

**For:** Alaska, Florida, Hawaii, and Puerto Rico State and County Offices

**Announcing the Reimbursement Transportation Cost Payment (RTCP) Program for Geographically Disadvantaged Farmers and Ranchers in Alaska, Hawaii, and Insular Areas**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

FSA is implementing the RTCP Program for Geographically Disadvantaged Farmers and Ranchers under authority provided by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill). The 2008 Farm Bill authorized the RTCP Program for each FY through 2012, subject to appropriated funding. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2010 (2010 Agriculture Appropriations Bill, Public Law 111-80) provided \$2.6 million funding for the RTCP Program for FY 2010.

The RTCP Program provides monetary assistance to geographically disadvantaged farmers and ranchers by reimbursing them for a portion of the transportation cost of their agricultural commodity, or transported inputs used to produce an agricultural commodity during an FY. The payments provided by RTCP are intended to offset a portion of the high costs of transporting inputs for production purposes and transporting products to markets.

In recent years, and especially since the era of rising fuel costs, farmers and ranchers outside the contiguous United States have operated at a competitive disadvantage. The high cost of transporting inputs for production purposes and transporting products to markets in the United States mainland and other countries has resulted in production and freight charges that preclude many geographically disadvantaged farmers and ranchers from being competitive.

Provisions and requirements for the RTCP Program will be published as a final rule in FR on June 17, 2010. The final rule can be found at 7 CFR Part 755.

**Note:** The rule was filed for public view on June 16, 2010.

<b>Disposal Date</b>	<b>Distribution</b>
July 1, 2011	AK, FL, HI, and PR State Offices; State Offices relay to County Offices

## Notice SP-51

### 1 Overview (Continued)

#### B Purpose

This notice provides State and County Offices with the following:

- general information about the RTCP Program
- application process
- eligibility requirements
- payment provisions
- policy for STC's to establish fixed and set transportation cost rates.

#### C Contact

If there are questions about this notice, State Offices shall contact either of the following.

Contact	Telephone Number	E-Mail Address
Dani Cooke	202-720-1919	<a href="mailto:danielle.cooke@wdc.usda.gov">danielle.cooke@wdc.usda.gov</a>
Toni Williams	202-720-2270	<a href="mailto:toni.williams@wdc.usda.gov">toni.williams@wdc.usda.gov</a>

### 2 General RTCP Program Information

#### A Source of Authority

Section 1621 of the 2008 Farm Bill authorized this program. The 2010 Agriculture Appropriations Bill, Public Law 111-80 provided funding for the RTCP Program for FY 2010.

#### B Regulations

Regulations for the RTCP Program are:

- found at 7 CFR Part 755
- on the FSA Intranet PSD Homepage located at <http://www.fsa.usda.gov/pricesupport>.

## Notice SP-51

### 2 General RTCP Program Information (Continued)

#### C Related Handbooks

Handbooks related to the RTCP Program include the following.

<b>IF the area of concern is about...</b>	<b>THEN see...</b>
appeals	1-APP.
signatures, estates, trusts, minors, or powers of attorney	1-CM.
misaction, misinformation, equitable relief, scheme, device, or failure to fully comply	7-CP.
AGI and foreign person provisions	4-PL.
HELC/WC provisions	6-CP.
issuing payments	1-FI.
offsets	58-FI.
assignments and joint payments	63-FI.
prompt payment provisions or foreign person tax withholding	61-FI.
reporting to IRS	62-FI.

#### D Application Period

Producers must apply for RTCP Program payments during the application period which will be announced in a subsequent notice.

### 3 RTCP Program Eligibility

#### A Eligible Producers

Producers eligible for the RTCP Program include geographically disadvantaged farmers and ranchers in Hawaii, Alaska, or an insular area who transported an agricultural commodity, or inputs used to produce an agricultural commodity during an FY. This includes geographically disadvantaged farmers and ranchers located in the following areas:

- Hawaii
- Alaska
- Commonwealth of Puerto Rico
- Guam
- American Samoa
- Commonwealth of the Northern Mariana Islands
- Federated States of Micronesia Republic of the Marshall Islands
- Republic of the Marshall Islands
- Republic of Palau
- Virgin Island of the United States.

## Notice SP-51

### 3 RTCP Program Eligibility (Continued)

#### B Eligible Commodities

Any agricultural commodity (including horticulture, aquaculture, and floriculture) food, feed, fiber, livestock (including elk, reindeer, bison, horses, and deer), insects or products thereof, are eligible for the RTCP Program for geographically disadvantaged farmers and ranchers.

