

# Texas FSA Today

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

November 2007

## ***DISASTER PROGRAM SIGN-UP CONTINUES***

The Crop Disaster Program (CDP) sign-up for quantity loss began October 15, 2007.

Losses from natural disasters may qualify for financial assistance 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 must choose only one year to apply for benefits. Participants may apply for loss benefits on multiple commodities as long as the losses occurred in the same crop year.

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.

Ranchers and other livestock producers can also apply to receive benefits under the Livestock Compensation Program (LCP) and Livestock Indemnity Program (LIP). LCP compensates livestock producers for feed losses occurring between Jan. 1, 2005, and Feb. 28, 2007, due to a natural disaster. LIP compensates livestock producers for livestock losses during that same time period. For more information on these and other programs simply contact the nearest USDA Farm Service Agency office.

## ***VOTING FOR COUNTY COMMITTEE BEGINS***

Ballots for this year's county committee election were mailed to eligible voters on November 2, 2007. Voters must complete their ballots and return them to the Farm Service Agency county office by the close of business on December 3, 2007. If mailed, ballots must be postmarked by midnight December 3rd.

Check with your local FSA office for a list of eligible candidates for this year's election...

Eligible Voter Requirements::

1. Be of legal voting age and have an interest in a farm or ranch as either of the following:

- an owner, operator, tenant or sharecropper, or
- a partner in a general partnership or member of a joint venture that has an interest in a farm as an owner, operator, tenant or sharecropper, or

2. Not of legal voting age, but supervises and conducts the farming operations on an entire farm; and

3. Eligible to participate in any FSA program that is provided by law, regardless of the status of funding.

## ***FARM LOAN YEAR-END REVIEWS***

Producers that have a farm loan with FSA are reminded they must provide data for their Year-End Analysis (YEA) to their loan officer each year.

Borrowers are urged to provide this information timely so that their files can be maintained. The office will contact you for the data you will need to provide us.

## ***APPLICATIONS FOR FSA FARM LOAN ASSISTANCE***

Farmers and ranchers who intend to apply to Farm Service Agency for loan assistance for the upcoming crop year are encouraged to file an application as early as possible. Filing early helps ensure your loan is processed and approved as early as possible so that planting decisions can be made. Failure to apply early can result in a delay in processing loans due to the volume of applications that must be processed in date order. Contact your local FSA Farm Loan Manager or Officer for more details and assistance in applying.

## ***OPERATING LOAN APPLICATIONS NEEDED NOW***

Producers who plan to apply to the Farm Service Agency for annual operating loan assistance this year are encouraged to apply as soon as possible. The earlier an application for loan assistance is filed, the quicker FSA can process request. In addition, due to budget constraints, producers who wait until later in the year often run the risk of finding out that funding allocations have been depleted. Interested individuals should contact FSA to find out what is required in order to have a complete loan application on file as decisions on loans can not be made until a

complete application is received.

### ***E-FORMS AVAILABLE***

If you have Internet access, you can fill out and print a variety of FSA forms at home. Participants are also encouraged to register for secure electronic access that will allow you to e-file (electronically sign and transmit) some forms directly to the county office.

To be able to save forms online and submit them to the appropriate USDA Service Center Office, you will need a USDA eAuthentication Account with Level 2 Access (User ID and password). If you do not have a current USDA eAuthentication Level 2 Access Account, you can register for one by visiting the USDA eAuthentication Web site at [www.eauth.egov.usda.gov/eauthCreateAccount.html](http://www.eauth.egov.usda.gov/eauthCreateAccount.html).

Submitting an e-Form is convenient. You can access information anytime day or night seven days a week. It's also faster. Forms and applications can be submitted and received in the county office in a matter of minutes, not days or weeks. To learn more about eForms, go to [www.fsa.usda.gov](http://www.fsa.usda.gov), click on the "Online Services" tab and then "eForms" web link.

### ***CHANGING BANKS***

Almost all Farm Service Agency payments are made electronically using Direct Deposit. This process has cut down on the number of missing and late payments and reduced the time required to move funds. It has been calculated that having a problem with a payment is 20 times greater with checks than with Direct Deposit. Another benefit is that Direct Deposit to your account can be made within 48 hours.

