



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE

September 2010

Dairy Indemnity Payment Program (DIPP)

Overview

Under the Dairy Indemnity Payment Program (DIPP), payments are made to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. Payments are made to manufacturers of dairy products only for products removed from the market because of pesticide contamination.

Statutory Authority

DIPP was originally authorized by Public Law 90-484, the Act of August 13, 1968 (7 U.S.C. 4501), and has been extended several times through various appropriation acts, most recently the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-234) that authorizes DIPP through 2012.

Eligibility Requirements

To be eligible to receive DIPP payments, the producer must:

- have produced whole milk that was removed from the commercial market pursuant to the direction of a public agency
- **not** have been responsible for the milk contamination
- **not** have been indemnified for the same loss from another source
- certify compliance with Highly Erodible Land Conservation (HELC) and Wetland

conservation (WC) provisions on AD-1026

- submit a completed FSA-373 to the applicable county Farm Service Agency (FSA) office no later than December 31 following the end of the fiscal year in which the loss occurred.

Note: A producer may be eligible if the substance that caused the removal of the milk from the market was:

- registered and approved for use by the Federal Government when it was used
- used according to prescribed directions on the label.

Determining Indemnity

The county committee determines the affected farmer's normal marketing, which are based on the average daily production during the base period.

The indemnity payment to manufacturers of dairy products is calculated by multiplying the fair market value of the product times the amount of product removed from the market minus any salvage value of the product.

The indemnity payment to dairy producers is calculated by multiplying the number of cows milked, times the number of days milk is off the market, times base production in terms of pounds per cow per day, times the farm price for milk less hauling and promotion fees received by the producer.

The producer is eligible for indemnification for the period that

begins on the date the milk was officially removed from the market by a public agency and ends on the date the milk was officially reinstated to the market by a public agency. The eligible indemnification period may not extend past the end of a fiscal year (FY) if the producer's milk is still quarantined from the market.

Base and Claim Periods

The base period used to establish base production is the calendar month immediately before the month the milk is removed from the commercial market.

The claim period is the 28-to-32 day period in which the milk was removed from the market. A claim period may cross over into the next month, depending on when the milk would have been marketed. Claim periods do not depend on when the milk would have been produced.

Application Deadline

Affected producers and manufacturers should apply for indemnity payments at their USDA Service Centers or FSA offices. Applications must be filed no later than December 31 following the FY in which the loss occurred. Losses from more than one FY cannot be included on one application form FSA-373

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Example of Final Filing Date

The following provides an example of the final filing date:

If the loss occurred **on or after October 1, 2009, but by September 30, 2010**, the final filing date to apply is ***December 31, 2010***.

If the loss occurred **on or after October 1, 2010, but by September 30, 2011**, the final filing date to apply is ***December 31, 2011***.

No Double Payments

Producers who receive indemnity payments and then file a successful claim for damages against the party responsible for the contamination must return to FSA within 14 days the lesser of the amount received in:

- an indemnity payment, OR
- a claim against the party responsible for the contamination.

More Information

To find more information about FSA programs, contact your local FSA office or USDA Service Center, or visit the FSA on the World Wide Web at <http://www.fsa.usda.gov>.

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