

## Dairy Indemnity Payment Program

### Overview

The Dairy Indemnity Payment Program (DIPP) provides payments 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. DIPP also provides payments 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 acts, most recently the American Taxpayer Relief Act of 2012 (Pub. L. 112-240) that authorizes DIPP through 2013.

### 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 direc-

- tion 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 form AD-1026;
- Submit a completed form FSA-373, Dairy Indemnity Payment Program (DIPP) Application, to the applicable county Farm Service Agency (FSA) office no later than Dec. 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 producer's normal marketing, which is 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.

### 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 a local USDA Service Center or FSA office. Applications must be filed no later than Dec. 31 following the fiscal year (FY) in which the loss occurred. Losses from more than one FY cannot be included on one application form FSA-373, Application for Dairy Indemnity Payment.

**Example of Final Filing Date**

The following provides an example of the final filing date:

If the loss occurred **on or after Oct. 1, 2012, but by Sept. 30, 2013**, the final filing date to apply is ***Dec. 31, 2013***.

**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
- Claim against the party responsible for the contamination.

**More Information**

To find more information about DIPP and other FSA programs, contact a local FSA office or USDA Service Center, or visit the FSA website at [www.fsa.usda.gov](http://www.fsa.usda.gov).

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay).

USDA is an equal opportunity provider and employer.