”Farm Bill” Update
Crop Insurance Update
Tax Update

Ron Haugen
Farm Management Specialist

Agricultural Lenders Conferences
November 2, 3, 4, 5, 2026
Grand Forks, Minot, Bismarck, Fargo, ND

NDSU | EXTENSION

Contact Information:

Ron Haugen

Extension Farm Management Specialist

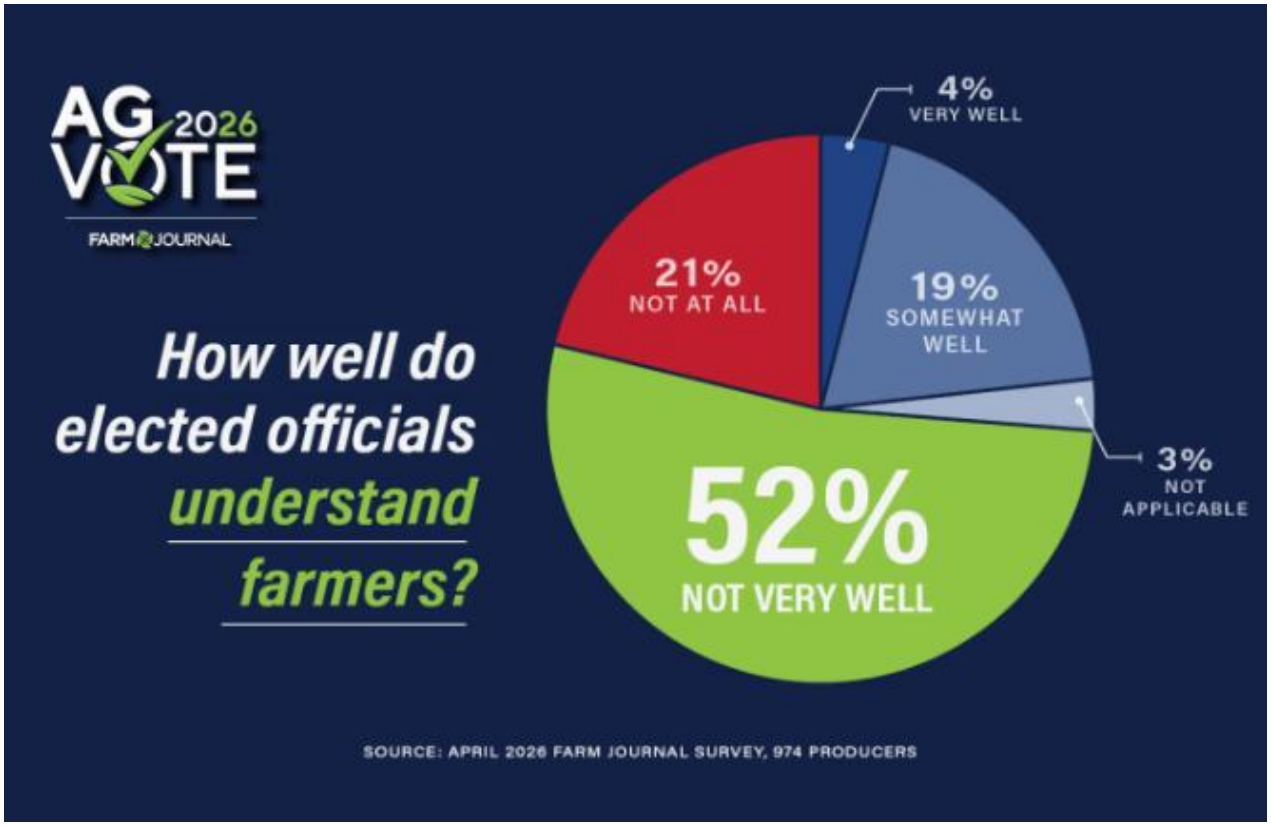
701-231-8103

ronald.haugen@ndsu.edu

Farm Program Update

Strong Ag Voices Leaving Congress After 2026

Mitch McConnell, Amy Klobuchar, Joni Ernst, Angie Craig and Thomas Massie



Background

Federal farm bill officially expired September 30, 2026

Congress has not acted yet with new legislation

LFP Program

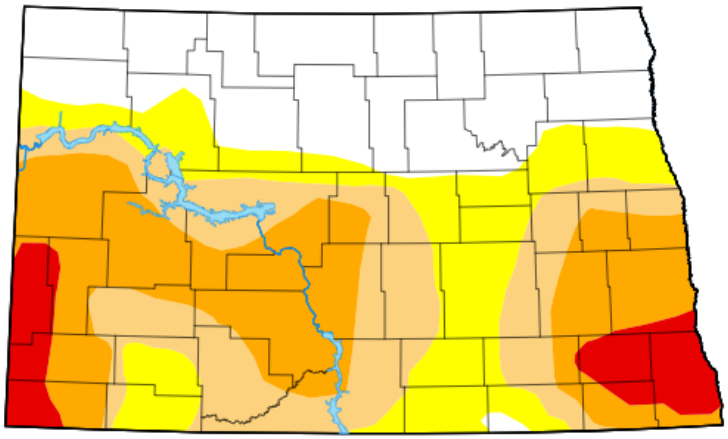
In the Livestock Forage Disaster Program (LFP), payment rates under a D2 drought designation will increase.

Instead of a one-month payment for D2 drought for **eight** consecutive weeks during the grazing season, the payment rates include a one-month payment for D2 for **four** consecutive weeks and a two-month payment for D2 for any seven of eight consecutive weeks.

