



## Louisiana Commodities and Conservation Newsletter

### August 2019; Issue-4

#### Family Farmer Relief Act of 2019

Chapter 12 of the bankruptcy code provides family farmers who satisfy certain eligibility criteria to reorganize their debts pursuant to a repayment plan. The bill H.R. 2336, currently awaiting presidents' signature to become law, would increase the current debt limit from \$4.4 million to \$10 million, i.e., farmers' aggregate debt should be no more than \$10 million (previously the limit was \$4.4 million). The bill cites growing farm size, increasing land values, which we wrote about in [May 2019 issue](#) of the newsletter, as some of the reasons for the changes proposed to the increased debt limit.

#### 2019 Farm Real Estate Values

Among the delta states, Arkansas farm real estate values (\$/acre) increased the most from 2018, by 5.1%, followed by Louisiana and Mississippi. Non-irrigated cropland values increased greater than irrigated cropland values in all three states. 2019 values by the state are provided in the table below.

|                    | Cropland value (\$/acre) | Pasture land value (\$/acre) |
|--------------------|--------------------------|------------------------------|
| <i>Arkansas</i>    | 2,850                    | 2,610                        |
| <i>Louisiana</i>   | 2,880                    | 2,830                        |
| <i>Mississippi</i> | 3,080                    | 2,430                        |

#### Prevented Planting acreage

Farm Service Agency released its Aug 1 crop acreage data, which shows prevented planting (PP) acres for major crops in the state, which total 468,575. The table shows the PP acres by crop

| Crop             | PP acres |
|------------------|----------|
| <i>Corn</i>      | 217,186  |
| <i>Cotton</i>    | 36,628   |
| <i>Rice</i>      | 42,194   |
| <i>Soybeans</i>  | 110,482  |
| <i>Sugarcane</i> | 1,971    |
| <i>Wheat</i>     | 59,175   |

If any of those acres are planted to cover crops, farmers can use PP table, adapted from the RMA PP-handbook, to determine how they can hay or graze cover crop and the level of PP payment to collect in 2019.

| CC planted                          | PP payment level                           |   |  |
|-------------------------------------|--|---|--|
|                                     | 100%                                       | 35%   | 0%   |
| <b>Before FPD of prevented crop</b> | hayed or grazed before LPP                 | hayed or grazed after LPP but before Sept 1 <sup>st</sup>                                     | harvested before or after Sept 1 <sup>st</sup>   |
| <b>During LPP of prevented crop</b> | hayed or grazed after Sept 1 <sup>st</sup> |   | hayed, grazed, or harvested before Sept 1 <sup>st</sup> ; harvested after Sept 1 <sup>st</sup> |
| <b>After LPP of prevented crop</b>  | hayed or grazed after Sept 1 <sup>st</sup> | hayed, grazed or harvested before Sept 1 <sup>st</sup> ; harvested after Sept 1 <sup>st</sup> |  |

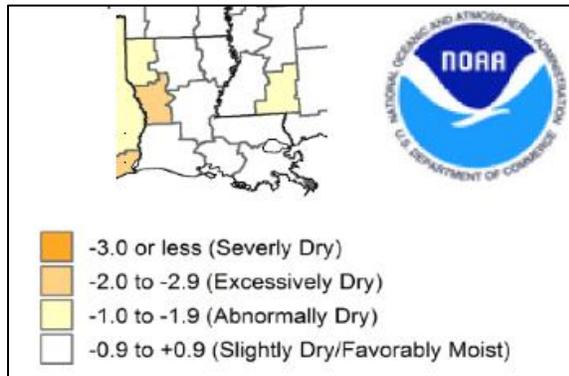
CC: cover crop; FPD: final planting date; LPP: late planting period; Sept 1<sup>st</sup> adjustment is for 2019 only, the usual cutoff date is Nov 1<sup>st</sup>

#### “Define WOTUS Act”

The “Define WOTUS Act” was introduced July 31, 2019, to provide the definition of “navigable waters” and also ensure that the new definition is part of the federal law and no just federal regulation. This means that any new administration has to get congressional approval to change the definition of “navigable waters”. The act also provides guidance on the maximum number of days (no later than 60 days) for providing a jurisdictional determination of waters on a property of the affected person.

## Crop Moisture Index

For the period ending Aug 10, 2019, available moisture in the soil profile for most parts of Louisiana is favorably moist except for northwest part of the state showing abnormally dry.



## Crop Insurance in 2019

The Risk Management Agency (RMA) has made several adjustments to crop insurance in 2019, all of which are only likely to last for the 2019 crop year. Several commodities have been allowed to be grown as a cover crop and still have those acres qualify for prevented planting as well as changing the haying/grazing date for cover crops on a field under prevent planting rules.

| New Schedule for Corn, Cotton, & Soybeans |                         |                            |                          |
|---|-------------------------|----------------------------|--------------------------|
|   | Premium billing date    | Payment deadline           | Interest accrual date    |
| <b>Normal Schedule</b>                    | August 15 <sup>th</sup> | September 30 <sup>th</sup> | October 1 <sup>st</sup>  |
| <b>2019 Schedule</b>                      | August 15 <sup>th</sup> | November 30 <sup>th</sup>  | December 1 <sup>st</sup> |

On August 15<sup>th</sup> the RMA announced it will defer the accrual of interest on spring 2019 crop year insurance premiums to the earlier of the applicable termination date or for two months, until November

Questions and comments:

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30<sup>th</sup>, for all policies with a premium billing date of August 15<sup>th</sup>, 2019. This includes corn and soybeans in Louisiana. This is a special one-year provision that comes as a result of the significant amount of late-planted crops, which may limit cash flows for some farmers. The USDA plans to announce additional assistance this year in the coming weeks.

## Corn Surprise

A combination of factors, of which prevent plant played a role, led to one of the largest numbers of acres dedicated to corn on record. After the USDA resampled specific states for corn, soybeans and sorghum acres, anticipation was for a much-reduced acreage for corn than the 91.7 million acres reported in July. Though there was some initial skepticism about the 90 million acres on the August update, the table suggests the acres for corn and soybeans taken together are at least reasonable. Expectations for adjustments on acres are now in the range of about 2 million acres. Attention has now shifted to the yield potential of this year's corn crop given the likelihood of a significant number of corn acres being planted in June. An upcoming AgCenter staff report takes a deeper look into some scenarios regarding the late planting and corn yield potential issue.

| Corn and Soybean planted and Prevent Plant acres |                |               |               |              |
|--|----------------|---------------|---------------|--------------|
|  |                | 2018          | 2019          |              |
| <b>Corn</b>                                      | <i>Planted</i> | 89.13         | 90.01         |              |
|  | <i>PP</i>      | 0.93          | 11.2          |              |
|  | <i>Total</i>   | 90.03         | 101.2         |              |
| <b>Soybeans</b>                                  | <i>Planted</i> | 89.20         | 76.70         |              |
|  | <i>PP</i>      | 0.28          | 4.35          |              |
|  | <i>Total</i>   | 89.48         | 81.05         | <b>Diff.</b> |
| <b>Grand Total</b>                               |                | <b>179.51</b> | <b>182.25</b> | <b>2.74</b>  |

PP: prevent plant; *Diff.* on the bottom right refers to the difference in combined (PP and planted acres) for corn and soybeans between 2018 and the 2019 August WASDE report.