

February 2017



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North Dakota FSA eNews

North Dakota Farm Service Agency

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Farewell to former State Executive Director- Aaron Krauter

Aaron Krauter a native of Regent, ND was selected nearly eight years ago by the Obama Administration to serve as the Farm Service Agency's State Executive Director for North Dakota.

During Mr. Krauter's FSA career, he was instrumental in the implementation of both the 2008 and 2014 Farm

Acting State Executive Director:
Brian Haugen

Bills while making sure all FSA operations and program deliveries ran smoothly.

State Committee (STC):
Marcy Svenningsen, Chairperson
Todd Hall, Member
Lynn Jacobson, Member
Marie Marshall, Member
Lucy Matejcek, Member

North Dakota FSA was very grateful for Mr. Krauter's leadership, passion for agriculture, and commitment to North Dakota farmers and ranchers.

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State Office Staff:
Administrative Officer
Russell Bubach
Compliance/Payment Limitations
Wanda Braton
Conservation/Livestock
Brad Olson
ARC/PLC/NAP/Disaster
Laura Heinrich
Farm Loan Programs
Ryan Lindbom
Price Support
Brian Haugen

Brian Haugen named Acting State Executive Director

Brian Haugen has been named Acting State Executive Director of the North Dakota USDA-Farm Service Agency until the permanent appointment is made to that position.

Brian Haugen, a Hawley, MN native and a 1986 Animal Science graduate of North Dakota State University began his career with the Farm Service Agency in 1987 where he entered in the County Operations Trainee Program. Later that year he became a County Executive Director in Lakota, ND for the Nelson County FSA Office.

In 1993 he took a position with the North Dakota State FSA Office in Fargo working as a Program Specialist in the Price Support Division and in 2009 he was selected as the Program Director in the Price Support Division and continues serving in that role.

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Find Your Local Office:
<http://offices.sc.egov.usda.gov/locator/app>

IRS Reporting for Tax Year 2016

IRS-1099-G detailing payments you received from the Commodity Credit Corporation have been distributed. This annual report of program payments is a service intended to help report taxable income and not intended to replace a producer's responsibilities to report income to IRS.

CCC will not issue form IRS 1099-G when CCC program payments total less than \$600 for the calendar year. In addition, producers which receive program payments from multiple counties will receive only one IRS Form 1099-G showing all payments from all counties.

FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, county office staff can review [payments for accuracy](#).

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FSAfarm+, FSA's Customer Self-Service Portal

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) has launched a new tool to provide farmers and ranchers with remote access to their personal farm information using their home computers. Farmers and ranchers can now view, print or export their personal farm data all without visiting an FSA county office.

The program, known as FSAfarm+, provides you with secure access to view your personal FSA data, such as base and yields, Conservation Reserve Program data, other conservation program acreage, Highly Erodible Land Conservation and Wetland Conservation status information, field boundaries, farm imagery, name and address details, contact information and membership interest and shares in the operation. This data will be available in real time, at no cost to the producer and allow operators and owners to export and print farm records, including maps. Producers also can electronically share their data with a crop insurance agent from their own personal computer.

Farm operators and owners first will need "Level 2 eAuthentication" to access the webportal. This level of security ensures that personal information is protected for each user. Level 2 access can be obtained by going to www.eauth.usda.gov, completing the required information and then visiting your local FSA office to finalize access.

For more information on FSAfarm+, the customer self-service portal, contact your local FSA office. To find your local FSA county office, click <http://offices.usda.gov>.

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Farm Storage Facility Loan Program

The Farm Storage Facility Loan Program (FSFL) allows producers of eligible commodities to obtain low-interest financing to build or upgrade on-farm storage and handling facilities. The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the eligible net cost of the storage facility and permanent drying and handling equipment. FSA requires additional security for all loans exceeding \$100,000 or when the aggregate amount of FSFL loans exceeds \$100,000. Loan terms of 7, 10 or 12 years are available depending on the amount of the loan.

Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department. Sign-up for the FSFL program is continuous throughout the year. All requests for FSFL prior to loan approval require a site inspection for an environmental assessment in accordance to National Environmental Protection Agency (NEPA) requirements showing no adverse impacts.

