Cotton Transition Payments

Step 1: Election

<table>
<thead>
<tr>
<th>Price Loss Coverage (PLC) 1/</th>
<th>County ARC Election (ARC-CO) 2/</th>
</tr>
</thead>
<tbody>
<tr>
<td>If a Producer elects PLC/County ARC, the Producer must also make a one-time election to select which base acres on the farm are enrolled in PLC and which base acres are enrolled in ARC-CO.</td>
<td>Payments are issued on percent of base acres of the covered commodities on generic base. 6/</td>
</tr>
</tbody>
</table>

Payments are issued on percent of base 6/ acres plus plantings of covered commodities on generic base. 6/.

**Step 2: When is Payment Issued?**

<table>
<thead>
<tr>
<th>更高于：2014年12月至1月市场平均价格（For barley, use all-barley price）</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2014年国家贷款率</td>
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</tbody>
</table>

**Step 3: What is the Payment Formula?**

<table>
<thead>
<tr>
<th>支付面积</th>
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</thead>
<tbody>
<tr>
<td>85% of the sum of: (1) base acres 6/ of the covered commodity on the farm; and (2) generic basis acres 4/ on the farm planted to the covered commodity. Payment acres are reduced if fruits and vegetables or wild rice (FAVs) are planted on payment acres. The reduction is equal to FAO acreage planted in excess of 15 percent acres 5/ times.</td>
<td>85% of the sum of: (1) base acres 6/ of the covered commodity on the farm; and (2) generic basis acres 4/ on the farm planted to the covered commodity. Payment acres are reduced if fruits and vegetables or wild rice (FAVs) are planted on payment acres. The reduction is equal to FAO acreage planted in excess of 15 percent acres 5/ times.</td>
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**Step 4: The Crop Revenue Shortfall calculated in Step 2, not to exceed the reference price minus the national loan rate.**

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<tbody>
<tr>
<td>100% of the farm's counter-cyclical yield. However, the Owner(s) may make a one-time election to update payment yields on a commodity by commodity basis, equal to 90 percent of the farm's 2008-12 average yield per planted acre (excluding years with no plantings), except if the yield in any of the years is less than 75 percent of the county yield, 75 percent of the 2008-2012 county yield is substituted for that year. 6/</td>
<td>The Crop Revenue Shortfall calculated in Step 2, not to exceed 15 percent of Benchmark County Revenue.</td>
</tr>
</tbody>
</table>

**Note:**

1/ If no election is made in 2014, no payments will be issued in 2014 and PLC is deemed to be made for the 2015 crop year.

2/ To the maximum extent practicable, the Secretary shall calculate payments separately for irrigated and nonirrigated acres.

3/ Owners have a one-time opportunity to: (1) retain the farm's bases as of Sept. 30, 2013; or (2) reallocate base acres (excluding cotton bases) based on the proportion of the 2009-12 average of: (i) planted and prevented acres of the covered commodity; to (ii) the total of planted and prevented acres of all covered commodities on the farm. 2013 cotton base acres are reallocated as generic bases.

4/ Payments are made on generic base acres only to the extent the generic base acres are planted to covered commodities based on the following rules:

- If a single covered commodity is planted and the total number of acres of the covered commodity exceeds the generic base acres on the farm, the generic base acres are attributed to the covered commodity, not to exceed the total number of generic base acres.
- If multiple covered commodities are planted and the total number of acres planted to all covered commodities exceed the generic base acres on the farm, the generic base acres are attributed to each covered commodity on a pro rata basis to reflect the ratio that the planted acreage of each covered commodity is to the total number of acres planted to all covered commodities.
- If the total number of acres planted to all covered commodities on the farm does not exceed the generic base acres on the farm, the number of acres planted to a covered commodity is attributed to the covered commodity.

5/ Reductions in payment acres are not made if FAVs are grown for conservation purposes and not harvested for use or sale, or if double cropped.

6/ Yields may be updated for all farms, regardless of program election- PLC, ARC-CO, ARC-IC.

7/ 2009-13 Annual Benchmark Revenues for each commodity equal the (higher of the 12-month market year average (MYA) price or Reference Price) times 2009-13 Producer’s Historical Average Yield on all farms in which the producer has an interest: (substitute 70% of the County Transitional (T) yield for each year the historic yield is less than 70% of T).

Note: 2014 payments will be issued, if triggered, after the end of the marketing year, but not before October 1, 2015.