



United States
Department of
Agriculture

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FARM SERVICE AGENCY

Montana State
Producer Handbook

Fact Sheet

Livestock Indemnity Program (LIP)-

According to the 2008 Farm Bill



Background

The 2008 Farm Bill created several new disaster programs under the title "Supplemental Agricultural Disaster Assistance". One of the programs created is the Livestock Indemnity Program (LIP). This program compensates producers for livestock death losses in excess of normal mortality due to adverse weather that occurred on or after January 1, 2008 and before October 1, 2011.

Triggers

No Secretarial Disaster Declaration and/or Presidential Disaster Designation or no State, county or other trigger will be used to define eligibility for LIP. LIP payments will be based on individual producers' eligible losses due to adverse weather conditions.

Signup

- Livestock owners and contract growers who suffered livestock losses during **2008** must file a notice of loss and application for payment no later than **September 13, 2009**.
- For livestock owners and contract growers who suffered **2009** livestock losses prior to **July 13, 2009**, a notice of loss must be filed no later than **September 13, 2009** and an application for payment by no later than **January 30, 2010**.
- Livestock owners and contract growers who suffer livestock losses after **July 13, 2009**, and in subsequent years, in order to be eligible for LIP, producers must file a **notice of loss 30 calendar days** of when the loss of livestock is

apparent, and an application for payment no later than 30 calendar days after the end of the calendar year in which the loss of livestock occurs.

Eligible Adverse Weather Events

- Wildfire – must be related to an adverse weather event
- Blizzards
- Tornado
- Lightning
- Earthquakes
- Floods
- Extreme Cold
- Extreme Heat
- Disease – must be related to or exacerbated by an eligible adverse weather event to be an eligible cause of livestock deaths under LIP.

NOTE: Drought is **not** an eligible adverse weather event except when associated with anthrax, a condition that occurs because of drought and results in the death of eligible livestock.

Eligible Livestock

- Adult/non-adult beef cattle
- Adult/non-adult dairy cattle
- Adult/non-adult buffalo and beefalo
- Equine maintained for commercial use as part of the farming operation
- Elk
- Reindeer
- Deer
- Sheep
- Alpacas
- Emus
- Swine
- Goats
- Llamas

• Poultry

Eligible livestock includes all types and weight ranges. The eligible livestock must have died in the calendar year for which benefits are being requested.

All eligible livestock must be maintained for commercial use as part of the farming operation. Eligible livestock must be owned by an eligible livestock owner on the day the livestock died.

Notice of Loss

A notice of loss can be reported by the producer to the local county FSA office by 1) phone; 2) fax; or 3) e-mail.

- For **2008** losses, eligible livestock owners and contract growers must file a notice of loss no later than **September 13, 2009**.
- Livestock owners and contract growers who suffered livestock losses from **January 1, 2009 through July 12, 2009**, must file a notice of loss no later than **September 13, 2009**.
- Livestock owners and contract growers who suffer livestock losses from **July 13, 2009, through October 1, 2011**, must file a notice of loss no later than **30 calendar days** after the loss becomes apparent to the livestock producer.
- Proof of death of livestock must be provided and may include but is not limited to, any or a combination of the following:
 1. rendering truck receipts or certificates

2. national guard receipts of carcass removal
 3. veterinary records
 4. tax assessor records
 5. private insurance documents
 6. a measurement service may be requested by the producer and completed by FSA.
- Documentation must provide sufficient data that identifies:
 1. kind/type/weight range of livestock
 2. number of livestock
 - Third party certification may be accepted only when participant certifies in writing that no other form of proof of death is available and includes the number and physical location of livestock in inventory at time death occurs. Documentation must also be provided to support the number of livestock in inventory at the time the deaths occurred.

The third party providing the certification must be a reliable source in a position to have knowledge of the dead livestock and shall not be:

1. Affiliated with the operation such as a hired hand, etc.
2. A family member

Application for Payment

To apply for a LIP payment, eligible livestock owners or contract growers shall file the application for payment portion of form FSA-914 at the local county FSA office. Application for payment and the notice of loss may be filed at the same time. To be eligible for LIP benefits, livestock owners and contract growers who suffered livestock losses:

- During 2008 must file an application for payment no later than September 13, 2009.
- January 1, 2009, through July 12, 2009, must file an

application for payment no later than January 30, 2010.

- July 13, 2009, through December 31, 2009, must file an application for payment no later than January 30, 2010.
- In 2010 and subsequent calendar years, must file an application for payment no later than 30 calendar days after the end of the calendar year in which the loss of livestock occurred.

Payment

Payment rates are per head by livestock kind/type and weight range.

LIP payments to eligible livestock producers will be based on:

- 75 percent of a fair market value, as determined by FSA, for each specific livestock category;
- Individual producers' eligible losses.
- Calculations will be performed separately by eligible livestock (by type, kind, and weight range) and producer type.

LIP Loss and Payment

Calculation:

A. Loss Threshold:

Beginning inventory x Normal mortality rate = loss threshold

Example:

100 non-adult beef over 400 lbs.
X .05 (normal mortality) = 5 (loss threshold)

B. Net Loss Threshold:

Loss Threshold – Number lost due to non-weather related events = Net loss threshold

Example:

5 (loss threshold) - 1 (head lost due to non-weather related events) = 4 (net loss threshold)

C. Eligible number head lost:

Total number head lost – Loss threshold = Total Eligible Number Lost

Example:

10 head lost
- 4 (net loss threshold) = 6 (eligible number lost)

D. Determine Gross Calculated Payment:

Eligible number lost x payment rate = calculated payment

Example:

6 (eligible number lost)
X \$487.04 (payment rate) = \$2922.00 (calculated payment)
Payment will be issued on a per head basis.

The LIP loss and payment calculation is the total of all calculated payments (D) for each type and weight range, minus any other compensation for the same loss, any other reductions which will equal the net total calculate payment amount.

Payment and Limitation

LIP will pay up to \$100,000 annually including any benefits received from SURE, LFP, & ELAP combined.

Adjusted Gross Income (AGI)

- 2008 – \$2.5 Million
- 2009 and future years - \$500,000 Non-Farm AGI- (Persons or legal entities that have an average adjusted gross nonfarm income that exceeds \$500,000, are not eligible for LIP.

Definitions

Normal Mortality Rate:

The normal mortality rate is the percentage of livestock, that can be expected to die normally in a livestock operation, during the calendar year, as a result of disease, injury, or other causes that can routinely occur using good livestock handling practices. The normal mortality rate is established by the FSA State Committee in concurrence with state livestock organizations, extension service, and other knowledgeable and credible sources for each type of livestock.

For Additional Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at www.fsa.usda.gov/mt/