FSFL policy requires the following actions cannot occur at the proposed FSFL location prior to the environmental assessment being completed:

- accepting delivery of equipment and/or materials in previously undisturbed areas
- site preparation or foundation construction in previously undisturbed areas
- no alteration to any structures that are 50 years old or older or within a historic district

If any of the above are completed prior to FSA completing the on-site assessment may impede the completion of the environmental assessment and eligibility for the FSFL.

A new financing option under the Farm Storage Facility Loan Program to help farmers purchase portable storage and handling equipment. The program also offers a new "microloan" option, which

allows applicants seeking less than \$50,000 to qualify for a reduced down payment of five percent and no requirement to provide three years of production history.

Farms and ranches of all sizes are eligible. The microloan option is expected to be of particular benefit to smaller farms and ranches, and specialty crop producers who may not have access to commercial storage or on-farm storage after harvest. These producers can invest in equipment like conveyers, scales, grain carts, grain baggers or handling trucks that can move or store commodities before delivering them to markets. Producers do not need to demonstrate the lack of commercial credit availability to apply.

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

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Annual Review of Payment Eligibility for New Crop Year

All participants of FSA programs who request program benefits are required to submit a completed CCC-902 (Farming Operation Plan) and CCC-941 Average Gross Income (AGI) Certification and Consent to Disclosure of Tax Information to be considered for payment eligibility and payment limitation applicable for the program benefits.

Participants are not required to annually submit new CCC-902s for payment eligibility and payment limitation purposes unless a change in the farming operation occurs that may affect the determination of record. A valid CCC-902 filed by the participant is considered to be a continuous certification used for all payment eligibility and payment limitation determinations applicable for the program benefits requested.

Participants are responsible for ensuring that all CCC-902 and CCC-941 and related forms on file in the county Office are correct at all times. Participants are required to timely notify the county office of any changes in the farming operation that may affect the determination of record by filing a new or updated CCC-902 as applicable.

Changes that may require a NEW determination include, but are not limited to, a change of:

Shares of a contract, which may reflect:

- A land lease from cash rent to share rent
- A land lease from share rent to cash rent (subject to the cash rent tenant rule)
- A modification of a variable/fixed bushel-rent arrangement
- The size of the producer's farming operation by the addition or reduction of cropland that may affect the application of a cropland factor
- The structure of the farming operation, including any change to a member's share
- The contribution of farm inputs of capital, land, equipment, active personal labor, and/or active personal management
- Farming interests not previously disclosed on CCC-902 including the farming interests of a spouse or minor child
- Financial status that may affect the 3-year average for the determination of average AGI or other changes that affects eligibility under the average adjusted gross income limitations.

Participants are encouraged to file or review these forms within the deadlines established for each applicable program for which program benefits are being requested.

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Payment Limitation

Program payments are limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the individual, both directly and indirectly. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

Payments and benefits under certain FSA programs are subject to some or all of the following:

- payment limitation by direct attribution
- payment limitation amounts for the applicable programs
- actively engaged in farming requirements
- cash-rent tenant rule
- foreign person rule
- average AGI limitations
- programs subject to AGI limitation
- effective date of implementation of AGI limitation

No program benefits subject to payment eligibility and limitation will be provided until all required forms for the specific situation are provided and necessary payment eligibility and payment limitation determinations are made.

Payment eligibility and payment limitation determinations may be initiated by the County Committee or requested by the producer.

There are statutory provisions that require entities, earning program benefits that are subject to limitation, to provide the names, addresses, and TINs of the entities' members to the County Committee.

All applicable payment eligibility and payment limitation forms submitted by producers are subject to spot check through the end-of-year review process.

Producers selected for end-of-year review must provide the County Committee with operating loan documents, income and expense ledgers, canceled checks for all expenditures, lease and purchase agreements, sales contracts, property tax statements, equipment listings, lease agreements, purchase contracts, documentation of who provided actual labor and management, employee time sheets or books, crop sales documents, warehouse ledgers, gin ledgers, corporate or entity papers, etc.

A determination of not actively engaged in farming results in the producer being ineligible for any payment or benefit requiring a determination of actively engaged in farming. Noncompliance with AGI provisions, either by exceeding the applicable limitation or failure to submit a certification and consent for disclosure statement, will result in the determination of ineligibility for all program benefits subject to AGI provisions. Program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible person or legal entity in any legal entity, general partnership, or joint operation that receives benefits subject to the average AGI limitations.

