

Texas FSA Today

AN ONLINE MONTHLY NEWSLETTER COVERING THE HOTTEST TOPICS IN FEDERAL FARM PROGRAMS

September 2007

DISASTER PROGRAM SIGN-UP

Sign-up dates for the new Livestock Compensation Program, Livestock Indemnity Program and Crop Disaster Program have been announced. Eligible ranchers and other livestock producers can apply to receive benefits under the **Livestock Compensation Program (LCP) and Livestock Indemnity Program (LIP) starting September 10, 2007. Eligible farmers can sign-up for the Crop Disaster Program (CDP) beginning October 15, 2007**, if they suffered quantity losses to their crops. USDA will announce and conduct CDP sign-up for quality losses as soon as possible.

LCP compensates livestock producers for feed losses and LIP for livestock losses occurring between Jan. 1, 2005, and Feb. 28, 2007, due to a natural disaster. Producers in primary counties declared secretarial disaster areas or certain counties declared Presidential disaster areas between Jan. 1, 2005, and Feb. 28, 2007, are eligible as are producers located in counties contiguous to those counties. Producers in a primary (or contiguous) county that received an Administrator's Physical Loss Notice directly associated with a disaster declaration will also be eligible.

CDP provides benefits to farmers who suffered quantity and quality losses to 2005, 2006, or 2007 crops from natural disasters if the crop was planted before Feb. 28, 2007, or, in the case of prevented plantings, for crops that would have been planted before

Feb. 28, 2007. Producers who incurred qualifying losses in 2005, 2006 or 2007 may only receive benefits in one of the three years. Only producers who obtained crop insurance coverage or coverage under the Noninsured Crop Disaster Assistance Program (NAP) for the year of loss will be eligible for CDP benefits. Producers must have suffered quantity losses in excess of 35 percent to be eligible for CDP. Contact the FSA county office for more details.

COTTON REFERENDUM SIGN-UP

Cotton producer and importers who want USDA's Agriculture Marketing Service (AMS) to conduct a referendum regarding the Cotton Research and Promotion Program can sign-up at their local Farm Service Agency (FSA) office September 4, through November 30, 2007. Producers who do not want a referendum do not need to sign-up.

This sign-up period allows eligible cotton producers and importers to request a referendum of the continuation of the 1990 amendments to the Cotton Research and Promotion Act.

In March 2007, following a comprehensive mandatory five-year review, USDA endorsed continuation of the 1991 Order amendments without a continuance referendum. This sign-up period is significant because if results of the sign-up period show that at least 10 percent (4,622) of the voting program participants request the conduct of a continuance referendum, then a

referendum will be held within 12 months of the sign-up period end date.

Changes to the Cotton Research and Promotion Program were approved in a July 1991 referendum, by a 60 percent majority of cotton producers and importers who voted. These changes included: (1) importer representation on the Cotton Board, the organization that assists the Department in administering the Cotton Research and Promotion Program; (2) assessments levied on imported cotton and cotton products; (3) increasing the amount the Department can be reimbursed to conduct a referendum from \$200,000 to \$300,000; (4) reimbursing government agencies that assist in administering the collection of assessments on imported cotton and cotton products; and (5) terminating the right of cotton producers to demand a refund of assessments.

Eligible producers are individuals over age 18 engaged in the production of upland cotton during calendar year 2006. Eligible importers are those who imported upland cotton in excess of the value of \$2.00 per line item entry during calendar year 2006. **Note: Other eligibility requirements might apply and eligibility will be determined by FSA.**

Readers are advised that dates for FSA programs in Texas are often county-specific so please contact your local FSA County Office for detailed information pertaining to your operation.

SELECTING A NEW ADMINISTRATIVE OFFICE

With today's farming operations covering more than one county, the Farm Service Agency (FSA) wants to inform producers they have the option to combine their farm records in the FSA office of their choice for convenience purposes. Selecting a new administrative FSA office is an option available to producers for the ease of servicing FSA program participation on farms in multiple counties.

Ordinarily Farm Service Agency procedure dictated that farm units were administered in the county office where the land was physically located. That restriction created the following problems:

- Producers had to visit two or more FSA offices for each task they wished to complete.
- Duplication of some tasks by the affected FSA offices and delayed payments as paperwork was transmitted between counties.

