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SORGHUM E-Notes

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NATIONAL SORGHUM PRODUCERS:
the voice of the sorghum industry

USDA and Treasury Cooperate to Combat Payment Fraud

In response to the discovery of nearly \$50 million in payments to ineligible farmers, Agriculture Secretary Tom Vilsack yesterday announced that the U.S. Department of Agriculture (USDA) and Internal Revenue Service (IRS) have begun efforts to ensure that high-income individuals and entities who request USDA payments meet income limits set forth in the 2008 Farm Bill.

Said Vilsack: "One of the goals of this Administration is to make certain that USDA payments are not issued to individuals and entities that exceed income eligibility limits established by law. Once this verification system is fully operational, high-income individuals and entities will be identified by USDA before farm program payments are actually disbursed to them."

Said Treasury Secretary Tim Geithner: "This cooperation between the Treasury Department and USDA will implement reforms from the 2008 Farm Bill to ensure payments go only to those who need them and are supposed to receive them. The goal is to limit excessive payments while providing for fairness to family farmers."

Beginning with the 2009 crop year and for successive years, in order to be eligible for USDA payments all recipients will be required to sign a separate form which grants IRS the authority to provide income information to USDA for verification purposes.

Before IRS will provide the information for a particular producer, IRS form 8821, or a similar form, must be obtained from each producer authorizing the release of information. Failure to obtain such form will make the producer ineligible for program benefits.

A written release from each producer or payment recipient will be required for this process. The Farm Service Agency will not receive actual tax data for the producers. All disclosure and Privacy Act provisions will be adhered to by the Farm Service Agency.

In October 2008, the U.S. Government Accountability Office (GAO) released a report stating that because the USDA does not have the management controls - such as reviewing tax returns - it could not ensure that payments are made only to qualified individuals. The GAO report also found that of the 1.8 million individuals receiving farm payments over a three year period (2003 through 2006), more than 2,500 had an average adjusted gross income (AGI) that made them ineligible for farm payments. Because of the inability of USDA to verify income, more than \$49 million was paid to ineligible individuals.

The 2008 Farm Bill mandates that recipients of many Farm Bill payments, including direct payments, are not eligible for these payments if their gross nonfarm income average for the previous three taxable years is greater than \$500,000. Additionally, direct payments cannot be paid to participants whose average adjusted gross farm income for the three-year period exceeds \$750,000. Participants are ineligible for conservation payments if their nonfarm average gross income for the three-year period exceeds \$1 million, unless at least two-thirds of their total average adjusted gross income is derived from farming. *Source: USDA press release*

USDA Releases New Information on ACRE

USDA this week released new information on the Average Crop Revenue Election Program (ACRE), a new program authorized by the 2008 farm bill that begins in the 2009 crop year. This program is an alternative to Direct and Counter-cyclical payments through a state-level revenue guarantee. The new information includes a backgrounder, fact sheet, PowerPoint and preliminary State ACRE Guarantees. To access USDA's ACRE page, click [here](#).

Sorghum Avoids Mexico Tariff Retaliation

Mexico's Secretary of Economy announced Monday a plan to implement tariffs on 90 U.S. agricultural and industrial products. The announcement is speculated to have been triggered by the cancelation of a 2007 U.S. pilot program that allowed Mexican trucks full access to U.S. highways.

The list of 90 products was released on Wednesday and sorghum and other U.S. grains were not included on the list. Agricultural products on the list include onions, pears, apricots, cherries, strawberries, mixed fruits, potatoes, almonds, peas, fruit juices, soy sauce, and dog and cat food. *Source: U.S. Grains Council*

About Sorghum Notes

SORGHUM Notes is a publication of the National Sorghum Producers. NSP represents U.S. sorghum producers. The organization serves as the voice of the sorghum industry from coast to coast through education and legislative and regulatory representation. To learn more about NSP visit our website at www.sorghumgrowers.com. Write to us at National Sorghum Producers, 4201 N Interstate 27, Lubbock, TX 79403. *To unsubscribe to Sorghum Notes, please reply to hannah@sorghumgrowers.com.* If you have questions about the sorghum industry or the National Sorghum Producers, please do not hesitate to **call NSP at (800) 658-9808**.

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Quote of the Week:

"Well done is better than well said."
- Benjamin Franklin

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