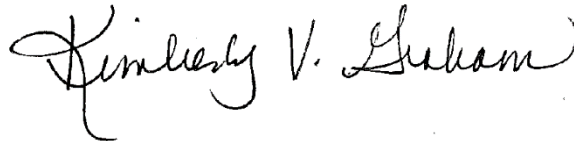


For: State and County Offices

Obtaining Acreage Reports from Licensed Hemp Producers

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Beginning with implementation of the provisions of the Agriculture Improvement Act of 2018 (2018 Farm Bill), AMS will require all hemp producers to obtain a license. To assist AMS with identifying and tracking planted hemp acreage, all hemp producers must report their acreage and associated license number in the FSA Crop Acreage Reporting System (CARS). A customer record for a hemp producer not already established in CRM Business Partner must be created and land not already identified in an active FSA farm must be created in CRM Farm Records.

FSA is required to provide AMS the location of reported hemp, identified by a license number. Producers may request to report different “lots” of hemp to meet the AMS reporting requirements. For FSA purposes, “lots” are fields or subfields.

B Purpose

This notice provides guidance for:

- reporting hemp acreage and associated license number
- establishing hemp producers in Business Partner
- establishing farms in Farm Records for hemp producers
- required conservation compliance provisions.

Disposal Date	Distribution
July 1, 2020 10-30-19	State Offices; State Offices relay to County Offices

Notice CP-755

2 Annual Acreage Reporting for Hemp and License Number

A Reporting Hemp Acreage on FSA-578

Hemp acreage will continue to be certified on FSA-578 by the final reporting date according to 2-CP.

B Reporting License Number for Hemp (1218)

After publication of the AMS regulation associated with growing hemp, all producers will be required to be licensed through the State, a Tribe, or AMS. Beginning with 2020 crop year acreage reporting, the license number will be entered in CARS when reporting hemp, crop code 1218.

Note: There is no licensing requirement for Sunn Hemp, crop code 7510.

Producers may request to report different “lots” of hemp according to AMS reporting requirements. For FSA purposes, “lots” are fields or subfields.

There may be small acreage reported for hemp production. CARS can accommodate acreage as small as .0001.

Hemp acreage reports already recorded in CARS for CY 2020 must be reviewed and the hemp license entered for producers with interest. This may require the office to contact the producers and request their hemp license.

3 Software Changes

A CARS Updates

CARS software was updated to include a new data field to record the license number.

Notice CP-755

3 Software Changes (Continued)

B AMS License Data Field in CARS

The following is an example of the “AMS License” field on the Report of Acreage Screen in CARS.

Note: Although the field is called “AMS License”, the license may be issued by a State, Tribe, or AMS according to AMS regulations.

Report of Acreage

Year: 2020 State: County:

Farm Information
 Farm Number: 2007 Total Rpt Cropland: 110.00 or 60.00
 Operator Name:

Tract Information
 Tract Number: 1117699 Tract Rpt Cropland: 110.00 or 60.00
 FSA Physical Location:
 Tract Owner(s):

Please enter the crop information.
 * Denotes required information.

FSA Physical Location
 * Field Number: 302
 Subfield:
 * Reported Quantity: 10.00
 Planting Date (MM/DD/YYYY): 10/01/2019

* Cropland Status: Y
 Native Sod Conversion:
 Reporting Unit: Acres
 End Year (YYYY):

Predominant Code: Select
 * Crop/Commodity: HEMP (1218)
 * Variety/Type: None

* Intended Use: Oil (OL)
 Actual Use: None
 * Irrigation Practice: Irrigated
 * Planting Pattern: Solid
 * Crop Status: I
 * Supplemental Status: Planted
 * Organic Status: Conventional

Land Use: None
 Actual Land Use: None
 Multi-Intended Use: N
 * Planting Period: 01
 * Concurrent Planting: None
 * Official/Measured: None
 Field ID:

* RMA Cropping Practice: No Cropping Practice Specified

List of Tract Producers

Name	Role	AMS License	Share %
Producer A	Other Tenant		25.00
Producer B	Other Tenant		25.00
Producer C	Owner		25.00
Producer D	Operator		25.00
Total %			100.00

Add Producers

List of Tract Producers

Name	Role	AMS License	Share %
Producer A	Other Tenant	1234566789	25.00
Producer B	Other Tenant		25.00
Producer C	Owner		25.00
Producer D	Operator		25.00
Total %			100.00

Notice CP-755

3 Software Changes (Continued)

C AMS License Data Field Description

County Offices will enter the AMS license number in the “AMS License” field as needed.