#### C Eligible Input Transportation Costs

Input transportation costs means those transportation costs of inputs used to produce an agricultural commodity including, but not limited to, air freight, ocean freight, and land freight of chemicals, feed, fertilizer, fuel, seeds, plants, supplies, equipment parts, and other inputs as determined by FSA.

#### D Eligible Agricultural Operation

Agricultural operation means a parcel or parcels of land; or body of water applicable to aquaculture, whether contiguous or noncontiguous, constituting a cohesive management unit for agricultural purposes. An agricultural operation will be regarded as located in a county in which the principal dwelling is situated, or if there is no dwelling thereon, it will be regarded to be in the county in which the major portion of the land or applicable body of water is located.

#### E Eligibility Requirements

To be eligible for RTCP Program benefits, producers must:

- be a geographically disadvantaged farmer or rancher producing and marketing, including the transportation of an agricultural commodity, in an approved area
- submit an application during the specified period applicable for each FY
- provide proof of the amount of costs incurred for the transportation of the agricultural commodity or input
- not have nonfarm average AGI that exceeds \$500,000 according to subparagraph 3 F
- certify compliance with HELC and WC provisions, according to subparagraph 3 G
- not be convicted under Federal or State law of a controlled substance violation, according to 1-CM
- be a citizen of or a legal resident alien of the United States according to 7 CFR Part 1400 for foreign persons.

## Notice SP-51

### 3 RTCP Program Eligibility (Continued)

#### F AGI

Producers who certify on CCC-926 that their nonfarm average AGI exceeds \$500,000 are ineligible for RTCP Program benefits. The relevant period for determining nonfarm average AGI are the calendar years of 2006 through 2008.

#### G HELC/WC Provisions

Eligible producers must comply with HELC/WC provisions according to 7 CFR Part 12. If not already completed and on file in the County FSA Office, then producers applying for benefits must certify compliance on AD-1026 before payments are issued. See 6-CP for guidance.

#### H States, Political Subdivisions, and Agencies Thereof

States, political subdivisions, and agencies thereof, are **not** eligible for RTCP Program benefits. These provisions include, but are not limited to, State universities and prisons.

### 4 RTCP Program Payment Provisions

#### A Funding

A total of \$2.6 million has been made available to producers under the RTCP Program for reimbursement of FY 2010 transportation costs. Since the spending authority is limited to \$2.6 million, less a reserve, RTCP payments may be prorated by a National factor based on the amount of eligible transportation costs eligible for payment.

Although the program is authorized for FY's 2008 through 2012, there has been no appropriated funding for the RTCP Program for FY's 2008 and 2009. Funds were appropriated for FY 2010 only.

#### B Basis of Payments

RTCP's will be:

- computed based on the amount of costs incurred by the producer for transportation of the agricultural commodity or inputs during an FY and multiplied by applicable percentage of the cost of living allowance (COLA's) for the applicable FY in the applicable area.

**Example:** Producer A incurred transportation costs in Hawaii for FY 2010 totaling \$15,000. The FY 2010 percentage of allowance in Hawaii is 25 percent.  $\$15,000 \times 25\% = \$3,750$ . Producer A would receive direct reimbursement in the amount of \$3,750.

- subject to \$8,000 per applicant per FY

## Notice SP-51

### 4 RTCP Program Payment Provisions (Continued)

#### B Basis of Payments (Continued)

- subject to assignments, offsets, and withholdings
- issued after the date announced for submitting supporting documentation and after all applications have been filed to determine if the funds available are sufficient to pay each applicant. If funds are not sufficient to cover all requests, then a formula to prorate the payment amount will be necessary.

**Notes:** There will be no advance payments issued.

See Exhibit 1 for the applicable COLA's.

#### C Types of Transportation Rates

Following are the types of transportation rates used to determine reimbursable amounts.

- **Actual** – Based on the actual costs incurred by the applicant and must be determined, in all cases, from verifiable records. No other type of transportation rate is permitted under this option for the same request.
- **Fixed** – Established by STC with DAFP concurrence and reflect transportation rates applicable to certain agricultural commodities or inputs used to produce the agricultural commodity.
- **Set** – Established by STC with DAFP concurrence and reflect a percent of the total cost used to reflect the transportation cost incurred. This rate will only be used if the input does not have a fixed rate established or a breakdown of the transportation costs is not available.