If any changes occur that could affect an actively engaged in farming, cash-rent tenant, foreign person, or average Adjusted Gross Income (AGI) determination, producers must timely notify the

county Office by filing revised farm operating plans and/or supporting documentation, as applicable. Failure to timely notify the County Office may adversely affect payment eligibility.

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USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines

The Farm Service Agency encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline. The NAP deadline for spring planted crops is March 15, 2017.

Producers are reminded that crops not covered by insurance may be eligible for the Noninsured Crop Disaster Assistance Program (NAP). The 2014 Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection."

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

USDA has partnered with Michigan State University and the University of Illinois to create an online tool at www.fsa.usda.gov/nap that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

Deadlines for coverage vary by state and crop. To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to <http://offices.usda.gov>.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: <http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

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USDA Announces Enrollment Period for Safety Net Coverage in 2017

Producers on farms with base acres under the safety net programs established by the 2014 Farm Bill, known as the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs, can begin visiting FSA county offices starting Nov. 1, 2016, to sign contracts and enroll for the 2017 crop

year. The enrollment period will continue until Aug. 1, 2017.

Since shares and ownership of a farm can change year-to-year, producers on the farm must enroll by signing a contract each program year.

If a farm is not enrolled during the 2017 enrollment period, the producers on that farm will not be eligible for financial assistance from the ARC or PLC programs for the 2017 crop should crop prices or farm revenues fall below the historical price or revenue benchmarks established by the program. Producers who made their elections in 2015 must still enroll during the 2017 enrollment period.

The ARC and PLC programs were authorized by the 2014 Farm Bill and offer a safety net to agricultural producers when there is a substantial drop in prices or revenues for covered commodities. Covered commodities include barley, canola, large and small chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium grain rice (which includes short grain and sweet rice), safflower seed, sesame, soybeans, sunflower seed and wheat. Upland cotton is no longer a covered commodity. For more details regarding these programs, go to www.fsa.usda.gov/arc-plc.

For more information, producers are encouraged to visit their local FSA office. To find a local FSA office, visit <http://offices.usda.gov>.

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Non-Irrigated Corn for Grain Coverage Available Under NAP Program

NAP coverage for non-irrigated corn for grain is available in the 2017 crop year in seven western North Dakota counties. Counties where coverage is available are: Billings, Bowman, Burke, Divide, McKenzie, Slope and Williams. The application deadline for the 2017 NAP coverage for all non-insurable spring planted crops is **March 15, 2017**.

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Farm Reconstitutions

When changes in farm ownership or operation take place, a farm reconstitution is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program.

A reconstitution is considered to be requested when all:

- of the required signatures are on FSA-155
- other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time. **The following are the different methods used when doing a farm recon:**

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.

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2016 Livestock Indemnity Program

Producers who suffered livestock deaths due to eligible adverse weather events from January 1, 2016 through December 31, 2016 may submit an application for payment with their local FSA County Office by the **March 31, 2017 deadline**.

Eligible livestock producers **MUST** have filed a notice of loss within 30 calendar days from when the loss was apparent. After the notice of loss has been filed, the producer must also submit an application for payment. This can be done any time prior to the March 31, 2017 deadline. In addition to the application for payment, producers must submit inventory records, such as calving/lambing books, sales records, purchase records, veterinary records, etc, to document the number of eligible livestock. In addition to the inventory records, livestock producers must compile records to document livestock deaths due to eligible weather events.

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2017 Livestock Indemnity Program

Producers who suffer livestock deaths due to eligible adverse weather events from January 1, 2017 through December 31, 2017, are encouraged to submit a notice of loss with their local FSA County Office. The notice of loss must be submitted within 30 calendar days from when the loss became apparent.

Producers need to maintain inventory records, such as calving/lambing books, record sales and purchases of livestock, veterinary records, etc. to document the number of livestock. In addition to the inventory records, producers also need to compile records documenting livestock losses due to eligible adverse weather events.

