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## Message from Dean Schamore, State Executive Director for FSA in Kentucky



It can't be emphasized enough - farming is an inherently risky and unpredictable business. Throughout 2022 Kentucky farmers and ranchers have experienced a range of disasters - from the catastrophic summer flooding on the eastern side of the state to the severe drought on the western side. And now, the National Weather Service and other local media are forecasting dangerously frigid temperatures and very high winds this weekend. Kentucky FSA will be keeping a close watch on this winter weather event, and we will be prepared to assist Kentucky farmers and livestock producers who suffer any losses or damages. Information on how USDA can help you prepare and recover from winter storms is located on the [farmers.gov winter storms page](#).

These damaging weather events are important reminders that planning in agriculture business operations is crucial. USDA provides a variety of disaster assistance programs to help offset

losses as well as crop insurance and other coverage options to help manage risk and provide a safety net. A few USDA programs have quick [approaching deadlines](#):

- The [Agriculture Risk Coverage and Price Loss Coverage \(ARC/PLC\)](#) provides producers the economic support and security they need to manage market volatility and disasters. The election and enrollment period for the 2023 crop year, which opened Oct. 17, runs through March 15, 2023.
- USDA has [extended the deadline](#) for producers to enroll in [Dairy Margin Coverage \(DMC\)](#) and [Supplemental Dairy Margin Coverage \(SDMC\)](#) for program year 2023 to Jan. 31, 2023.
- Honeybee Producers: FSA administers two programs that have specific safety net benefits for producers of honeybees and honey. The [Noninsured Crop Disaster Assistance Program \(NAP\)](#) and the [Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program \(ELAP\)](#) assist producers when disasters impact honey production or damage or destroy colonies, hives or honeybee feed. Both the NAP and ELAP programs require you to report the number of colonies you have in production to FSA by Jan. 2, 2023.
- The [Food Safety Certification for Specialty Crops Program \(FSCSC\)](#) application period for 2022 ends January 31, 2023

Additionally, we have several secretarial disaster designations open for multiple Kentucky counties. These designations allow FSA to extend much-needed emergency credit to producers recovering from natural disasters through [emergency loans](#). Below is a list of current disaster designations applicable to counties in Kentucky:

- [USDA Designates 14 Kentucky Counties as Primary Natural Disaster Areas](#):  
Primary Kentucky Counties Eligible: **Breathitt, Lee, Martin, Perry, Floyd, Leslie, Morgan, Pike, Johnson, Letcher, Owsley, Wolfe, Knott and Magoffin.**  
Contiguous Kentucky Counties Eligible: **Bell, Estill, Lawrence, Powell, Clay, Harlan, Menifee, Rowan, Elliott and Jackson.**
- [USDA Designates Seven Kentucky Counties as Primary Natural Disaster Areas](#):  
Primary Kentucky Counties Eligible: **Ballard, Carlisle, Fulton, Hickman, Livingston, McCracken and Marshall.**  
Contiguous Kentucky Counties Also Eligible: **Calloway, Crittenden, Graves, Lyon and Trigg.**
- [USDA Designates Two Tennessee Counties as Primary Natural Disaster Areas](#):  
Contiguous Kentucky Counties Eligible: **Fulton and Hickman.**
- [USDA Designates Seven Missouri Counties as Primary Natural Disaster Areas](#):  
Contiguous Kentucky Counties Eligible: **Ballard, Carlisle, Fulton and Hickman.**
- [USDA Designates Six Illinois Counties as Primary Natural Disaster Areas](#):  
Contiguous Kentucky Counties Eligible: **Ballard, Livingston and McCracken.**

Additional information about USDA programs to help you determine program or loan options can be found on [farmers.gov](#), where you can find the [Disaster Assistance Discovery Tool](#), [Disaster Assistance-at-a-Glance fact sheet](#), and [Farm Loan Discovery Tool](#). For questions about available programs, including filing a notice of loss, contact your [local USDA Service Center](#).

