

For: Indiana, Kentucky, Tennessee, and Virginia Tobacco State and County Offices

Calculating Producer Base Quota Level (BQL) for Other Kinds of Tobacco Except Cigar Filler and Binder for the Tobacco Transition Payment Program (TTPP)

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The tobacco marketing quota and price support loan programs will end with the 2004 crop. Payments will be made under TTPP that are intended to help tobacco producers make the transition from a Federally regulated program which provided the safety net of price support loans, to an environment in which there will be no planting restrictions, no marketing cards, and no safety net of price support. Sign-up period for TTPP begins on March 14, 2005, and ends on June 17, 2005. If a producer does not sign up during this period, the producer will **not** receive a 2005 payment.

Payments will be based on an eligible producer's BQL and on the producer's share in the risk of producing the crop during any 2002, 2003, or 2004 crop year. An eligible producer who shared in the risk of producing the tobacco in all 3 years will be entitled to 100 percent of the producer rate, or \$3 per pound; an eligible producer who shared in the risk of producing the tobacco in any 2 of these years will be entitled to two-thirds of the producer rate, or \$2 per pound; and the producer who shared in the risk during 1 of these years will be entitled to one-third of the producer rate, or \$1 per pound. A farm's BQL may be different in 2002, 2003, and 2004 if special tobacco combinations or leases were approved during 1 or more of those years.

B Purpose

This notice provides provisions for calculating BQL for producers of fire-cured, dark air-cured, and Virginia sun-cured tobaccos for the 2002, 2003, and 2004 crop years.

<p>Disposal Date</p> <p>December 1, 2005</p>	<p>Distribution</p> <p>Indiana, Kentucky, Tennessee, and Virginia Tobacco State Offices; State Offices relay to applicable County Offices</p>
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2 Calculating BQL for Producers of Fire-Cured, Dark Air-Cured, and Virginia Sun-Cured Tobaccos

A Calculating BQL

BQL for fire-cured, dark air-cured, and Virginia sun-cured tobacco farms for 2002, 2003, and 2004 crop years is the farm's 2002 basic allotment, adjusted for special tobacco combinations, and lease and transfers, and then multiplied times the farm's average yield for 2001, 2002, and 2003 crop years. No yield in excess of 4,000 pounds may be used to calculate BQL without verifiable production information. BQL shall be calculated according to subparagraphs B through E for each farm and producer.

Note: No yield shall exceed 5,000 pounds per acre for the following types of tobacco:

- fire-cured (types 21-23)
- dark-air cured (types 35-36)
- Virginia sun-cured (type 37).

B Calculating 2002 BQL

Calculate the 2002 crop year farm and producer BQL according to the following.

Step	Action
1	Multiply the 2002 farm's basic allotment times the farm's average yield for 2001, 2002, and 2003 to get the 2002 farm base pounds total.
2	Multiply any 2002 special tobacco combination acres times the farm's average yield for 2001, 2002, and 2003 to get the 2002 special tobacco combination pounds total.
3	Add the sum from step 1 to the sum from step 2.
4	Multiply any 2002 acres leased to or from the farm times the farm's average yield for 2001, 2002, and 2003 to get the 2002 lease pounds total, then to the sum from either: <ul style="list-style-type: none">• step 3, add pounds leased to the farm to get the farm 2002 BQL total• step 4, subtract pounds leased from the farm to get the farm 2002 BQL total.
5	Multiply the sum from step 4 times the producer's share in the 2002 crop to get the producer 2002 BQL total.

C Calculating 2003 BQL

To reach the 2002 crop year equivalent for 2003 special tobacco combination pounds or pounds leased, use the following factors:

- fire-cured (21) – 1.0000
- fire-cured (22-23) - .980392
- dark air-cured (35-36) - .952381
- Virginia sun-cured (37) – 1.0000.

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2 Calculating BQL for Producers of Fire-Cured, Dark Air-Cured, and Virginia Sun-Cured Tobaccos (Continued)

D Calculating 2003 BQL

Calculate the 2003 crop year farm and producer BQL according to the following.

Step	Action
1	Multiply the 2002 farm's basic allotment times the farm's average yield for 2001, 2002, and 2003 to get the 2003 farm base pounds total.
2	Multiply any 2003 special tobacco combination acres times the applicable 2003 factor.
3	Multiply the sum from step 2 times the farm's average yield for 2001, 2002, and 2003 to get the 2003 farm special tobacco combination pounds total.
4	Add the sum from step 1 to the sum from step 3.
5	Multiply any 2003 acres leased times the applicable 2003 factor.
6	Multiply the sum from step 5 times the farm's average yield for 2001, 2002, and 2003 to get the 2003 leased pounds total.
7	To the sum from step 4 either: <ul style="list-style-type: none">• add pounds from step 6, leased to the farm to get the farm 2003 BQL total• subtract pounds step 6, leased from the farm to get the farm 2003 BQL total.
8	Multiply the sum from step 7 times the producer's share in the 2003 crop to get the producer 2003 BQL total.

E 2004 BQL

To reach the 2002 crop year equivalent for 2004 special tobacco combination pounds or pounds leased, use the following factors:

- fire-cured (21) – 1.0000
- fire-cured (22-23) - .951837
- dark air-cured (35-36) - .92464
- Virginia sun-cured (37) – 1.0000.

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2 Calculating BQL for Producers of Fire-Cured, Dark Air-Cured, and Virginia Sun-Cured Tobaccos (Continued)

E 2004 BQL (Continued)

Calculate the 2004 crop year farm and producer BQL according to the following.

Step	Action
1	Multiply the 2002 farm's basic allotment times the farm's average yield for 2001, 2002, and 2003 to get the 2004 farm base pounds total.
2	Multiply any 2004 special tobacco combination acres times the applicable 2004 factor.
3	Multiply the sum from step 2 times the farm's average yield for 2001, 2002, and 2003 to get the 2004 farm special tobacco combination pounds total.
4	Add the sum from step 1 to the sum from step 3.
5	Multiply any 2004 acres leased times the applicable 2004 factor.
6	Multiply the sum from step 5 times the farm's average yield for 2001, 2002, and 2003 to get the 2004 leased pounds total.
7	To the sum from step 4: <ul style="list-style-type: none">• add pounds from step 6, leased to the farm to get the farm 2004 BQL total• subtract pounds from step 6, leased from the farm to get the farm 2004 BQL total.
8	Multiply the sum from step 7 times the producer's share in the 2004 crop to get the producer 2004 BQL total.

3 Automation Software

A Generating TTPP Contracts, Reports, and Inquiries

Automation software to generate TTPP contracts, reports and inquiries will be a web-based application. Instructions will be provided in a future notice. The web-based application will calculate the producer BQL for the following types of tobacco:

- fire-cured (types 21-23)
- dark-air cured (types 35-36)
- Virginia sun-cured (type 37).

4 Action

A State Office Action

State Offices shall ensure that County Offices follow the provisions in this notice.

B County Office Action

County Offices shall follow the provisions in this notice.