**Note:** Producers, who certified their costs, using either the fixed or set transportation rate to determine the reimbursable amounts, are subject to a compliance spot check to provide verifiable proof that the transportation of the agricultural commodity or inputs occurred for the applicable FY.

#### D Assignments and Offsets

RTCP Program payments are subject to assignment and offset.

#### E Direct Deposit Requirement

The Debt Collection Improvement Act of 1996 requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by electronic funds transfer. All producers receiving benefits under the RTCP Program must file SF-1199A according to 1-FI, Part 3.

## Notice SP-51

### 5 Establishing Transportation Cost Rates

#### A Fixed and Set Transportation Cost Rate Provisions

The fixed and set transportation cost rates will be determined by State Offices. The State Offices for the eligible areas are Alaska, Florida, Hawaii, and Puerto Rico. Final approval of the fixed and set rates will be made by DAFP to ensure that rates are established in a fair and equitable manner. FSA will post the fixed and set transportation rates at the State and County FSA Offices for the applicable areas.

Sources that STC's will use to determine fixed transportation rates may include, but are not limited to:

- fares and rates posted by the Public Utilities Commission
- transportation rates posted by shipping companies
- surveys of plant nurseries, surveys of farm suppliers
- National Agricultural Statistics Service (NASS) data
- surveys from producers
- State and National studies that examine increased transportation costs in each applicable area
- comparison of average fuel prices within a particular area.

STC's will determine a set rate for an agricultural commodity or input when a producer does business with companies that do not break out specific transportation costs, but rather include the transportation cost in the price charged for the service or product.

**Example 1:** If a producer buys fertilizer in bags at a local store and has a receipt for that input, but the store does not provide information on what percentage of the cost was for transportation, FSA will provide a set rate to the producer for the fertilizer.

**Example 2:** For instances when geographically disadvantaged producers have eligible commodities and/or inputs shipped in from or to the contiguous United States and other countries, producers are eligible for reimbursement due to transportation costs they incurred only.

**Example:** Producer A receives a shipment of 100 head of cattle from California and sells 50 head of cattle to a local producer (producer B); producer A is entitled to receive transportation reimbursement for the 100 head of cattle. Producer B is also eligible to receive transportation reimbursement for any of the purchased 50 head of cattle that will be shipped to a buyer.

## Notice SP-51

### 5 Establishing Transportation Cost Rates (Continued)

#### A Fixed and Set Transportation Cost Rate Provisions (Continued)

County Offices shall use the STC-established fixed or set transportation cost rate per head of cattle. If actual costs are provided, then producers will receive the actual cost of transportation costs incurred per head of cattle.

The National Office will e-mail to the State FSA Office Price Support Specialist the format to submit eligible agricultural commodities, inputs, fixed and set transportation cost rates.

### 6 Action

#### A STC Action

STC's shall:

- immediately establish fixed and set transportation cost rates according to subparagraph 5 A
- submit cost rates to Director, PSD by no later than July 23, 2010.

#### B State Office Action

State Offices shall ensure that County Offices:

- are immediately informed of the contents of this notice
- immediately publicize the contents of this notice by all available means
- are provided guidance on the contents of this notice
- forward any RTCP Program questions to the National Office according to subparagraph 1 C

#### C County Office Action

County Offices shall:

- immediately notify producers, by all available means, of the RTCP Program, and the possible types of documentation that may be acceptable for documenting incurred FY 2010 eligible transportation costs
- forward questions about the contents of this notice to the State Office Specialist.



**Nonforeign Area Cost-of-Living Allowances (COLA)**

The following table provides FY 2010 COLA rate percentages that will be used to compute RTCP's.

<b>Nonforeign Area COLA Rates</b>		
<b>Geographic Coverage</b>		<b>Rate (%)</b>
<b>Alaska</b>	City of Anchorage and 80-kilometer (50-mile) radius by road	23
	City of Fairbanks and 80-kilometer (50-mile) radius by road	23
	City of Juneau and 80-kilometer (50-mile) radius by road	23
	Rest of Alaska	25
<b>Hawaii</b>	City and County of Honolulu	25
	County of Hawaii	18
	County of Kauai	25
	County of Maui and County of Kalawao	25
<b>Guam</b>	Territory of Guam and Commonwealth of the Northern Mariana Islands	25
<b>Puerto Rico</b>	Commonwealth of Puerto Rico	14
<b>Virgin Islands</b>	U.S. Virgin Islands	25
<b>Other Insular Areas</b>	American Samoa	25
	Federated States of Micronesia	
	Republic of Marshall Islands	
	Republic of Palau	