



JULY 2008

FARM FOCUS

Stillwater Farm Service Agency

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Stillwater County Committee

Susan Arnold – Member
Robert Yates – Member
Lance Eisenman – Member

Stillwater County Personnel & Ext.

Dane Schneidt, CED -104
Michelle Eder, PT -100
Susan Pederson, PT -105

Sweet Grass Farm Service Agency

US HWY 10 East
P.O. Box 610
Big Timber, MT 59011
Phone: (406) 932-5159
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Sweet Grass County Committee

Donald Kinsey – Member
Kevin Halverson – Member
Kate Binckley – Member

Sweet Grass County Personnel & Ext.

Dane Schneidt, CED – 2
Marla Moen, PT – 2

Susan Pederson has accepted the permanent full-time position with FSA in Stillwater County. She has been in our office for many years as a temporary, doing field and office work. Sue is here to assist you in your certification process and mapping needs...just to name a few programs! Congratulations Sue!

Direct and Counter-cyclical Payment Program signup Begins

Signup for the DCP program began June 25th and will end September 30, 2008.

Commodities covered by DCP include wheat, corn, grain sorghum, including dual purpose varieties that can be harvested as grain; barley, oats, soybeans, canola, flaxseed, mustard, safflower, crambe, sesame seed, rapeseed and sunflowers including oil and non-oil varieties. Beginning with the 2009 crop year, pulse crops, including chickpeas (both Kabuli (large) and Desi (small) Garbanzo beans), dry peas, and lentils will be added as covered commodities. Chickpeas, both Kabuli and Desi Garbanzo beans are not considered a vegetable beginning with 2008.

Annually, producers must sign a CCC-509, DCP contract, designating shares. The CCC-502 (Farm Operating Plan for Payment Eligibility Review for an Individual) and an AD-1026 (Highly Erodible Land Conservation and Wetland Conservation Certification) need to be on file to be eligible for payments.

DCP base acres in effect on September 30, 2007 will be in effect for 2008. Producers on a farm with a total of 10 base acres or less are not eligible to receive payments on that farm unless the farm is wholly owned by a minority or limited resource farmer or rancher.

The 2008 Farm Bill also provides for restoring base acreages when a Conservation Reserve Program (CRP) contract expires or is voluntarily terminated provided there is enough effective DCP cropland acreage on the farm to support the base.

Payment rates for eligible crops were fixed in the 2008 Farm Bill. Direct payment rates are:

Crop	2008 Payment Rate
Barley	\$0.24/bu
Corn	\$0.28/bu
Grain Sorghum	\$0.35/bu
Oats	\$0.024/bu
Other Oilseeds	\$0.80/cwt
Soybeans	\$0.44/bu
Wheat	\$0.52/bu

Payment acreage for the 2008 DCP is equal to 85 percent of the eligible base acreage.

WE WILL BE MAILING OUT THE DCP CONTRACTS IN THE NEXT FEW WEEKS. PLEASE REVIEW, SIGN, DATE AND RETURN TO OUR OFFICE!

EACH FARM MUST BE CERTIFIED, WITH A SIGNED 578, IN ORDER TO RECEIVE PAYMENTS. AUGUST 15TH IS THE NATIONAL DEADLINE TO SIGN YOUR 578. MAPS WERE TO HAVE BEEN RETURNED BY MAY 15... HAVE YOU RETURNED YOUR MAPS AND 578?

Changes to Revocable Trusts, Estates, and Limited Liability Companies (LLCs)

The 2008 Farm Bill implemented new changes to the way FSA deals with revocable trusts, estates, and LLCs. The major changes are:

- Estates can no longer use the Social Security Number (SSN) of the deceased individual. The estate must obtain an IRS Employer Identification Number (EIN) for the estate. Once a producer is deceased, payments must be made to the EIN.
- Revocable trusts must now obtain an EIN if a third party is serving as trustee or successor trustee. Revocable trusts with a single person serving as grantor, beneficiary, and trustee, who does not hold another interest in an entity earning payment or as an individual may continue to use their SSNs as an identifying number.
- Beginning in FY 2009, beginning October 1, 2008, LLC's with one member must use a tax ID number.

These changes are effective immediately. Revocable Trusts with a third party serving as trustee that are currently operating under a SSN will be required to provide a tax ID number prior to any future program sign ups. LLCs using a SSN will be required to obtain an EIN prior to FY2009 program signups.

Web addresses for the IRS policies requiring estates and LLCs to have a Tax ID number are available at <http://www.irs.gov/pub/irs-pdf/p1635.pdf> page 16, section H, LLC.

