



DEPARTMENT OF AGRICULTURE

Farm Service Agency

7 CFR Part 760

[Docket ID FSA-2025-0007]

RIN 0560-AI71

Supplemental Disaster Relief Program (SDRP) Stage 1

AGENCY: Farm Service Agency, U.S. Department of Agriculture (USDA).

ACTION: Final rule.

SUMMARY: The Farm Service Agency (FSA) is issuing this final rule announcing SDRP, which provides assistance to eligible producers for losses to crops, trees, bushes, and vines due to wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought, and related conditions occurring in calendar years 2023 and 2024. SDRP assistance will be provided in two stages, referred to as Stage 1 and Stage 2. This document provides the eligibility requirements, application process, and payment calculations for SDRP Stage 1 only, which will provide payments for eligible crop, tree, and vine losses calculated using data already on file with USDA from previously issued Federal crop insurance indemnities and Noninsured Crop Disaster Assistance Program (NAP) payments. FSA anticipates announcing SDRP Stage 2 in a later rule.

DATES: This rule is effective on [insert date of publication in the FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Kathy Sayers; telephone: (202) 720-6870; email: Kathy.Sayers@usda.gov. Individuals with disabilities who require alternative means for communication should contact the USDA Target Center at (202) 720-2600 (voice and text telephone (TTY mode)) or dial 711 for Telecommunications

Relay Service (both voice and text telephone users can initiate this call from any telephone).

SUPPLEMENTARY INFORMATION:

Background

Title I of the Disaster Relief Supplemental Appropriations Act, 2025 (Division B of the American Relief Act, 2025; Pub. L. 118-158; referred to as “the Act” in this document) provides “\$30,780,000,000, to remain available until expended, for necessary expenses related to losses of revenue, quality or production of crops (including milk, on-farm stored commodities, crops prevented from planting, and harvested adulterated wine grapes), trees, bushes, and vines, as a consequence of droughts, wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze, including a polar vortex, smoke exposure, and excessive moisture occurring in calendar years 2023 and 2024 under such terms and conditions as determined by the Secretary of Agriculture...”. As provided in the Act, losses due to drought are only eligible if any area within the county in which the loss occurs was rated by the U.S. Drought Monitor¹ as having D2 (Severe Drought) for eight consecutive weeks or a D3 (Extreme Drought) or higher level of drought intensity during the applicable calendar years.

FSA is using the funding provided in the Act to assist producers through several programs.² SDRP will use approximately \$16.09 billion of the authorized \$30.78 billion in funding to assist producers who suffered losses of crops, trees, bushes, or vines due to qualifying disaster events. FSA will administer SDRP in two stages.

¹The U.S. Drought Monitor classifies drought severity on a weekly basis according to a range of D0 (abnormally dry) to D4 (exceptional drought) and is available at <http://droughtmonitor.unl.edu>.

²On March 29, 2025, FSA announced the Emergency Livestock Relief Program (ELRP) 2023 and 2024, which provides assistance to livestock producers for losses due to qualifying drought and wildfire (90 FR22614-22623). FSA will announce programs for livestock producers’ losses due to flooding, milk losses, and losses of on-farm stored commodities in a later final rule.

Stage 1 will use a streamlined process with pre-filled application forms for producers with indemnified crop, tree, and vine losses.³ Data for these losses are already on file with FSA or the Risk Management Agency (RMA) as a result of the producer previously receiving a NAP payment or a crop insurance indemnity under certain crop insurance policies. This rule provides the eligibility requirements, application process, and payment calculations for SDRP Stage 1.

SDRP Stage 2 will provide payments to eligible producers for losses of crops, trees, bushes, and vines that were not indemnified. These losses, sometimes referred to as uncovered or shallow losses, include losses of crops, trees, bushes, and vines for which a producer did not have crop insurance or NAP coverage, as well as losses that were insured with crop insurance or covered by NAP but were not severe enough to trigger an indemnity. Like Stage 1, Stage 2 payments will be calculated based on individual crop, tree, bush, and vine losses, rather than a producer's cumulative revenue loss, which was used for the Emergency Relief Program (ERP) Phase 2 and ERP 2022 Track 2. Producers who apply for Stage 2 will provide the data required to calculate a payment through the application process. FSA anticipates announcing SDRP Stage 2 in a later rule.

Producer Eligibility

To be eligible for SDRP Stage 1, a producer must be a:

- Citizen of the United States;
- Resident alien, which for purposes of SDRP means “lawful alien” as defined in 7 CFR part 1400;

³NAP provides assistance for crop losses, but not for losses of trees, bushes, and vines that produce those crops. RMA provides insurance for crop losses and for losses of some trees and vines that produce crops. Previously the Emergency Relief Program (ERP) Phase 1 and ERP 2022 Track 1 included losses of trees for which insurance policies were available. Losses to vines were not included in the previous ERP 2022 Track 1 because coverage was not offered for vine losses in the applicable crop years; however, Federal crop insurance for grapevines was introduced in 2023 and will be included in SDRP Stage 1. Losses to bushes are not included in SDRP Stage 1 because RMA does not offer coverage for those losses.

- Partnership organized under State law consisting solely of citizens of the United States or resident aliens;
- Corporation, limited liability company, or other organizational structure organized under State law consisting solely of citizens of the United States or resident aliens; or
- Indian Tribe or Tribal organization, as defined in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

This requirement aligns with the eligibility criteria for ERP Phase 1 and Phase 2.

To be considered a producer, as defined in this final rule at 7 CFR 760.2202, an applicant must share in the risk of producing the eligible crop and be entitled to a share in that crop available for marketing from the farm, or would have shared had the crop been produced. Members of legal entities who do not individually share in the risk of producing the crop and ownership of the crop are not considered producers and are not eligible to apply for SDRP; in those instances, the entity is considered the applicant.

To be eligible for SDRP, a producer must also be in compliance with the provisions of 7 CFR part 12, “Highly Erodible Land and Wetland Conservation,” and the

provisions of 7 CFR 718.6, which address ineligibility for benefits for offenses involving controlled substances.

FSA's creation and mailing of a pre-filled Stage 1 application does not indicate that a producer is eligible for SDRP. For example, some entities with members who are not U.S. citizens or resident aliens may have received crop insurance indemnities. The process of transferring data from RMA to FSA may result in creation of a pre-filled application for those entities; however, those entities are not eligible for a Stage 1 payment. Also, FSA's creation and mailing of a pre-filled application does not indicate that a crop and unit listed on the application suffered an eligible loss due to a qualifying disaster event. For example, a crop insurance indemnity may have been issued for a loss due to drought, but the county did not meet the criteria for qualifying drought as defined in 7 CFR 760.2202. The producer would not be eligible for payment for those losses under SDRP.

Eligible and Ineligible Losses

SDRP Stage 1 provides a streamlined application process for eligible crop, tree, and vine losses during the 2023, 2024, and 2025 crop years⁴ due to qualifying disaster events in the 2023 and 2024 calendar years for which a producer:

- Received an indemnity under a Federal Crop Insurance policy that provided coverage for a loss of crop production, revenue, or quality, or a loss of trees or vines, excluding policies for forage seeding, policies for crops with an intended use of grazing,⁵ livestock policies, Controlled Environment policies,⁶ Margin Protection Plan policies, banana plants

⁴The 2025 crop year is included because a qualifying disaster event occurring in the 2024 calendar year may cause a loss of a crop during the 2025 crop year, based on how "crop year" is defined in the applicable crop insurance policy or NAP provisions.

⁵Producers who received Livestock Forage Disaster Program payments for grazing losses due to drought or wildfire in calendar years 2023 and 2024 may be eligible for additional assistance through ELRP 2023 and 2024.

⁶Controlled Environment policies were offered beginning with the 2024 crop year. These policies are excluded because the covered causes of loss do not align with qualifying disaster events for SDRP.

insured under the Hawaii Tropical Trees provisions,⁷ supplemental policy endorsements based on county- or area-level losses when purchased with a base policy,⁸ Cottonseed Endorsements; and policies issued in Puerto Rico,⁹ or

- Received a NAP payment for a crop and unit, excluding payments for crops intended for grazing.

For insured losses, Stage 1 payments will be calculated based only on a producer's base crop insurance policy, without considering any supplemental policy endorsements that are based on area- or county-level loss, rather than on a producer's actual loss.¹⁰ By including only a producer's base policy in calculating a Stage 1 payment, SDRP will provide assistance for insured losses on a producer's actual loss for the majority of insured producers, in alignment with Stage 1 payments for NAP-covered losses, which are always based on a producer's actual loss rather than on losses for an area or county. Payments based on area- or county-level insurance policies will only be included in Stage 1 when they are the producer's base policy, because excluding those policies would prevent FSA from using Stage 1's streamlined approach for those insured crop losses that would otherwise have been eligible. Basing Stage 1 payments on a producer's actual crop loss for the majority of producers is also consistent with the approach FSA will use for Stage 2, which will calculate payments based on a producer's actual crop, tree, bush, and vine losses. These changes bring consistency to the manner in which losses are compensated in both Stage 1 and Stage 2.

⁷Banana crop losses are included in Stage 1; however, the banana plants are not considered an eligible tree, bush, or vine.

⁸The excluded supplemental policy endorsements are Enhanced Coverage Option, Hurricane Insurance Protection-Wind Index, Supplemental Coverage Option, and Stacked Income Protection Plan endorsements when purchased with a base policy.

⁹Federal crop insurance policies issued in Puerto Rico are not transmitted through the standardized Policy Acceptance and Storage System. Therefore, pre-filled applications cannot be automatically generated under SDRP Stage 1, and assistance for eligible losses in Puerto Rico will be available under Stage 2.

¹⁰See 7 U.S.C. 1508(c)(3)(B) and 7 U.S.C. 1508b(b)(4).

