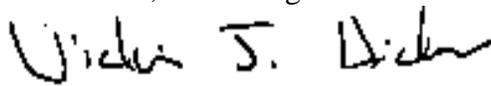


For: Burley Tobacco State and County Offices

Eligible Losses for Disaster Lease and Transfer

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agricultural Adjustment Act of 1938, as amended, provides for disaster leasing of burley tobacco quotas. An eligible requirement is that the lessor farm's expected production shall be less than 80 percent of the farm's effective marketing quota as the result of a natural disaster condition. FSA policy has been that tobacco must be affected by a disaster condition while in the field. Any disaster occurrences after the crop is removed from the field that affects the quantity of tobacco marketed has not been covered under the disaster lease and transfer provisions.

This policy is inconsistent with RMA coverage for tobacco. RMA insurance coverage begins when the tobacco is transplanted in the field and continues until the tobacco is weighed in at an auction warehouse or is sold by nonauction. Therefore, a loss such as that occurring from a curing barn burning, when the cause of the fire is attributed to lightning, is covered and is eligible for indemnification payment.

B

Purpose

This notice provides relief for eligible losses for disaster lease and transfer of burley tobacco quota for the 2000 crop.

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<p>Disposal Date</p> <p>April 1, 2001</p>	<p>Distribution</p> <p>Burley Tobacco State Offices; State Offices relay to applicable County Offices</p>
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1 Overview (Continued)

C

Policy Change

When determining loss of expected burley tobacco production, include losses as a result of a natural disaster condition if this loss occurs before the tobacco is weighed in at a tobacco auction warehouse or sold at nonauction.

For example, an eligible loss would include tobacco destroyed by a barn fire when the fire was caused by lightning. Losses resulting from poor management practices or faulty equipment would not be covered.

2 Action

A

County Office Action

County Offices shall:

- publicize this change on eligible losses for disaster lease and transfer of burley tobacco quota
- review all FSA-375 (L&T) that were not approved because the loss in expected production occurred after the crop was harvested
- approve FSA-375 (L&T) for each farm that has suffered a loss in expected production that is greater than 20 percent of the farm's effective marketing quota because of natural disaster conditions such as fire caused by lightning, flood, or windstorm, if the farm is otherwise eligible to lease and transfer quota
- if the loss was because of fire, verify with local authorities that the cause of the fire was lightning and document the case file with copies of reports prepared by the local authorities

Note: A report that indicates cause of fire unknown is **not** an eligible condition.

- submit all approved FSA-375 (L&T)'s to State Office for concurrence before notifying the producer.
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2 Action (Continued)

B

**State Office
Action**

State Offices shall:

- publicize this change on eligible losses for disaster lease and transfer of burley quota
 - ensure that this change is carried out uniformly in all burley tobacco counties
 - review and concur on all FSA-375 (L&T) approvals.
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