Farm Service Agency

Texas FSA Today

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

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REQUEST FOR PORK CHECKOFF REFERENDUM

The Request for Referendum on the Pork Checkoff Program will be held Dec. 8, 2008 through Jan. 2, 2009. Producers and importers who were engaged in pork production or in the importation of hogs, pigs, pork, or pork products between Jan. 1, 2007, and Dec. 31, 2007, and were at least 18 years of age on or before Dec. 31, 2007, are eligible to participate.

For producers, the Request for Referendum will be conducted at the USDA Farm Service Agency (FSA) offices where their administrative farm records are maintained. For producers not participating in FSA programs, the opportunity to participate will be provided at the County FSA office where the person owns or rents land. Eligible producers may obtain form LS-54-1: Pork Promotion, Research, and Consumer Information Request for Referendum from those offices either in person, by mail or by facsimile. Forms may also be obtained at: http://www.ams.usda.gov/LSMarketingPrograms.

COTTON LOAN FORFEITURES

Producers who forfeit cotton (pledged as loan collateral) to the Commodity Credit Corporation (CCC) are responsible for unpaid compression charges, any additional warehouse charges, and for paying the difference between the warehouse tariff storage rate and the CCC storage credit rate while the cotton was pledged as collateral for a CCC loan. **Tariff Storage Rates Defined:**

Warehouse Tariff Storage Rate - the rate charged by the warehouse for storing the cotton.

Storage Credit Rate - a credit given to a producer for storage of cotton for the period the cotton is pledged for loan and applies when the loan repayment rate falls below the loan rate + accrued storage charges. Note: Storage credits are not guaranteed and are capped by the CCC.

The storage credit that is computed at the time of forfeiture is the lower of:

- the 2006 storage tariff rate for a warehouse or,

- $2.39/bale/month or $.0797/bale/day

If the cotton loan is redeemed before maturity, any excess warehouse storage charges are the buyer's responsibility. If a producer forfeits cotton to CCC, then the producer is responsible for any excess warehouse storage charges.

EMERGENCY CONSERVATION PROGRAM FUNDS AVAILABLE

Farmers and ranchers will receive $77 million in Emergency Conservation Program funds to repair farmland damaged by natural disasters in 2008 including Hurricanes Ike and Gustav as well as the 2008 Midwest floods. USDA's Farm Service Agency (FSA) county committees determine land eligibility based on on-site inspections of damage, taking into account the type and extent of damage.

Producers will be able to use the money to remove farmland debris, restore fences and repair conservation structures which were damaged by floods, tornadoes, hurricanes, storms, wildfires, and to carry out emergency water conservation measures after severe drought.

Conservation problems that existed before the disaster are not eligible for cost-share assistance.

RISK MANAGEMENT PURCHASE REQUIREMENT (RMPR) WAIVER FOR 2009 CROP YEAR

Supplemental Agricultural Disaster Assistance Eligibility Subject to the Waiver

In order to be eligible for certain 2009 disaster programs under the 2008 Farm Bill, producers must pay a "buy-in" fee for those crops that currently do not have a crop insurance policy and the sales closing date was prior to August 14, 2008. The deadline to pay the "buy-in" fee at your local FSA office is January 12, 2009. For Texas, this provision and related deadline apply only to producers of nursery crops, early, midseason and late oranges as well as grapefruit and cabbage.

The "buy-in" option in the Farm Bill accomplishes the Risk Management Purchase Requirement (RMPR) for SURE Program eligibility as well as Tree Assistance Program (TAP) eligibility for these crops. Note that disaster program eligibility obtained via the RMPR "buy-in" option does not confer any additional crop insurance coverage benefit.

To be considered to have obtained at least the minimum level of insurance under the SURE Program, a producer must obtain a plan of insurance with not less than 50 percent yield coverage at 55 percent of the insurable price for each crop planted, or intended to be planted for harvest on a whole farm.

To be considered to have met RMPR, producers must pay a buy-in fee in an amount equal to the applicable CAT fee for those crops that currently do not have a crop insurance policy on or before January 12, 2009.

The buy-in fee for CAT is $100 per crop, but not more than either of the following:

• $300 per producer per administrative county

• $900 total per producer for all counties.

IRS FORM 1099-G

Producers who have repaid a market gain on a Commodity Credit Corporation (CCC) loan with cash or commodity certificates in exchange for outstanding loan collateral will have their market gains reported to the IRS on Form 1099-G.

FSA is required to report to the IRS all market gains associated with the repayment of a CCC loan.

Producers who have questions about how reporting market gains will affect their taxes should contact a tax advisor or visit the IRS website on Repayment of Commodity Credit Corporation Loans at http://www.irs.gov/irb/2007-33_IRB/ar07.html.

COMMODITY LOANS

Producers considering a loan on their stored grain before the end of the year need to allow enough time before December 31st, to get the loan processed. Last second transactions that run into delays can be problematic.

Commodity loans, also referred to as Marketing Assistance Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

Producers do not have to participate in the Direct and Counter-Cyclical Program to be eligible for commodity loans.

MAINTAINING THE QUALITY OF LOANED GRAIN

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

Although some producers may be hard pressed to find adequate storage for every bushel of grain harvested, overfilled grain storage bins can lead to grain quality problems.

Bins are ideally designed to hold a certain volume of grain. When bins are overfilled and grain is heaped, airflow is hindered and the chance of spoilage increases.

LDP DEADLINE ON UNSHORN LAMB PELTS

Eligible producers have until Jan. 30, 2009, to apply for LDPs for unshorn pelts produced during the 2008 crop year.

Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

SPOUSAL SIGNATURES

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

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.

Continuous CRP program participation is voluntary. Eligible landowners enter into contracts that range from 10 to 15 years in length. In return, the landowners will receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment.

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.