



Livestock Compensation Program

Overview

The Agricultural Assistance Act of 2003 extended the Livestock Compensation Program (LCP), originally created in 2002, into 2003. The 2003 LCP is an emergency initiative administered by the Farm Service Agency (FSA) that provides immediate assistance to eligible owners and cash lessees of certain types of livestock for damages and losses due to any natural disaster. This program provides direct payments to eligible livestock producers.

Producers Eligible to Receive Assistance

Producers who did not receive assistance under the 2002 LCP and who live in counties that were requested as primary disaster areas under a Presidential or Secretarial disaster declaration between January 1, 2001, and February 20, 2003, and subsequently approved are eligible for LCP. This dramatically increases the number of counties deemed eligible in LCP of 2002. Producers of the following livestock are eligible for LCP: cattle, sheep, goats, and buffalo.

The Fiscal Year 2003 Emergency Wartime Supplemental Appropriations Act (P.L. 108-11) amended the Agricultural Assistance Act of 2003 to provide that catfish producers will be

provided assistance through grants to appropriate state departments of agriculture. Accordingly, FSA will not be conducting an LCP sign-up for catfish producers. Details regarding catfish assistance, which will be provided in accordance with this statute, will be made available as soon as administrative details are finalized.

Eligibility and Ineligibility Specifications

Eligible counties

An eligible county must be approved as a primary county between January 1, 2001, and February 20, 2003, for Presidential or Secretarial disaster designation for damages and losses because of natural disaster. Additionally, counties requested for a Presidential or Secretarial primary designation, and subsequently approved, are eligible.

Ineligible counties

- Counties named as contiguous counties are **not** eligible for LCP.

Eligible owner

To be eligible for LCP, a producer's livestock operation headquarters must be physically located in a county with qualifying primary disaster designation. Eligible livestock are cattle, sheep, goats, and buffalo. LCP payments are issued for each head of eligible livestock.

An eligible livestock owner, for LCP, is one who owns or jointly owns eligible livestock and has either of the following:

- A beneficial interest and financial risk in eligible livestock;
- Citizenship of, or is a legal resident alien in, the United States;
- A farm cooperative, private domestic corporation, partnership, or joint operation in which a majority interest is held by members, stockholders, or partners who are citizens of, or legal resident aliens in, the United States.

NOTE: Livestock owners who also custom feed livestock may be eligible for LCP benefits on their own livestock, provided all other eligibility requirements are met.

Ineligible Owner/Lessee

An ineligible owner is one whose livestock headquarters operation is located in an ineligible county. An ineligible lessee is one whose leases livestock from an owner on a share basis for the offspring of the leased livestock.

Eligible producer

An eligible livestock producer, for LCP, is an individual or entity:

- That shares in the income from the sale of the eligible livestock which is either owned, under cash lease agreement, or

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subject to a purchase agreement for the eligible livestock; and

- Whose livestock headquarters operation is located in an eligible county.

Ineligible producer

An ineligible producer is an individual or entity:

- Who does not own eligible livestock;
- Whose livestock operation headquarters is **not** located in an eligible county; and
- Who is a livestock owner that slaughters, processes, and packs meat and meat products.

Exception: A livestock owner, who meets all other eligibility requirements, may be eligible for LCP on eligible owned or cash-leased livestock, if either or both of the following apply:

- The livestock owner is a member or shareholder of a cooperative that slaughters, processes, and packs meat and meat products; and/or
- The livestock owner owns a facility that slaughters, processes, and packs meat and meat products, but that facility processed fewer than 1,000 head in calendar year 2001.

Eligible livestock include:

- Livestock that was owned or subject to a cash lease on or before June 1, 2002, and have been owned or cash leased by the lessee for a minimum of 90

calendar days. **NOTE:** June 1, 2002, must fall within the 90-day ownership period.

- Livestock located in a commercial feedlot, provided that the livestock are farmer-owned and the owner of the livestock meets all eligibility requirements; and
- Livestock that were sold or died on or after June 1, 2002, and that meet all other eligibility requirements may be eligible for payment.

