

**For:** Alabama, Florida, and Tennessee State and County Offices

**1996 Crop Wheat Karnal Bunt Compensation for Affected Southeast Producers**

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



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**1 Overview**

**A**

**Background**

In the fall of 1996, APHIS issued Emergency Action Notifications (EAN's) to affected producers and handlers in the Southeast, temporarily quarantining wheat because of the presence of Karnal bunt-like spores.

The provisions of the 1998 Supplemental Appropriations and Rescissions Act provides \$543,000 for compensation to eligible wheat producers, handlers, and seed companies who had wheat stored in a storage facility that was subject to EAN relating to the presence or presumed presence of Karnal bunt.

Producers, handlers, and seed companies in Alabama, Florida, and Tennessee are eligible for compensation for:

- 1996 crop season wheat, which includes wheat grain, certified wheat seed, and wheat grown with the intention of producing certified wheat seed
- wheat inventories in their possession that were unsold at the time EAN was issued.

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**B**

**Purpose**

This notice provides procedures for issuing 1996 crop Karnal bunt compensation payments to **eligible** wheat producers, handlers, and seed companies in the Southeast.

<p><b>Disposal Date</b></p> <p>June 1, 1999</p>	<p><b>Distribution</b></p> <p>Alabama, Florida, and Tennessee State Offices; State Offices relay to applicable County Offices</p>
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## Notice LP-1667

### 2 Definitions

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#### A

##### Handler

Handler, for Karnal bunt payment purposes, means the first entity to obtain wheat from producers for resale to other handlers or end users.

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#### B

##### Actual Price Received

The actual price received is the net price after adjustments for any premiums or discounts stated on the sales receipt.

**Note:** Any deductions for wheat check-off, sampling fees, or other fees for services rendered should be added to the actual price received by the producer, handler, or seed company.

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### 3 Compensation for Producers, Handlers, and Seed Companies

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#### A

##### Determining Eligibility

For producers, handlers, and seed companies to be eligible for compensation for the loss in value of their wheat, the wheat grain or seed must have been stored in a storage facility that was subject to EAN relating to the presence or presumed presence of Karnal bunt.

For wheat seed eligibility, the seed must also have been grown as certified seed or was grown with the intention of producing certified wheat seed.

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#### B

##### Compensation

Producers, handlers, and seed companies who sold their wheat are eligible for compensation if the wheat is eligible according to subparagraph A.

Compensation for **grain**, **not** to exceed \$2.50 per bushel, will equal the estimated market price (EMP) for soft red winter (SRW) class of wheat minus the actual price (AP) received.

Compensation for **seed** will equal the applicable seed margin plus EMP minus the AP received. Compensation for seed shall not exceed \$7.00 per bushel for private variety seed or \$4.90 per bushel for public variety seed.

**Note:** If the producer is unable to provide documentation to support that the seed was a public or private variety, compensation shall be calculated as for **grain**.

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## Notice LP-1667

### 4 Compensation Requests

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#### A

#### Requesting Compensation

To request compensation, the wheat producer, handler, and seed company shall:

- make the request in the County Office for the regulated area
  - make the request on or before January 12, 1999
  - complete PPQ-926 according to Exhibit 1
  - provide the Federal tax ID number for IRS reporting purposes
  - provide the documentation according to this paragraph.
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#### B

#### Documentation Required

Producers, handlers, and seed companies shall provide the following documentation to the County Office to support their request for compensation available according to this notice:

- copy of EAN or formal letter issued by APHIS
  - copy of receipt for **sale** of wheat showing:
    - total bushels sold
    - total price received by the producer, handler, or seed company for sale of the wheat
  - verification as to actual, not estimated, weight of the wheat, such as a copy of a facility weigh ticket, or other verification
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#### 4 Compensation Requests (Continued)

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**B**  
**Documentation**  
**Required**  
**(Continued)**

- for **seed claim requests**, additional documentation showing that the wheat is **either** of the following:
  - certified seed including Breeder, Foundation, or Registered seed
  - was grown with the intention of producing certified seed