To keep the system running smoothly,

it's important to keep the county office up-to-date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can update our files to insure uninterrupted service.

### ***CONTINUOUS CRP***

The Continuous Conservation Reserve Program is a private lands environmental improvement program that allows participants the opportunity to enroll acreages in conservation practices that will reduce soil erosion, improve water and soil quality and provide wildlife habitat and food sources.

The Continuous CRP program is a voluntary enrollment program. Eligible landowners enter into contracts that range from 10 to 15 years in length. Participants receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment.

To be eligible for enrollment in the Continuous CRP, participants and acreage must meet certain requirements. Provided the eligibility requirements are met, FSA will automatically accept enrollments of acreage into Continuous CRP. Landowners may enroll in the program at any time during the year.

For more information on Continuous CRP enrollments or local Conservation Reserve Enhancement Program (CREP) availability, please contact your local FSA office.

### ***SELLING LAND***

If you're planning to sell farmland, be aware of how it will affect your

eligibility for farm programs. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you might have to refund all of the payments you've received to date.

Reviewing program implications with your local Farm Service Agency staff before completing a sale of farmland is always a prudent precaution.

### ***FARM RECONSTITUTIONS***

In program terminology, farms are constituted to group all tracts having the same owner and the same operator under one farm serial number. When changes in ownership or operation take place, a farm reconstitution may be necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. The Farm Security and Rural Investment Act of 2002 established DCP bases; after September 30, 2007, there is no authority for DCP bases. County Offices are continuing to accept and process reconstitutions for 2008, however, producers are cautioned that even though DCP bases are recalculated after a reconstitution is completed; a new farm bill might alter, recalculate, or delete the DCP bases.

Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or

more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

**DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

**Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

All reconstitutions done now are effective for 2008.

### ***UNAUTHORIZED DISPOSITION OF GRAIN USED AS COLLATERAL***

If grain pledged as collateral for a CCC loan is fed, sold or disposed of in any other way without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call the office before any grain under loan is fed or sold.

### ***NEW! MARKET GAINS REPORTED ON IRS 1099-G***

Historically, commodity certificate redemptions were not reported to the IRS by FSA. The difference between the loan amount and repayment amount were not classified as a market gain. However, Beginning with the 2007 calendar year, FSA/CCC will report

producer market gains associated with the repayment of a CCC loan, whether the producer repays the loan with cash or uses commodity certificates in exchange for the outstanding loan collateral. The market gain will be reported on IRS Form 1099-G. IRS Bulletin 2007-33, Notice 2007-63, dated August 13, 2007, provides answers to frequently asked questions about the tax treatment of market gain associated with the repayment of CCC loans under the nonrecourse marketing assistance loan (MAL) program.

Please note that commodity certificate redemptions are not subject to payment limitation policies.

**COTTON PRODUCERS NOTE:** For cotton MAL repaid on or after January 1, 2008, any storage credit applied to the repayment will be reported on IRS form 1099-G.

### ***REASONABLE ACCOMMODATIONS***

Reasonable accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment to attend or participate in meetings or events sponsored by the Farm Service Agency. If you require special accommodations to attend or participate in one of our events, please call the FSA county office and we will be happy to make any needed arrangements.

### ***NAP COVERAGE***

December 1 is the application closing for perennial forage crops intended for grazing and/or hay production in 2008. In addition to perennial grasses, a variety of crops are also eligible for NAP coverage – please check with your local FSA office for a list of these crops.

NAP provides a risk management tool to producers in counties where crop insurance is not available for the specific crop.

The service fee of \$100 will apply to each crop not to exceed \$300 per county or \$900 for a multi-county operation. There are no late filing provisions for NAP.

Acreage that will be grazed on or after 1/01/2008 must be reported to the county office by 12/15/2007.

### ***2007 PRODUCTION REPORTS – NAP***

Producers should provide 2007 production on NAP crops as soon as harvest is complete. These records are used to calculate APHs for future years as well as to determine eligibility for 2007 NAP indemnities.

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**Readers are advised that dates for FSA programs in Texas are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.**

