

For: State and County Offices

Additional Guidance About Trade Adjustment Assistance (TAA)

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The certification of various commodity petitions under TAA has raised policy and procedure questions about TAA and producer eligibility.

B Purpose

This notice:

- provides State and County Offices with additional answers to frequently asked questions about TAA (see Exhibit 1)
- clarifies Notice SP-11 about the petitioner’s name for catfish
- clarifies Notice SP-5 about documentation required to certify AGI
- provides instructions for converting salmon and catfish weights from a dressed basis to a whole fish basis
- clarifies requirements for COC or designee to approve FSA-229
- changes Notice SP-12 about converting shrimp weights in Georgia.

Disposal Date September 1, 2004	Distribution State Offices; State Offices relay to County Offices
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Notice SP-13

2 General Information

A Adjustments to Notice SP-11

Notice SP-11 mistakenly attributed TAA catfish payments to a petition filed by the Southeastern Fisheries Association. The petitions approved were submitted by the following:

- Catfish Farmers of America
- Rutledge and Rutledge
- Western Regional Chapter of Kentucky Aquaculture Association.

B Adjustments to Notice SP-5 about Documentation Required for AGI Certification

According to Notice SP-5, subparagraph 6 E, FSA-229 may be approved based on a producer's AGI certification. Upon reviewing the statutory authority and subsequent regulation, this statement is **not** correct and the documentation requirements for supporting AGI certifications are more stringent for TAA than for other FSA programs. The requirement that AGI must be documented is based on the statutory authority for TAA that has been interpreted to require documentation for AGI certification.

C Converting Fish Weights to a Whole-Fish Basis

To provide salmon and catfish TAA applicants an equivalent payment, production weights should be submitted on a uniform basis, such as whole-fish, or live-weight basis. It is anticipated that nearly all aquaculture application weights will be reported on a whole-fish basis. Weights reported otherwise may be converted to a whole-fish basis if requested by the applicant.

New applications shall be accepted on the basis of whole-fish weights. FSA shall provide any weight conversions that may be needed. A weight conversion table is included in the Q&A portion of Exhibit 1.

D Requirements for COC or Designee Approval of FSA-229

FSA-229 is signed as approved only after items in part C have been answered as "yes" and all documents supporting those certifications have been provided to FSA.

E Converting Shrimp Weights in Georgia

The preliminary payment rate announced for Georgia was based on market-prices of heads-off shrimp. Therefore, for Georgia only, shrimp weights reported on FSA-229 as heads-off weights shall **not** be converted. Weights reported as whole-shrimp weights shall be converted or reduced to a heads-off weight basis by multiplying the whole-shrimp weight by 0.629

Questions and Answers

- 1. Are fish marketed from recreational facilities, such as where campers catch fish and pay per fish or per pound, eligible for TAA?**

Yes. However, the documentation of fishing income must document the net income from fishing on IRS Schedule C, or C-EZ, as applicable. The net income of the recreational facility would **not** be acceptable unless the net income from the sale of fish can be determined.

- 2. Must TAA applicants provide tax records to document their certification that their average adjusted gross income for the 3 preceding tax years does not exceed \$2.5 million? If so, isn't this inconsistent with our requirements regarding AGI for other crops?**

Yes to both. The regulation covering AGI certification for TAA differs from regulations covering other crop programs. The TAA regulation refers to 7 CFR 1400.601 that applies to commodity programs. That reference alone does mean that the documentation requirements for TAA compliance are the same as for other programs.

Documents must be provided for AGI certification for TAA because TAA regulations require documentation. According to 7 CFR 1580.301, to comply with certifications, of AGI and net income, applicants shall provide supporting documents. FSA-229 has been amended to reflect this requirement. Acceptable documents for this certification are either tax records such as, Schedules F, C, or C-EZ or supporting documentation from a certified public accountant or attorney.

- 3. May salmon producers apply for TAA based on income from 2003?**

No. Salmon TAA benefits apply only to the catch from the 2002 year. Before TAA is available for 2003, the FAS Administrator must approve subsequent qualifying year eligibility.

