

August 2013



NEWSLETTER



Union County FSA Updates

Union County FSA Office

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La Grande, OR 97850

Phone: 541-963-4178
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County Committee:

Terry Puckett
Guy Weishaar
Lisa Eisiminger

Committee Meeting

September 17th, 9 a.m.

County Executive Director:

Jennifer Isley

Program Technicians:

Tim Hines
Tara Hett

Farm Loan Manager:

Kevin Jordan
Phone: 541-278-8049

DCP Deadline

The sign-up period for DCP has been extended and is still open. Producers are encouraged to sign before the extended Sept. 16, 2013, deadline.

For an appointment or more information, call Tim at 541-963-4178 ext. 104.

Adjusted Gross Income

USDA and the Internal Revenue Service have established an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent is required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to FSA.

This ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs. Starting with 2012, a combined overall income exceeding \$1 million excludes participation in DCP or ACRE.

Participants in CCC programs subject to average AGI rules must submit form CCC-933 to their local FSA County Office to avoid interruption of program benefits. This form may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainervlet>.

Compliance Spot Checks

Compliance spot checks will be conducted on 2013 crops. Instead of locally selecting farms, contracts, and deficiency loans, for review, a nationwide selection of producers is employed. Spot check selections are to be conducted based on a producer's participation in the Conservation Reserve Program, Direct and Counter-Cyclical Program, Loan Deficiency Program or other relevant program.

For more information about the spot check selection procedure, contact a local Farm Service Agency office.

Successor-In-Interest

Many FSA programs will allow payments to be made to heirs or successors when a program participant passes away. Additionally, contracts in programs such as CRP must be revised to reflect the successor(s) to a deceased participant's interest.

In the event of an FSA program participant's death, it is important that FSA be notified. Entities and joint operations that participate in FSA programs also need to notify FSA if a shareholder or member passes away. FSA benefits are reported to IRS and maintaining current, accurate records about participants is vital to ensuring that those payments are reported correctly.

Foreign Landowner Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA.

Foreign individuals who have purchased or sold agricultural land in the county are required to report the transaction to FSA with 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, real estate agents, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements

Land Contract (LC) Guarantees

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- **Prompt Payment Guarantee** - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- **Standard Guarantee** - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property.

For additional information you can read the [Land Contract Guarantee Program Fact Sheet](#).

Youth Loans

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H Clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

For more information you can stop by your FSA county office. Our staff can help with preparing and processing the application forms.

Actively Engaged

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management;
 - The total direct payments received by the legal entity and each of the members can't exceed \$40,000.
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Dates to Remember

August 2nd: Acreage reporting deadline for 2013 crops

September 2nd: Office closed, Labor Day

September 16th: DCP Sign up Deadline (extended)

November 4th: COC ballots mailed to eligible voters

November 11th: Office closed, Veterans Day

November 28th: Office closed, Thanksgiving Day

December 2nd: Last day to return ballots

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).