

Federal Disaster Assistance Programs

Justin Oldfield

California Cattlemen's Association

Noninsured Crop Disaster Assistance Program (NAP)

- Nonfarm income cannot exceed \$500,000
- Annual service fee is required, not to exceed \$1,875, waiver available
- Covered disasters include drought
- Planted feed & native pasture available for coverage
- Coverage period established by grazing season
- Payments made on losses in excess of 50 percent of expected production
- Requires actual loss to be documented by at least two “experts” (ag commissioners, UCCE extension agents, etc.)

Future of NAP

- Shorten grazing season to authorize payments before the end of the calendar year
- Sequestration and USDA audit said to be at fault for delayed 2013 payments

Emergency Loan Program

- Provide up to 100 percent in production losses up to \$500,000.
- Eligible producers must be in a county or contiguous county declared a primary disaster area
- Must provide collateral
- At least two commercial sources must deny loan

Livestock Forage Program

- Farm Bill program (*All conditions based on 2008 Farm Bill*)
- Requires NAP coverage to be eligible
- Nonfarm income cannot exceed \$500,000
- Payments not to exceed \$100,000 (ELAP, LFP & LIP)
- Payments made in accordance with U.S. Drought Monitor (sever, extreme, exceptional)
 - Administered by the University of Nebraska
- Payments made monthly per animal unit or 60 percent of the actual feed loss
 - \$40.04/cow (2009)
 - \$30.03/yearling >500 lbs. (2009)

Capital Gains Tax Deferment

- Authorized under IRS Code §451(e) & §1033(e)
- Applies to sales in excess of normal business practices
- Principle business must be agriculture
- Postpone capital gains with intent to purchase livestock within two years of the end of the tax year *§1033(e)*
- Defer income – must be under cash accounting - to the next tax year (disaster area declaration required) *§451(e)*