To be eligible for SDRP Stage 1, the crop, tree, or vine loss must have been caused, in whole or in part, by a qualifying disaster event that occurred in calendar year 2023 or 2024. When multiple causes of loss affect a crop, the amount of loss due to each specific cause of loss cannot be determined from the data on file with FSA and RMA; therefore, the Stage 1 payment will be based on a producer's total loss that was used to calculate the producer's crop insurance or NAP indemnity as long as at least a portion of that loss was caused by at least one qualifying disaster event.

Eligible crops for SDRP Stage 1 include aquacultural species for which Federal crop insurance or NAP coverage was available.¹¹ Losses to aquacultural species that were compensated under the Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP) are ineligible for SDRP Stage 1 to avoid providing duplicate benefits for losses already at least partially compensated for by ELAP. For example, if a producer received both a NAP payment and an ELAP payment for a loss of farm-raised fish for the 2024 crop year, the producer will be ineligible to receive an SDRP Stage 1 payment for that loss of farm-raised fish. ELAP payments for losses that were not covered by NAP (for example, losses due to the cost of transporting water or feed to livestock, and milk losses due to H5N1 infection) do not affect a producer's SDRP eligibility.

FSA is also excluding certain losses from SDRP Stage 1 eligibility when they were previously compensated under ERP 2022. Producers were eligible for ERP 2022 if their loss of an eligible crop was caused, in whole or in part, by a qualifying disaster event occurring in the 2022 calendar year. As a result, ERP 2022 Track 1 included some losses for the 2023 crop year, and ERP 2022 Track 2 allowed producers to use their

¹¹Federal crop insurance is available for clams and oysters in certain counties. NAP coverage is available for aquatic organisms grown as food for human consumption as determined by the Commodity Credit Corporation, fish raised as feed for other fish that are consumed by humans, and ornamental fish propagated and reared in an aquatic medium. See 7 CFR 1437.303(a).

allowable gross revenue for the 2023 tax year as their disaster year revenue.¹² For both Track 1 and Track 2, a producer was eligible for ERP 2022 if the loss was caused, at least in part, by a qualifying disaster event occurring in the 2022 calendar year; however, an eligible crop also may have suffered a loss due to 1 or more qualifying disaster events in 2023 calendar year. Therefore, to avoid compensating a producer twice for the same loss, SDRP Stage 1 excludes losses for which a producer received an ERP 2022 Track 1 payment for the 2023 crop year, or an ERP 2022 Track 2 payment based on their allowable gross revenue for the 2023 tax year.

FSA is also excluding crop, tree, bush, and vine losses in Connecticut, Hawaii, Maine, and Massachusetts from both Stage 1 and Stage 2 of SDRP to avoid compensating producers twice for the same loss. The Act authorized \$220,000,000 to provide block grants to eligible States¹³ to provide compensation to producers for necessary expenses related to crop, timber, and livestock losses, including on-farm infrastructure, as a consequence of any weather event in 2023 or 2024 that a State, in its sole discretion, determines warrants such relief. Under that authority, FSA is establishing block grants with Connecticut, Hawaii, Maine, and Massachusetts covering crop, tree, bush, and vine losses in those states.

For losses of crops that were covered by NAP, if any portion of land in the unit was physically located in one of those 4 states, the entire unit will be ineligible for Stage 1 because FSA cannot determine the amount of loss for the portion of the unit not located

¹²See 88 FR 74411.

¹³The Act specifies that eligible States are those States with a net farm income for 2023 of less than \$250,000,000, as recorded in the data in the Economic Research Service publication "Farm Income and Wealth Statistics" as of December 3, 2024, and fewer than eight thousand farms and an average farm size of fewer than one thousand acres per farm, as recorded in the National Agricultural Statistics Service publication "Farms and Land in Farms 2023 Summary (February, 2024)." The states that meet those criteria are Alaska, Connecticut, Hawaii, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. As directed by the Act, FSA has worked with eligible States on any necessary terms and conditions for block grants. Connecticut, Hawaii, Maine, and Massachusetts have indicated that the assistance they provide through block grants will cover crop, tree, bush, and vine losses that would otherwise be covered by SDRP. The other eligible states have determined that their block grants will not duplicate crop loss assistance provided through SDRP.

in the ineligible State using the data previously submitted by the producer. For insured crops, units that are physically located in one of those 4 states will be ineligible for Stage 1, except in certain instances when the producer had a Rainfall Index plan for Apiculture policy or for Pasture, Rangeland, and Forage (PRF), or a Whole-Farm Revenue Protection (WFRP) policy.

Producers who have a WFRP policy are required to indicate the county in which the majority of their expected revenue would be earned on reports required for WFRP coverage, such as their Whole-Farm History Report, Inventory Report, and Farm Operation Report. The data on file with RMA does not indicate whether any land in a WFRP unit is located in any other counties. Therefore, to facilitate administration of SDRP Stage 1, WFRP units are ineligible for SDRP Stage 1 if the county where the majority of a producer's expected revenue would be earned is in Connecticut, Hawaii, Maine, and Massachusetts, even if part of that unit is physically located outside of those 4 states. Conversely, if the county in which the majority of a producer's expected revenue would be earned is not in one of those 4 states, that unit will be included for SDRP Stage 1, even if the unit includes land that is physically located in 1 of those 4 states.¹⁴

Similar to WFRP, Rainfall Index plans for Apiculture and PRF may cover units with land located in more than 1 county, and data on file with RMA only includes the county entered by the producer on their insurance application. Losses under those policies will be ineligible for SDRP Stage 1 if the county entered on the insurance application is in Connecticut, Hawaii, Maine, and Massachusetts. Losses will be included in SDRP Stage 1 if the county is not located in 1 of those 4 states.

To avoid paying a producer twice for the same loss, the block grant programs administered by Connecticut, Hawaii, Maine, and Massachusetts will exclude losses on

¹⁴The grant programs administered by Connecticut, Hawaii, Maine, and Massachusetts will exclude losses to units covered by WFRP policies for which the majority of their expected revenue would be earned outside of the applicable state.

land in units covered by Apiculture, PRF, and WFRP policies that were eligible for SDRP Stage 1. FSA intends to provide assistance in SDRP Stage 2 for losses on land physically located outside of those 4 states that is excluded from SDRP Stage 1 as described above for NAP units and under apiculture, PRF, and WFRP policies.

SDRP Stage 1 will include Rainfall Index plans for Annual Forage, PRF, and Apiculture, which provide indemnities based on an index that reflects how much precipitation is received relative to the long-term average for a specified area and timeframe. These programs do not directly compensate producers for drought; however, these programs are included in SDRP Stage 1 because the lack of rainfall may have resulted in drought conditions, and including these policies streamlines the delivery of assistance to producers who may have suffered eligible losses due to qualifying drought. In some cases, a producer may have also received a NAP payment for the crop. If a producer received both a NAP payment and an Annual Forage, PRF, or Apiculture indemnity for a crop, the data for both the NAP payment and the crop insurance indemnity will be used to pre-fill the application, resulting in two separate line items (one under Part C—Insured Crop Information, and one under Part D—NAP Crop Information). In those instances, the producer must elect whether to receive a Stage 1 payment based on the data associated with their Federal crop insurance indemnity or their NAP payment by completing the line item for their selection as described below under “How to Apply.” This policy is necessary to avoid compensating producers twice for the same loss under Stage 1.

How to Apply

FSA and RMA will identify the producers who received indemnities and NAP payments described above. For each of those producers, FSA will generate an FSA-526, Supplemental Disaster Relief Program (SDRP) Stage 1 Application, with certain items pre-filled with information already on file with USDA, as listed below, and FSA will

mail copies of the pre-filled applications to producers. The generation and mailing of a pre-filled application does not indicate that a producer is eligible for SDRP Stage 1. Producers may also electronically obtain pre-filled applications by contacting their FSA county office¹⁵ beginning on [**insert date of publication in the FEDERAL REGISTER**]. Producers will submit separate applications for each crop year.

Producers may submit applications to their FSA county office in person or by mail, email, facsimile, or other methods announced by FSA. In order for an application to be processed for FSA County Committee action, a complete application must be submitted to the producer's recording county office by the close of business on the deadline announced by FSA.

Producers cannot alter the data in these pre-filled items; any alterations in the pre-filled data on the application will result in FSA disapproving the producer's Stage 1 application. FSA will not calculate Stage 1 payments using data manually submitted by producers. Stage 1 payments will only be calculated using data already on file with RMA and FSA. If a producer believes that any information that has been pre-filled on the FSA-526 is incorrect, the producer should contact their Federal crop insurance agent for insured crops or their FSA county office for NAP-covered crops. If the crop insurance agent or FSA determine that the producer's information on file is erroneous, they will correct the producer's data on file with RMA and FSA. Once the corrections have been made, an updated Stage 1 application may be generated for the producer.

For producers who received a Federal crop insurance indemnity for eligible policies, the pre-filled application will include the producer's physical State and county codes, unit numbers, crops, and crop years. For producers who received a NAP payment, the pre-filled applications will include the producer's administrative State and county

¹⁵Producers can locate their FSA county office using the Service Center Locator available at <https://www.farmers.gov/working-with-us/service-center-locator>.

codes, unit numbers, crop years, pay crops, and pay groups. FSA will also pre-fill the calculated Stage 1 payment amounts, prior to any payment reductions for reasons such as payment limitation and factoring of payments to stay within available funding.

