

For: State and County Offices

**2000 and 2001 Crop Wheat Karnal Bunt
Compensation for Producers, Handlers, and Seed Companies**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

**A
Background**

Final regulations, published by APHIS in the August, 6, 2001, FR, provide for compensation to eligible wheat producers, handlers, and seed companies who experienced a loss in value in the 2000 and 2001 crop wheat.

Producers, handlers, and seed companies in areas under the first and previously regulated crop season are eligible for compensation for Karnal bunt positive-test wheat:

- which includes wheat for grain, certified wheat seed, and wheat grown with the intention of producing certified wheat seed
- inventories in their possession that were unsold at the time the area became regulated or under the Emergency Action Notification (EAN).

**B
Purpose**

This notice provides procedures for issuing 2000 and 2001 crop Karnal bunt compensation payments to **eligible** wheat:

- producers
- handlers
- seed companies.

Disposal Date April 1, 2002	Distribution State Offices; State Offices relay to applicable County Offices
---------------------------------------	----------------------------------------------------------------------------------------

Notice LP-1814

2 Definitions

A

Handler

Handler, for Karnal bunt payment purposes, means the first entity to obtain wheat from producers for resale.

B

Wheat Grown Under Contract

Wheat grown under contract is wheat grown, under any written contract, or sales agreement in which a producer and handler agrees to the terms and conditions of a sale.

Note: The sale price may be established at a future date.

C

Wheat Seed Grown Under Contract

Wheat seed grown under contract is wheat seed grown under any written contract in which a producer and seed company agrees to the terms and conditions for producing certified wheat seed for sale to the seed company.

Note: The contract price may be established at a future date.

D

Contract Price

The contract price is the net price after adjustments for any premiums or discounts stated on the contract.

Note: The net contract price must be used when determining eligibility for compensation.

E

Wheat Not Contracted

Wheat not contracted means any wheat not included in subparagraph B or C.

F

Actual Price Received

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

G

Estimated Market Price

The estimated market price is the announced marketing price designated from APHIS for payment calculations.

H

First Regulated Area

The first regulated area means the area regulated during a crop year by APHIS for the first time.

I

Previously Regulated Area

The previously regulated area means the area that was regulated by APHIS in a previous crop year.

Notice LP-1814

3 Marketing Assistance Loans and Loan Deficiency Payments (LDP's)

A Marketing Assistance Loans on Positive Tested Wheat

Producers must repay marketing assistance loans for any quantity that will be marketed for Karnal bunt compensation purposes. Failure to repay the loans before marketing the commodity would result in violation of the marketing assistance loan program provisions.

Producers who elect to forfeit 2000 and 2001 crop nonrecourse marketing assistance loans will be **ineligible** for Karnal bunt compensation.

B LDP's Issued on Positive Tested Wheat

Producers who received an LDP or market gain for 2001-crop wheat that tests positive for Karnal bunt are eligible for Karnal bunt compensation according to this notice.

4 Compensation for Producers, Handlers, and Seed Companies Who Sold Wheat

A Determining Eligibility

For producers to be eligible for compensation for the loss in value of their wheat, both of the following must apply:

- the wheat must have been grown:
 - in a State where the Secretary of Agriculture has declared an extraordinary emergency
 - in an area of that State that was regulated for Karnal bunt or under EAN **after** the 2000 and subsequent wheat crop was planted
 - in an area that remained regulated or under EAN at the time the wheat was sold
 - the wheat was tested by APHIS and **either** of the following apply:
 - the wheat tested **positive** for Karnal bunt **before** being sold
 - the wheat tested positive for Karnal bunt **after** being sold **and** the price received by the producer was contingent on the test results.
-

Continued on the next page

Notice LP-1814

4 Compensation for Producers, Handlers, and Seed Companies Who Sold Wheat (Continued)

B Wheat Under Contract and Priced Before EAN or Formal Letter Is Issued

Producers of wheat grown under contract in an area under the **first regulated** crop year who sold their wheat are eligible for compensation if **both** of the following apply:

- the wheat is eligible according to subparagraph A
- a price was determined in the contract **before** the date APHIS issued the applicable EAN or formal letter.