Drought Monitor Map

North Dakota

Home / North Dakota



Map released: Thurs. October 15, 2026

Data valid: October 13, 2026 at 8 a.m. EDT

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Authors

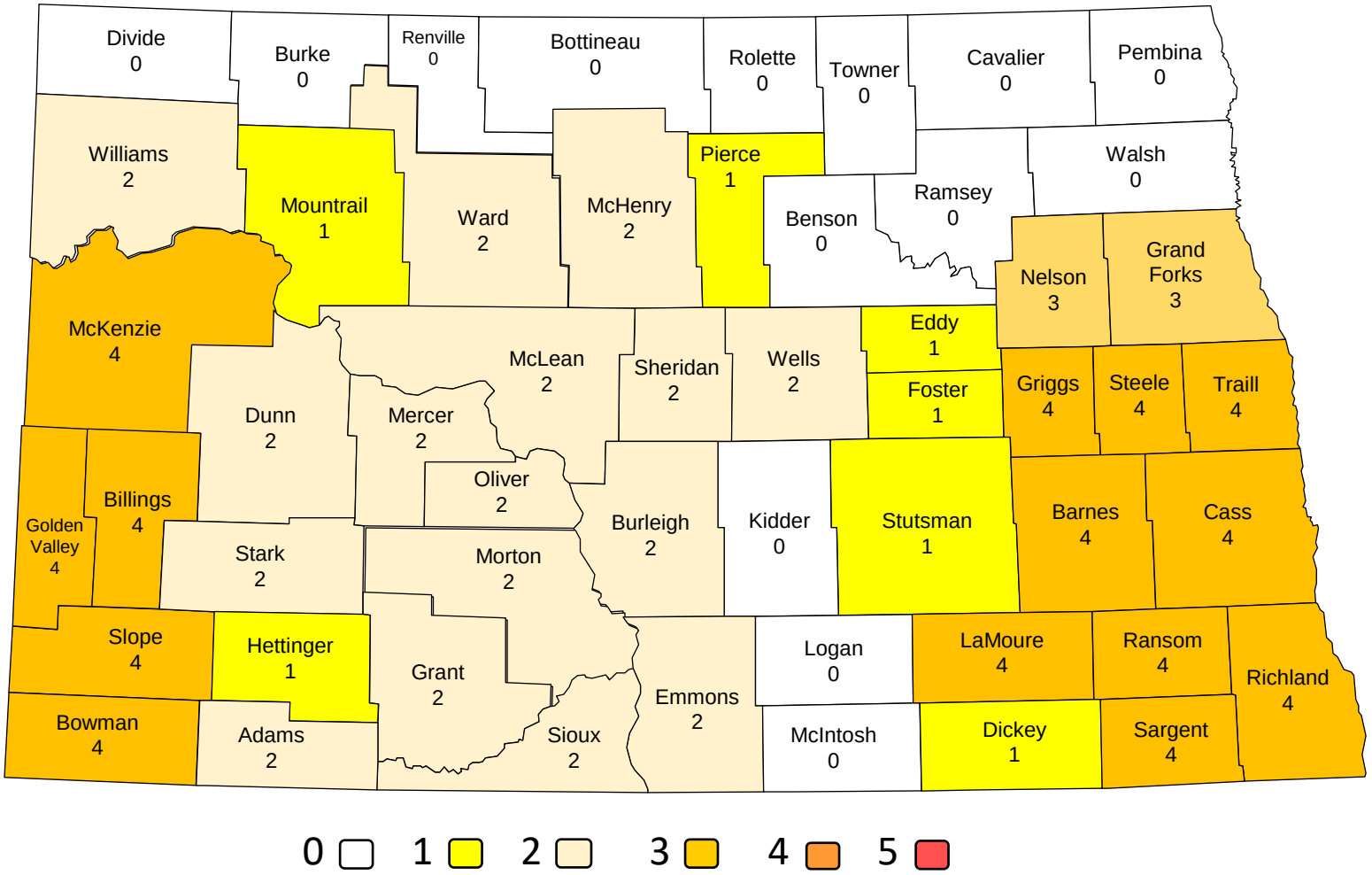
United States and Puerto Rico Author(s):

Lindsay Johnson, High Plains Regional Climate Center

Pacific Islands and Virgin Islands Author(s):

Anthony Artusa, NOAA/NWS/NCEP/CPC

NORTH DAKOTA LFP MONTHLY PAYMENTS 10-15-26



NDSU | EXTENSION AGRIBUSINESS

Immediate Provisions of *Working Families Tax Cuts Act*

For covered commodities, the new law makes changes immediately for the 2025-31 crop years.

It increases support levels for Price Loss Coverage (PLC), Agriculture Risk Coverage (ARC) and commodity marketing loans.

Makes changes to payment limit and eligibility rules beginning right away for the 2025 crop year.

Provides for the addition of new base acres in 2026.

Enrollment Decision

The changes to PLC and ARC will take effect immediately.

Producers will not be required to change their enrollment decision for 2025. Instead, the program will pay producers the higher of the payment rate under either PLC or ARC-CO (ARC at the county level) for the 2025 crop year (paid Oct. 2026).

The annual PLC vs. ARC enrollment decision will return in 2026.