2008 Reconstitutions

The 2008 Farm Bill states a producer of a farm with base acres of 10.0 acres or less may not receive direct payments, counter-cyclical payments or average crop revenue election payments except if the farm is owned by a minority or a limited resource farmer or rancher. Producers may no longer request that these farms be combined with another farm except in limited circumstances.

A farm having base acres of 10.0 acres or less may be combined with another farm if one of the farms undergoes a change in land ownership and the new owners of each of the farms participating in the combination are identical and have identical shares in each property involved.

Producers must request reconstitutions by August 1, 2008.

Adjusted Gross Income Provisions

The 2008 Farm Bill continues the administration of the \$2.5 million adjusted gross income (AGI) limitation for all 2008 crop, program, or fiscal year commodity and conservation programs.

2008 program participants may need to file new CCC-526 (2008 Payment Eligibility Average Adjusted Gross Income Certification) forms.

According to the 2008 Farm Bill, new AGI limitations for 2009 will require new forms to be completed by all producers for the 2009 crop year programs.

2008 Farm Bill Provides Changes to Farm Loans

Some of the changes relating to the Farm Bill effective May 22, 2008:

- The maximum loan amount authorized for Direct Farm Ownership or Farm Operating loans has increased from \$200,000.00 to \$300,000.00 per program.
- Down Payment Loan Program has been modified by several changes in the Farm Bill. The program is expanded to include Socially Disadvantaged farmers in addition to beginning farmers and ranchers. The interest rate is specified as the greater of the direct FO regular rate less 4% or the floor of 1.5%. The maximum loan amount is an amount not to exceed 45 % of the purchase price, appraised value of \$225,000.00. The loan term is extended from 15 to 20 years and the down payment has been reduced from 10% to 5%.
- Direct loan assistance for farm ownership loans has been modified on the amount of farming experience one needs to be eligible for the loan program. Farm experience will be considered without regard to time elapsing between when the experience occurred. No longer requires three consecutive years of experience prior to making application.

COC Nominations Open

Nominations for positions on the FSA County Committees are now open. Anyone interested in either nominating themselves or their neighbors are encouraged to submit a nomination form to the office by August 1.

A county or area served by the county committee is divided into local administrative areas (LAA). Each LAA is represented by one member on the county committee. Only one LAA holds an election each year. You must reside within the LAA that is open for election to be eligible to run for a position on the county committee.

Stillwater LAA #1 -- South County -- is open for election this year.

Sweet Grass LAA # 1-- The area up for election is north of the Yellowstone, West of Highway 191 including 3 miles east of Highway 191 and south of Melville.

All eligible voters will receive a ballot in the mail no later than November 2. At that time, all eligible voters will vote for their favorite candidate, sign the ballot and return the completed ballot to the county office by December 3.

Nomination forms are available at the office or by logging on to the Montana FSA website at: <http://www.fsa.usda.gov/mt>.

FSA Announces Critical Feed Program

FSA has announced the authorization of certain acreage enrolled under the Conservation Reserve Program (CRP) to be available for haying and grazing after the **primary nesting season ends which is August 1st in Montana**. No rental payment reduction will be assessed on contracts being utilized for the critical feed use. However, a \$75 fee will be charged per contract to process the contract modification. The fee must be paid prior to the local FSA county committee approving the contract modification. The fee is not refundable.

Beginning June 2, 2008, eligible CRP participants may sign up for the critical feed use practice at their local FSA office. Participants must submit a modification to their conservation plan. This modification for critical feed use is only for 2008. All haying and grazing must be completed no later than November 10, 2008. The critical feed use practice may be used on CRP acreage that was hayed or grazed in 2007 either under the Managed Haying and Grazing provisions or the Emergency Haying or Grazing provisions.

CRP participants may use their CRP acreage for haying or grazing or may lease the privilege to any other individual. CRP participants may not hay and graze the same acreage. CRP participants must leave at least 50 percent of each field unhayed. Only one cutting of hay is permitted. CRP participants wishing to graze their CRP acreage must leave at least 25 percent of each field ungrazed for wildlife or graze all of the CRP acreage at no more than 75 percent of the stocking rate as determined by the Natural Resources Conservation Service (NRCS) or a Technical Service Provider (TSP).