**Note:** This documentation may include **1 or more** of the following:

- document issued by the State seed certification agency verifying that the **wheat is certified seed**
  - bulk sale certificate
  - certification tags or labels issued by the State seed certification agency
  - application to the State seed certification agency for field inspection that shows the **seed is eligible for certification**.
- for **seed claim requests**, documentation showing the seed is a public or private variety
  - for requests that include **inventory quantities**:
    - certify to the inventory quantity
    - certify that the wheat was in the claimant's possession **before** issue date of EAN or formal letter issued by APHIS, as applicable.
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## 5 County Office Action

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### A Accepting Requests

County Offices shall:

- notify affected producers, handlers, or seed companies of the contents of this notice
  
- Note:** A list of names and addresses of producers, handlers, and seed companies will be sent under separate cover to applicable State Offices.
  
- accept requests for compensation through January 12, 1999, from eligible producers, handlers, and seed companies
  
- assist producers, handlers, and seed companies in completing PPQ-926, according to Exhibit 1
  
- review the following documents for required information, as applicable, according to paragraph 4:
  - copy of receipt for sale
  - verification of weight or quantity
  - documentation to support the seed is certified or eligible for certification
  - documentation showing the seed is a public or private variety
  
- retain documents applicable to Karnal bunt compensation for 5 years from date of compensation
  
- advise producers, handlers, and seed companies that requests will **not** be accepted **after** January 12, 1999, because of the funding limitation addressed in subparagraph E.

**Reminders:** It is the producer's, handler's, or seed company's responsibility to provide sufficient sales documentation.

If a final sales document is not clear, especially concerning discounts applied, ask for an explanation and additional documentation, as applicable.

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5 County Office Action (Continued)

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**B**

**Issues Not Addressed**

For requests received involving issues not addressed in this notice, County Offices shall:

- continue to accept requests from producers, handlers, and seed companies
- obtain as much detailed information from them as possible to support their claim
- submit these claims to PSD through the State Office.

The submitted claim request files will be reviewed by PSD and an APHIS representative. Upon completion of the review of the files and any additional documentation that may be requested, determinations will be made and remanded to the County Office for payment or additional action as necessary.

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**C**

**Determining Amount of Compensation**

County Offices shall:

- complete PPQ-927 according to Exhibit 2 to determine the amount of compensation available for each request, based on the information provided by the wheat producer, handler, or seed company, as applicable
- for **all** requests, use \$4.40 as EMP for SRW, as determined by APHIS
- for **seed** requests, add the following applicable variety seed margin, to the EMP:
  - for public variety, the seed margin is \$2.40
  - for private variety, the seed margin is \$4.50.

**Note:** If producer is unable to provide documentation to support a public or private variety, compensation shall be calculated as for grain **without** the seed margin added.

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**5 County Office Action (Continued)**

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**D  
Monthly  
Summary**

County Offices accepting compensation requests according to this notice shall:

- prepare and maintain a manual list indicating the following information:
  - producer, handler, or seed company name
  - Federal tax ID number for IRS reporting purposes
  - number of bushels per request
  - amount of payment determined due the producer, handler, or seed company
  - State and county where request is made
- provide to the State Office, by COB on the last Friday of the month, the applicable information for the monthly summary using the format in Exhibit 3. Submit reports for the months of October, November, and December.

The State Office shall:

- compile the information submitted by County Offices using the format in Exhibit 3 for the monthly summary
  - FAX the monthly summary to PSD at 202-690-3307 by COB the first Tuesday of the following month.
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**E  
Funding**

Because the spending authority is limited to \$543,000, payments can be issued only after the request period has ended and, if necessary, a factor has been determined.

Information concerning the determination of a factor will be issued after the request period has ended.

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**F  
APHIS Forms**

PSD shall issue a supply of PPQ-926's and PPQ-927's to the State Office for distribution to the applicable County Offices.

The State Office shall request an additional supply of forms from PSD, as needed.

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Completing PPQ-926

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**A**

**Completion  
Instructions**

For Karnal bunt compensation requested according to this notice, assist the producer, handler, or seed company, as applicable, in completing PPQ-926, according to this table.