FSA's generation of a pre-filled application and mailing of that application to the producer is not a confirmation that the producer is eligible to receive a Stage 1 payment. To complete the application, the producer must enter the type of qualifying disaster event that caused, in whole or in part, the crop, tree, or vine loss. Producers are responsible for reviewing the list of qualifying disaster events, and if a loss was due to drought, producers must also ensure that the county where the crop and unit were located meets the definition of "qualifying drought."¹⁶

Producers who received Federal crop insurance indemnities under WFRP policies, including Micro Farm policies, must also certify the percentage of their expected revenue from specialty and high value crops for the purpose of administration of the payment limitations described below. In addition to this certification, they must also provide documentation to support their certification by the application deadline. If a producer does not provide supporting documentation, FSA will process the producer's application with 0 percent of their revenue attributed to specialty and high value crops, resulting in the producer's payment for loss being attributed to the lower payment limitation that applies to other crops, described below, rather than the higher payment limitation that applies to specialty and high value crops.

All producers must certify on FSA-526 that they will meet the requirement to purchase Federal crop insurance or NAP coverage for the next 2 available crop years, as described later in this document. If multiple crops and units are listed on an application, and the producer only agrees to purchase Federal crop insurance or NAP coverage for

¹⁶A list of counties that met the criteria for "qualifying drought" in the 2023 and 2024 calendar years is available at <https://www.fsa.usda.gov/resources/programs/supplemental-disaster-relief-program>.

only some of the crops and units, a Stage 1 payment will be issued only for those crops and units for which the producer agrees to purchase Federal crop insurance or NAP coverage for the next 2 available crop years.

For producers who had Federal crop insurance, the application will list the primary policy holder and all producers with a substantial beneficial interest (SBI) who have a record established with FSA. Inclusion of an SBI on the application does not mean that the SBI is considered an eligible producer; to be considered an eligible producer, an SBI must individually share in the risk of producing the crop and ownership of the crop. If one or more producers with an SBI had a share in a crop, the primary policy holder must update the application to show the share in the crop for each of those producers in addition to the primary policy holder. If the producer(s) are determined to be eligible for a Stage 1 payment, payments will be issued to the primary policy holder and to any eligible producers with an SBI based on their ownership share of the crop. To receive a payment, each person or entity listed as having a share of the Stage 1 payment for a crop and unit must sign the application and agree to purchase Federal crop insurance or NAP coverage for that crop and unit in each of the next 2 available crop years.

To receive an SDRP payment, producers, including any producers with an SBI who have a risk and share in a crop as indicated on a Stage 1 application, must also have the following forms on file with FSA by the deadline announced by FSA:

- CCC-902, Farm Operating Plan, for an individual or legal entity;
- CCC-901, Member Information for Legal Entities, if applicable; and
- AD-1026, Highly Erodible Land Conservation (HELIC) and Wetland

Conservation (WC) Certification, for the producer and applicable affiliates as provided in 7 CFR part 12.

Most producers will already have these forms on file with FSA due to participation in other FSA programs.

In addition to the forms listed above, producers and members of legal entities who are requesting the increased payment limitations described below may submit FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Programs, including the certification from a certified public accountant or attorney that the person or legal entity has met the requirements to be eligible for the increased payment limitation. FSA will continue to accept FSA-510 until the deadline announced by FSA. If FSA-510 and the accompanying certification is filed after the SDRP Stage 1 payment is issued but before the deadline to submit FSA-510, FSA will process the FSA-510 and issue any resulting additional payment amount.

Payment Calculation

FSA and RMA will calculate Stage 1 payments using the loss data on file with FSA or RMA at the time of payment calculation or as later updated by FSA or RMA upon identification and correction of an error in the data on file at time of payment calculation.

The Stage 1 payment calculation for a crop and unit will depend on the type and level of Federal crop insurance or NAP coverage obtained by the producer. Crops covered under a WFRP policy or included in a whole-farm unit will be treated as a single crop for payment calculation purposes. Each payment calculation will use an SDRP factor based on the level of Federal crop insurance or NAP coverage the producer had obtained for the crop and unit, as specified in the following table. These factors are consistent with the factors used previously for ERP Phase 1 and ERP 2022 Track 1.

Type of Coverage	Coverage Level	SDRP Factor (percent)
Crop insurance	Catastrophic coverage	75.0
	More than catastrophic coverage but less than 55 percent	80.0
	At least 55 percent but less than 60 percent	82.5
	At least 60 percent but less than 65 percent	85.0
	At least 65 percent but less than 70 percent	87.5
	At least 70 percent but less than 75 percent	90.0

Type of Coverage	Coverage Level	SDRP Factor (percent)
	At least 75 percent but less than 80 percent	92.5
	At least 80 percent	95.0
NAP	Catastrophic coverage	75.0
	50 percent	80.0
	55 percent	85.0
	60 percent	90.0
	65 percent	95.0

When determining the SDRP factors, analysis was conducted to ensure that payments do not exceed available funding and, in aggregate across all eligible Stage 1 producers, do not exceed 90 percent of losses, as required by the Act. The difference between the SDRP factors for Federal crop insurance and NAP is due to differences in the available coverage levels under Federal crop insurance and NAP. Federal crop insurance is available at the catastrophic coverage level (50 percent production coverage for 55 percent of the price) and buy-up coverage levels (50 percent to 85 percent production coverage for 100 percent of the price). The coverage level for NAP is limited by statute to a maximum of 65 percent.¹⁷ For both NAP and Federal crop insurance, the SDRP factors for the catastrophic and maximum buy-up levels are 75 percent and 95 percent, respectively, with the factors stair-stepping for the buy-up options as shown in the table above. The Act provides that payments to eligible producers who did not have Federal crop insurance or NAP coverage cannot exceed 70 percent of their loss; these producers' eligible losses will be addressed by Stage 2. The lowest SDRP factor for Stage 1 producers is set at 75 percent. Payment limits and other reductions may decrease Stage 1 payments, further lowering the percent of losses covered.

To calculate a Stage 1 payment for an eligible insured crop, tree, or vine loss, RMA will perform a calculation consistent with the calculation of an indemnity for the crop and unit. The calculation will use the approved RMA loss procedures for the type of

¹⁷See 7 U.S.C. 7333(a)(1)(A)(ii).

coverage purchased by the producer, but it will substitute the applicable SDRP factor for the policy's coverage level. Using that SDRP factor, RMA will determine the amount that will be used in place of the liability¹⁸ for SDRP purposes. The result of that calculation will then be adjusted by subtracting the net crop insurance indemnity, which is equal to the producer's gross crop insurance indemnity for the crop and unit, minus administrative fees and premiums. This step eliminates any overlap between the producer's crop insurance payment and the assistance provided through SDRP Stage 1.

The specific calculation will vary depending on the type of crop insurance, but the following example illustrates the general approach used to determine a Stage 1 payment for an insured producer. Suppose a producer had a crop insurance policy with a coverage level of 65 percent, and the total administrative fee and premium was \$3,500. Based on the producer's approved yield, acres, and applicable price under their insurance policy, the expected value of their crop was \$500,000, and the liability was \$325,000 (65 percent of the expected value). The producer suffered a crop loss and their production was valued at \$250,000, resulting in a gross indemnity of \$75,000. To calculate the producer's Stage 1 payment, RMA will perform the same calculation that was used to calculate the indemnity based on their loss procedures but using \$437,500 (the SDRP factor of 87.5 percent multiplied by the expected value) in place of the liability, such that the value of production (\$250,000) is subtracted from \$437,500 equaling \$187,500. From that amount, RMA will subtract the net indemnity of \$71,500 (\$75,000 minus \$3,500), resulting in a calculated Stage 1 payment of \$116,000 prior to application of the final

¹⁸As defined in the Common Crop Insurance Policy Basic Provisions, the producer's liability is the total amount of insurance, value of the production guarantee, or revenue protection guarantee for a unit determined in accordance with the Settlement of Claim provisions of the applicable Crop Provisions for their coverage.

payment factor described below and any other applicable reductions such as the payment limitation reduction.

$$\begin{aligned} & \$500,000 \text{ (expected value)} \times 87.5\% \text{ (SDRP factor)} = \$437,500 \\ & \$437,500 - \$250,000 \text{ (value of production)} - \$71,500 \text{ (net indemnity)} = \\ & \$116,000 \text{ (SDRP payment prior to final payment factor and applicable reductions)} \end{aligned}$$

For consistency throughout Stage 1, payments for NAP-covered losses will use the same approach as for insured losses. To calculate a Stage 1 payment for a NAP-covered crop loss, FSA will perform a calculation consistent with the NAP payment calculation for the crop and unit as provided in 7 CFR part 1437. FSA will substitute the applicable SDRP factor for the coverage level to determine the applicable guarantee for SDRP purposes. This calculated amount will then be adjusted by subtracting the net NAP payment, which is equal to the producer's gross NAP payment for the crop and unit minus service fees and premiums.

For both insured and NAP-covered crops, the calculated amounts will be multiplied by a final payment factor of 35 percent to ensure that total payments do not exceed the available funding. FSA will issue Stage 1 payments as applications are processed and approved. All SDRP payments are subject to the availability of funding. If additional funding is available after all eligible SDRP applications have been processed and payments have been issued, FSA may issue additional Stage 1 payments, not to exceed the maximum amount allowed by law.

Payment Limitations

Two payment limitations apply to SDRP – one payment limitation for specialty and high value crops combined, and a second payment limitation for other crops that are not included in the definitions of “specialty crop” or “high value crop.” As under ERP Phase 1 and ERP 2022, specialty crops include fruits, tree nuts, vegetables, culinary herbs and spices, medicinal plants, and nursery, floriculture, and horticulture crops. This

includes common specialty crops identified by USDA's Agricultural Marketing Service.¹⁹ For SDRP, high value crops include trees, bushes, vines, aquaculture, hemp, grass for seed, tobacco, and vegetable seed.²⁰ The category of "other crops" includes all other crops that are not included in the definitions of specialty crop or high value crop.

As required by the Act, SDRP is subject to payment limitations consistent with:

- 7 CFR 760.1507(a)(2), as in effect on January 1, 2019, for specialty and high value crops; and
- 7 CFR 760.1507, as in effect on December 21, 2024, for other crops.