Ineligible livestock include:

- swine;
- equine animals;
- poultry;
- packer owned or commercial feedlot operations;
- livestock kept for recreation or for use in recreational activities or recreational businesses, even if they are also maintained for use in a controlled breeding program;
- livestock that were sold or died on or before June 1, 2002;
- all beef and dairy cattle, and buffalo and beefalo that weighed less than 500 pounds on June 1, 2002; and
- any other livestock not included in the payment calculation chart.

Livestock headquarters operation:

A livestock headquarters operation is the normal physical location of any of the following for eligible livestock:

- Storage site of feed supplies that provides immediate access

for winter feeding or for nongrazing eligible livestock;

- Buildings, yards, and corrals used for housing, feeding, loading, unloading, or holding livestock;
- Confinement building(s) that house eligible livestock; or
- Site where livestock are normally located for the majority of a calendar year.

If an owner's mailing address is for a location in an approved county, and the owner's livestock headquarters operation is **not** physically located in an approved county, the owner is **ineligible**. An eligible livestock owner/lessee may have more than one livestock headquarters operation, if the eligible owner's livestock in the livestock headquarters operations are separate and distinct groups of livestock and not mixed or intermingled between or among the headquarters livestock operations.

Example 1: A livestock headquarters operation where livestock are wintered, calved, lambled, etc. is located in an ineligible county; however, the same livestock are pastured in the summer in an eligible county with corrals and yards. The livestock are **not** eligible for LCP.

Example 2: An eligible owner owns AB Livestock Company with the livestock headquarters operation located in an eligible county. The same owner owns Circle S Livestock Company with the livestock headquarters operation located in an ineligible county. The livestock operations are separate and distinct and the livestock never

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mixed. AB Livestock Company livestock are eligible for LCP. Circle S Livestock Company livestock are not eligible for LCP.

NOTE: An owner's mailing address, if different from the livestock headquarters operation, shall **not** be used to determine eligibility.

Payment Calculation

Payment rates for each type of livestock are determined based on standard feed consumption data for each eligible type of livestock.

Types of eligible livestock and payment rates per head for each type are listed in Chart 1. See Chart 1.

Payment and Payment Limitations

Payment will be available shortly after an eligible livestock owner or lessee has signed up and the application has been approved and processed.

Producers participating in LCP are subject to a \$2.5 million gross revenue limitation per person or less for the preceding tax year. Payments are limited to \$40,000 per person. See Chart 2.

Sign-up

Sign-up for LCP begins in early April 2003 and ends early June 2003. Owners or lessees of eligible livestock must certify the number owned or leased as of June 1,

2002. **The animals must have been owned for 90 days or more and must fall within the 90-day ownership period.**

Contact your local county FSA office or USDA Service Center for sign-up information. In general, applicants will certify on the application form CCC-370, the number and type of eligible livestock owned or leased as of June 1, 2002. Documentation will be required from each applicant selected for a spot check that indicates all livestock for which payment was received that were sold or died after June 1, 2002.

NOTE: The amount of payment received under LCP may be reduced from future Livestock Assistance Program payment, if applicable.

To learn more about this and other FSA programs, please contact your local USDA Service Center, or visit FSA's Web site at: www.fsa.usda.gov

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Chart 1	
Type of Livestock	Payment Per Head
Adult beef cattle, buffalo, and beefalo (cows and bulls)	\$18.00
Beef, dairy, buffalo, and beefalo replacement heifers (500 lbs. and over), on June 1, 2002	\$13.50
Adult dairy cattle (cows and bulls)	\$31.50
Beef, dairy, buffalo, and beefalo steers (500 lbs. and over), on June 1, 2002	\$13.50
Nonbreeding beef, dairy, buffalo, and beefalo heifers (500 lbs. and over), on June 1, 2002	\$13.50
Beef, dairy, buffalo, and beefalo bulls (500 lbs. and over), on June 1, 2002	\$13.50
Sheep (All), born prior to June 1, 2002	\$ 4.50
Goats (All), born prior to June 1, 2002	\$ 4.50

Chart 2	
IF the total gross revenue received by the "person" is...	THEN the annual gross revenue for the "person" is the total gross revenue received from...
more than 50 percent from farming, ranching and forestry operations	farming, ranching and forestry operations in the preceding tax year
less than 50 percent from farming, ranching, and forestry operations	all sources in the preceding tax year