

JULY 2008

2008 Crop Year Buy-in for Disaster Assistance Programs

Overview

On June 18, 2008, the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) was enacted into Public Law 110-246. This Act amended the Trade Act of 1974 to create five new disaster programs, collectively referred to as Supplemental Agriculture Disaster Assistance programs. Those programs include:

1. Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
2. Livestock Forage Disaster Program (LFP)
3. Livestock Indemnity Program* (LIP)
4. Supplemental Revenue Assistance Payments (SURE) Program
5. Tree Assistance Program (TAP)

To be eligible for these programs, producers must purchase at least catastrophic risk protection (CAT) level of crop insurance for all insurable crops and/or Noninsured Crop Disaster Assistance Program (NAP) coverage for non-insurable crops. Therefore, for the 2008 crop year only, producers who were eligible to obtain at least CAT level crop insurance or NAP, but did not, can “buy-in” to be eligible to participate in the applicable Supplemental Agriculture Disaster Assistance programs by paying the administrative fee that would have

been applicable if the producer had timely applied for CAT or NAP.

The 2008 Act allows producers to pay a “buy-in fee” at their administrative county FSA office by the deadline date of Sept. 16, 2008. The buy-in fees do not provide any CAT crop insurance coverage or NAP coverage but do allow producers to gain eligibility to participate in the applicable Supplemental Agriculture Disaster Assistance programs.

Supplemental Agriculture Disaster Assistance Programs Eligibility Requirements

■ **SURE, TAP, and ELAP**

Producers must obtain a crop insurance policy for each insurable commodity and NAP for each non-insurable commodity on the farm to be eligible for assistance under SURE, TAP, and ELAP.

In the 2008 Farm Bill; in general, the term “farm” means the sum of all crop acreage in all counties that is planted or intended to be planted for harvest by the eligible producer. In the case of aquaculture, the term “farm” means all fish being produced in all counties that are intended to be harvested for sale by the eligible producer. In the case of honey, the term “farm” means all bees and beehives in all counties

that are intended to be harvested for a honey crop by the eligible producer.

■ **LFP**

Producers must timely obtain a crop insurance policy for insured crops or timely file the required paperwork for NAP for the grazed land.

Any insurance already purchased to meet the eligibility requirements for these programs must be at a minimum level of 50 percent yield coverage and at 55 percent of the insurable price.

■ **LIP**

The Livestock Indemnity Program (LIP) is exempt from the risk management purchase requirement and therefore, does not require a waiver.

How to “Buy-In”

All producers who wish to become eligible in 2008 for the Supplemental Agriculture Disaster Assistance programs must visit their administrative county FSA office and fill out form CCC-752 and/or form CCC-753. The county offices will determine the appropriate buy-in fee required. The deadline for the buy-in is Sept. 16, 2008.

“Buy-in” Fee

For the 2008 crop year, the deadline to apply for crop insurance and NAP passed prior to enactment of the 2008 Farm Bill. As a result, when the requirement to obtain insurance or NAP as a condition of eligibility for SURE, TAP, ELAP and LFP was enacted, many producers would have been excluded from eligibility.

Therefore, for the 2008 crop year only, producers who do not have all crops on the farm covered with the risk management protection programs of crop insurance and/or NAP and wish to be eligible for the SURE, TAP, and ELAP in 2008, or wish to have grazing acres eligible for LFP in 2008, can do so by paying the applicable buy-in fee by Sept. 16, 2008. Payment of the fees will NOT provide crop insurance coverage or NAP eligibility.

2008 Buy-in Fees for CAT and NAP Covered Crops

- \$100 per crop, but not more than \$300 per producer per county, or \$900 total per producer, for all counties, less any previously paid fees for CAT and/or NAP.

These fees and limits apply separately to both CAT and NAP covered crops. Therefore, producers may be required to pay buy-in fees under both CAT and NAP to meet whole farm eligibility requirements for the new disaster programs of SURE, ELAP and TAP.

Producers who meet the definition of a Socially Disadvantaged, Limited Resource Producer, or Beginning Farmer or Rancher as

defined in section 2501 (e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)), do not have to meet this risk management purchase requirement and, therefore, are not required to pay the buy-in fee.

Definitions

A Socially Disadvantaged farmer or rancher is a farmer or rancher who is a member of a socially disadvantaged group. For entity applicants, all members of the entity must be socially disadvantaged. A Socially Disadvantaged Group is a group whose members have been subject to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities.

A Limited Resource Producer is a producer with both of the following:

- Direct or indirect gross farm sales not more than \$100,000 in both of the previous 2 years (as adjusted for inflation using Price Paid by Farmer Index as compiled by NASS); and
- Total household income at or below the national poverty level for a family of 4, or less than 50 percent of county median household income in both of the previous 2 years (to be determined annually using Commerce Department Data).

Limited Resource Producer status can be determined in an automated system using the Web site for USDA Limited Resource Farmer and Rancher Online Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>. The automated

system calculates and displays the adjusted gross farm sales per year and the higher of the national poverty level or county median household income.

A Beginning Farmer or Rancher is an individual or entity who: (1) has not operated a farm or ranch for more than 10 years, AND (2) substantially participates in the operation. If the applicant is an entity, all members must be eligible beginning farmers or ranchers.

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