

For: Tobacco State and County Offices

Tobacco Payment Program (TOPP) Signup

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

On February 20, 2003, the President signed the Consolidated Appropriations Resolution of 2003, which included provisions to provide direct payments to all acreage allotment/marketing quota holders and tobacco growers.

Payments will be made not later than June 1, 2003.

B

Purpose

This notice provides:

- program signup information
- instructions for publicizing TOPP.

C

Automation Software

Software for entering and processing CCC-952 will be released in a future software release.

<p>Disposal Date</p> <p>December 1, 2003</p>	<p>Distribution</p> <p>Tobacco State Offices; State Offices relay to applicable County Offices</p>
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Notice TB-1070

2 Provisions of TOPP

A

Signup Period

Applications will be accepted beginning March 17, 2003, through May 16, 2003. Late-filed applications will **not** be accepted.

Note: STC shall submit hardship recommendations to DAFP through TD for approval.

B

Eligible Person

An eligible person is a person that owns, controls, or produces eligible tobacco on a farm for which an acreage allotment/marketing quota was established for the 2002 marketing year.

C

Eligible Farm

An eligible farm is one which, irrespective of temporary transfers or undermarketings, a basic quota or allotment for an eligible tobacco was established for the 2002 crop year.

D

FSA-570 and AD-1026

FSA-570 is **not** applicable; however, AD-1026 requirements according to 6-CP are applicable.

E

Eligible Types of Tobacco

The following types of tobacco are eligible for TOPP:

- flue-cured (types 11-14)
 - burley (type 31)
 - fire-cured (types 21-23)
 - dark air-cured (types 35-36)
 - Virginia sun-cured (type 37)
 - cigar filler/binder (types 42-44, 54 and 55).
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2 Provisions of TOPP (Continued)

F

Payments

Payment rates and disbursement information will be provided in a future notice.

Payments will be made not later than June 1, 2003.

G

Definitions

The following terms and definitions are applicable.

Controllers are persons or entities who control the land used to produce the tobacco and share in the risk of production of the tobacco. This applies to burley, fire-cured, dark air-cured, and Virginia sun-cured tobaccos that have a 1/3, 1/3, 1/3 distribution formula.

Example of When a Farm Operator Is Not a Controller: Jim cash rents a farm from Betty. Jim is a grain farmer and cash rents the tobacco to Barney. Since Jim does not share in the risk of production, he is not the controller of the farm and is not entitled to the second allocation of funds.

Example of When a Farm Operator Is a Controller: John is the owner and operator of the farm. Jake grows the tobacco on a share crop arrangement with John. John would be entitled to the allocation for the controller, and Jake would be entitled to the allocation for the tenant.

Growers/tenants are persons or entities who provide labor to produce tobacco **and** share in the risk of production. This is applicable to burley, fire-cured, dark air-cured, and Virginia sun-cured tobaccos that have a 1/3, 1/3, 1/3 distribution formula.

Producers are persons or entities actively engaged in planting, growing, harvesting, and marketing, or who share in the risk of production. This applies to flue-cured and cigar filler/binder tobaccos that have a 50/50 distribution formula.

Quota owners are persons or entities who own the quota assigned to the farm at the tract level.

Exception: Persons who purchase and assign quota to a tract that they do not own will be required to make an arrangement with the owner before approval of the application.

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2 Provisions of TOPP (Continued)

**H
Division of
Payment for
Burley Tobacco**

Funds will be divided into 3 categories for payment as follows.

	Allocation 1	Allocation 2	Allocation 3
Eligible Person	Paid to quota owners	Paid to the farm controllers	Paid to growers/tenants Note: Payment may be divided in any manner if all eligible growers/tenants agree in writing.
Formula	Based on basic quota	Based on effective quota before any approved disaster lease and transfer of quota	Based on effective quota before any approved disaster lease and transfer of quota

**I
Division of
Payment for
Flue-Cured
Tobacco**

Funds will be divided into 2 categories for payment as follows.

	Allocation 1	Allocation 2
Eligible Person	Paid to quota owners	Paid to producers
Formula	Based on basic quota	Based on basic quota

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2 Provisions of TOPP (Continued)

**J
Division of
Payment for
Fire-Cured, Dark
Air-Cured, and
VA Sun-Cured
Tobaccos**

Funds will be divided into 3 categories for payment as follows:

	Allocation 1	Allocation 2	Allocation 3
Eligible Person	Paid to allotment owners	Paid to the farm controllers	Paid to growers/tenants Note: Payment may be divided in any manner if all eligible growers/tenants agree in writing.
Formula	Based on basic allotment times NASS yield	Based on effective allotment times NASS yield	Based on effective allotment times NASS yield

Note: Fire-cured (type 21) NASS yield is 1,746.
 Fire-cured (types 22-23) NASS yield is 2,676.
 Dark air-cured (types 35-36) NASS yield is 2,475.
 Virginia sun-cured (type 37) NASS yield is 1,502.