Separate payment limitations apply for each program year. Payments under both Stage 1 and Stage 2 will be combined for the purpose of applying payment limitations.

Therefore, producers who receive the maximum payment amount for a crop year under Stage 1, based on their applicable payment limitation, will not be eligible to receive additional payment for losses under Stage 2 for the same crop year.

The payment limitations are determined by the person's or legal entity's average adjusted gross farm income. Specifically, a person or legal entity, other than a joint venture or general partnership, cannot receive, directly or indirectly, more than \$125,000 for specialty and high value crops combined and \$125,000 for other crops if their average adjusted gross farm income is less than 75 percent of their average adjusted gross income (AGI) for the applicable base period. If at least 75 percent of the person or legal entity's average AGI is average adjusted gross farm income and the participant provides the required certification and documentation, as discussed below, the person or legal entity, other than a joint venture or general partnership, is eligible to receive, directly or

¹⁹See AMS, USDA Definition of Specialty Crop, available at <https://www.ams.usda.gov/sites/default/files/media/USDA%20SpecialtyCropDefinition.pdf>.

²⁰This definition means that trees, bushes, and vines will be grouped under the same payment limitation as the specialty crops they produce, which is consistent with ERP Phase 1 and ERP 2022 Track 1. The remaining high value crops have previously been grouped with specialty crops as "sales-based commodities" for payment calculation purposes for the Coronavirus Food Assistance Program 2. See 7 CFR 9.201.

indirectly, up to \$900,000 for specialty and high value crops combined and up to \$250,000 for other crops for each program year.

Average adjusted gross farm income includes income derived from farming, ranching, and forestry operations, which has the same meaning as in other recent FSA programs such as ERP, ERP 2022, Emergency Livestock Relief Program (ELRP), ELRP 2022, and ELRP 2023 and 2024. If the average adjusted gross farm income derived from the items listed in the definition of “income derived from farming, ranching, and forestry operations” (7 CFR 760.2202) is at least 66.66 percent of the average adjusted gross income of the person or legal entity, then the average adjusted gross farm income may also take into consideration income or benefits derived from the sale, trade, or other disposition of equipment to conduct farm, ranch, or forestry operations, and the provision of production inputs and production services to farmers, ranchers, foresters, and farm operations. Inclusion of those items and benefits in this manner was first introduced by section 1604 of the Food Conservation and Energy Act of 2008 (Pub. L. 110-234), which amended section 1001D of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). This provision has been applied in other recent FSA and Commodity Credit Corporation programs that use a producer’s average adjusted gross farm income for payment eligibility or payment limitation purposes.

As provided in 7 CFR 1400.105, a payment made to a legal entity will be attributed to those members who have a direct or indirect ownership interest in the legal entity unless the payment to the legal entity has been reduced by the proportionate ownership interest of the member due to that member’s ineligibility. As in other FSA programs, attribution of payments made to legal entities will be tracked through four levels of ownership as follows:

- First level of ownership—any payment made to a legal entity that is owned in whole or in part by a person will be attributed to the person in an

amount that represents the direct ownership interest in the first level or payment legal entity;²¹

- Second level of ownership—any payment made to a first-level legal entity that is owned in whole or in part by another legal entity (referred to as a second-level legal entity) will be attributed to the second-level legal entity in proportion to the ownership of the second-level legal entity in the first-level legal entity; if the second-level legal entity is owned in whole or in part by a person, the amount of the payment made to the first-level legal entity will be attributed to the person in the amount that represents the indirect ownership in the first-level legal entity by the person;
- Third and fourth levels of ownership—except as provided in the second level of ownership bullet above and in the fourth level of ownership bullet below, any payments made to a legal entity at the third and fourth levels of ownership will be attributed in the same manner as specified in the second level of ownership bullet above; and
- Fourth level of ownership—if the fourth level of ownership is that of a legal entity and not that of a person, a reduction in payment will be applied to the first-level or payment legal entity in the amount that represents the indirect ownership in the first level or payment legal entity by the fourth-level legal entity.

If an individual or legal entity is not eligible to receive an SDRP payment due to the individual or legal entity failing to satisfy payment eligibility provisions, the payment

²¹The “first level or payment legal entity” is the highest level of ownership of the applicant to whom payments can be attributed or limited. There will be a reduction applied for the “first level or payment legal entity,” and if the payment entity happens to be a joint venture, that reduction is applied to the first level, or highest level, for payments. If the applicant is a business type that does not have a limitation or attribution, the reduction is applied to the first level, but if the business type can have the reduction applied directly to it, then the limitation applies.

made either directly or indirectly to the individual or legal entity will be reduced to zero. The amount of the reduction for the direct payment to the producer will be commensurate with the direct or indirect ownership interest of the ineligible individual or ineligible legal entity.

Like other programs administered by FSA, payments made to an Indian Tribe or Tribal organization, as defined in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304), will not be subject to payment limitation.

Payments made directly or indirectly to a person who is a minor child will not be combined with the earnings of the minor's parent or legal guardian.

Requirement To Purchase Federal Crop Insurance or NAP Coverage

The Act requires all producers who receive SDRP payments to purchase Federal crop insurance, or NAP coverage where Federal crop insurance is not available, for the next 2 available crop years, as determined by the Secretary. Participants must obtain Federal crop insurance or NAP coverage, as may be applicable, at a coverage level equal to or greater than 60 percent. This requirement establishes a consistent base level of coverage for both insured and noninsured crops, and the coverage level is consistent with the required coverage level for insured crops under ERP and ERP 2022 and for all crops under the previous 2017 Wildfires and Hurricanes Indemnity Program and the Wildfires and Hurricanes Indemnity Program Plus.²² Participants must also file an acreage report and any other required reports or documentation needed to establish crop insurance or NAP coverage for the applicable crop years.

Availability will be determined from the date a producer receives an SDRP payment and may vary depending on the timing and availability of Federal crop insurance or NAP coverage for a producer's particular crops.

²²See 87 FR 30164, 88 FR 74404, and 7 CFR 760.1517.

In situations where Federal crop insurance is unavailable for a crop, a participant must obtain NAP coverage. Section 1001D of the Food Security Act of 1985 (1985 Farm Bill; Pub. L. 99-198) provides that a person or entity with an average AGI greater than \$900,000 is not eligible to participate in NAP; however, producers with an average AGI greater than \$900,000 are eligible to participate in SDRP. To reconcile this restriction in the 1985 Farm Bill and the requirement to obtain NAP or Federal crop insurance coverage, SDRP participants may meet the purchase requirement by purchasing WFRP coverage, if eligible, or they may apply for NAP coverage and pay the applicable service fee and premium despite their ineligibility for a NAP payment.

Producers who receive a Stage 1 payment that was calculated based on an indemnity under a PRF policy; Annual Forage policy; or WFRP policy must purchase the same type of policy or a combination of individual policies for the crops that had covered losses under SDRP to meet the Federal crop insurance and NAP coverage requirement.

If both Federal crop insurance and NAP coverage are unavailable for a crop, the producer must obtain WFRP Federal crop insurance coverage, if eligible.

For Stage 1, the Federal crop insurance and NAP coverage requirements are specific to the crop and county (which is the county where the crop is physically located for insured crops and the administrative county for NAP-covered crops) for which Stage 1 payments are paid.

Producers who were paid under Stage 1 for a crop in a county, but do not plant that crop in that county in a year for which the Federal crop insurance and NAP coverage requirement applies, are not subject to the Federal crop insurance or NAP purchase requirement for that year.

Producers who receive a Stage 1 payment on a crop in a county and who have the crop or crop acreage in subsequent years, as provided in this document, and who fail to obtain the 2 years of Federal crop insurance or NAP coverage required as specified in this

document must refund all Stage 1 payments for that crop in that county, with interest, from the date of disbursement.

Notice and Comment and Effective Date

The Administrative Procedure Act (APA) provides that the notice and comment and 30-day delay in the effective date provisions do not apply when the rule involves specified actions, including matters relating to benefits or contracts (5 U.S.C. 553(a)(2)). This rule governs disaster assistance payments to agricultural producers and therefore falls within the benefits exemption.

This rule is exempt from the regulatory analysis requirements of the Regulatory Flexibility Act (5 U.S.C. 601-612), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) because it involves matters relating to benefits. The requirements for the regulatory flexibility analysis in 5 U.S.C. 603 and 604 are specifically tied to the requirement for a proposed rule by section 553 or any other law; in addition, the definition of rule in 5 U.S.C. 601 is tied to the publication of a proposed rule.

The Office of Management and Budget (OMB) found this rule meets the criteria in 5 U.S.C. 804(2) of the Congressional Review Act (CRA), which would ordinarily necessitate delaying its effective date for 60 days (5 U.S.C. 801(a)(3)(A)). However, the CRA, at 5 U.S.C. 808(2), allows an agency to make such regulations effective immediately if the agency finds there is good cause to do so. USDA has determined that such good cause exists here. The beneficiaries of this rule have been impacted by disaster events in calendar years 2023 and 2024, and this assistance is necessary to support the continued operation of crop producers who have suffered severe losses that impact their ability to sustain their operations and continue farming. To mitigate further adverse impacts on affected producers for losses due to these disaster events, USDA finds that notice and public procedure are contrary to the public interest. Therefore, USDA is

not required to delay the effective date for 60 days from the date of publication to allow for Congressional review. Accordingly, this rule is effective upon publication in the Federal Register.