Changing to a new administrative county allows a producer to transfer farm records to a neighboring county office if they can document to FSA that the change would be "significantly" more convenient. Examples of significantly more convenient would be working in the town, or doing most other farming business in the town. Other reasons may exist.

Transferring farm records to a new administrative county office for convenience is a one time selection for the current operator and land owner. The operator and land owner must agree to do business in the new administrative county once the

records are transferred. However, a new operator would have the option of transferring the land to another county in the future.

Additional information on transferring farm records is available at any FSA office. **Please note that special provisions might apply to the administration of farm loans.**

FINAL DCP PAYMENTS FOR 2007

Enrolled producers can expect their final direct payment to be directly deposited into personal bank accounts sometime during the first few weeks of October.

Producers who did not elect to receive an advance direct payment will receive their entire direct payment for the year in one lump sum after the end of the fiscal year (September 30).

The direct payment for a crop equals 85 percent of the farm's base acreage *times* (x) the farm's direct payment yield *times* (x) the direct payment rate.

If there are any unearned advance counter-cyclical payments, Commodity Credit Corporation will automatically subtract those amounts from the final Direct and Counter-cyclical Program payments issued in the fall.

COUNTY COMMITTEE ELECTIONS

Nominations for the county committee election were due in the county office by August 1, 2007. The next step in the election process is the mailing out of the ballots, which will begin on November 2, 2007. Voters have until December 3, 2007, to return their properly completed ballots to the county office. Elected committee members and alternates take office on Jan. 1, 2008.

Prospective Voter Requirements -

The voter must be eligible to participate in any FSA program provided by law, regardless of the status of funding and must meet one of the following requirements:

1. Voter is of legal voting age and participates or cooperates in any FSA program, or
2. The voter is not of legal voting age, but supervises and conducts the farming operations on an entire farm.

Discrimination Prohibited - No person shall be denied the right to vote because of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status.

If you have any questions about your eligibility to vote, please contact your county office staff.

LOAN AND LDP INFORMATION

Loans or LDPs are available for producers who share in the risk of producing crops. To be eligible, you must maintain beneficial interest (maintain title, risk of loss and control of the crop) in the crop through the time of application.

Producers who have contracted the commodity, sold directly off the field, or immediately fed the commodity must have filed a CCC-633EZ page 1 prior to harvest to maintain eligibility for an LDP.

Producers who deliver grain under a delayed pricing contract lose beneficial interest upon delivery in most cases.

Electronic Loan Deficiency Payments (eLDP) are available to producers who have an active USDA eAuthentication Level 2 account. The eLDP is an internet based service allowing

producers to request certified LDPs online and, in most cases receive approval and payment by direct deposit within 48 hours.

ELDP services provide greater flexibility to producers allowing them to minimize travel to and from county FSA offices. ELDPs are available 24 hours a day, seven days week, except during routine backup and maintenance periods.

Commodities harvested for other than grain (such as hay or silage) are also eligible for LDPs. Applications should be made prior to feeding or selling. The maximum eligible quantity is based on actual production of grain for the farm. You can ensure the use of your own yield by requesting measurement service for farm stored commodities prior to feeding. If actual production is not available, the county committee will assign a yield based on three similar farms in your area. Yields for weather-damaged crops will be based on the insurance appraisal.

Interest rates vary monthly and are based on the month of approval. Rates are subject to change January 1.

Loan repayment options, include:

- repay the loan, principal plus interest
- repay the loan at the market repayment rate
- deliver the outstanding quantity to a designated warehouse

Commodities pledged as for a loan may not be moved without prior written consent from the county office.

PAYMENT LIMITATIONS

USDA benefits are subject to producer payment eligibility and limitation provisions as defined by law. Documents and forms to determine eligibility and limitation once completed

USDA is an equal opportunity employer and provider.

are reviewed on an annual basis.

It is your responsibility to report changes in your farming operation that may affect payment eligibility and payment limitation. Be sure to report any changes you make including creating revocable trusts and family limited partnerships for estate planning purposes. Restructuring your business as a corporation or limited liability company can also affect your eligibility for payment.

The following limitations apply to Direct and Counter-cyclical Program payments for each contract year. For all covered commodities (except peanuts): \$40,000 for direct payments and \$65,000 for counter-cyclical payments. For peanuts: \$40,000 for direct payments and \$65,000 for counter-cyclical payments.