Eligible acreage includes acreage devoted to: 1) CP1, Establishment of Permanent Introduced Grasses and Legumes; 2) CP2, Establishment of Permanent Native Grasses; 3) CP4B, Permanent Wildlife Habitat – Corridors; 4) CP4D, Permanent Wildlife Habitat; 5) CP10, Vegetative Cover – Grass – Already Established; 6) CP18B, Establishment of Permanent Vegetation to Reduce Salinity; 7) CP18C, Establishment of Permanent Salt Tolerant Vegetative Cover. Acreage is eligible 12 months after the cover is fully established.

Signup for Crop Disaster Program Quality Losses Begins

Eligible producers who suffered quality losses to their crops during 2005-2007 can begin signing up for benefits in the Crop Disaster Program (CDP).

The program is open to anyone who suffered losses to their 2005-2007 crops from natural disasters and related conditions. Producers who incurred qualifying quality losses in 2005, 2006, or 2007 may receive benefits for only one of these years. However, producers may apply for benefits for losses to multiple crops as long as the losses occurred in the same crop year.

To receive benefits from CDP for quality losses, producers must have had crop insurance or been covered under the Noninsured Crop Disaster Assistance Program (NAP) for the disaster year that the quality loss occurred. Producers must have suffered quality losses of at least 25 percent and also suffered an economic loss of 25 percent compared to the crop value if the crop had not suffered a quality loss to be eligible for CDP quality loss benefits.

In determining affected production, participants in CDP must supply verifiable production records to the FSA county committee to substantiate the level of quality loss. Verifiable production records must include the quantity of production, indicate the level of quality loss and the price.

Verifiable production records include, but are not limited to: commercial receipts, settlement sheets, warehouse ledger sheets, load summaries or acceptable forage test.

Production of a commodity sold under a marketing contract is eligible for CDP quality loss. Producers have the option to submit marketing contracts. If the marketing contract is determined to be a valid contract then the contract price will be used to calculate the loss levels for quality and the quality payment.

Signup for the program began June 23rd. Currently no ending date has been set.

Filing a Non-insured Crop Disaster Assistance Program (NAP) Notice-of-Loss

To qualify for assistance under NAP, production losses or prevented planting must have occurred as a result of an eligible cause of loss. An eligible cause of loss is any of the following: damaging weather, such as drought, freeze, hail, excessive moisture, or excessive wind; or adverse natural occurrences, such as earthquake or flood; or a condition related to damaging weather or an adverse natural occurrence, such as excessive heat, disease or insect infestation.

Wildlife damage and weeds are **not** considered eligible causes of loss under NAP.

A notice of loss must be provided within 15 calendar days after the: disaster occurrence or date damage to the specific crop acreage is apparent to the producer for yield losses; final planting date for prevented planting.

If a Notice-of-Loss is filed prior to the final planting date established for the specific crop, the producer is expected to replant the crop. If the Notice-of-Loss is filed after the established final planting date and the intent is to reseed to another crop intended for harvest, such as barley for grain, which is covered under crop insurance, a NAP payment cannot be received on the original failed crop.

Montana is not a double cropping state. If the intent is to destroy the crop, summer fallow it, or reseed to another crop **not** intended for harvest, representative strips must be left in the field so that a loss adjuster can be sent out closer to normal harvest time to appraise the original seeded crop. In this situation, the original seeded crop would still be eligible for a payment.

Stillwater County FSA Office

334 North 9th Street
Columbus, MT 59019

DATES TO REMEMBER

- **May 15-August 1** – Primary Nesting Season for CRP contracts affected by the National Wildlife Federations settlement agreement with FSA
- **June 2** – Critical feed program signup began
- **June 15** – COC Nominations Open
- **June 23** – CDP Quality Signup Began
- **June 25** – DCP Signup Began
- **Notice of Loss** – filed within 15 calendar days of the natural disaster occurrence or the date the damage to the crop or loss of production was apparent
- **July 15** – Acreage report deadline
- **July 15** – deadline to provide 2007 production for NAP APH
- **July 15** – 2007 NAP Application for Payment Deadline
- **July 18** – LIP/LCP Signup Deadline
- **August 1** – Deadline for reconstitutions
- **August 1** – COC nominations close
- **September 30 – October 1** – Women Stepping Forward for Agriculture Symposium, Billings

Women Stepping Forward for Agriculture Symposium

The symposium will be held September 30 and October 1 in Billings at the Depot and Clock Tower Inn. Registration is \$60.00 and is due September 15th. A detailed agenda and registration information is available on the Montana FSA website at <http://www.fsa.usda.gov/mt>.

**THE COUNTY OFFICE NEWSLETTER IS AN OFFICIAL
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LEGAL NOTICE OF PROGRAM REQUIREMENTS.**

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