USDA programs exist because of the ever-changing nature of farming. Although there are many USDA farm and loan programs available to help mitigate the impact of severe weather

and market disruptions to your farming operation, these events can be extremely stressful. I remind Kentucky farmers and producers that there are resources available to provide emotional support. Please don't hesitate to contact any of the helpful resources listed below:

- The new Suicide and Crisis Lifeline is a national network of local crisis centers that provides free and confidential emotional support to anyone experiencing emotional distress. It is available 24 hours a day, 7 days a week and may be reached by calling or texting 988 or chatting at <https://988lifeline.org/chat/>.
- USDA has a [Farmer and Rancher Stress Assistance Network \(FRSAN\)](#) which has telephone helplines and websites, training, support groups, and outreach for farmers.
- A local source of emotional support is [Raising Hope](#), a local outreach campaign to support healthy lives on Kentucky farms, helping farmers and their families across Kentucky during disaster events.

On behalf of all of us at the Farm Service Agency in Kentucky, we thank our farmers and producers for caring for the land and helping ensure the delivery of safe and affordable food and fiber for all. Please [be safe](#) this Holiday Season. We look forward to assisting you in the new year!

Dean Schamore  
State Executive Direct FSA  
Kentucky State Office

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## Kentucky Selling Farmer Tax Credit Encourages Continued Use of Agricultural Land for Farming

A relatively new tax credit program in Kentucky aims to maintain productive land across the state for agriculture use, while also encouraging the next generation of farmers to get into agribusiness.

The Kentucky Selling Farmer Tax Credit (KSFTC) program, which is administered by the Kentucky Cabinet for Economic Development, provides credits to selling farmers who sell agricultural land and assets to beginning farmers. The program was started in 2020, when it was authorized by the legislature and codified in statute.

Several other states with strong agricultural bases, including Nebraska and Iowa, have similar initiatives.

Kentucky farms are an important economic driver for the state, in addition to being a critical source of food. As the age of the average farmer continues to increase, the KSFTC program can help smooth the process of transferring farmland from farmers transitioning out of the agricultural sector to the next generation wishing to enter it.

Farmers seeking to sell agricultural land and assets may be eligible for a Kentucky income tax credit up to 5% of the purchase price of qualifying agricultural assets, subject to a \$25,000 calendar year cap and a \$100,000 lifetime cap. The credits come from an annual pool of \$3 million, which is shared with the Kentucky Small Business Tax Credit.

### **Program Highlights:**

- A beginning farmer cannot have previously owned any agricultural land for a period exceeding 10 years.
- Selling farmers cannot have more than 50 full-time employees and must be the legal owner of agricultural land and assets sold to a beginning farmer.
- Sales involving immediate family members do not qualify for tax credit consideration.

Prior to completing a sale of agricultural assets, applicants should review the Kentucky Selling Farmer Tax Credit Guidelines for more detailed program information and eligibility requirements.

**Important to keep in mind if you'd like to take advantage of the KSFTC program:**

- Read and understand the KSFTC Guidelines **before a sale of farmland occurs**.
- This tax credit is for the **selling farmer**, but the beginning farmer who is purchasing the land must also meet certain requirements for the selling farmer to be eligible for a tax credit.
- In some cases, beginning farmers may be able to utilize companion programs (such as the Kentucky Agriculture Finance Corporation's Beginning Farmer Loan Program) in the same transaction.

To learn more about the program, to review guidelines and to access the current version of the application, visit <https://ced.ky.gov/Entrepreneurship/KSFTC>, contact the Kentucky Cabinet for Economic Development at 800-626-2930, or email [info@kyinnovation.com](mailto:info@kyinnovation.com).

## 2023 Dairy Margin Coverage Deadline Extended – Jan. 31, 2023, Last Day to Enroll



*Producers Encouraged to Enroll As Soon As Possible*

The U.S. Department of Agriculture (USDA) has extended the deadline for producers to enroll in [Dairy Margin Coverage \(DMC\)](#) and [Supplemental Dairy Margin Coverage \(SDMC\)](#) for program year 2023 to Jan. 31, 2023.

DMC is a voluntary risk management program that offers protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer.

“We recognize this is a busy time of year with many competing priorities, so we’ve extended the DMC enrollment deadline to ensure every producer who wants coverage for 2023 has the opportunity to enroll in the program,” said Farm Service Agency (FSA) Administrator Zach Ducheneaux. “Early projections indicate DMC payments are likely to trigger for the first eight months in 2023. We all know that markets fluctuate, sometimes at a moment’s notice and sometimes with no warning at all, so now’s the time to ensure your operation is covered. Please don’t let this second chance slide.”

