

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: Acting 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 that 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. Signup 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 that 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 FY 2005 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 a revision in subparagraph 2 B to the provisions for calculating BQL for quota holders for flue-cured tobacco
- obsoletes Notice TB-1143.

**Note:** There will be a future TB notice for cigar filler and binder.

Disposal Date	Distribution
February 1, 2006	Tobacco State Offices; State Offices relay to applicable County Offices

**Notice TB-1147**

**1 Overview (Continued)**

**C TTPP Software**

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

**2 Calculating BQL**

**A Burley Tobacco Quota Holder's BQL**

Calculate BQL for quota holders of burley tobacco according to this table.

BQL Type	Calculation
Farm BQL	The 2004 basic quota times the factor of 1.071295 is the farm's BQL.  <b>Note:</b> 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.  <b>Note:</b> 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 this table.

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

**Notice TB-1147**

**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 this table.

<b>Step</b>	<b>Action</b>
1	<p>The 2004 basic allotment times the following adjustment factor for the applicable kind of tobacco is the 2002 basic allotment:</p> <ul style="list-style-type: none"><li>• fire-cured (type 21) - 1.0000</li><li>• fire-cured (types 22-23) - .951837</li><li>• dark air-cured (types 35-36) - .924640</li><li>• Virginia sun-cured (type 37) - 1.0000.</li></ul> <p><b>Note:</b> 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><b>Note:</b> Use the following NASS yields for any county with no production:</p> <ul style="list-style-type: none"><li>• fire-cured (type 21) - 1746 pounds (lbs.)</li><li>• fire-cured (types 22-23) - 2676 lbs.</li><li>• dark air-cured (types 35-36) - 2475 lbs.</li><li>• Virginia sun-cured (type 37) - 1502 lbs.</li></ul>
3	<p>Multiply the sum of step 2 times the quota holder's ownership share in the farm.</p> <p><b>Note:</b> 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.