The “AMS License” field will:

- not be displayed for crop ‘SUNN HEMP (7510)’
- automatically be displayed for crop ‘HEMP (1218)’
- allow up to 30 characters
- include both alpha, numeric, and special character values
- not print on the FSA-578.

4 Establishing Customer Records for Hemp Producers

A Overview

Individuals or entities requesting to report their planted hemp with FSA must have a CRM BP customer record for loading as the owner, operator, or other producer in CRM Farm Records. The customer record must be established before the producer can be associated with a farm record and report a share interest in CARS.

B Search for Existing Customer Record

County Offices must perform a thorough, nationwide search in BP according to 11-CM, Part 2, Section 3 to determine if the customer record already exists. If an existing customer record is located, it should be updated with any additional information provided on the hemp license, or the AD-2047 completed by the customer. See 11-CM, Part 3, Section 1 for editing customer records.

C Create New Customer Record

If an existing customer record cannot be located using various BP search techniques, a new customer record will be required. Collect both of the following from the customer:

- a copy of the hemp license or other licensing document issued by the State, Tribe, or AMS
- an AD-2047 with any supplemental customer information (according to 11-CM, paragraph 52).

Use these documents to create a new BP customer record according to 11-CM, paragraph 56.

Note: Tax ID number is not required for hemp acreage reporting purposes, unless the customer is also participating in an FSA or NRCS program.

5 Establishing a Farm Record

A Existing Farm Versus New Farm

FSA must determine if the land where hemp is being planted is already identified in an active Farm Record or if a new farm must be established. Producers planting hemp may have GPS or geospatial coordinates identifying the location of the land. FSA can use the producer provided coordinates to locate the land in CRM Farm Records or through the Citrix CLU Maintenance Tool. The producer-provided information may help determine if the land is already associated with an existing farm or if a new farm must be created. If needed, County Offices should contact their State GIS specialists for assistance with any producer-provided geospatial data.

County Offices can also use the search functions in CRM Farm Records and producer knowledge to locate the location of the land. See 10-CM, paragraph 221 for additional guidance on searching for a location in CRM FR using the search by neighboring farm, PLSS, or address functions.

Note: Even small acreages of land being used for hemp production must be identified in a farm record. This includes land within urban areas or within structures (greenhouse, hoop houses, etc.). The only limitation to establishing a farm record is that the tract boundary or associated fields cannot be smaller than .01 acres.

B Existing Farm

If the land planted to hemp is already identified within an existing active farm in Farm Records, review the farm structure and associated producers to determine if changes are required. If the hemp producer is not already associated with the farm, follow provisions in 10-CM, paragraphs 21 through 23 to determine the producer association and obtain all required documentation to add the producer to the farm. If a producer change to the existing farm is required, determine if the farm is still constituted correctly to meet the definition of a farm according to 10-CM, paragraph 24. Reconstitute the farm or associated tracts as needed.

C Creating a New Farm

If the land planted to hemp is not already identified within an active farm, create a new farm according to 10-CM, paragraphs 33 and 283. The new farm must be created according to all provisions in 10-CM. All required documentation to land ownership and associated producers must be obtained before the farm can be created.

D Farm Records and CARS

Once the farm record with the correct associated producers has been established, the farm record can be accessed in CARS to report all fields and/or subfields planted to hemp.

6 Conservation Compliance Requirements

A Filing AD-1026

If the AMS regulation on hemp production is published before January 1, 2020, hemp grown under the parameters of 2018 Farm Bill may be eligible for NAP and a “Whole Farm” Federal Crop Insurance policy beginning with crop year 2020. NAP and premium subsidies to Federal Crop Insurance are both USDA benefits subject to conservation compliance. As a result, producers planting hemp and participating in either of these 2 programs for the hemp crop must file AD-1026 with FSA if there is not one already on file.

See 6-CP, Part 3 for AD-1026 filing requirements.

B HEL (Planting of an Agricultural Commodity)

Any producer subject to conservation compliance that produces an agricultural commodity (crops requiring annual tillage including one pass planters and sugar cane) must request a HEL determination on the field(s) that will be producing the crop. Hemp is considered an agricultural commodity for conservation compliance purposes. Therefore, if a producer is filing AD-1026 and hemp will be produced on acreage without HEL determination, AD-1026, item 6 must be checked “yes” by the producer and referred to NRCS for HEL determination on the acreage intended for hemp production.

Note: HEL determinations are not applicable to hemp that is not grown in a field environment (i.e. greenhouses, permanent hoop houses, roof tops, or potted growing environments).