Nearly 18,000 operations that enrolled in DMC for 2022 have received margin payments for August and September for a total of \$76.3 million. At \$0.15 per hundredweight for \$9.50 coverage, risk coverage through DMC is a relatively inexpensive investment.

DMC offers different levels of coverage, even an option that is free to producers, aside from a \$100 administrative fee. Limited resource, beginning, socially disadvantaged, and military veteran farmers and ranchers are exempt from paying the administrative fee, if requested. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can use the online [dairy decision tool](#).

### **Supplemental DMC**

Last year, USDA introduced Supplemental DMC, which provided \$42.8 million in payments to better help small- and mid-sized dairy operations that had increased production over the years but were not able to enroll the additional production. Supplemental DMC is also available for 2023. The enrollment period for 2023 Supplemental DMC is also extended to Jan. 31, 2023.

Supplemental DMC coverage is applicable to calendar years 2021, 2022 and 2023. Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds.

For producers who enrolled in Supplemental DMC in 2022, the supplemental coverage will automatically be added to the 2023 DMC contract that previously established a supplemental production history.

Producers who did not enroll in Supplemental DMC in 2022 can do so now. Producers should complete their Supplemental DMC enrollment before enrolling in 2023 DMC. To enroll, producers will need to provide their 2019 actual milk marketings, which FSA uses to determine established production history.

### **DMC Payments**

FSA will continue to calculate DMC payments using updated feed and premium hay costs, making the program more reflective of actual dairy producer expenses. These updated feed calculations use 100% premium alfalfa hay rather than 50%.

For more information on DMC, visit the [DMC webpage](#) or contact your local [USDA Service Center](#).

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## **USDA Announces Assistance for On-Farm Food Safety Expenses for Specialty Crop Growers**

Agriculture Secretary Tom Vilsack announced that the U.S. Department of Agriculture (USDA) plans to provide up to \$200 million in assistance for specialty crop producers who incur eligible on-farm food safety program expenses to obtain or renew a food safety certification in calendar years 2022 or 2023. USDA's new [Food Safety Certification for Specialty Crops](#) (FSCSC) program will help to offset costs for specialty crop producers to comply with regulatory requirements and market-driven food safety certification requirements, which is part of USDA's broader effort to transform the food system to create a more level playing field for small and medium producers and a more balanced, equitable economy for everyone working in food and agriculture.

Specialty crop operations can apply for assistance for eligible expenses related to a 2022 food safety certificate issued on or after June 21, 2022, beginning June 27, 2022. USDA is delivering FSCSC to provide critical assistance for specialty crop operations, with an emphasis on equity in program delivery while building on lessons learned from the COVID-19 pandemic and supply chain disruptions. Vilsack made the announcement from Hollis, N.H.,

where he toured a local, family-owned farm and highlighted USDA's efforts to help reduce costs for farmers and support local economies by providing significant funding to cut regulatory costs and increase market opportunities for farmers in New Hampshire and across the nation.

### **Program Details**

FSCSC will assist specialty crop operations that incurred eligible on-farm food safety certification and related expenses related to obtaining or renewing a food safety certification in calendar years 2022 and 2023. For each year, FSCSC covers a percentage of the specialty crop operation's cost of obtaining or renewing their certification, as well as a portion of their related expenses.

To be eligible for FSCSC, the applicant must be a specialty crop operation; meet the definition of a small business or very small business; and have paid eligible expenses related to the 2022 (issued on or after June 21, 2022) or 2023 certification.

Specialty crop operations may receive assistance for the following costs:

- Developing a food safety plan for first-time food safety certification.
- Maintaining or updating an existing food safety plan.
- Food safety certification.
- Certification upload fees.
- Microbiological testing for products, soil amendments and water.

FSCSC payments are calculated separately for each category of eligible costs. A higher payment rate has been set for socially disadvantaged, limited resource, beginning and veteran farmers and ranchers. Details about the payment rates and limitations can be found at [farmers.gov/food-safety](https://farmers.gov/food-safety).

### **Applying for Assistance**

The FSCSC application period for 2022 is June 27, 2022, through January 31, 2023, and the application period for 2023 will be announced at a later date. FSA will issue payments at the time of application approval for 2022 and after the application period ends for 2023. If calculated payments exceed the amount of available funding, payments will be prorated.

Interested specialty crop producers can apply by completing the FSA-888, Food Safety Certification for Specialty Crops Program (FSCSC) application. The application, along with other required documents, can be submitted to the FSA office at any USDA Service Center nationwide by mail, fax, hand delivery or via electronic means.