Compensation will equal the contract price minus the actual price received by the producer, handler, or seed company, **not** to exceed **\$1.80** per bushel.

For producers, handlers, and seed companies in a **previously** regulated area, compensation for positive grain and seed will be **\$.60** per bushel.

C Wheat Not Under Contract or Priced After EAN or Formal Letter Is Issued

Producers of wheat that was not grown under contract in an area under the **first regulated** crop year who sold their wheat are eligible for compensation if:

- the wheat is eligible according to subparagraph A
- a price was determined in the contract **after** the date APHIS issued the applicable EAN or formal letter.

Compensation will equal the estimated market price (EMP) for the relevant class of wheat minus the actual price received by the producer, handler, or seed company, **not** to exceed **\$1.80** per bushel.

For producers, handlers, and seed companies in a **previously** regulated area, compensation for positive grain and seed will be **\$.60** per bushel.

Notice LP-1814

5 Compensation for Handlers and Seed Companies Who Purchased Wheat

A

Determining Eligibility

For **handlers and seed companies** to be eligible for compensation for the loss in value of their wheat, **all** of the following must apply:

- the wheat must have been grown in a State where the Secretary of Agriculture has declared an extraordinary emergency
 - the wheat was grown in an area of that State that was or is regulated for Karnal bunt or under EAN after the 2000 and 2001 wheat crop was planted
 - the wheat was **not** tested by APHIS **before** being purchased by the handler or seed company
 - the wheat was tested by APHIS and **found positive** for Karnal bunt **after** purchase by the handler or seed company, but the price to be paid by the handler or seed company was **not** contingent on the test results.
-

B

Handler and Seed Company Compensation

Handlers and seed companies who sell wheat grown in an area under the **first** and a **previously** regulated crop year are eligible to receive compensation if the wheat is eligible according to subparagraph A.

Compensation for the first regulated area will equal EMP for the relevant class of wheat minus the actual price received by the handler or seed company, **not** to exceed **\$1.80** per bushel.

For handlers and seed companies in **previously** regulated areas, compensation for positive grain and seed will be **\$.60** per bushel.

Notice LP-1814

6 Compensation Request

A Requesting Compensation

To request compensation, producers, handlers, and seed companies shall:

- make the request in the County Office located in the regulated area
 - make the request on or before:
 - December 4, 2001, for **2000** crop
 - March 1, 2002, for **2001** crop
 - complete PPQ-926 according to Exhibit 1
 - provide the Federal tax identification number for IRS reporting purposes
 - provide the documentation according to subparagraph B.
-

B Documentation Required

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

- for **producers** only, copy of contract under which the wheat was grown, if wheat was under contract
- copy of EAN or formal letter issued by APHIS
- Karnal bunt certificate issued by APHIS showing **positive** test results
- copy of receipts for **sale** of wheat showing total bushels sold and, price received for sale of the wheat
- verification as to actual, not estimated, weight of wheat, such as a copy of a facility weight ticket, or other verification.

Handlers and seed companies must also submit documentation that the price paid to the producers was **not** contingent on test results.

Note: This information may be on a receipt for purchase of the wheat or a copy of the contract the handler or seed company had with the producer.

Continued to the next page

6 Compensation Request (Continued)

**B
Documentation
Required
(Continued)**

For **seed claim requested**, additional documentation must be submitted:

- showing that the wheat is either of the following:
 - certified seed including Breed, Foundation, or Registered seed
 - grown with the intention of producing certified seed
 - that includes 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 tag 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 requests that include **inventory quantities**, certify that the:
 - inventory quantity tested **positive** for Karnal bunt
 - wheat was in the claimant's possession **before** issue date on EAN or formal letter by APHIS, as applicable.
-

Notice LP-1814

7 County Office Action

A Accepting Requests

County Office shall:

- for **2000** crop year wheat, begin accepting requests immediately and act upon all requests received from eligible producer's or handler's compensation through December 4, 2001
- for **2001** crop year wheat, begin accepting requests immediately and act upon all requests received from eligible producer's or handler's compensation through March 1, 2002
- assist producer and handler in completing PPQ-926, according to Exhibit 1
- review the following documents for required information, according to paragraph 5:
 - Karnal bunt certificate for **positive** results
 - sales contract, if applicable
 - final sales receipt
 - documentation to support the seed is certified or eligible for certification
 - verification of wheat or quantity
- retain documents applicable to Karnal bunt compensation for 5 years from date of compensation.