Executive Orders 12866, 13563, and 14192

Executive Order 12866, “Regulatory Planning and Review,” and Executive Order 13563, “Improving Regulation and Regulatory Review,” direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasized the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 14192, “Unleashing Prosperity Through Deregulation,” announced the Administration policy to significantly reduce the private expenditures required to comply with Federal regulations to secure America’s economic prosperity and national security and the highest possible quality of life for each citizen and to alleviate unnecessary regulatory burdens placed on the American people. In line with the Executive Order requirements, the Agency chose this regulatory approach, including leveraging data previously filed with USDA and the use of pre-filled applications, to maximize benefits and minimize burden on American producers. The requirements in Executive Orders 12866 and 13563 for the analysis of costs and benefits apply to rules that are determined to be significant or economically significant.

The Office of Management and Budget (OMB) designated this rule as economically significant under Executive Order 12866 and therefore, OMB has reviewed

this rule. The costs and benefits of this rule are summarized below. The full CBA is available on *regulations.gov*.

Cost Benefit Analysis Summary

FSA is using \$16.09 billion of the \$30.78 billion authorized by the Act to implement SDRP. SDRP provides relief to qualifying producers who: had previously received certain Federal crop insurance indemnities or FSA NAP payments for the 2023, 2024, and 2025²³ crop years due to qualifying disaster events in the 2023 and 2024 calendar years; did not participate in either RMA or NAP programs but suffered eligible losses; or had shallow losses, which are losses that are too small to trigger an RMA or NAP payment. To avoid paying for the same loss as already covered under federal crop insurance or NAP, FSA will add the RMA or NAP net indemnities to the value of crop production after disaster damage (or equivalently, subtract the net indemnity from the expected crop value times the SDRP factor) when calculating the SDRP 1 payment. Factoring in the RMA or NAP net indemnities effectively means that affected producers that had a qualifying loss will receive a 100 percent reimbursement of RMA premiums and NAP fees. SDRP Stage 1 leverages data on file with FSA or RMA for those producers who received a NAP payment or certain RMA indemnities. SDRP Stage 2 covers eligible producers who suffered an eligible loss but did not participate in certain RMA programs or NAP and those with shallow losses too small to trigger an RMA or NAP payment. SDRP Stage 1, the focus of the cost-benefit analysis for this rule, accounts for 72 percent of total estimated gross payments, with Stage 2 accounting for 28

²³ See footnote 4.

percent. Payments associated with prior RMA and NAP losses account for 91 percent of total estimated SDRP gross payments.

Environmental Review

The environmental impacts have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C. 4321-4347) and the FSA regulation for compliance with NEPA (7 CFR part 799).

SDRP is authorized by Title I of the Disaster Relief Supplemental Appropriations Act, 2025. The intent of SDRP is to provide payments to eligible producers who suffered eligible crop, tree, and vine losses due to wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, and qualifying drought, and related conditions occurring in calendar years 2023 and 2024. The limited discretionary aspects of the program were designed to be consistent with established FSA disaster programs. As such, the Categorical Exclusions in 7 CFR 799.31 apply, specifically 7 CFR 799.31(b)(6)(iv) and (vi) (that is, § 799.31(b)(6)(iv) Individual farm participation in FSA programs where no ground disturbance or change in land use occurred as a result of the action or participation; and § 799.31(b)(6)(vi) Safety net programs administered by FSA).

No Extraordinary Circumstances (7 CFR 799.33) exist because this is an administrative payment program that does not have the potential to impact the human environment individually or collectively. As such, FSA has determined that the implementation of SDRP and participation in SDRP do not constitute major Federal actions that would significantly affect the quality of the human environment, individually or cumulatively. Therefore, FSA will not prepare an environmental assessment or environmental impact statement for this regulatory action, and this notice serves as

documentation of the programmatic environmental compliance decision for this federal action.

Executive Order 13175

This rule has been reviewed in accordance with the requirements of Executive Order 13175, “Consultation and Coordination with Indian Tribal Governments.” Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a Government-to-Government basis on policies that have Tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes.

USDA has assessed the impact of this rule on Indian Tribes and determined that this rule does not, to our knowledge, have Tribal implications that required Tribal consultation at this time. If a Tribe requests consultation, FSA will work with the Office of Tribal Relations to ensure meaningful consultation is provided.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA, Pub. L. 104-4) requires Federal agencies to assess the effects of their regulatory actions of State, local, and Tribal governments or the private sector. Agencies generally must prepare a written statement, including cost benefit analysis, for proposed and final rules with Federal mandates that may result in expenditures of \$100 million or more in any 1 year for State, local or Tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternatives and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule. This rule contains no Federal mandates, as defined in Title II of UMRA, for State, local and Tribal

governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Paperwork Reduction Act Requirements

The Paperwork Reduction Act of 1995 (44 U.S.C. Chap. 35; see 5 CFR part 1320), requires that OMB approve all collections of information by a Federal agency from the public before they can be implemented. Respondents are not required to respond to any collection of information unless it displays a current valid OMB control number. The information collection request has been approved by OMB under the control number of 0503-0028; Expiration Date: 10/31/2027. FSA will use data already on file with FSA or RMA to generate pre-filled applications for producers using the following forms: CCC-901, CCC-902E, CCC-902I, and FSA-510. In addition, for the information collection under 0503-0028, the agency is seeking to use FSA-526 and a letter to producers with this data collection. The FSA-526 and letter to producers are the only new data collection activities associated with this request; the pre-filled applications are generated with data previously collected and already on file, with no additional burden to producers. The total annual burden hours for this information collection is

123,201. See tables below for the breakout. This final rule is a one-time announcement of SDRP Stage 1 federal financial assistance funding.

Requests for additional information or copies of this information collection should be directed to Kathy Sayers, Farm Service Agency, U.S. Department of Agriculture, via email to Kathy.Sayers@usda.gov.

Title: Supplemental Disaster Assistance Program (SDRP) Stage 1

Form Numbers: CCC-901, CCC-902E, CCC-902I, FSA-510, and FSA-526

OMB Number: 0503-0028

Expiration Date: 10/31/2027

Type of Request: Generic Information Collection

Abstract: As authorized by Title I of the Disaster Relief Supplemental Appropriations Act, 2025 (Division B of the American Relief Act, 2025; Pub. L. 118-158), FSA is administering SDRP Stage 1 to assist producers who suffered eligible losses of crops, trees, and vines due to wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought, and related conditions occurring in calendar years 2023 and 2024.

Stage 1 will use a streamlined process with pre-filled application forms for producers with indemnified or NAP-covered crop, tree, and vine losses. Data for these losses are already on file with FSA or RMA as a result of the producer previously receiving a NAP payment or a crop insurance indemnity under certain crop insurance policies. Producers will complete a pre-filled application form for each program year for which they are applying.

Application Process

Affected Public: Business for profit and farms (Agricultural producers)

Estimated Number Respondents: 284,200

Estimated Number of Responses per Respondent: 2.565

Estimated Total Annual Responses: 729,257

Estimated Time per Respondent: 0.19075 hours

Estimated Total Annual Burden on Respondents: 139,110 burden hours

Item	Number of Respondents	Number of Responses per respondent	Total Annual Responses	Hours per response	Total hours per year
Letter	284,200	1	284,200	0.0835	22,736
FSA-526	284,200	1.4	397,880	0.25	99,470
Member Information for an Entity – CCC-901	2,842	1	2,842	0.5	1,421
Farm Operating Plan for an Entity – CCC-902E	14,210	1	14,210	0.5	7,105
Farm Operating Plan for an Individual – CCC-902I	14,210	1	14,210	0.5	7,105
Request for an Exception to the \$125,000 Payment Limitation for Certain Programs – FSA-510	11,368	1.4	15,915	0.0835	1,273
Subtotal Estimates	284,200	2.565	729,257	0.19075	139,110

The FSA-526 may be filled out at a minimum once, at a maximum for 3 crop years, involved in this data collection.

Compliance Process

Affected Public: Business for profit and farms (Agricultural producers)

Estimated Number Respondents: 284,200

Estimated Number of Responses per Respondent: 1.32

Estimated Total Annual Responses: 375,144

Estimated Time per Respondent: 0.118181 hours

Estimated Total Annual Burden on Respondents: 44,335 burden hours

Item	Number of Respondents	Number of Responses per respondent	Total Annual Responses	Hours per response	Total hours per year
Initial Notification Letter – Compliant	227,360	1	227,360	0.0835	18,189
Initial Notification Letter – May Request Review	56,840	1	56,840	0.0835	4,547

Time to gather information and respond to FSA	34,104	1	34,104	0.5	17,052
Second Notification Letter – Compliant	28,420	1	28,420	0.0835	2,274
Second Notification Letter – Noncompliant	28,420	1	28,420	0.0835	2,274
Subtotal Estimates	284,200	1.32	375,144	0.118181	44,335

The grand total is 284,200 respondents, 1,104,401 total annual responses, and 183,445 burden hours.

E-Government Act Compliance

FSA is committed to complying with the E-Government Act of 2002, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Federal Assistance Programs

The title and number of the Federal assistance programs, as found in the Assistance Listing, to which this document applies is 10.988—Supplemental Disaster Relief Program.

List of Subjects in 7 CFR Part 760

Acreage allotments, Dairy products, Indemnity payments, Pesticides and pest, Reporting and recordkeeping requirements.

For the reasons discussed above, this final rule amends 7 CFR part 760 as follows:

PART 760—INDEMNITY PAYMENT PROGRAMS

1. The authority citation for part 760 continues to read as follows:

Authority: 7 U.S.C. 4501 and 1531; 16 U.S.C. 3801, note; 19 U.S.C. 2497; Title III, Pub. L. 109-234, 120 Stat. 474; Title IX, Pub. L. 110-28, 121 Stat. 211; Sec. 748, Pub. L. 111-80, 123 Stat. 2131; Title I, Pub. L. 115-123, 132 Stat. 65; Title I, Pub. L. 116-20, 133 Stat. 871; Division B, Title VII, Pub. L. 116-94, 133 Stat. 2658; Title I, Pub.

