

For: State and County Offices

2004 Final Counter-Cyclical (CC) Payment Calculations for Rice

Approved by: Acting Deputy Administrator, Farm Programs



1 2004 Final CC Payment for Rice

A Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides for CC payments for covered commodities for crop years 2002 through 2007. 1st advance 2004 CC payments for rice were issued in October 2004 and 2nd advance CC payments were issued in February 2005.

B Purpose

This notice:

- informs State and County Offices that:
 - the final CC payment for rice is \$0.0082 per pound for crop year 2004
 - software will be transmitted on the evening of Thursday, February 2, 2006, according to a forthcoming information bulletin
- provides a detailed explanation of how CC payment rates are determined
- provides instructions on issuing 2004 final CC rice payments
- advises County Offices about handling situations involving bankruptcy, deceased producers, or successor-in-interest.

Disposal Date	Distribution
February 1, 2007	State Offices; State Offices relay to County Offices

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2 Calculating Final CC Payment for Rice

A Payment Rate for Rice

The final 2004 CC payment rate for rice is \$0.0082 per pound because the effective price is below the target price. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average price received by producers. The final payment rate is the target price minus the effective price. The following table illustrates the calculation for rice.

Item	Rice (Dollars per lb.)
Target Price	.1050
National Average Loan Rate	.0650
2004 National Average Farm Price	.0733
Higher of Loan Rate or Farm Price	.0733
Direct Payment Rate	<u>.0235</u>
Effective Price	.0968
Final CC Payment Rate (Target Price Minus Effective Price)	.0082
First Partial Payment Rate	.00315
Second Partial Payment Rate	.00210
Final CC Payment Rate Less First and Second Partial Payments	.00295

B 2004 CC Partial Payments for Rice

The 2002 Act provides for 2 partial CC payments, in October 2004 and February 2005, and a final payment after the final season average price is determined on January 31, 2006. A first and second partial payment was issued for rice.

C National Average Prices Received by Producers

The national average prices received by producers for contract commodities can be found on the FSA Web site at http://www.fsa.usda.gov/pas/farmbill/mya_entry.htm.

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3 Issuing Payments to Producers With Special Circumstances

A Bankruptcy

The County Office shall follow procedures already in place for producers who have filed bankruptcy. See 67-FI.

B Deceased Producers

The County Office shall follow policy in 1-DCP, paragraph 394 for deceased producers.

C Successor-in-Interest

The County Office shall follow policy in 1-DCP, paragraph 393 for successor-in-interest.

4 State and County Office Action

A State Office Action

State Offices shall ensure that County Offices:

- are informed of the contents of this notice
- follow directions in the forthcoming information bulletin for loading the program parameter file.

B County Office Action

County Offices shall:

- follow directions outlined in the forthcoming information bulletin to ensure that the new program parameter file is loaded to the County Office system
- **after** completing the instructions in the information bulletin, begin issuing final crop year 2004 CC rice payments, as applicable.