Producers can visit [farmers.gov/food-safety](https://farmers.gov/food-safety) for additional program details, eligibility information and forms needed to apply.

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## **USDA Releases Nationwide Farmer, Rancher and Forest Manager Prospective Customer Survey**



You can now take a nationwide survey to help the USDA improve and increase access to its programs and services for America's farmers, ranchers, and forest managers. The survey includes new and existing customers. USDA encourages all agricultural producers to take the survey, especially those who have not worked with USDA previously. The survey gathers feedback on programs and services available through USDA's

Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Risk Management Agency (RMA).

The survey is available online at [farmers.gov/survey](https://farmers.gov/survey), and you should complete it by March 31, 2023. Stakeholder organizations are also encouraged to share the survey link through their networks. The survey is available in 14 different languages including Arabic, Chinese, English, French, Hmong, Korean, Navajo, Punjabi, Somali, Spanish, Tagalog, Thai, Urdu and Vietnamese.

In addition to the online survey, the FPAC Business Center, which is administering the survey, will also mail 11,000 printed surveys to various local state stakeholder organizations and farmers markets.

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## USDA Climate Hubs

The USDA Climate Hubs translate climate science into action, putting USDA research and resources into practice. The Hubs develop and deliver science-based, region-specific information and technology to natural resource and agricultural managers to help you make climate-informed decisions that reduce agricultural risk and build resilience to climate change. Our useful tools can help you plan for and manage weather- and climate-related risks.

The Climate Hubs offer a variety of resources to help you manage weather and climate-risks, including tools and technology, outreach and education, and risk assessments:

- Tools and technology to help you respond effectively to climate change impacts including drought, extreme weather events, and changing growing seasons. We provide coordinated technical support to enhance USDA program delivery, especially to underserved and vulnerable communities.

The following tools can help you make informed management decisions on your operation:

- [Adaptation Workbook](#): A flexible process to consider the potential effects of climate change and design land management and conservation actions to prepare for changing conditions.
- [Grass-Cast](#): A grassland and forage productivity forecast for ranchers and rangeland managers.
- [AgRisk Viewer](#): A new platform to access, analyze, and visualize historical crop insurance loss data to inform risk management efforts.
- [Seedlot Selection Tool](#): A web-based mapping application that uses current or future climates to match seedlots and planting sites.
- Outreach, education, and technical support on innovative ways to help lower barriers to adaptation, mitigation, and resilience-building:

- [Hurricane preparedness and recovery commodity guides](#): Guides to help producers prepare for and recover from hurricane events.
- [‘As If You Were There’ 360 Demonstrations](#): A unique collection of virtual field tours to experience how others are adapting to and mitigating extreme weather and climate-driven events.
- [Pacific Northwest Biochar Atlas](#): Science-based guidance regarding biochar and its benefits, decision-support tools for biochar application, and case studies from early adopters.
- [Regional assessments of risk and vulnerability](#) and user-friendly information and data to support risk management and climate change response.

The Climate Hubs are a unique collaboration that connects USDA research and program agencies like the Natural Resources Conservation Service (NRCS), Farm Service Agency (FSA), Risk Management Agency (RMA), Economic Research Service, and Foreign Agricultural Service, among others.

We support USDA stakeholders by providing vulnerability assessments, curating decision-making tools, and facilitating stakeholder outreach on climate change and its impacts on working lands.

The Climate Hubs also amplify the work of other USDA agencies to ensure USDA is meeting the needs of customers like you.

- For example, the Southwest Climate Hub worked with RMA to provide more accessible, discoverable, and usable crop insurance data through the [AgRisk Viewer](#).
- Our Northern Plains Climate Hub developed a grassland and forage productivity model and [rangeland drought dashboard](#) working closely with agencies and partners.
- At our Northeast Climate Hub, the NRCS liaison developed a [webinar training](#) titled *“Helping farmers help the land through climate-smart farming”* highlighting NRCS resource concerns and practices.

There are 10 regional Climate Hubs across the nation co-located at Agricultural Research Service (ARS) and U.S. Forest Service (USFS) research units. To find your regional Climate Hub contacts visit [climatehubs.usda.gov/contact](https://climatehubs.usda.gov/contact). For more information on the Climate Hubs, visit [climatehubs.usda.gov/](https://climatehubs.usda.gov/). We are happy to help connect producers, USDA staff, and stakeholders to each other and to the best resources USDA has to offer.