L. 117-43, 135 Stat. 356; and Division N, Title I, Pub. L. 117-328, 136 Stat. 4459;
Division B, Title I, Pub. L. 118-158, 138 Stat. 1722.

Subpart U [Added and Reserved]

2. Add reserved subpart U.
3. Add subpart V, consisting of §§ 760.2200 through 760.2217, to read as

follows:

Subpart V—Supplemental Disaster Relief Program

Sec.	
760.2200	Applicability.
760.2201	Administration.
760.2202	Definitions.
760.2203	Eligible producers.
760.2204	Stage 1 eligible and ineligible losses.
760.2205	[Reserved]
760.2206	Time and method of application.
760.2207	Required documentation and verification.
760.2208	Stage 1 payment calculation.
760.2209 - 760.2214	[Reserved]
760.2215	Payment limitation.
760.2216	Requirement to purchase crop insurance or NAP coverage.
760.2217	Miscellaneous provisions.

§ 760.2200 Applicability.

(a) This subpart specifies the eligibility requirements and payment calculations for the Supplemental Disaster Relief Program (SDRP), which is authorized by Title I of the Disaster Relief Supplemental Appropriations Act, 2025 (Division B of the American Relief Act, 2025; Pub. L. 118-158). SDRP provides payments to producers who suffered eligible losses of crops, trees, bushes, and vines due to qualifying disaster events, which include wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought, and related conditions occurring in calendar years 2023 and 2024.

(b) To be eligible for an SDRP payment, a participant must comply with all applicable provisions under this subpart.

(c) SDRP Stage 1 provides assistance for eligible losses of eligible crops, trees, and vines for which a producer had crop insurance or NAP coverage and received an indemnity for the applicable crop year.

(d) [Reserved]

§ 760.2201 Administration.

(a) SDRP is administered under the general supervision and direction of the Administrator, Farm Service Agency (FSA), and the Deputy Administrator.

(b) FSA representatives do not have authority to modify or waive any of the provisions of the regulations of this subpart as amended or supplemented, except as specified in paragraph (d) of this section.

(c) The State committee will take any action required by the regulations of this subpart that the county committee has not taken. The State committee will also:

(1) Correct, or require a county committee to correct, any action taken by such county committee that is not in accordance with the regulations of this subpart; or

(2) Require a county committee to withhold taking any action that is not in accordance with this subpart.

(d) No provision or delegation to a State or county committee will preclude the FSA Administrator, the Deputy Administrator, or a designee or other such person, from determining any question arising under the programs of this subpart, or from reversing or modifying any determination made by a State or county committee.

§ 760.2202 Definitions.

The definitions in 7 CFR parts 718 and 1400 apply to SDRP, except where they conflict with this subpart. The following definitions also apply.

Administrative fee means the amount an insured producer paid for catastrophic risk protection, and additional coverage for each crop year as specified in the applicable crop insurance policy.

Average adjusted gross farm income means the average of the person or legal entity's adjusted gross income derived from farming, ranching, and forestry operations, including losses, for the base period.

(1) If the resulting average adjusted gross farm income derived from paragraphs (1) through (13) of the definition for “income derived from farming, ranching, and forestry operations” in this section is at least 66.66 percent of the average adjusted gross income of the person or legal entity, then the average adjusted gross farm income may also take into consideration income or benefits derived from the following:

(i) The sale, trade, or other disposition of equipment to conduct farm, ranch, or forestry operations; and

(ii) The provision of production inputs and services to farmers, ranchers, foresters, and farm operations.

(2) For legal entities not required to file a Federal income tax return, or a person or legal entity that did not have taxable income in 1 or more of the tax years during the base period, the average adjusted gross farm income will be the adjusted gross farm income, including losses, averaged for the base period, as determined by FSA. For a legal entity created during the base period, the adjusted gross farm income average will include only those years of the base period for which it was in business; however, a new legal entity will not be considered “new” to the extent it takes over an existing operation and has any elements of common ownership interest and land with the preceding person or legal entity from which it took over. When there is such commonality, income of the previous person or legal entity will be averaged with that of the new legal entity for the base period. For a person filing a joint tax return, the certification of average adjusted gross farm income may be reported as if the person had filed a separate Federal tax return, and the calculation is consistent with the information supporting the filed joint return.

Average AGI means the average of the adjusted gross income as defined under 26 U.S.C. 62 or comparable measure of the person or legal entity for the base period.

Base period means:

- (1) 2019, 2020, and 2021 for the 2023 program year;
- (2) 2020, 2021, and 2022 for the 2024 program year; and
- (3) 2021, 2022, and 2023 for the 2025 program year.

Bush means a low, branching, woody plant, from which, at maturity of the bush, an annual fruit or vegetable crop is produced for commercial market for human consumption, such as a blueberry bush. The definition does not cover nursery stock or plants that produce a bush after the normal crop is harvested.

Buy-up NAP coverage has the same meaning as in 7 CFR 1437.3, which is NAP coverage at a payment amount that is equal to an indemnity amount calculated for buy-up coverage computed under section 508(c) or (h) of the Federal Crop Insurance Act and equal to the amount that the buy-up coverage yield for the crop exceeds the actual yield for the crop.

Catastrophic coverage has the same meaning as in 7 CFR 1437.3, which is:

- (1) For insured crops, the coverage offered by the FCIC under section 508(b) of the Federal Crop Insurance Act; and
- (2) For eligible NAP crops, coverage at the following levels due to an eligible cause of loss impacting the NAP covered crop during the coverage period:
 - (i) Prevented planting in excess of 35 percent of the intended acres;
 - (ii) A yield loss in excess of 50 percent of the approved yield;
 - (iii) A value loss in excess of 50 percent; or
 - (iv) An animal-unit-days (AUD) loss greater than 50 percent of expected AUD.

Coverage level means the percentage determined by multiplying the elected yield percentage under a crop insurance policy or NAP coverage by the elected price percentage.

Crop year means:

(1) For insured crops, trees, and vines, the crop year as defined according to the applicable crop insurance policy; and

(2) For NAP-covered crops, the crop year as defined in 7 CFR 1437.3.

Deputy Administrator means the FSA Deputy Administrator for Farm Programs.

Eligible crop means a crop, including aquacultural species, for which a Federal crop insurance policy or NAP coverage, as provided in § 760.2204(a), was available for the 2023, 2024, or 2025 crop year.

Farming operation means a business enterprise engaged in the production of agricultural products, commodities, or livestock, operated by a person, legal entity, or joint operation. A person or legal entity may have more than one farming operation if the person or legal entity is a member of one or more legal entities or joint operations.

FCIC means the Federal Crop Insurance Corporation, a wholly owned Government Corporation of the U.S. Department of Agriculture (USDA), administered by RMA.

Federal crop insurance means an insurance policy reinsured by FCIC administered by RMA under the provisions of the Federal Crop Insurance Act (7 U.S.C. 1501-1524), as amended. It does not include private plans of insurance.

Federal crop insurance indemnity means the payment to a participant for crop losses covered under Federal crop insurance administered by RMA in accordance with the Federal Crop Insurance Act.

High value crop means trees, bushes, vines, aquaculture, hemp, grass for seed, tobacco, and vegetable seed.

Income derived from farming, ranching, and forestry operations means income of an individual or entity derived from:

- (1) Production of crops and unfinished raw forestry products;
- (2) Production of livestock, aquaculture products used for food, honeybees, and products derived from livestock;
- (3) Production of farm-based renewable energy;
- (4) Selling (including the sale of easements and development rights) of farm, ranch, and forestry land, water or hunting rights, or environmental benefits;
- (5) Rental or lease of land or equipment used for farming, ranching, or forestry operations, including water or hunting rights;
- (6) Processing, packing, storing, and transportation of farm, ranch, or forestry commodities including for renewable energy;
- (7) Feeding, rearing, or finishing of livestock;
- (8) Payments of benefits, including benefits from risk management practices, federal crop insurance indemnities, and catastrophic risk protection plans;
- (9) Sale of land that has been used for agricultural purposes;
- (10) Benefits (including, but not limited to, cost-share assistance and other payments) from any Federal program made available and applicable to payment eligibility and payment limitation rules, as provided in 7 CFR part 1400;
- (11) Income reported on Internal Revenue Service (IRS) Schedule F or other schedule, approved by the Deputy Administrator, used by the person or legal entity to report income from such operations to the IRS;
- (12) Wages or dividends received from a closely held corporation, an Interest Charge Domestic International Sales Corporation (also known as IC-DISC), or legal entity comprised entirely of family members when more than 50 percent of the legal

entity's gross receipts for each tax year are derived from farming, ranching, and forestry activities as defined in this subpart; and

(13) Any other activity related to farming, ranching, and forestry, as determined by the Deputy Administrator.

IRS means the Department of the Treasury, Internal Revenue Service.

Legal entity, as used in this subpart:

(1) Means an entity that is created under Federal or State law and that:

(i) Owns land or an agricultural commodity; or

(ii) Produces an agricultural commodity; and

(2) Includes corporations, joint stock companies, associations, limited partnerships, limited liability companies, irrevocable trusts, estates, charitable organizations, general partnerships, joint ventures, and other similar organizations created under Federal or State law including any such organization participating in a business structure as a partner in a general partnership, a participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar organization. A business operating as a sole proprietorship is considered a legal entity.

Liability means the liability as defined by the applicable crop insurance policy for a crop and unit.

NAP means the Noninsured Crop Disaster Assistance Program, which is authorized by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) and regulations in 7 CFR part 1437.

NAP service fee means the fee the producer paid to obtain NAP coverage specified in 7 CFR 1437.7.