Payment Limits

Payment limits would increase from $125,000 to $155,000

Payments are now indexed for inflation

Adjusted for inflation that would be $160,000 for 2025

The limit would be $164,000 as adjusted for the 2026 crop year

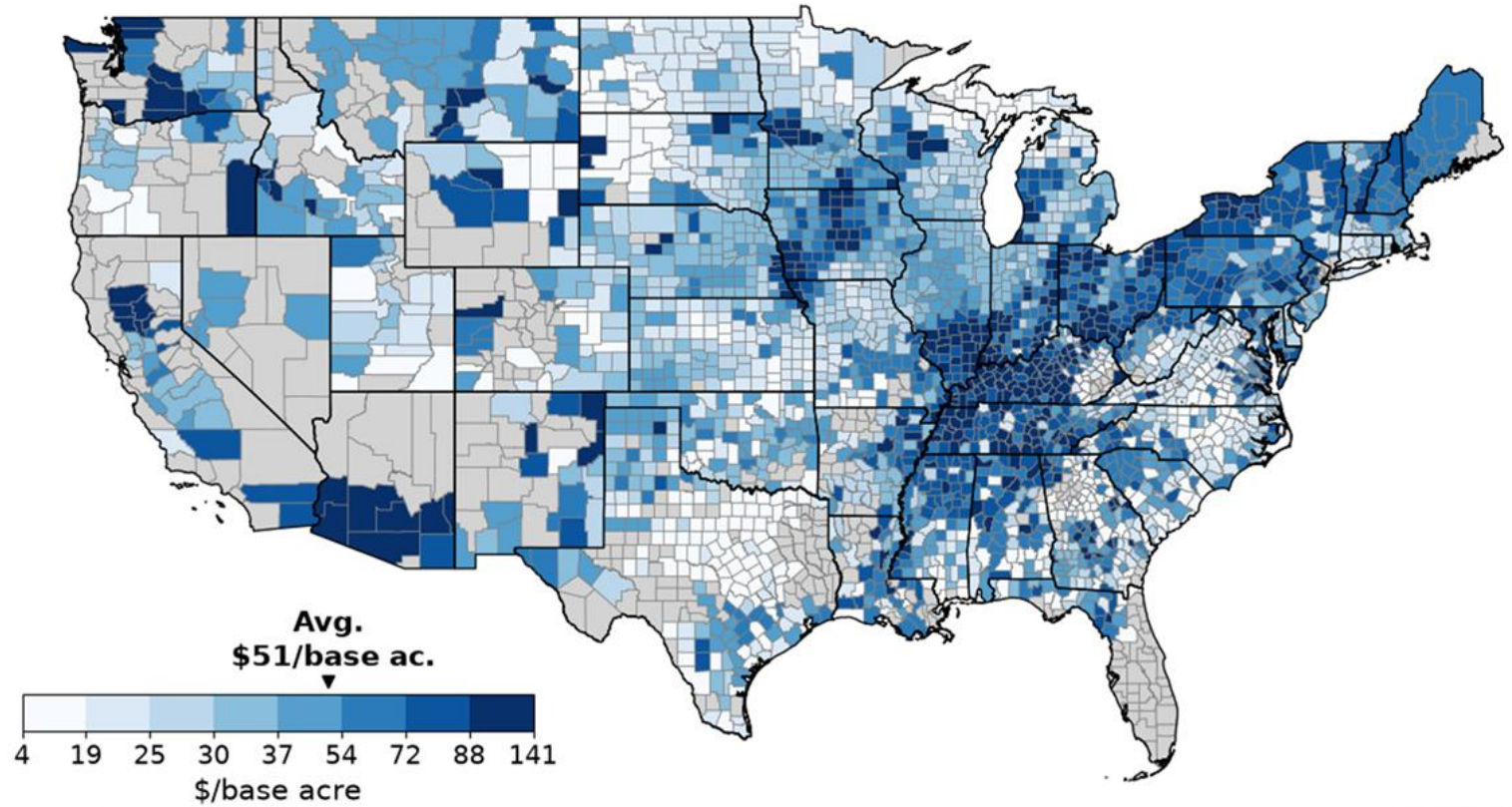
2025/26 Payments paid in October 2026

-using old base acres
-paid the higher or ARC of PLC

USDA Announces Record Payments of $13.8 Billion for 2025 Crop Year Revenue and Price Safety Net Programs

Figure 1. 2025 ARC/PLC Payment Rates for Corn

($/base acre)



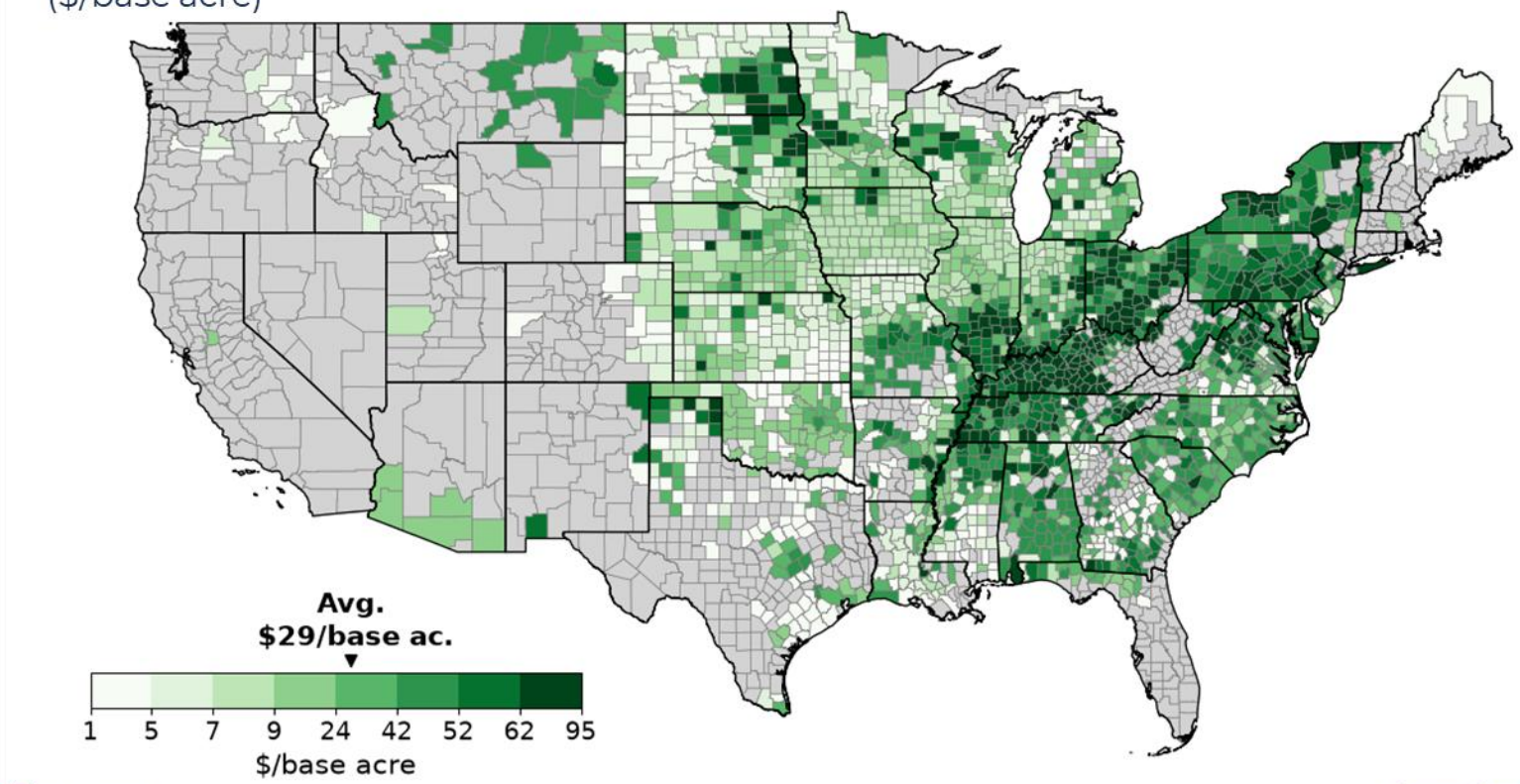
ILLINOIS

Sources: USDA-FSA and author calculations. Note that payment rates are not adjusted for sequestration.