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## Update Your Records

FSA is cleaning up our producer record database and needs your help. Please report any changes of address, zip code, phone number, email address or an incorrect name or business name on file to our office. You should also report changes in your farm operation, like the addition of a farm by lease or purchase. You should also report any changes to your operation in which you reorganize to form a Trust, LLC or other legal entity.



FSA and NRCS program participants are required to promptly report changes in their farming operation to the County Committee in writing and to update their *Farm Operating Plan* on form CCC-902.

To update your records, contact your [local USDA Service Center](#).

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## Preauthorized Debit Available for Farm Loan Borrowers

USDA's Farm Service Agency (FSA) has implemented pre-authorized debit (PAD) for Farm Loan Program (FLP) borrowers. PAD is a voluntary and alternative method for making weekly, bi-weekly, monthly, quarterly, semi-annual or annual payments on loans.

PAD payments are pre-authorized transactions that allow the National Financial and Accounting Operations Center (NFAOC) to electronically collect loan payments from a customer's account at a financial institution.

PAD may be useful if you use nonfarm income from regular wages or salary to make payments on loans or adjustment offers or for payments from seasonal produce stands. PAD can only be established for future payments.

To request PAD, customers, along with their financial institution, must fill out form RD 3550-28. This form has no expiration date, but a separate form RD 3550-28 must be completed for each loan to which payments are to be applied. A fillable form can be accessed on the USDA Rural Development (RD) website at [rd.usda.gov/publications/regulations-guidelines](http://rd.usda.gov/publications/regulations-guidelines). Click forms and search for "Form 3550-28."

If you have a "filter" on the account at your financial institution, you will need to provide the financial institution with the following information: Origination ID: 1220040804, Agency Name: USDA RD DCFO.

PAD is offered by FSA at no cost. Check with your financial institution to discuss any potential cost. Preauthorized debit has no expiration date, but you can cancel at any time by submitting a written request to your local FSA office. If a preauthorized debit agreement receives three payment rejections within a three-month period, the preauthorized debit agreement will be cancelled by FSA. The payment amount and due date of your loan is not affected by a cancellation of preauthorized debit. You are responsible to ensure your full payment is made by the due date.

For more information about PAD, contact your [local USDA Service Center](#), or visit [fsa.usda.gov](http://fsa.usda.gov).

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## Disaster Set-Aside Program for Farm Loan Borrowers

Farm Service Agency (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 relieves 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 USDA Service Center](#) or visit [fsa.usda.gov](https://fsa.usda.gov).

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- See our [2022 Kentucky Guaranteed Lender Newsletter](#)
  - See our [2022 KY FSA Customer Calendar](#)

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## December 2022 Selected Interest Rates

Farm Loan Programs	
90-Day Treasury Bill	3.625%
Farm Operating Loans - Direct	5.125%
Farm Ownership Loans - Direct	5.000%
Limited Resource Loans	5.000%
Farm Ownership Loans - Direct FO Down Payment	1.500%
Emergency Loans	3.750%

Farm Programs Farm Storage Facility Loans	
3 Year	4.375%

5 Year	4.125%
7 Year	4.125%
10 Year	4.000%
12 Year	4.125%
Commodity Loans	5.625%
CCC Borrowing Rate	4.625%

## Kentucky State FSA Office

771 Corporate Dr., Ste 205  
Lexington, KY 40503  
Phone: 859-224-7601  
[Visit State Webpage](#)

### State Committee

John McCauley (Committee Chair)	Lexington
Carrie Divine	Morganfield
Pat Henderson	Irvington
James Kay, Sr.	Versailles
Roger Thomas	Smiths Grove

State Executive Director  
Dean Schamore  
859-224-7687  
[Dean Schamore](#)

Administrative Officer  
Clark Sturgeon  
859-224-7622  
[clark.sturgeon@usda.gov](mailto:clark.sturgeon@usda.gov)

Farm Program Chief  
Jennifer Farmer  
859-224-7614  
[jennifer.farmer@usda.gov](mailto:jennifer.farmer@usda.gov)

Farm Loan Chief  
Mike Hoyt  
859-224-7440  
[mike.hoyt@usda.gov](mailto:mike.hoyt@usda.gov)

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