Ownership interest means to have either a legal ownership interest or a beneficial ownership interest in a legal entity. For the purposes of administering SDRP, a person or legal entity that owns a share or stock in a legal entity that is a corporation, limited

liability company, limited partnership, or similar type entity where members hold a legal ownership interest and shares in the profits or losses of such entity is considered to have an ownership interest in such legal entity. A person or legal entity that is a beneficiary of a trust or heir of an estate who benefits from the profits or losses of such entity is considered to have a beneficial ownership interest in such legal entity.

Other crop means a crop that is not included in the definition of specialty crop or high value crop.

Premium means the premium paid by the producer for crop insurance coverage or NAP buy-up coverage levels.

Program year means the crop year.

Producer means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing the crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

Production inputs mean material to conduct farming operations, such as seeds, chemicals, and fencing supplies.

Production services mean services provided to support a farming operation, such as custom farming, custom feeding, and custom fencing.

Qualifying disaster event means wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought, and related conditions that occurred in calendar year 2023 or 2024.

Qualifying drought means an area within the county was rated by the U.S. Drought Monitor as having a:

(1) D2 (severe drought) intensity for at least 8 consecutive weeks in the applicable calendar year; or

(2) D3 (extreme drought) or higher intensity for any period of time during the applicable calendar year.

Related condition means damaging weather and adverse natural occurrences that occurred concurrently with and as a direct result of a specified qualifying disaster event.

Related conditions include, but are not limited to:

- (1) Excessive wind that occurred as a direct result of a derecho;
- (2) Silt and debris that occurred as a direct and proximate result of flooding;
- (3) Excessive wind, storm surges, tornadoes, tropical storms, and tropical depressions that occurred as a direct result of a hurricane; and
- (4) Excessive wind and blizzards that occurred as a direct result of a winter storm.

RMA means the Risk Management Agency.

Specialty crops means fruits, tree nuts, vegetables, culinary herbs and spices, medicinal plants, and nursery, floriculture, and horticulture crops. This includes common specialty crops identified by USDA's Agricultural Marketing Service at <https://www.ams.usda.gov/sites/default/files/media/USDASpecialtyCropDefinition.pdf> and other crops as designated by the Deputy Administrator.

Substantial beneficial interest (SBI) has the same meaning as specified in the applicable crop insurance policy. For the purposes of Stage 1, Federal crop insurance records for "transfer of coverage, right to indemnity" are considered the same as SBIs.

Supplemental policy endorsement based on county- or area-level losses when purchased with a base policy means an Enhanced Coverage Option endorsement, Hurricane Insurance Protection-Wind Index endorsement, Supplemental Coverage Option Endorsement, or Stacked Income Protection Plan endorsement when purchased with a base policy.

Tree means a tall, woody plant having comparatively great height, and a single trunk from which an annual crop is produced for commercial market for human consumption, such as a maple tree for syrup, or papaya or orchard tree for fruit. It includes immature trees that are intended for commercial purposes. Nursery stock, banana and plantain plants, and trees used for pulp or timber are not considered eligible trees for SDRP.

Unit means the unit structure as defined under the applicable crop insurance policy for insured crops or in 7 CFR 1437.9 for NAP-covered crops.

U.S. Drought Monitor means the system for classifying drought severity according to a range of abnormally dry to exceptional drought reported by the National Drought Mitigation Center at <https://droughtmonitor.unl.edu>. It is a collaborative effort between Federal and academic partners, produced on a weekly basis, to synthesize multiple indices, outlooks, and drought impacts on a map and in narrative form.

Vine means a perennial plant grown under normal conditions from which an annual fruit crop is produced for commercial market for human consumption, such as grape, kiwi, or passion fruit, and that has a flexible stem supported by climbing, twining, or creeping along a surface. Nursery stock, perennials that are normally propagated as annuals such as tomato plants, biennials such as strawberry plants, and annuals such as pumpkin, squash, cucumber, watermelon, and other melon plants, are excluded from the term vine.

WFRP means Whole-Farm Revenue Protection available through the FCIC, including coverage under the Micro Farm Program.

§ 760.2203 Eligible producers.

- (a) To be eligible for payment under this subpart, a producer must be a:
 - (1) Citizen of the United States;

(2) Resident alien, which for purposes of SDRP means “lawful alien” as defined in 7 CFR part 1400;

(3) Partnership organized under State law consisting solely of citizens of the United States or resident aliens;

(4) Corporation, limited liability company, or other organizational structure organized under State law consisting solely of citizens of the United States or resident aliens; or

(5) Indian Tribe or Tribal organization, as defined in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(b) Members of legal entities, including those who are listed as an SBI on FSA-526, who do not individually share in the risk of producing the crop and ownership of the crop are not considered producers and are not eligible to apply for SDRP; in those instances, the entity is considered the applicant.

(c) To be eligible for SDRP, a producer must be in compliance with the provisions of 7 CFR part 12 and the provisions of 7 CFR 718.6, which address ineligibility for benefits for offenses involving controlled substances.

(d) FSA’s creation and mailing of a pre-filled application does not indicate that the person or legal entity listed on the application is eligible for an SDRP Stage 1 payment.

§ 760.2204 Stage 1 eligible and ineligible losses.

(a) For SDRP Stage 1, eligible losses include production, quality, and revenue losses of eligible crops and losses of eligible trees and vines for which the producer:

(1) Received an indemnity under a Federal crop insurance policy that provided coverage for crop production losses or tree or vine losses related to qualifying disaster events, excluding policies for forage seeding or crops with an intended use of grazing, livestock policies, Controlled Environment policies, Margin Protection Plan policies,

banana plants insured under the Hawaii Tropical Trees provisions, supplemental policy endorsements based on county- or area-level losses when purchased with a base policy, and policies issued in Puerto Rico; or

(2) Received a NAP payment, excluding crops with an intended use of grazing.

(b) To be eligible for SDRP Stage 1, the loss described in paragraph (a) of this section must have been caused, in whole or in part, by a qualifying disaster event. FSA's creation and mailing of a pre-filled application does not indicate that a crop, tree, or vine loss included on that application is eligible for an SDRP Stage 1 payment.

(c) The following losses are not eligible for SDRP Stage 1:

(1) Losses of aquacultural species that were compensated under ELAP;

(2) Losses for which the producer received an:

(i) ERP 2022 Track 1 payment for the 2023 crop year; or

(ii) ERP 2022 Track 2 payment for which their allowable gross revenue for the 2023 tax year was used as the disaster year revenue;

(3) Losses of insured crops, trees, and vines:

(i) In units that were physically located in Connecticut, Hawaii, Maine, or Massachusetts;

(ii) That were covered under a WFRP policy for which the producer indicated on their crop insurance reports that the majority of their expected revenue would be earned in a county located in Connecticut, Hawaii, Maine, or Massachusetts; or

(iii) That were covered under a Rainfall Index plan for Apiculture or Pasture, Rangeland, and Forage, for which the producer entered a county located in Connecticut, Hawaii, Maine, or Massachusetts on their insurance application; and

(4) Losses of NAP-covered crops that were included in a unit that included any land physically located in Connecticut, Hawaii, Maine, or Massachusetts.

(d) If a producer received both a NAP payment and an indemnity under a Federal crop insurance policy that is included in Stage 1 to address the same loss, the producer cannot receive a Stage 1 payment based on both the crop insurance indemnity and NAP payment. The producer must elect whether to receive the Stage 1 payment based on the data associated with their Federal crop insurance indemnity or their NAP payment.

§ 760.2205 [Reserved]

§ 760.2206 Time and method of application.

(a) For SDRP Stage 1, producers will receive a pre-filled FSA-526, Supplemental Disaster Relief Program (SDRP) Stage 1 Application, which includes the producer's information that is already on file with USDA. Producers may submit complete applications to their FSA county office in person or by mail, email, facsimile, or other methods announced by FSA. A producer must submit a complete application to their recording county office by the deadline announced by FSA.

(b) Producers may not alter the pre-filled data in FSA-526. Any alterations in the pre-filled data on the application will result in FSA disapproving the producer's Stage 1 application.

(c) - (d) [Reserved]

(e) In addition to the SDRP application, a producer must also have the following forms on file with FSA for the applicable program year by the deadline announced by FSA:

(1) CCC-902, Farm Operating Plan, for an individual or legal entity;

(2) CCC-901, Member Information for Legal Entities, if applicable;

(3) AD-1026, Highly Erodible Land Conservation (HELC) and Wetland

Conservation (WC) Certification, for the producer and affiliated persons as provided in 7 CFR part 12; and

(4) FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Program, for producers and members of legal entities who are requesting an increased payment limitation.

§ 760.2207 Required documentation and verification.

(a) Participants must retain documentation in support of their application for 3 years after the date of approval. All information provided to FSA for program eligibility and payment calculation purposes, including certification of the qualifying disaster event that caused the loss, is subject to spot check. Participants receiving SDRP payments or any other person who furnishes such information to USDA must permit authorized representatives of USDA or the Government Accountability Office, during regular business hours, to enter the agricultural operation and to inspect, examine, and to allow representatives to make copies of books, records, or other items for the purpose of confirming the accuracy of the information provided by the participant.

(b) Producers who apply for Stage 1 for losses covered under WFRP must submit documentation to FSA to support their certification of the percentage of expected revenue from specialty and high value crops by the deadline announced by FSA. If a producer does not submit the required documentation, FSA will process the producer's application with 0 percent of their revenue attributed to specialty and high value crops, resulting in the producer's payment for loss being attributed to the payment limitation for other crops as provided in § 760.2215(a).

§ 760.2208 Stage 1 payment calculation.

(a) FSA and RMA will calculate Stage 1 payments using the loss data on file with FSA or RMA at the time of payment calculation or as later updated by FSA or RMA upon identification and correction of an error in the data on file at time of payment calculation. Stage 1 payments will not be calculated using data manually submitted by producers.

(b) The SDRP Stage 1 payment calculation for each crop and unit will use an SDRP factor based on the applicable type of coverage and the level of crop insurance or NAP coverage, as specified in the following table.