Item	Instructions
1	Enter name, address, and Federal tax ID number for producer, handler, or seed company, as applicable.
2	Enter "1996".
3	Enter the applicable class of wheat.
4	Check the appropriate box.
5	Check the appropriate box.
6	Check appropriate boxes as applicable to the request.
7	Check the "NO" box.
8	Enter information, as applicable.
9	Enter eligible bushels.

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Completing PPQ-926 (Continued)

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**A**  
**Completion**  
**Instructions**  
**(Continued)**

Item	Instructions
10	Check the "N/A" box.
11 and 12	Obtain producer's, handler's, or authorized seed company representative's signature, as applicable, and date.
13 through 16	Leave blank.  <b>Complete PPQ-927 for wheat compensation calculations and attach to PPQ-926.</b>
17	For requests containing 1995 and prior crop year wheat inventories, enter the following statement:  "I certify that this request represents _____ bushels of 1995 or prior crop year wheat inventories unsold in my possession on <b>(enter date before issue date of EAN or formal letter issued by APHIS)</b> , 1997. The required documentation submitted to the FSA County Office verifies the quantity has been sold and eligible for this compensation request."
18, 19, and 20	Check appropriate box, obtain applicable approval signature, and date.  <b>Note:</b> If the request is disapproved, enter the reason or reasons in item 17.

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Completing PPQ-927

**A**  
**Completion**  
**Instructions**

Complete PPQ-927 according to this table.

Determine the actual price received according to the definition in paragraph 2.

The compensation rate determined for **grain** shall **not exceed** \$2.50 per bushel.  
The compensation rate determined for **seed** shall **not exceed** \$7.00 per bushel for private variety or \$4.90 for public variety.

Item	Situation	Action
1		Enter name and address of producer, handler, or seed company, as applicable.
2	Producer Sold Under Contract and Priced Before Issue Date of EAN or Formal Letter	Leave blank.
3	<b>Producer</b> Sold Under Contract or Priced After Issue Date of EAN or Formal Letter	<p>Complete for <b>all producer</b> requests. Line through "Sold Under Contract or Priced After Issue Date of EAN or Formal Letter".</p> <p>Enter \$4.40 as the EMP for SRW wheat. For SRW wheat <b>seed</b> requests for seed that can be determined as a public or private variety, add the applicable seed margin to the EMP.</p> <p>Determine AP from the documentation submitted by the producer.</p> <p>Complete the formula to determine the compensation rate.</p>
4	<b>Handler or Seed Company</b>	<p>Enter \$4.40 as EMP for SRW wheat. For SRW wheat <b>seed</b> requests for seed that can be determined as a public or private variety, add the applicable seed margin to EMP.</p> <p>Determine AP from the documentation submitted by the handler or seed company.</p> <p>Complete the formula to determine the compensation rate.</p>

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Completing PPQ-927 (Continued)

**A**  
**Completion**  
**Instructions**  
**(Continued)**

Item	Situation	Action
5	National Survey Participants	Leave blank.
8		Enter \$4.40 as EMP for wheat.  <b>Note:</b> If the class of wheat is other than SRW, contact PSD through the State Office.  Leave items 6 and 7 blank.
9		Identify whether the compensation is for producer, handler, or seed company by circling the appropriate label.  Enter the determined compensation rate.
10		Enter the eligible quantity determined from documentation provided and entered on PPQ-926, item 9.  Enter the determined compensation rate from item 9.  Multiply the quantity times the compensation rate to determine the compensation payment due the producer, handler, or seed company.
11 and 12		After the final request date, applicable States will be notified when compensation payments can be issued.  Enter "EFT" in item 11 and date the compensation payment is issued.
Remarks		Use this space to enter any remarks or information related to the compensation request.

