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The Agricultural Assistance Act of 2003

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The House and Senate have agreed on a disaster bill for the 2002 crop. Provisions of the bill are outlined below. There is an additional provision for first handlers of cottonseed.

Sec. 202. Crop Disaster Assistance.

The program provides disaster payments for crop losses for either 2001 or 2002. A producer will choose which year. Generally, the program will operate like the 2000 disaster program (with a few exceptions). The program covers all traditional disaster crops.

Covered quantity loss: Losses greater than 35% of the normal yield. (i.e., 65% of the normal yield less the harvested yield)

Payment rates: ___% of applicable price

55% for purchasers of crop insurance or CAT or if insurance not available

50% for producers who could have purchased crop insurance or CAT but chose not to

Quality losses are covered

Benefit cap: disaster payments + crop insurance indemnities + actual crop value cannot exceed 95% of the crop value if no loss had occurred

Producers who chose not to purchase crop insurance or CAT or to qualify for NAP must agree to do so for the next 2 years. Crop insurance coverage must be at additional levels (not CAT)

CBO cost estimate: \$2,385 million.

Sec. 203. Livestock Assistance.

This section expands eligibility for the 2002 Livestock Compensation Program (LCP) which was initiated by the Administration last fall to provide assistance for selected types of livestock in counties designated as disaster counties due to drought. It also re-establishes a more targeted Livestock Assistance Program (LAP) for producers suffering grazing losses in counties designated as disaster counties due to weather-related problems.

The Livestock Compensation Program provides a flat payment by number and type of livestock to all livestock producers in a qualifying disaster county. This bill:

Provides funding through the Commodity Credit Corporation (CCC) to expand eligibility to producers who were in counties eligible to be declared 2001 or 2002 primary disaster counties but had not applied for a disaster designation by the original cutoff date.

Counties will have until the date of enactment of this act to apply.

CBO cost estimate: \$85 million.

The Livestock Assistance Program provides payments to livestock producers for grazing losses in a primary disaster county. Payments vary by the severity of the grazing loss. This bill:

Provides \$250 million in CCC funding for the new LAP.

Bases the new LAP on provisions of the 1999 program.

Uses the Adjusted Gross Income limitation on benefits as in the 2002 farm bill.

Reduces LAP benefits by the amount of assistance received under the LCP and the 2002 Cattle Feed Program.

CBO cost estimate: \$250 million.