



United States
Department of
Agriculture

FARM SERVICE AGENCY

Montana State
Producer Handbook

November 2008

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 State, county or other trigger will be used to define an eligible LIP area.

Signup

Signup will begin when an eligible disaster is apparent. A notice of loss must be filed within 30 days of when the loss is apparent.

Eligible Adverse Weather Events

- Wildfire – must be related to an adverse weather event
- Blizzard
- Tornado
- Lightning
- Ice Storms
- Earthquakes
- Flooding
- 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.

Applying for LIP

- Notice of loss must be filed 30 days after the loss is apparent
- 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

Payment

LIP payments to eligible livestock producers will be based on:

- 75 percent of a fair market value, as determined by the Secretary, 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 = Total

Example:

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

B. Eligible number head lost:

Total number head lost – Loss threshold = Total

Example:

10 head lost
- 5 (loss threshold) = 5 (eligible number lost)

C. Determine calculated payment:

Eligible number lost x payment rate X share = calculated payment

Example:

5 (eligible number lost)
X \$487.04 (payment rate = national market value)
X 100% (owners share) = \$2435.00 (calculated payment)

Payment will be issued on a per head basis.

The LIP loss and payment calculation is the total of all calculated payments (C) for each type and weight range, minus any other compensation for the same loss 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.

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/

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