

For: Tobacco State and County Offices

Tobacco Transition Payment Program (TTPP) Frequently Asked Questions for Quota Producers

Approved by: Acting Deputy Administrator, Farm Programs



1 TTPP Related Questions and Answers for Quota Producers

A Background

FSA has received numerous questions on TTPP. Questions and answers for quota producers are addressed in Exhibit 1.

B Purpose

This notice provides TTPP questions and answers for **quota producers**.

<p>Disposal Date</p> <p>September 1, 2005</p>	<p>Distribution</p> <p>Tobacco State Offices; State Offices relay to applicable County Offices</p>
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TTPP Questions and Answers for Quota Producers

Producers include owners, operators, landlords, tenants, or sharecroppers who shared in the risk of producing tobacco during any of the 2002, 2003, or 2004 marketing years. Producers of quota tobacco will receive up to \$3 per pound payment based on their share of the risk in the 2002, 2003, and 2004 crops of quota tobacco.

Q1. What is Base Quota Level (BQL)?

A1. For flue-cured and burley producers, BQL will be equal to the 2002 effective quota produced on the farm.

For tobaccos other than flue-cured and burley, a producer's BQL will be equal to the 2002 basic allotment multiplied by the farm's 3-year average yield for the years 2001, 2002, and 2003.

Q2. How are producer payments calculated?

A2. The annual payment will be calculated by multiplying the eligible producer's BQL for each farm for crop years 2002, 2003, or 2004 by \$0.10 per pound per year.

Q3. When will producer TTPP payments be made?

A3. Between June and September 2005 for FY 2005, and subsequent FY payments will be issued during the month of January.

Q4. What FSA records will be used to determine an individual's share in a farm's BQL?

A4. Producer share information on the contract is obtained from FSA-578 for the applicable year. Producers may change the share percentages. However, all producers on the farm for the applicable year must agree with the division of quota shares, not to exceed 100 percent.

Q5. If a producer did not share in crop year 2002 but did share in crop years 2003 and 2004, is that producer eligible for payment?

A5. Yes. The producer is eligible for payment for that producer's share in the crop in 2003 and 2004.

Q6. If a producer suffered a loss because of disaster conditions in crop year 2002, 2003, or 2004, is the producer eligible for payment?

A6. Yes. A producer is eligible to be paid on the pounds that were leased away from the farm because of disaster in the applicable year.

Q7. Who is eligible for the producer payment if the producer dies?

A7. The right to receive the payment shall transfer to the surviving spouse. If there is no surviving spouse, the right to receive the payment shall transfer to the estate of the producer.

TTPP Questions and Answers for Quota Producers (Continued)

Q8. Do payment limitation provisions apply to producer payments?

A8. No.

Q9. Are highly erodible land conservation (HELC)/wetland conservation (WC) and substance control provisions applicable to contract payments made to a producer?

A9. Yes. Producers must comply each year with HELC/WC and controlled substance provisions, and any successor-in-interest to the contract must also comply with these provisions.

Q10. Can the payment be made to anyone other than the producer?

A10. Yes. There can be an assignment under certain conditions, and beginning with the FY 2006 payment, a successor-in-interest contract can be entered into.

Q11. If a producer grows tobacco in more than 1 county, will the producer have to apply for TTPP in each county?

A11. Yes.

Q12. Are TTPP producer payments subject to administrative offset?

A12. Yes.