farmdocDAILY

Figure 2. 2025 ARC/PLC Payment Rates for Soybeans

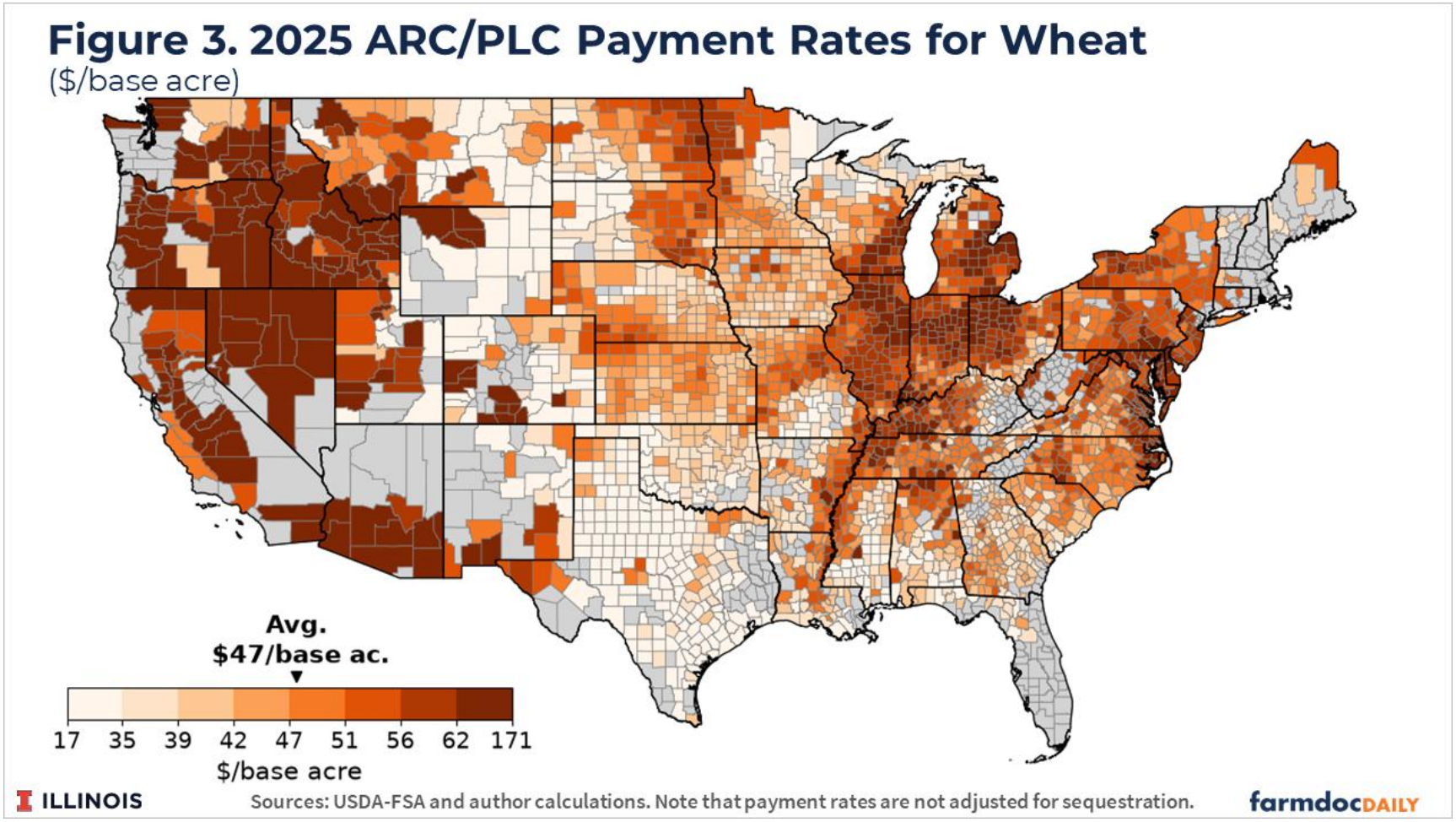
($/base acre)



ILLINOIS

Sources: USDA-FSA and author calculations. Note that payment rates are not adjusted for sequestration.

farmdocDAILY


Figure 3. 2025 ARC/PLC Payment Rates for Wheat
($/base acre)
Avg.
$47/base ac.
17 35 39 42 47 51 56 62 171
$/base acre
ILLINOIS
Sources: USDA-FSA and author calculations. Note that payment rates are not adjusted for sequestration.
farmdocDAILY

2025 PLC Rates

TABLE 3. PROJECTED 2025 PRICE LOSS (PLC) COVERAGE PAYMENT RATES
BASED ON EFFECTIVE REFERENCE PRICES, PROJECTED 2025/26 MARKET YEAR AVERAGE (MYA) PRICES AND 2025 NATIONAL AVERAGE LOAN RATES
October 9, 2026 1/