**K
Division of
Payment for
Cigar
Filler/Binder
Tobacco**

Funds will be divided into 2 categories for payment.

	Allocation 1	Allocation 2
Eligible Person	Paid to allotment owners	Paid to producers on the farm
Formula	Based on basic allotment times NASS yield	Based on basic allotment times NASS yield

Note: Cigar filler/binder (types 42-44, 54 and 55) NASS yield is 2,230.

**L
Offsets and
Assignments**

If a producer is indebted to the United States, including CCC and FSA, TOPP payments shall be offset. A producer may also assign payments.

Note: CCC-36 must be on file before CCC-952 approval.

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3 Action

**A
County Office
Action**

County Offices shall follow this table.

Step	Action
1	Immediately publicize TOPP by all means possible.
2	The following 2002 records must be updated before accepting CCC-952: <ul style="list-style-type: none">• all reconstitutions• FSA-375 L&T's• FSA-375 S&P's• special tobacco combinations• FSA-179's• FSA-278-A. <p>Note: Late-filed FSA-375's are eligible to be included in payment pound calculations.</p>

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3 Action (Continued)

A
County Office
Action
(Continued)

Step	Action
3	<p>Immediately mail the suggested postal card (Exhibit 1) by first-class mail to all quota owners, farm operators of tobacco farms, and other producers on all tobacco farms subject to TOPP. Postal cards may be addressed according to 5-AS, paragraphs 251 and 252.</p> <p>Note: County Offices shall select:</p> <ul style="list-style-type: none">• “mailing by Selected Categories” on Menu MAEC00 to generate labels• “Crop Producers” on Screen MAEC1A10• “All Producers” on Screen MAEC1A15• the type of tobacco on Screen MAEC1A20. <p>Important: County Offices should rerun this list on plain paper to maintain a mail list for those who were notified by postal card.</p>
4	<p>Begin accepting CCC-952's on March 17, 2003. The deadline to accept applications is May 16, 2003. Instructions for completing CCC-952 will be provided in a future notice.</p> <p>Note: Applications may be removed from the County Office to obtain signatures. Applications with original signatures must not be removed. Provide a copy of the application if additional signatures must be obtained. All signatures for payment must be obtained before COB on May 16, 2003.</p>
5	<p>Follow provisions of 1-FI, paragraph 46 for electronic funds transfers.</p>

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3 Action (Continued)

B

COC Action

COC shall:

- complete CCC-952, Part E
- approve or disapprove all CCC-952's

Note: Appeals will be handled according to 1-APP

- send letters to applicants of disapproved applications
- send letters to applicants who are not eligible for payment because of disputed shares
- make application changes at time of approval
- note, initial, and date the justification for the changes in the remarks section of CCC-952
- approve payments to individuals who have timely filed an application, but other parties that share in the quota payment pounds with these individuals have not filed an application

Note: Because TOPP is a certification program, approve quota payment pounds as indicated by the applicant, not to exceed the quota pounds available for payment to the farm.

- continue to disapprove payments to individuals with disputed payment pounds

Note: All disputes must be settled among all interested parties before May 16, 2003, for payment to be approved.

- redelegate authority to approve or disapprove CCC-952's to CED if necessary to make payments before June 1, 2003.
-

C

STC Action

SED's shall:

- ensure that County Offices have followed the provisions of this notice
 - publicize TOPP by all means possible
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Suggested Postal Card to All Quota Owners, Farm Operators of Tobacco Farms, and Other Producers on all Tobacco Farms Subject to TOPP

Any County FSA Office
PO Box XXXX
Anytown, KY 42104

IMPORTANT

Dear Producer,

March XX, 2003

You may be eligible to receive payments under the Tobacco Payment Program (TOPP).

Sign-up will begin on March 17, 2003, and continue until May 16, 2003.

Apply at your local FSA office. Payments will be issued by direct deposit unless a waiver is on file.

If you have questions, call your local FSA office at xxx-xxx-xxxx.

Sincerely,

County Executive Director