

For: FSA Offices, CMA's, LSA's, and Peanut Designated Marketing Associations (DMA's)

Verifying Adjusted Gross Income for Market Gain and LDP Eligibility

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides that an individual or entity shall **not** be eligible to receive certain payments and benefits as specified in the Act if the average Adjusted Gross Income (AGI) of the individual or entity exceeds \$2.5 million.

To be eligible to receive a market gain (benefit) or an LDP (payment), producers cannot exceed the 2.5 million AGI requirement, according to 1-PL.

Currently, the Automated Price Support System (APSS) does not read the AGI eligibility flag to verify whether a producer is compliant with the AGI requirements.

B Purpose

This notice provides information and instructions to State Offices, County Offices, CMA's, DMA's, and LSA's about verification of AGI compliance for producers who are subject to receive market gains and LDP's.

<p>Disposal Date</p> <p>December 1, 2004</p>	<p>Distribution</p> <p>All FSA Offices; State Offices relay to County Offices, CMA's, LSA's, and DMA's</p>
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Notice LP-1945

2 AGI Limitation for County Office Producers

A County Office Action for Producers

Each entity or individual that is requesting a benefit or payment is subject to the AGI provision and is required to provide certification, according to 1-PL. Members of entities or individual producers that do **not** comply with AGI are considered ineligible for market gain and LDP's.

County Offices shall according to 2-PL, subparagraph 58 F:

- print the Ineligible AGI Producer/Member Report applicable to 2003 crop year
- for producers appearing on the report deny the market gain or LDP for:
 - the producer
 - a member of an entity according to the member's share.

Producers who are denied LDP because of AGI, must be afforded the opportunity to request a nonrecourse loan by the final loan availability date.

B Future Software Enhancement

Enhancements to APSS to read the AGI eligibility flag in the market loan repayment and LDP-making process and to deny market gain or LDP will be in a future county software release.

3 AGI Limitation for CMA Members and DMA and LSA Producers

A County Office Action for CMA Members and DMA and LSA Producers

Notice CMA-79 directed CMA's and LSA's to:

- monitor field [54] of the CMA Eligibility Process output file
- deny a market gain or LDP to producers when the AGI flag is set to "Y".

For members of entities to which AGI is applicable, who are **not** in compliance with AGI, the CMA eligibility process is not providing a:

- flag indicating the member is ineligible
- factor so a commensurate reduction can be computed.

Notice LP-1945

3 AGI Limitation for CMA Members and DMA and LSA Producers

A County Office Action for CMA Members and DMA and LSA Producers (Continued)

Until the CMA eligibility process can be enhanced, County Offices shall:

- according to 2-PL, subparagraph 58 F, print the Ineligible AGI Producer/Member Report applicable to the 2003 crop year
- send the report by mail or FAX to any CMA's or LSA's that producers in the county may conduct business with
- upon request from a CMA, DMA, or LSA, compute the AGI payment share for an applicable entity member, according to 2-PL, paragraph 59.

Note: Current CMA and LSA address and FAX data is in 1-CMA, Exhibit 4. E-mail chris.kyer@wdc.usda.gov for DMA address and FAX data.

B CMA, DMA, LSA Action

CMA's, DMA's, and LSA's shall:

- continue to monitor field [54] of the CMA eligibility process output file for individual producers
- deny a market gain or LDP to producers when the AGI flag is set to "Y"
- for members of entities, monitor printed reports received from FSA County Offices
- when applicable, request AGI payment shares for applicable entity members from the FSA County Office to compute the amount of market gain or LDP's that can be paid to an otherwise eligible entity.