A	B	C	D	E	F	G	H Higher of (F or G)	I Higher of (E-H) or (zero)	J (E-G)
Commodity	Marketing Year	Publishing Dates for the Final 2025/26 MYA Prices	Unit	2025 Effective Reference Price	Projected (P) or Final (F) 2025/26 MYA Price	2025 National Loan Rate	Projected (P) or Final (F) 2025 Effective Price	Projected (P) or Final (F) 2025 PLC Payment Rate	Maximum 2025 PLC Payment Rate
Wheat	Jun. 1-May 31	June 30, 2026	Bushel	$6.35	$5.06 F	$3.38	$5.06 F	$1.29 F	$2.97
Barley	Jun. 1-May 31	June 30, 2026	Bushel	$5.45	$5.46 F	$2.50	$5.46 F	$0.00 F	$2.95
Oats	Jun. 1-May 31	June 30, 2026	Bushel	$3.05	$3.23 F	$2.00	$3.23 F	$0.00 F	$1.05
Peanuts	Aug. 1-Jul. 31	August 31, 2026	Pound	$0.3150	$0.2350 F	$0.1775	$0.2350 F	$0.0800 F	$0.1375
Corn	Sep. 1-Aug. 31	September 30, 2026	Bushel	$4.42	$4.16 F	$2.20	$4.16 F	$0.26 F	$2.22
Grain Sorghum	Sep. 1-Aug. 31	September 30, 2026	Bushel	$4.67	$3.67 F	$2.20	$3.67 F	$1.00 F	$2.47
Soybeans	Sep. 1-Aug. 31	September 30, 2026	Bushel	$10.71	$10.50 F	$6.20	$10.50 F	$0.21 F	$4.51
Dry Peas	Jul. 1-Jun. 30	July 31, 2026	Pound	$0.1310	$0.1110 F	$0.0615	$0.1110 F	$0.0200 F	$0.0695
Lentils	Jul. 1-Jun. 30	July 31, 2026	Pound	$0.2587	$0.2200 F	$0.1300	$0.2200 F	$0.0387 F	$0.1287
Canola	Jul. 1-Jun. 30	July 31, 2026	Pound	$0.2375	$0.2110 F	$0.1009	$0.2110 F	$0.0265 F	$0.1366
Large Chickpeas	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2798	$0.2560 F	$0.1400	$0.2560 F	$0.0238 F	$0.1398
Small Chickpeas	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2529	$0.1640 F	$0.1000	$0.1640 F	$0.0889 F	$0.1529
Sunflower Seed	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2375	$0.2420 F	$0.1009	$0.2420 F	$0.0000 F	$0.1366
Flaxseed	Jul. 1-Jun. 30	July 31, 2026	Bushel	$13.3000	$12.6000 F	$5.6504	$12.6000 F	$0.7000 F	$7.6496
Mustard Seed	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2731	$0.3090 F	$0.1009	$0.3090 F	$0.0000 F	$0.1722
Rapeseed	Jul. 1-Jun. 30	July 31, 2026	Pound	$0.2375	$0.2670 F	$0.1009	$0.2670 F	$0.0000 F	$0.1366
Safflower	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2375	$0.2040 F	$0.1009	$0.2040 F	$0.0335 F	$0.1366
Crambe	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2375	$0.3200 F	$0.1009	$0.3200 F	$0.0000 F	$0.1366
Sesame Seed	Sep. 1-Aug. 31	September 30, 2026	Pound	$0.2731	$0.4400 F	$0.1009	$0.4400 F	$0.0000 F	$0.1722
Seed Cotton 2/	Aug. 1-Jul. 31	September 30, 2026	Pound	$0.4200	$0.3408 F	$0.2500	$0.3408 F	$0.0792 F	$0.1700
Rice (long grain)	Aug. 1-Jul. 31	October 30, 2026	Pound	$0.1690	$0.1040 P	$0.0700	$0.1040 P	$0.0650 P	$0.0990
Rice (med/short grain) 3/	Aug. 1-Jul. 31	October 30, 2026	Pound	$0.1690	$0.1470 P	$0.0700	$0.1470 P	$0.0220 P	$0.0990
Rice (temperate japonica)	Oct. 1-Sep. 30	January 29, 2027	Pound	$0.2433	$0.2000 P	$0.0700	$0.2000 P	$0.0433 P	$0.1733

MYA Price=national average price received by producers during the 12-month marketing year.

1/ F= Final MYA prices--Source: National Agricultural Statistics Service (NASS), Agricultural Prices on the publishing dates listed under column C. MYA prices for commodities without scheduled publishing dates are generally published near th end of the noted month. P=Projected MYA prices--Source: USDA's World Agricultural Supply and Demand Estimates or Interagency Commodity Estimates Committee Minutes.

2/ Seed cotton price is a weighted average of national upland cotton and cottonseed prices. The 2025/26 marketing year for upland cotton is August 1, 2025 to July 31, 2026. Marketing year for cottonseed is August 1, 2025 to February 28, 2026.

3/ Medium/short grain excludes temperate japonica rice.

SOURCE: USDA

Wheat $1.29 Corn $0.26 Soybeans $0.21

2025 ARC Rates paid in October 2026

Crop	County Rate	Highest Rates
Wheat	$51.22	Ransom Co.
Corn	$58.89	Mountrail Co.
Soybeans	$56.98	Barnes Co.

Base Update Complete

Provides for the addition 30 million new base acres in 2026.

Nationally prorated.

Eligible acres exceeded the nationwide 30-million-acre cap.

FSA is applying an across-the-board, prorated reduction of 3.69% to all newly allocated base acres.

2026 Effective Reference Prices

TABLE 2. 2026 EFFECTIVE REFERENCE PRICE CALCUALTIONS
BASED ON 2020/21-2024/25 MARKET YEAR AVERAGE (MYA) PRICES AND REFERENCE PRICES
October 9, 2026 1/

