stewart will serve as the vice chair and Garry Freitag will serve as a member. Gerda Hyde will continue to be the advisor.

FSA SIGNATURE REQUIREMENTS - Proper signatures on FSA contracts, applications and forms must be submitted before the document will be considered as filed. All entities, including trusts, corporations, partnership, estates, etc. must provide evidence of signature authority stipulating those individuals who are authorized to represent the entity.

Examples of acceptable evidence include trust agreements, corporate charters or resolutions, partnership agreements and court order of appointment. Spouses can sign for one another on most program documents unless written notification denying a spouse this authority has been provided to the county office. An FSA-211, Power of Attorney, or other non-FSA documentation may be filed to delegate signature authority for FSA program purposes to another individual.

When signing for an entity, the person with signing authority should always sign "by" or "for" indicating their authority to sign.

Such as: ABC Farm Inc, by John Doe, Secretary // Jim Smith, partner for XYZ Ptn // Jane Doe, by John Doe, Spouse

MILK INCOME LOSS CONTRACT (MILC) PROGRAM - The MILC Program was reauthorized by the 2008 farm bill. Program benefits are earned by milk producers if the Boston Class 1 price for milk falls below the target price of \$16.94 per cwt in any month from October 2007 through September 2012. From January 2008 through August 2012, the target price is increased if the national base feed cost is greater than \$7.35 per cwt. There are two signup periods:

Initial signup began Dec 22, 2008 and ends January 21, 2009. During this signup Producers that submit enrollment form CCC-580 can make the following MILC production start month selections for FY 2009: the month CCC-580 is submitted and any month that precedes the month CCC-580 is submitted or any month remaining in FY 2009. For FY 2010 through 2012, any month for each FY may also be selected during the initial signup phase.

Extended Signup Phase begins on January 22, 2009. The signup will continue throughout the duration of the MILC program ending on September 30, 2012. Producers that submit CCC-580 can select as the MILC production start month either: the month CCC-580 is submitted, or from the remaining months in FY in which CCC-580 is submitted for which the payment rate is not known.

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CHANGES TO LEASED ACREAGE - Be sure to notify FSA if your operation has changed and you are farming any new land. In order to be added to a farm as an operator you must provide FSA a copy of the lease.

SPECIAL ACCOMMODATIONS - Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact the county FSA office staff directly or by phone.

NONINSURED DISASTER ASSISTANCE PROGRAM - A reminder that FSA offers insurance for crops that are not otherwise insurable. This includes any spring planted crops such as grain hays. Contact FSA for more information.

LDP DEADLINE: FILE FOR WOOL & PELTS - January 31, 2009 is the deadline to request loans or Loan Deficiency Payments (LDP) on 2008-crop shorn wool, unshorn pelts, and mohair.

Crop year is based on the calendar year in which the wool/mohair is shorn. For unshorn pelts it is the calendar year in which the unshorn lamb is slaughtered.

FSA PAYMENT PROCESS - Local FSA offices will no longer issue checks or direct deposits to producer accounts. This process that originates in local offices will now be completed by the national processing site in St Louis MO. Your payment statements and checks will come from that site. Those who still receive payment by paper check will find an additional 5-7 day delay.

Please remember to keep us informed as to account and banking institution routing number changes. This will keep your payments flowing in a timely manner.

Sign up for eGov, to conduct business with FSA. Go to <http://www.sc.egov.usda.gov> and use your home computer to file forms, apply for programs, check contracts and view your Customer Statement or payment history. All you need is Level 2 eAuthorization, a valid email account and your home computer. Contact us for more details.

Important Dates	
January 19, 2009	Office Closed-Martin Luther King Jr. Holiday
January 31, 2009	Last day to apply for Wool and Mohair LDP for 2008
February 16, 2009	Office Closed- George Washington Birthday
March 15, 2009	NAP closing date for spring planted crops
March 31, 2009	Last day to apply for LDP's and commodity Loans
June 1, 2009	DCP Deadline, no late filing provisions
August 15, 2009	Acreage Reporting Deadline for Klamath County

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