Eligible adverse weather events include, but are not limited to; earthquakes; hail; lightning; tornado; winter storm if the winter storm lasts for 3 consecutive days and is accompanied by high winds, freezing rain or sleet, heavy snowfall and extremely cold weather; floods; blizzards; wild fires; extreme heat; extreme cold; anthrax; straight-line winds; and disease if exacerbated by another

adverse weather event. Livestock losses due to pneumonia/scours are NOT an eligible adverse cause of loss.

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Emergency Livestock Disaster Programs

Livestock producers, including Honeybee and Farm-raised Fish producers, are reminded that the 2017 Emergency Livestock Disaster Program (ELAP) program year began October 1, 2016 and continues through September 30, 2017.

Producers who suffer livestock losses not covered under LIP, or losses of eligible stored feed stocks, colony-collapse disorder, etc, are reminded to report these losses within 30 calendar days of when the loss is apparent. In addition to filing a notice of loss, a timely filed acreage report for the 2017 program year must also be submitted with the administrative FSA county office. For Honeybee producers who have become aware of colony collapse while in another state, the notice of loss can be filed with the local FSA office in that state.

After producers have timely filed their notice of loss and acreage report, the next step is to make the application for payment. This step must be completed no later than November 1, 2017. Since ELAP funds are limited to \$20 million per fiscal year, the national office must determine if the requested ELAP payments exceed the \$20 million allocation. If the requested 2017 ELAP benefits exceed \$20 million, all payments will be factored.

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Disaster Set-Aside (DSA) Program

FSA borrowers with farms located in designated primary or contiguous disaster areas who are unable to make their scheduled FSA loan payments should consider the Disaster Set-Aside (DSA) program.

DSA is available to producers who suffered losses as a result of a natural disaster and is intended to relieve immediate and temporary financial stress. FSA is authorized to consider setting aside the portion of a payment/s needed for the operation to continue on a viable scale.

Borrowers must have at least two years left on the term of their loan in order to qualify. Borrowers have eight months from the date of the disaster designation to submit a complete application. The application must include a written request for DSA signed by all parties liable for the debt along with production records and financial history for the operating year in which the disaster occurred. FSA may request additional information from the borrower in order to determine eligibility.

All farm loans must be current or less than 90 days past due at the time the DSA application is complete. Borrowers may not set aside more than one installment on each loan.

The amount set-aside, including interest accrued on the principal portion of the set-aside, is due on or before the final due date of the loan.

For more information, contact your local FSA farm loan office.

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Conservation Reserve Program

FSA is conducting a continuous enrollment period for the Conservation Reserve Program (CRP) whereby landowners can submit offers through their local FSA Office. Under the 2014 Farm Bill, a nation-wide acreage limit of 24 million acres was established for program years 2017 and 2018. Due to the increased interest in CRP, the total enrolled acres in CRP is very near the 24 million acre limit.

Therefore, to ensure FSA does not enroll more than 24 million acres, landowners have two options when submitting offers:

- 1). to have the effective start date of the CRP contract start on October 1, 2017
or
- 2). if an earlier start date is desired, wait for the National FSA Office to conduct a batching period to determine when a contract could begin

CRP is a federally funded program that assists agricultural producers with the cost of restoring, enhancing and protecting certain grasses, shrubs and trees to improve water quality, prevent soil erosion and reduce loss of wildlife habitat.

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February 2017 Loan and Interest Rates

Commodity Loans – **1.875%**
Operating Loans – **2.875%**
Farm Ownership and Conservation Loans – **4.000%**
Farm Ownership-Joint Financing – **2.500%**
Emergency - Amount of Actual Loss - **3.875%**
Farm Ownership-Down Payment Loans – **1.500%**
Farm Storage Facility Loan, 3-Year – **1.500%**
Farm Storage Facility Loan, 5-Year – **2.000%**
Farm Storage Facility Loan, 7-Year – **2.250%**
Farm Storage Facility Loan, 10-Year – **2.375%**
Farm Storage Facility Loan, 12-Year – **2.500%**

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Calendar Deadlines

Important Upcoming Dates and Deadlines

March 15 - 2017 NAP Deadline - Spring Planted Crops

March 31 - Deadline to file an application for 2016 Livestock deaths that occurred from 1/1/2016-12/31/2016 due to eligible adverse weather events

August 1 - 2017 ARCPLC Sign up deadline

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