A	B	C	D	E	F	G	H	I	J	K	L Lower of [E] or [Higher of D or K]
Commodity	Marketing Year	Unit	2026 Reference Price	115% of 2026 Reference Price	2020/21 MYA Price	2021/22 MYA Price	2022/23 MYA Price	2023/24 MYA Price	2024/25 MYA Price	88% of 5-year avg, dropping high and low prices	2026 Effective Reference Price
Wheat	Jun. 1-May 31	Bushel	$6.35	$7.30	~~$5.05~~	$7.63	~~$8.83~~	$6.96	$5.52	$5.90	**$6.35**
Barley	Jun. 1-May 31	Bushel	$5.45	$6.27	~~$4.75~~	$5.31	~~$7.40~~	$7.39	$6.31	$5.58	**$5.58**
Oats	Jun. 1-May 31	Bushel	$2.65	$3.05	~~$2.77~~	$4.55	~~$4.57~~	$3.92	$3.35	$3.47	**$3.05**
Peanuts	Aug. 1-Jul. 31	Pound	$0.3150	$0.3623	~~$0.2100~~	$0.2430	$0.2680	~~$0.2690~~	$0.2610	$0.2265	**$0.3150**
Corn	Sep. 1-Aug. 31	Bushel	$4.10	$4.72	$4.53	$6.00	~~$6.54~~	$4.55	~~$4.24~~	$4.42	**$4.42**
Grain Sorghum	Sep. 1-Aug. 31	Bushel	$4.40	$5.06	$5.04	~~$5.94~~	$5.94	$4.93	~~$4.07~~	$4.67	**$4.67**
Soybeans	Sep. 1-Aug. 31	Bushel	$10.00	$11.50	$10.80	$13.30	~~$14.20~~	$12.40	~~$10.00~~	$10.71	**$10.71**
Dry Peas	Jul. 1-Jun. 30	Pound	$0.1310	$0.1507	~~$0.0984~~	~~$0.1620~~	$0.1600	$0.1520	$0.1360	$0.1314	**$0.1314**
Lentils	Jul. 1-Jun. 30	Pound	$0.2375	$0.2731	~~$0.1820~~	$0.3560	$0.3440	~~$0.4040~~	$0.3590	$0.3106	**$0.2731**
Canola	Jul. 1-Jun. 30	Pound	$0.2375	$0.2731	~~$0.1840~~	~~$0.3290~~	$0.2980	$0.2430	$0.2020	$0.2179	**$0.2375**
Large Chickpeas	Sep. 1-Aug. 31	Pound	$0.2565	$0.2950	~~$0.2330~~	$0.3650	$0.3560	~~$0.3690~~	$0.3430	$0.3121	**$0.2950**
Small Chickpeas	Sep. 1-Aug. 31	Pound	$0.2265	$0.2605	~~$0.2020~~	$0.3330	$0.3270	~~$0.3570~~	$0.2560	$0.2687	**$0.2605**
Sunflower Seed	Sep. 1-Aug. 31	Pound	$0.2375	$0.2731	$0.2130	~~$0.3290~~	$0.2780	~~$0.2130~~	$0.2380	$0.2138	**$0.2375**
Flaxseed	Jul. 1-Jun. 30	Bushel	$13.3000	$15.2950	~~$11.1000~~	~~$25.9000~~	$17.5000	$12.1000	$12.5000	$12.3493	**$13.3000**
Mustard Seed	Sep. 1-Aug. 31	Pound	$0.2375	$0.2731	~~$0.2670~~	$0.3110	$0.4210	~~$0.5790~~	$0.4490	$0.3464	**$0.2731**
Rapeseed	Jul. 1-Jun. 30	Pound	$0.2375	$0.2731	$0.2260	~~$0.1880~~	$0.2160	$0.2000	~~$0.3280~~	$0.1883	**$0.2375**
Safflower	Sep. 1-Aug. 31	Pound	$0.2375	$0.2731	~~$0.2150~~	$0.2550	$0.3330	~~$0.3600~~	$0.2430	$0.2438	**$0.2438**
Crambe	Sep. 1-Aug. 31	Pound	$0.2375	$0.2731	$0.2710	~~$0.2260~~	$0.2590	$0.2400	~~$0.3940~~	$0.2259	**$0.2375**
Sesame Seed	Sep. 1-Aug. 31	Pound	$0.2375	$0.2731	~~$0.3700~~	$0.3900	$0.4100	$0.4000	~~$0.5400~~	$0.3520	**$0.2731**
Seed Cotton 2/	Aug. 1-Jul. 31	Pound	$0.4200	$0.4830	~~$0.3393~~	~~$0.4675~~	$0.4533	$0.3949	$0.3404	$0.3487	**$0.4200**
Rice (long grain)	Aug. 1-Jul. 31	Pound	$0.1690	$0.1944	~~$0.1260~~	$0.1360	~~$0.1670~~	$0.1590	$0.1400	$0.1276	**$0.1690**
Rice (med/short grain) 3/	Aug. 1-Jul. 31	Pound	$0.1690	$0.1944	~~$0.1310~~	$0.1390	~~$0.1820~~	$0.1720	$0.1500	$0.1352	**$0.1690**
Rice (temperate japonica)	Oct. 1-Sep. 30	Pound	$0.2433	$0.2798	$0.2260	$0.3190	~~$0.4090~~	$0.2230	~~$0.1870~~	$0.2253	**$0.2433**

MYA Price=national average price received by producers during the 12-month marketing year.
1/ Source for MYA Price: National Agricultural Statistics Service (NASS), Agricultural Prices.
2/ Seed cotton price is a weighted average of upland cotton and cottonseed prices.
3/ Medium/short grain excludes temperate japonica rice.

SOURCE: USDA

Wheat $6.35 Corn $4.42 Soybeans $10.71

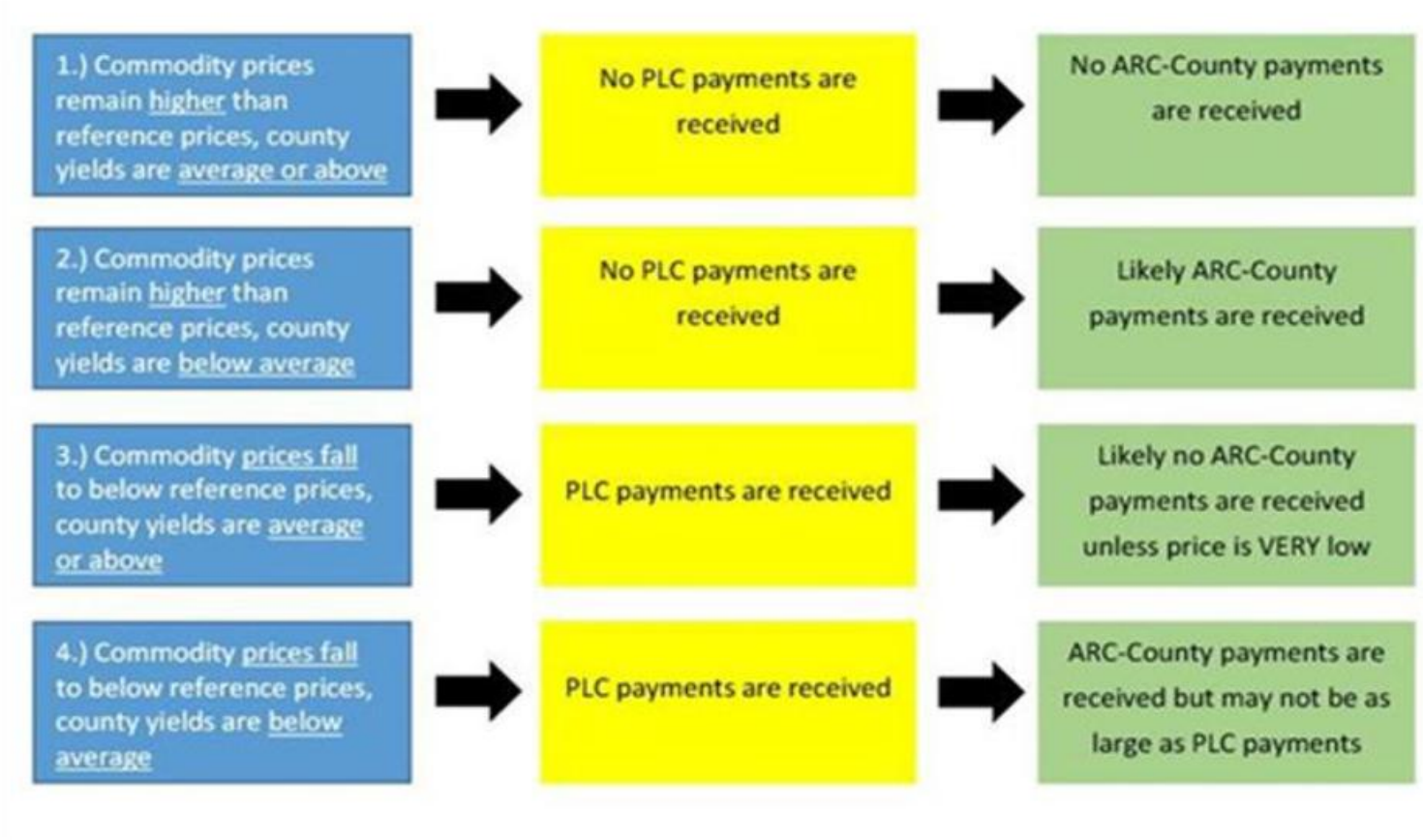
2026 ARC-PLC Elections
(using new base acres)