Table 1 to Paragraph (b) -- SDRP Factors

Type of Coverage	Coverage Level	SDRP Factor (percent)
Crop insurance	Catastrophic coverage	75.0
	More than catastrophic coverage but less than 55 percent	80.0
	At least 55 percent but less than 60 percent	82.5
	At least 60 percent but less than 65 percent	85.0
	At least 65 percent but less than 70 percent	87.5
	At least 70 percent but less than 75 percent	90.0
	At least 75 percent but less than 80 percent	92.5
	At least 80 percent	95.0
NAP	Catastrophic coverage	75.0
	50 percent	80.0
	55 percent	85.0
	60 percent	90.0
	65 percent	95.0

(c) To calculate a Stage 1 payment for an eligible insured crop, tree, or vine loss, RMA will perform a calculation consistent with the calculation of an indemnity for the crop and unit. The calculation will use the approved RMA loss procedures for the type of coverage purchased by the producer, but it will substitute the SDRP factor in table 1 of paragraph (b) of this section for the policy's coverage level. Using that SDRP factor, RMA will determine the amount that will be used in place of the liability for SDRP purposes. The result of that calculation will then be adjusted by subtracting the net crop insurance indemnity, which is equal to the producer's gross crop insurance indemnity for the crop and unit minus administrative fees and premiums.

(d) To calculate a Stage 1 payment for a NAP-covered crop loss, FSA will perform a calculation consistent with the NAP payment calculation for the crop and unit as provided in 7 CFR part 1437. FSA will substitute the SDRP factor in table 1 of paragraph (b) of this section for the coverage level to determine the applicable guarantee for SDRP purposes. This calculated amount will then be adjusted by subtracting the net

NAP payment, which is equal to the producer's gross NAP payment for the crop and unit minus service fees and premiums.

(e) Crops covered under a WFRP policy or insured under a whole-farm unit will be treated as a single crop for payment calculation purposes.

(f) To ensure that SDRP payments do not exceed available funding, the SDRP Stage 1 payment will be equal to the amount calculated according to paragraph (c) or (d) of this section multiplied by a factor of 35 percent. If funding remains available after Stage 2 payments are issued, FSA may issue additional Stage 1 payments under this subpart.

§§ 760.2209-760.2214 [Reserved]

§ 760.2215 Payment limitation.

(a) For each program year, a person or legal entity, other than a joint venture or general partnership, is eligible to receive, directly or indirectly, SDRP payments of not more than:

(1) \$125,000 for specialty and high value crops combined and \$125,000 for other crops, if less than 75 percent of the person or legal entity's average adjusted gross income is average adjusted gross farm income; or

(2) \$900,000 for specialty and high value crops combined and \$250,000 for other crops, if not less than 75 percent of the average adjusted gross income of the person or legal entity is average adjusted gross farm income.

(b) To be eligible to receive payments based on the limitations in paragraph (a)(2) of this section, a producer must submit form FSA-510, including the certification from a certified public accountant or attorney that the person or legal entity has met the requirements to be eligible for the increased payment limitation, by the deadline announced by FSA. If a producer or member of a legal entity files FSA-510 and the

accompanying certification after their SDRP payment is issued but before the deadline, FSA will recalculate the payment and issue the additional calculated amount.

(c) If a producer requesting the increased payment limitations in paragraph (a)(2) of this section is a legal entity, all members of that entity must also complete FSA-510 and provide the required certification according to the direct attribution provisions in 7 CFR 1400.105. If a legal entity would be eligible for the increased payment limitations based on the legal entity's average adjusted gross farm income but a member of that legal entity either does not complete an FSA-510 and provide the required certification or is not eligible for the increased payment limitations, the payment to the legal entity will be reduced for the limitations applicable to the share of the SDRP payment attributed to that member.

(d) Producers who file FSA-510 are subject to an FSA audit of information submitted for the purpose of increasing the program's payment limitation. As a part of this audit, FSA may request income tax returns, and if requested, must be supplied by all related persons and legal entities. In addition to any other requirement under any Federal statute, relevant Federal income tax returns and documentation must be retained a minimum of 3 years after the end of the calendar year corresponding to the year for which payments or benefits are requested. Failure to provide necessary and accurate information to verify compliance, or failure to comply with these requirements will result in ineligibility for SDRP benefits and require refund of any SDRP payments, including interest to be calculated from the date of the disbursement to the producer.

(e) The payment limitation provisions of 7 CFR part 1400, subpart A, and §§ 1400.103 through 1400.106 apply to SDRP.

(f) Payments made directly or indirectly to a person who is a minor child will not be combined with the earnings of the minor's parent or legal guardian.

(g) If an individual or legal entity is not eligible to receive SDRP payments due to the individual or legal entity failing to satisfy payment eligibility provisions, the payment made either directly or indirectly to the individual or legal entity will be reduced to zero. The amount of the reduction for the direct payment to the producer will be commensurate with the direct or indirect ownership interest of the ineligible individual or ineligible legal entity.

§ 760.2216 Requirement to purchase crop insurance or NAP coverage.

(a) A participant who receives payment under this subpart must obtain Federal crop insurance or NAP coverage for the next 2 available crop years after the date a producer receives an SDRP payment as described in this section. Participants must also file an acreage report and any other required reports or documentation needed to establish crop insurance or NAP coverage for the applicable crop years.

(b) To meet the requirement in paragraph (a) of this section, a producer must obtain:

(1) For an insurable crop, tree, or vine, Federal crop insurance with at least a 60 percent coverage level; or

(2) For a NAP-eligible crop, NAP coverage with at least a 60 percent coverage level.

(c) Participants who are required to obtain NAP coverage but exceed the average adjusted gross income limitation for NAP payment eligibility for the applicable crop year may meet the purchase requirement paragraph (a) of this section by purchasing WFRP coverage, if eligible, or paying the NAP service fee and premium even though the participant will not be eligible to receive a NAP payment.

(d) Producers who receive a Stage 1 payment that was calculated based on an indemnity under a Pasture, Rangeland, and Forage policy; Annual Forage policy; or WFRP policy must purchase the same type of policy or a combination of individual

policies for the crops that had covered losses under SDRP Stage 1 to meet the Federal crop insurance and NAP coverage requirement.

(e) If both Federal crop insurance and NAP coverage are unavailable for a crop, the producer must obtain WFRP Federal crop insurance coverage, if eligible.

(f) The Federal crop insurance and NAP coverage requirements are specific to the crop and county for which an SDRP payment is issued. For insured crops, the applicable county is the county where the crop is physically located. For NAP-covered crops, the applicable county is the administrative county.

(g) Producers who are paid for a crop in a county, but do not plant that crop in that county in a year for which the Federal crop insurance and NAP coverage requirement applies, are not subject to the Federal crop insurance or NAP purchase requirement for that year.

(h) If a producer fails to obtain Federal crop insurance or NAP coverage as required by this section, the producer must reimburse FSA for the full amount of SDRP payment plus interest from the date of disbursement that the producer received for that crop, tree, bush, or vine loss. A producer will only be considered to have obtained NAP coverage for the purposes of this section if the participant applied and paid the requisite NAP service fee and paid any applicable premium by the applicable deadline and completed all program requirements, including filing an acreage report as may be required under such coverage agreement.

§ 760.2217 Miscellaneous provisions.

(a) In the event that an SDRP payment resulted from erroneous information reported by the producer, or any person acting on their behalf, or if the producer's data are updated after RMA or FSA calculates a producer's Stage 1 payment, the SDRP payment will be recalculated and the producer must refund any excess payment to FSA, including interest to be calculated from the date of the disbursement to the producer. If

FSA determines that the producer intentionally misrepresented information used to determine the producer's SDRP payment amount, the application will be disapproved and the producer must refund the full payment to FSA with interest from the date of disbursement. All persons with a financial interest in a legal entity receiving payments are jointly and severally liable for any refund, including related charges, which is determined to be due to FSA for any reason.

(b) If FSA determines that the producer intentionally misrepresented information used to determine the producer's SDRP payment amount, the application will be disapproved and the producer must refund the full payment to FSA with interest from the date of disbursement.

(c) Any required refunds must be resolved in accordance with debt settlement regulations in 7 CFR part 3.

(d) Participants are required to retain documentation in support of their application for 3 years after the date of approval. Participants receiving SDRP payments or any other person who furnishes such information to USDA must permit authorized representatives of USDA or the Government Accountability Office, during regular business hours, to enter the agricultural operation and to inspect, examine, and to allow representatives to make copies of books, records, or other items for the purpose of confirming the accuracy of the information provided by the participant.

(e) Any payment under SDRP will be made without regard to questions of title under State law and without regard to any claim or lien. The regulations governing offsets in 7 CFR part 3 apply to SDRP payments.

(f) Participants are subject to laws against perjury and any penalties and prosecution resulting therefrom, with such laws including but not limited to 18 U.S.C. 1621. If a producer willfully makes and represents as true any verbal or written declaration, certification, statement, or verification that the producer knows or believes

not to be true, in the course of either applying for or participating in SDRP, then the producer is guilty of perjury and, except as otherwise provided by law, may be fined, imprisoned for not more than 5 years, or both, regardless of whether the producer makes such verbal or written declaration, certification, statement, or verification within or outside the United States.

(g) For the purposes of the effect of a lien on eligibility for Federal programs (28 U.S.C. 3201(e)), USDA waives the restriction on receipt of funds under SDRP but only as to beneficiaries who, as a condition of the waiver, agree to apply the SDRP payments to reduce the amount of the judgment lien.

(h) In addition to any other Federal laws that apply to SDRP, the following laws apply: 15 U.S.C. 714; and 18 U.S.C. 286, 287, 371, and 1001.

(i) Prompt pay interest is not applicable to payments under this subpart.

William Beam,
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