Note: The producer, handler, or seed company is responsible for providing sufficient contract and sales documentation, as applicable.

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 producers, handlers, and seed companies 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 files and any additional documentation that may be requested, a determination will be made and remanded to the County Office for payment or additional action as necessary.

Continued on the next page

Notice LP-1814

7 County Office Action (Continued)

**C
Late-Filed
Requests**

Late-filed requests for compensation may be authorized after the final date to submit requests if:

- unusual and unforeseen circumstances occurred that prevented the producers, handlers, or seed companies from making the request by the applicable date
 - written approval is received from PSD.
-

**D
Determining
Amount of
Compensation**

County Office 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 **2001** wheat grain requests, use EMP as determined by APHIS
- for wheat seed requests or **2000** wheat grain request, contact PSD through the State Office.

The 2001 crop EMP per county per class is as follows.

County	Class	EMP
Archer	HRW	\$2.91
Baylor	HRW	\$2.91
Throckmorton	HRW	\$2.82
Young	HRW	\$2.82
All Counties	SRW	\$2.33

**E
APHIS Forms**

PPQ-926 and PPQ-927 may be found on the APHIS website at <http://www.aphis.usda.gov/ppq/emergencyprograms/karnalbunt/>.

Continued to the next page

Notice LP-1814

7 County Office Action (Continued)

F Monthly Summary

County Offices issuing Karnal bunt compensation payments according to this notice shall:

- prepare and maintain a manual list indicating the following information:
 - producer or handler name
 - Federal tax identification number for IRS reporting purposes
 - number of bushels per request
 - amount of funds provided to the producer or handler
 - State and county from which compensation is provided
- provide the information to the State Office by the first workday of each month.

State Offices shall:

- compile the information submitted by the County Offices
 - FAX to PSD at 202-690-3307 by the 5th workday of each month, ATTN: Kimberly Pritchett.
-

G Authorization of Funds

Authorization of funds for compensation payments will be issued to State Offices, under separate cover, from PSD using FSA-357. As funds are depleted in the State, the State Office shall request additional funds from PSD.

County Offices shall receive authorization of funds from the State Office.

Note: Compensation payments shall not be issued until authorization of funds has been received.

H Processing Karnal Bunt Compensation Payments

County Offices shall process authorized Karnal bunt compensation payments:

- by EFT according to 1-FI
 - using the following program codes, as applicable:
 - 2000 crop year, “00KBCOMP”
 - 2001 crop year, “01KBCOMP”.
-

I APHIS Program Payment

APHIS program payments are **not** subject to:

- prompt payment provisions
 - the finality rule
 - offset
 - assignment.
-

Completing PPQ-926, Karnal Bunt Compensation Claim Form

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 identification number for producer, handler, or seed company, as applicable.
2	Enter applicable crop year.
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 appropriate box. Indicate date of certificate for positive test results.
8	Enter contract information, as applicable.
9	Enter eligible bushels.
10	Check the "First Regulated Crop Season" 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. Complete PPQ-927 for wheat compensation calculations and attach to PPQ-926.
17	For requests containing 2000 and 2001 crop year wheat inventories testing positive , enter the following statement: "I certify that this request represents _____ bushels of ____ crop year wheat inventories unsold in my possession on (enter date prior to issue date of EAN or formal letter issued by APHIS), _____. 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. Note: If the request is disapproved, enter the reason or reasons in item 17.

Continued on the next page

Completing PPQ-927, Karnal Bunt Compensation Worksheet

**A
Completion
Instructions**

Complete PPQ-927 according to this table.

Notes: Determine the contract price and actual price received according to the definitions in paragraph 2.

The compensation rate determined shall **not exceed** \$1.80 per bushel.