NDSU Farm Bill Calculator is online for producers help determine the election for 2026 payments to be paid in October 2027

Deadline is December 11, 2026

Note: The 2027 Election is November 2, 2026 to March 15, 2027 for 2027 payments to be paid in October 2028

ARC-PLC Flowchart



SOURCE: Kansas St. Univ.

2026 ARC-IC Election

NDSU Farm Bill ARC-IC Calculator is online for producers help determine the election for 2026 payments to be paid in October 2027

Deadline is December 11, 2026

Use individual farm yields not county yields

More bookwork and documentation for producer

May be advantageous in the 2026 drought year for a producer with a low yield in a county with close to average yields

“Diesel” Relief Program??

Crop	Acres (millions)	Farmer Bridge method, 2026 inputs ($/acre)
Corn	94.8	$26.67
Soybeans	86.0	$14.80
Wheat	37.5	$36.89
Cotton	10.2	$115.95
Sorghum	5.3	$68.32
Barley	2.1	$36.75
Rice	2.1	$77.94
Oats	2.0	$85.82

To be paid in November????

Crop Insurance Update

Deadline Extended:
Crop Insurance Premiums Due November 30, 2026

Crop Insurance

Federal premium subsidy levels increase from 3 to 5 percentage points.

As a result, the federal subsidy for buy-up coverage changes from the current 38% to 64% of total premium to 41% to 69% of total premium based on buy-up coverage level.

Supplemental Coverage Option (SCO) insurance policy also increases coverage level to 90% instead of 86%.

The ECO subsidy for 2026 is being increased to 80%.

Margin Coverage Option

New Margin Coverage Option (MCO). It's similar to SCO & ECO, but with an added factor of input costs.

Determining the Margin, Inputs Included:
diesel, natural gas, diammonium phosphate (DAP), urea and potash.

You **can't** take MCO & ECO together.
You **can** take MCO with PLC or ARC.

Prevent Plant

Prevent Buy-up (additional 5%)

2026 OUT
2027 Back IN

Farm Income Tax

Only two months to do planning

Depreciation Tax Provisions

Updated and expanded 100% bonus depreciation for equipment purchases and makes it permanent.

A new special depreciation allowance also was created for 100% depreciation of nonresidential property which will include manufacturing facilities built before 2031. That provision includes language implying the bonus depreciation can be applied for buildings used for agricultural and chemical production.

The bill increases the Section 179 deduction. For **2026** to $2.56 million. Phase-out threshold at $4.09 million.

Rural bankers: 25% deduction on interest income from qualified rural real-estate loans

This provision adds Section 139L to the IRS Code, aims to stimulate lending in rural and agricultural communities.

Who's eligible: FDIC-insured banks, state- and federally regulated insurance companies, certain bank and insurance holding company subsidiaries, Farmer Mac.

What loans qualify? The exclusion applies to interest income from loans made after July 4, 2025, that are secured by "rural or agricultural real estate".

The exclusion does not apply to refinanced loans made before enactment date.

Borrower benefits: The tax benefit is for the lender, the savings are intended to be passed on to farmers and rural borrowers through more competitive interest rates.

Lenders should consult with tax professionals.

Estate Tax and Capital Gains Provisions

Estate tax exemption is increased and made permanent: The estate and gift tax exemption is permanently increased to $15 million per individual (and $30 million per couple), indexed for inflation after 2026.

Annual gift tax exclusion is $19,000.

New Capital Gains Provisions

Farmland sales deferral: A new provision allows landowners selling farmland to another "qualified farmer" to defer capital gains taxes over four annual installments. Incentivizes the sale of farmland to actively engaged farmers and mitigate the "lock-in effect" where landowners might hold onto land solely for basis step-up at death.

New Capital Gains Provisions

Qualified Property:

To qualify as "qualified farmland property" for this election, the sale must meet several statutory requirements:

- **Real Property & Location:** The land must be real estate located within the United States.
- **10-Year Farming History:** The property must have been actively used as a farm by you (or leased to a qualified, active farmer) for substantially all of the **10-year** period leading up to the sale.
- **Mandatory Use Covenant:** The property must be legally restricted, requiring it to remain in agricultural use for at least **10 years** after the sale closes.
- **Applicable Assets:** The election applies strictly to the real estate and permanent agricultural improvements. It does not cover livestock, machinery, or equipment.
- **No Reinvestment Necessary:** Unlike a 1031 Exchange, the seller can receive full cash proceeds while still electing four annual payments.

New Capital Gains Provisions

Qualified Buyer:

To use the 4-year deferral election (available even if the buyer pays the seller entirely in cash at closing), the purchaser must meet certain criteria:

- **Qualified Farmer:** The buyer must be a "qualified farmer" actively engaged in the business of farming.
- **Active Use Covenant:** The buyer must legally agree to a covenant or restriction that prohibits the purchased land from being used for anything other than agricultural or farming purposes for at least **10 years** following the sale.

