

For: Tobacco State and County Offices

Revised Calculating Quota Holder Base Quota Level (BQL) for All 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 quota holders 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 began on March 14, 2005, and will end on June 17, 2005. If a quota holder does not sign up during this period, that quota holder will not receive a 2005 payment but may be eligible for successive FY payments.

Payments will be based on an eligible quota holder's BQL. An eligible quota holder is a person who on October 22, 2004, owned a farm to which a basic tobacco farm marketing quota or farm acreage allotment had been established for the 2004 marketing year. New farms which were established in crop years 2003 or 2004 are not eligible for TTPP payments. Eligible tobacco quota holders will be entitled to \$7 per pound, over a 10-year period beginning with the 2005 FY payment, of tobacco based upon the farm's basic quota or allotment (converted to pounds) at the 2002 marketing year level. Quota holders who own farms with an existing CRP contract will be eligible for payments.

B Purpose

This notice:

- incorporates revisions to the provisions for calculating BQL for quota holders for other kinds of tobacco
- obsoletes Notice TB-1133.

Note: There will be a forthcoming TB notice for Cigar Filler and Binder.

Disposal Date	Distribution
December 1, 2005	Tobacco State Offices; State Offices relay to applicable County Offices

Notice TB-1143

1 Overview (Continued)

C TTPP Software

Automation software to generate TTPP contracts, reports, and inquiries is a web-based application which calculates quota holder BQL.

2 Calculating BQL

A Burley Tobacco Quota Holder's BQL

Calculate BQL for quota holders of burley tobacco according to the following.

Farm BQL	The 2004 basic quota, multiplied by the factor of 1.071295, is the farm's BQL. Note: The factor brings the 2004 quota to the 2002 level.
Quota holder BQL	Multiply the farm's BQL times the quota holder's ownership share in the farm. Note: In the case of tract contribution percentages on a farm or of undivided tract ownership, BQL must be distributed among the quota holders.

B Flue-Cured Tobacco Quota Holder's BQL

Calculate BQL for quota holders of flue-cured tobacco according to the following.

Step	Action
1	The 2004 basic allotment, multiplied by the factor of 1.23457, is the 2002 basic allotment. Note: The factor brings the 2004 allotment to the 2002 level.
2	To get the 2002 farm yield, multiply the 2004 farm preliminary yield times the 2002 yield factor of .9251. Note: The factor brings the 2004 yield to the 2002 level.
3	Multiply the sum of step 1 times the sum of step 2 to determine the 2002 farm's BQL.
4	Multiply the sum of step 1 times each tract's contribution percentage.
5	To get each 2002 tract yield, multiply the 2004 tract preliminary yield times the 2002 yield factor of .9251. Note: The factor brings the 2004 yield to the 2002 level.
6	Multiply the sum of step 1 times the sum of step 2 to determine the 2002 tract's BQL.
7	Multiply the tract BQL times the quota holder's ownership share in the tract. Note: In the case of undivided tract ownership, BQL must be distributed among the tract quota holders.

Notice TB-1143

2 Calculating BQL (Continued)

C Other Kinds of Tobacco, Except Cigar Filler and Binder, Quota Holder's BQL

Calculate BQL for quota holders of other kinds of tobacco according to the following.

Step	Action
1	<p>The 2004 basic allotment multiplied times the below adjustment factor for the applicable kind of tobacco is the 2002 basic allotment:</p> <ul style="list-style-type: none"> • fire-cured (type 21) - 1.0000 • fire-cured (types 22-23) - .951837 • dark air-cured (types 35-36) - .924640 • Virginia sun-cured (type 37) - 1.0000. <p>Note: This will include all sale and purchases and other adjustments to the farms since crop year 2002. The factor brings the 2004 allotment to the 2002 level.</p>
2	<p>Multiply the sum of step 1 times the county average yield (2001 through 2003) to arrive at the farm BQL.</p> <p>Note: Use the following NASS yields for any county with no production:</p> <ul style="list-style-type: none"> • fire-cured (type 21) - 1746 pounds (lbs.) • fire-cured (types 22-23) - 2676 lbs. • dark air-cured (types 35-36) - 2475 lbs. • Virginia sun-cured (type 37) - 1502 lbs.
3	<p>Multiply the sum of step 2 times the quota holder's ownership share in the farm.</p> <p>Note: In the case of tract contribution percentages on a farm or of undivided tract ownership, BQL must be distributed among the quota holders.</p>

3 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.