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	Determine the contract price (CP) from the documentation submitted by the producer. Determine the actual price received (AP) from the documentation submitted by the producer. Complete the formula to determine the compensation rate.
3	Producer Sold Under Contract or Priced After Issue Date of EAN or Formal Letter	Enter EMP for 2001 wheat grain according to subparagraph 7 D. For wheat seed and 2000 grain requests, contact PSD through the State Office. Determine AP from the documentation submitted by the producer. Complete the formula to determine the compensation rate.
4	Handler or Seed Company	Enter EMP for 2001 wheat grain according to subparagraph 7 D. For HRW wheat seed and 2000 grain requests, contact PSD through the State Office. Determine AP from the documentation submitted by the producer, handler, or seed company. Complete the formula to determine the compensation rate.
5	National Survey Participants	Leave blank.

Continued on the next page

Completing PPQ-927, Karnal Bunt Compensation Worksheet (Continued)

**A
Completion
Instructions
(Continued)**

Item	Situation	Action
7		Enter EMP for 2001 crop wheat grain according to subparagraph 7 D. For wheat seed and 2000 crop grain requests, contact PSD through the State Office. Note: If the class of wheat is other than HRW, contact PSD through the State Office. Leave items 6 and 8 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 by the compensation rate to determine the compensation payment due the producer, handler, or seed company.
11 and 12		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, Karnal Bunt Compensation Worksheet (Continued)

B
Example of
PPQ-927

Following is an example 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 KARNAL BUNT COMPENSATION WORKSHEET <i>(Use this worksheet if not compensating based on flat rate)</i>	FORM APPROVED - OMB NO. 0579 - 0121					
1. APPLICANT'S NAME AND ADDRESS <hr/>						
PART A - COMPENSATION CALCULATIONS: (AP = Actual Price Received, CP = Contract Price, EMP = Estimated Market Price)						
2. PRODUCER SOLD WHEAT UNDER CONTRACT AND PRICE DETERMINED BEFORE AREA WAS REGULATED. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">CP</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">AP</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 15%; border-bottom: 1px solid black; text-align: center;">Compensation Rate</td> </tr> </table>		CP	-	AP	=	Compensation Rate
CP	-	AP	=	Compensation Rate		
3. PRODUCER SOLD WHEAT NOT UNDER CONTRACT OR PRICE DETERMINED AFTER AREA WAS REGULATED. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">EMP</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">AP</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 15%; border-bottom: 1px solid black; text-align: center;">Compensation Rate</td> </tr> </table>		EMP	-	AP	=	Compensation Rate
EMP	-	AP	=	Compensation Rate		
4. HANDLER OR SEED COMPANY <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">EMP</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">AP</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 15%; border-bottom: 1px solid black; text-align: center;">Compensation Rate</td> </tr> </table>		EMP	-	AP	=	Compensation Rate
EMP	-	AP	=	Compensation Rate		
5. NATIONAL SURVEY PARTICIPANTS <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">EMP</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">AP</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 15%; border-bottom: 1px solid black; text-align: center;">Compensation Rate</td> </tr> </table>		EMP	-	AP	=	Compensation Rate
EMP	-	AP	=	Compensation Rate		
PART B - ESTIMATED MARKET PRICE						
6. DURUM (DUM)	7. HARD RED WINTER (HRW)					
8. OTHER (Please Specify): <hr/>						
PART C - COMPENSATION PAYMENT CALCULATION						
9. COMPENSATION RATE Producer/Handler/Seed Company: _____ Other (Please Specify): _____						
10. COMPENSATION CALCULATION <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">QUANTITY</td> <td style="width: 5%; text-align: center;">X</td> <td style="width: 30%; border-bottom: 1px solid black; text-align: center;">COMPENSATION RATE</td> <td style="width: 5%; text-align: center;">= \$</td> <td style="width: 25%; border-bottom: 1px solid black; text-align: center;">COMPENSATION PAYMENT</td> </tr> </table>		QUANTITY	X	COMPENSATION RATE	= \$	COMPENSATION PAYMENT
QUANTITY	X	COMPENSATION RATE	= \$	COMPENSATION PAYMENT		
11. CHECK NUMBER	12. DATE					
12. REMARKS <hr/>						
PPQ FORM 927 (DEC 97)						