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Memo

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Date: February 24, 2003

To: Agricultural Bankers

From: John Blanchfield, Director, Center for Agricultural and Rural Banking
Robert Fouberg, Senior Counsel

RE: Agricultural Disaster Assistance

On February 13, 2003 the US House of Representatives (338-83) and the US Senate (76-20) each passed the conference report on H.J.Res. 2, the Consolidated Appropriations Resolution, 2003, an omnibus appropriations package encompassing agriculture and 10 other appropriations bills necessary to fund the federal government for fiscal year 2003 (October 1, 2002 through September 30, 2003). The president signed the bill into law on February 20, 2003.

The bill contains the following agricultural disaster assistance:

Crop Disaster Assistance. All insured, uninsured, and noninsurable crops, with the exception of sugar and tobacco, are eligible for the crop disaster assistance provided for in the bill. Producers may elect to receive the crop disaster assistance for either the 2001 or 2002 crop year, but not both, at the election of the producer. There are no limits to the amount of money that can be spent to carry out the crop disaster assistance provisions; producers will receive 100 percent of their calculated payment.

The payment will be the product of Eligible Losses and the Payment Rate **and will be limited to ensure that the sum of disaster assistance, crop insurance indemnities, and the market value of harvested production does not exceed 95 percent of the value of crop had no loss occurred.**

- **Eligible Losses.** Losses in excess of 35 percent of the higher of the 5-year county average yield, their crop insurance actual production history yield, or the NAP-approved yield are eligible for compensation.
- **Payment Rate.** The payment rates are as follows:

Producers with eligible losses to insurable crops on which they had insurance will be compensated at 50 percent of crop insurance market price elections;

Producers with eligible losses to insurable crops on which they did not have insurance will be compensated at 45 percent of crop insurance market price elections; and

Producers with eligible losses to noninsurable crops will be compensated at 50 percent of the 5-year average price.

Livestock Assistance. The bill expands and provides additional funding for the Livestock Compensation Program (“LCP”) announced by the secretary of agriculture on October 10, 2002, and establishes the Livestock Assistance Program (“LAP”).

- Assistance under the LCP will be paid to any livestock producer whose operation is located in a county designated by the president or the secretary of agriculture as a disaster county in either calendar year 2001 or 2002 and who meets all other eligibility requirements established by the secretary of agriculture.
- Assistance under the LCP will also be paid to any producer of catfish who also meets all other eligibility requirements established by the secretary of agriculture.
- The bill extended the LCP disaster county filing deadline to February 20, 2003.
- The bill provides \$250 million for the LAP.
- Any benefits producers would receive under the bill would be offset by any payments already paid under the 2002 Cattle Feed Program, the 2002 Livestock Compensation Program, the Livestock Assistance Program created by the bill, and any other such livestock assistance program designated by the secretary of agriculture.

Sugar Beet Producers. The bill provides \$60 million to compensate sugar beet producers who suffered production losses for either the 2001 crop year or the 2002 crop year, but not both, at the election of the producer.

Miscellaneous Items. The bill provides compensation for losses due to irrigation water shortages in Texas, cottonseed damages across the South, lost production due to citrus canker, various other weather-related losses, and pesticide misapplication in New Mexico.

As the various programs are developed and implemented by USDA, we will post additional details.