1099 Changes

1099-NEC current law:

Old rule:
Must file if pay $600 or more in a calendar year (law since 1954)
fine up to $310 per missing form, or if intentionally not filing the greater of $660 per form or 10% on reported amount

New rule:
For 2026 tax year threshold jumps to **$2000**

In 2027 it is indexed for inflation

Farm Net Operating Losses

A net operating loss (NOL) **will not** refund any self-employment tax

Farmers: 2 year NOL carry back

Carry back can only offset 80% of taxable income

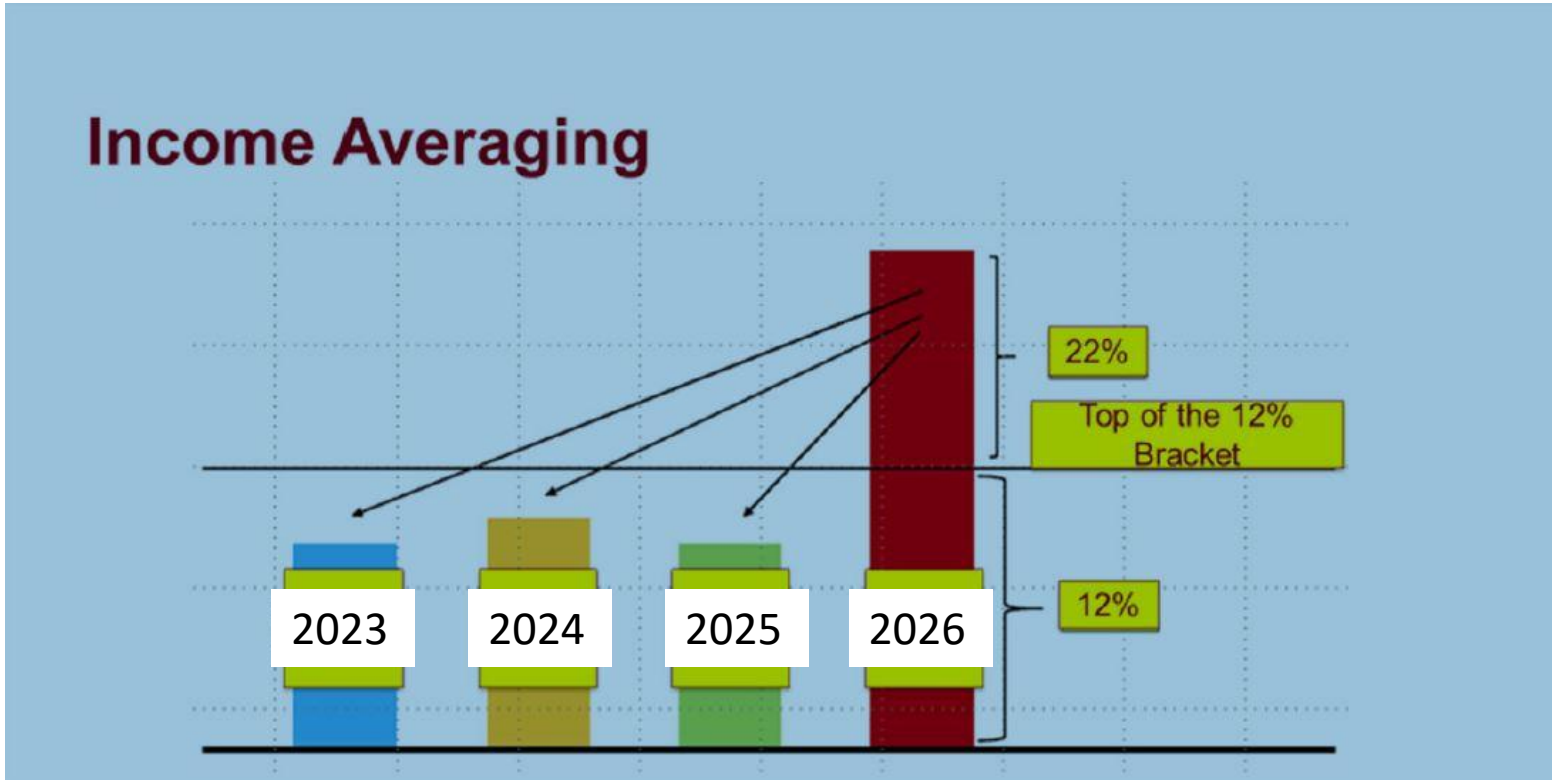
$500K carry back limit MFJ

$250K carry back limit for singles

Carry forward indefinitely

Income Averaging (Schedule J) Underutilized

IRS study: could have saved 23% on taxes on average if used income averaging



March 1 Famer/Fisherman Filing Date

Can make deposit by Jan 15 and then pay by April 15

Must pay in 100% of last year tax liability or 2/3 of this year's tax liability to avoid penalty

Can file on April 15 and pay interest penalty from March 1 to April 15 (Form 2210F)

Reporting Crop Insurance Proceeds

Only the physical crop loss proceeds **can** be deferred

Revenue proceeds from revenue policies **cannot** be deferred

Forced Livestock Sales

Two IRS provisions for deferral:

IRC 1033(e)

IRC 451(g)

Involuntary Conversion of Draft or Breeding Animal IRC Sec 1033(e)

- A livestock producer who sells more draft, breeding, or dairy animals than normal due to weather-related conditions may defer recognition of the gains for up to two years.
- The animals must be replaced within two years with other animals used for identical purposes.
- This applies only to the number of animals sold in excess of normal business practices.
- Declaration of a disaster area is not necessary, but the producer must be able to show that weather-related conditions forced the sale of more livestock than would normally be sold.
- If there is a federal disaster declaration the replacement period is four years.
- The Secretary of the Treasury can extend the period further if the drought persists three years or more.
- Tax basis of the replacement livestock is equal to the basis in the livestock sold plus any additional amount invested in the replacement livestock that exceeds the proceeds from the sale.
- If the animals are not replaced, or if replacement cost is less than the gain from their sale, the difference must be reported as a gain for the sale year by amending the tax return. The return will be subject to additional tax and interest.
- It is a dollar for dollar replacement not head for head.

Deferral of Income for One Year of Sale of Market Animals IRC Sec 451(g)

- Livestock producers using the cash method of accounting can elect to defer for one tax year the income of any qualified livestock sold due to weather-related conditions.
- The area must be federally recognized and declared as eligible to receive federal assistance.
- It is not necessary for the animals to be raised or sold in the declared disaster area, just that a weather-related event caused the area to receive federal disaster designation and caused the sale of the animals.
- Only livestock sales in excess of normal business practice qualify for deferral.
- The animals are not replaced and the elected gain is simply put off to the next year.

Forced Livestock Sales Tax Strategy

Use section 1033(e) for cows (breeding livestock)

Use section 451(g) for calves

Deferred Payments to the Next Tax Year

Can defer crop and livestock sales into future tax years

At risk if grain elevator or sales barn goes bankrupt, you are at the bottom of the list of creditors

North Dakota has a credit-sale contract indemnity fund

Deferred Payments Tax Strategy

When doing tax planning, can opt out of deferring on a contract by contract basis

May be advantages to have several contracts

IRS Publication 225 “Farmers Tax Guide”

Contact your tax professional!

Questions?