Questions and Answers

4. How is net income determined from applicant tax records when income is from:

- **farming multiple row crops when only 1 crop is an approved TAA commodity**
- **fishing multiple species when only 1 is an approved TAA species**
- **combined row-crop and aquaculture for which 1 of the 2 is approved**
- **combined row-crop and both are approved TAA commodities?**

Applicants must document net income by providing tax records. Records must show that either net farm **income** or net fishing income is less for the most recent tax year than for the pre-adjustment year. Use the following examples to determine the appropriate net-income indicator.

Example No.	Income Source	Tax Record Presented Shows:	Net income used for TAA Eligibility:
1	Farming multiple row crops when only 1 crop is approved for TAA, such as, Corn and Wild Maine Blueberries	Schedule F combines net farm income with no breakout of net income from wild blueberries.	Use the combined net farm income as reported to IRS.
2	Fishing multiple species when only 1 is an approved species for TAA, such as Alaska Salmon and Halibut	Schedule C, which combines income from all species and net income from salmon, is not separately reported on tax records.	Use the combined net income from fishing as reported to IRS.
3	Combined row-crop and aquaculture for which 1 of the 2 is approved, such as Catfish and Soybeans	Schedule F filed combining income from soybeans and catfish.	Use the combined net farm income as reported on the Schedule F.
4	Two approved TAA commodities, such as Alaska Salmon and Wild Maine Blueberries	<ul style="list-style-type: none"> • Schedules C and F both available. • No income reported to IRS, but production evidence is presented. 	<ul style="list-style-type: none"> • An income test can be made separately for each individual approved commodity. • Net income not proven producer is ineligible.

Questions and Answers (Continued)

5. Are salmon and catfish weights converted to a whole-fish (round-fish) basis if initially reported as cleaned fish or fillet weights?

Yes, if requested by the applicant. Generally, because nearly all salmon and catfish are sold as whole fish (live weight), no weight conversion is necessary. The TAA petitions were approved, and applications accepted, without any initial provision for weight conversions. Applicants shall be allowed to request conversion of their application weights if such applications were initially submitted as a dressed weight. Requests to convert weights may be accepted up to September 30, 2004.

To convert fillets or dressed fish weights to a whole-fish weight basis, use the following conversions factors. Multiply the dressed weight times the factor to determine the whole-fish weight. The converted weight is the weight to be entered for payment.

	Gutted, Head-on	Gutted, Head-Off	Fillet
Washington Salmon (all species)	1.15	1.30	N/A
Alaska			
King (Chinook)	1.220	1.389	N/A
Silver (Coho)	1.087	1.333	N/A
Pink (Humpies)	1.099	1.671	N/A
Chum (Dog)	1.124	1.351	N/A
Red (Sockeye)	1.087	1.351	N/A
Catfish	N/A	N/A	2.857

Questions and Answers (Continued)

6. Given the variety of payment or contractual arrangements common to fishing operations, is there any documentation required for determining eligibility of an applicant?

The fundamental eligibility requirement for an applicant is to document that net fishing income for the applicable year (2002) was less than the prior year. The applicant must report income from fishing as **net income from fishing** to IRS on Schedule C or C-EZ.

An applicant who received cash wages from fishing:

- may qualify for TAA if the wages were reported as net fishing income
- does not qualify if such wages were reported to IRS as wage income.

An applicant for salmon TAA is not required to:

- have sold the fish himself
- reside in the State of the fish catch or production
- be a member of the petitioning organization.

Note: Membership lists may be used for outreach or signup evaluations but not as a condition of eligibility.

7. Are TAA payments available to applicants who have not met State requirements for marketing the approved commodity?

A TAA applicant is **not** required to prove compliance with any State-level license or marketing requirement. FSA State Offices may use State Government lists of permit or license holders for the purpose of contacting prospective applicants or to measure program participation, but **not** to determine eligibility.