Producers with AD-1026 on file or filing AD-1026 that will be producing hemp on existing HEL fields should be referred to NRCS to ensure that they are meeting a conservation plan or conservation system with the new conservation cropping sequence.

See 6-CP, Parts 2 and 3 for HELC compliance and AD-1026 referrals.

7 Controlled Substance

A Program Eligibility/Ineligibility

Program ineligibility because of State or Federal conviction of planting, cultivating, growing, producing, harvesting, storing, trafficking and possession of controlled substances is discussed in 1-CM, paragraph 871.

Hemp (cannabis) is removed from the list of controlled substances within the Controlled Substances Act if produced within the provisions of the 2018 Farm Bill (which includes the AMS license requirement and limited THC levels).

FSA is not a State or Federal controlled substances convicting agency. Therefore, FSA cannot offer any producer advice if or if not any activity (including growing hemp without a license) may result in a State or Federal conviction triggering the program ineligibility discussed in 1-CM, paragraph 871.

Notice CP-755

8 Action

A County and State Office Action

State and County Offices must follow the provisions in this notice. Exhibit 1 provides an overview of FSA County Office requirements when a producer visits the County Office to report hemp, including clarification of the intended uses of hemp.

The National Office is responsible for providing to AMS the acreage report data and associated CLUs for land planted to hemp.

9 Additional Information

A Contacts

Direct questions about FSA policy or applications, to the appropriate employee by e-mail according to the following:

- Helen Mathew at helen.mathew@usda.gov for acreage reporting policy
- Jantrice Williams at jantrice.williams@usda.gov for CARS automation
- Paul Hanson at paul.hanson@usda.gov for Business Partner policy
- Kerry Sefton at kerry.sefton@usda.gov for Business Partner automation
- Melonie Sullivan at melonie.sullivan@usda.gov for Farm Records policy
- Billie Jo Smith at billiejo.smith@usda.gov for Farm Records automation
- Joseph Fuchtman at joseph.fuchtman@usda.gov for AD-1026 filing, HEL provisions, and controlled substance
- Tona Huggins at tona.huggins@usda.gov for hemp-related questions associated with AMS.

B AMS Information

For rules and regulations on authorized hemp production go to <https://www.ams.usda.gov/rules-regulations/farmbill-hemp>.

C FSA Programs

Additional information will be provided in the near future about opportunities for producers growing hemp to apply for loans or participate in FSA programs.

USDA Domestic Hemp Production Information for FSA Offices

What authorized hemp production in the United States?

The 2014 Farm Bill authorized the cultivation of industrial hemp for research purposes only. The 2018 Farm Bill authorized the production of hemp in the United States through a State, Tribal or USDA production plan. The USDA's Agricultural Marketing Service (AMS) is responsible for issuing regulations to provide guidance and consistency for producers. Information can be found at <https://www.ams.usda.gov/rules-regulations/farmbill-hemp>.

What will Hemp growers be required to do?

- Obtain a USDA, State, or Tribal issued hemp production license or authorization number
- File an acreage report with FSA, identifying each field or subfield (could be referred to as a "lot" and includes greenhouses) on which hemp is planted, including the license or authorization number (*Acreage Reporting Fact Sheet is available*)
- As a part of existing acreage reporting, identify the intended use of the reported hemp acreage
 - Fiber – used for cloth, pressed plastics, ropes, animal bedding, paper, biofuel, packaging, concrete additives, spill cleanup
 - Grain – used for hemp hearts, crushed seed oil (NOT CBD), protein supplements (human or animal consumption)
 - Processing – grown for extraction of plant resin (which includes cannabidiol (CBD) and other phytocannabinoids) which is used in oils, lotions, cleansers, bath or other pharmaceutical or topical products
 - Seed – used for propagation stock, hybrids (non-human consumption)

What FSA programs may be available to hemp producers after the AMS rule is published?

- For the 2020 crop year Noninsured Crop Disaster Assistance Program (NAP) will be available to hemp producers. NAP provides insurance-type coverage due to adverse weather conditions and more detailed information will be available in January 2020. (*NAP Fact Sheet is available*)
- Other FSA programs are in development, which will be available on a limited basis, and may include several loan products, such as operating, ownership, beginning farmer, farm storage facility, etc. (*Fact Sheets are available*)

Reminder: What does a new FSA customer need to provide?

- Name, address, and other basic information
- Documentation of location of farm or property being used for hemp production
- If participating in FSA programs:
 - Form AD-1026 associated with Conservation Compliance (*Fact Sheet is available*)
 - Eligibility documents such as CCC-941, Adjusted Gross Income, and CCC-902, Farm Operating Plan (*Fact Sheets are available*)

More information is available at farmers.gov