The Environmental Quality Incentive Program has a \$450,000 payment limitation.

The Conservation Reserve Program annual limit is \$50,000 per person.

Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members.

Adjusted Gross Income -

Effective through 2007, an individual or entity shall NOT be eligible for certain program benefits during a crop, program or fiscal year if both of the following apply.

- The three-year average of the adjusted gross income for the individual or entity exceeds \$2.5 million; and
- Less than 75 percent of the average AGI is derived from farming, ranching or forestry operations.

FARM STORAGE FACILITY LOANS

Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn.

The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

All farm storage facility loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower.

A minimum down payment is also required. For details, contact the county office staff.

SUCCESSION IN INTEREST

If you have made any changes that affect your interest in base acres since you signed your last Direct and Counter-cyclical Program contract, **you must report these successions-in-interest to the county committee by Sept. 30**, so that a final determination can be made on who is program eligible on the property.

Changes that qualify as a succession-in-interest include:

- A sale of land
- A change of operator or producer, including a an increase or decrease in the number of partners
- A foreclosure, bankruptcy or involuntary loss of the farm.

- A change in producer shares to reflect changes in the producer's share of the crop(s) that were originally approved on the contract.

If a succession-in-interest has taken place, you, as the "predecessor," are required to refund any advance DCP payments you received for the affected base acres before a payment can be made to the "successor."

Not reporting a succession-in-interest can result in contract termination and a loss of program benefits for all producers involved.

A revised CCC-509, Direct and Counter-cyclical Program Contract, with all changes must be complete with all signatures by Sept. 28 for payments to be distributed.

Note: Changes that require a reconstitution must be reported to the county committee by Aug. 1 of the fiscal year in which the change occurred.

REPORTING CROP LOSSES

If you had any failed crop acres, give serious thought to report them before destroying crop evidence. If Congress authorizes a crop disaster program in the future, proof of failed acreage may be required for your participation.

It's important to report failed acreage not brought to harvest to the county office staff prior to destruction. Ensuring that failed acres are documented could be the determining factor in whether you are eligible for future crop disaster program payments.

If you are experiencing low crop yields, you should keep good production records, but you don't need to report this loss right now.

The CCC-576, Notice of Loss, is used

to report failed acreage and may be completed by any producer with an interest in the crop. For losses on crops covered by the Non-insured Crop Disaster Assistance Program (NAP), you must contact the FSA county office staff within 15 days of the occurrence of the disaster or when losses become apparent. Producers with crop insurance should contact their local insurance agent and the FSA office when losses occur and before destroying the crop.

NAP DEADLINE APPROACHING

The Non-Insured Crop Disaster Assistance Program (NAP) deadline for perennial crops is approaching. NAP is designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production for an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance.

December 1, 2007 is the final date for producers to apply for NAP coverage in Texas. Contact the County Office for applicable crops.

Producers who had NAP coverage may choose to continue coverage on the same crops for next year, if the applicable service fee is submitted by the application closing date.

Producers who choose to add or delete a crop from the previous year's coverage or changing crop shares must file a new CCC-471, with signatures, and pay the applicable service fee.

Producers with NAP coverage are required to **1)** file a Notice of Loss within 15 days of when a loss is apparent; **2)** timely file acreage reports; and **3)** keep track of harvested production using acceptable methods.

YOUTH LOANS AVAILABLE

The school year has started and many students are planning their 4-H, FFA or other organized youth group projects... Consider FSA youth loans for financing these endeavors.

Why...because there is no better time than the present to teach financial responsibility and establish a good credit history.

Eligibility for a rural youth loan requires that the applicant be between the ages of 10 and 20 and a US citizen. Applicants must live in a town of less than 10,000 people and prove they are unable to secure a loan elsewhere to conduct a modest income-producing project.

An advisor must be identified who will provide technical supervision and assistance, typically a High School Ag Science teacher or 4-H leader. The advisor and parent or legal guardian must provide a recommendation and acknowledgement of the project on the application.

FSA loans cannot exceed \$5000 and are available to sponsor different types of projects in livestock and crop production. **Important note: Should the borrower default on the loan, advisors are in no way financially responsible for the obligation.**

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