Continued on the next page

Completing PPQ-927 (Continued)

**B**  
**Copy of PPQ-927**    The following is a copy of PPQ-927.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0579-0121. The time required to complete this information collection is estimated to average .5 hours per response, including the time for reviewing instructions, search existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. DEPARTMENT OF AGRICULTURE Animal and Plant Health Inspection Service Plant Protection and Quarantine <b>KARNAL BUNT COMPENSATION WORKSHEET</b> <i>(Use this worksheet if not compensating based on flat rate)</i>	FORM APPROVED - OMB NO. 0579 - 0121										
<b>1. APPLICANT'S NAME AND ADDRESS</b>  											
<b>PART A - COMPENSATION CALCULATIONS: (AP = Actual Price Received, CP = Contract Price, EMP = Estimated Market Price)</b>											
<b>2. PRODUCER SOLD WHEAT UNDER CONTRACT AND PRICE DETERMINED BEFORE AREA WAS REGULATED.</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 20%; text-align: center;">_____</td> </tr> <tr> <td style="text-align: center;">CP</td> <td></td> <td style="text-align: center;">AP</td> <td></td> <td style="text-align: center;">Compensation Rate</td> </tr> </table>		_____	-	_____	=	_____	CP		AP		Compensation Rate
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CP		AP		Compensation Rate							
<b>3. PRODUCER SOLD WHEAT NOT UNDER CONTRACT OR PRICE DETERMINED AFTER AREA WAS REGULATED.</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 20%; text-align: center;">_____</td> </tr> <tr> <td style="text-align: center;">EMP</td> <td></td> <td style="text-align: center;">AP</td> <td></td> <td style="text-align: center;">Compensation Rate</td> </tr> </table>		_____	-	_____	=	_____	EMP		AP		Compensation Rate
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EMP		AP		Compensation Rate							
<b>4. HANDLER OR SEED COMPANY</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 20%; text-align: center;">_____</td> </tr> <tr> <td style="text-align: center;">EMP</td> <td></td> <td style="text-align: center;">AP</td> <td></td> <td style="text-align: center;">Compensation Rate</td> </tr> </table>		_____	-	_____	=	_____	EMP		AP		Compensation Rate
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EMP		AP		Compensation Rate							
<b>5. NATIONAL SURVEY PARTICIPANTS</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 20%; text-align: center;">_____</td> </tr> <tr> <td style="text-align: center;">EMP</td> <td></td> <td style="text-align: center;">AP</td> <td></td> <td style="text-align: center;">Compensation Rate</td> </tr> </table>		_____	-	_____	=	_____	EMP		AP		Compensation Rate
_____	-	_____	=	_____							
EMP		AP		Compensation Rate							
<b>PART B - ESTIMATED MARKET PRICE</b>											
<b>6. DURUM (DUM)</b>	<b>7. HARD RED WINTER (HRW)</b>										
<b>8. OTHER (Please Specify):</b>  											
<b>PART C - COMPENSATION PAYMENT CALCULATION</b>											
<b>9. COMPENSATION RATE</b> Producer/Handler/Seed Company: _____ Other (Please Specify): _____											
<b>10. COMPENSATION CALCULATION</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 5%; text-align: center;">X</td> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 10%; text-align: center;">= \$</td> <td style="width: 25%; text-align: center;">_____</td> </tr> <tr> <td style="text-align: center;">QUANTITY</td> <td></td> <td style="text-align: center;">COMPENSATION RATE</td> <td></td> <td style="text-align: center;">COMPENSATION PAYMENT</td> </tr> </table>		_____	X	_____	= \$	_____	QUANTITY		COMPENSATION RATE		COMPENSATION PAYMENT
_____	X	_____	= \$	_____							
QUANTITY		COMPENSATION RATE		COMPENSATION PAYMENT							
<b>11. CHECK NUMBER</b>	<b>12. DATE</b>										
<b>12. REMARKS</b>  											
PPQ FORM 927 (DEC 97)											

**Monthly Summary of 1996 Crop Wheat Compensation Requests for the Southeast**

State \_\_\_\_\_

Summary as of (enter month) \_\_\_\_\_

<b>1996 Crop Wheat Karnal Bunt Compensation Requests for the Southeast</b>				
	<b>Producers</b>	<b>Handlers</b>	<b>Seed Companies</b>	<b>Total</b>
<b>1. Cumulative Compensation Requests <b>Approved</b> Beginning October 14, 1998</b>				
Number				
Bushels				
Amount	\$	\$	\$	\$
<b>2. Outstanding Compensation Requests <b>Filed</b>, but <b>Not Approved</b>:</b>				
Number				
Bushels				
Amount	\$	\$	\$	\$