

For: Burley Tobacco State and County Offices

Legislative Program Changes in the Burley Tobacco Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agricultural Risk Protection Act of 2000 (ARPA) enacted on June 20, 2000, and the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (the 2001 Act) enacted on October 28, 2000, changed the provisions of the burley tobacco program.

B

Purpose

This notice provides information on the legislative program changes.

2 Legislative Program Changes

A

Annual Burley Tobacco Quota Formula Reserve Stock Level

ARPA amends the Agricultural Adjustment Act, 1938 (1938 Act), as amended, which sets out the formula for setting the annual burley tobacco quota. Under that formula, the Secretary may make an adjustment in the calculated formula so that stocks of the tobacco reach a prescribed "reserve stock level." The 1938 Act has limited the amount of pounds that can be adjusted using this authority; however, the new law provides that the limitation on the adjustment will not apply beginning with any year in which non-committed pool stocks of burley actually do reach a level equal to or less than the reserve stock level.

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<p>Disposal Date</p> <p>September 1, 2001</p>	<p>Distribution</p> <p>Burley State Offices; State Offices relay to applicable County Offices</p>
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2 Legislative Program Changes (Continued)

B

Carryover Tobacco Undermarketings

ARPA amended the 1938 Act to limit the total amount of undermarketings that can be “carried over” as quota additions to farms nationwide, in total, to 10 percent of the national basic quota for the preceding year.

If individual farms undermarketings will, in total, exceed that level, factoring must be performed to determine the amount of undermarketings that can be carried forward by individual farms. This new law will apply beginning with the 2001 crop of burley tobacco and with marketings of the 2002 crop. Therefore, this limitation on the amount of undermarketings that can be added to a farm’s quota will not be applied until the beginning of the 2002 crop, at which time the quota calculations will take into account 2001 crop undermarketings.

C

Cross-County Line Leasing Referendum

ARPA allowed the Secretary to conduct a referendum in certain States to vote on cross-county line leasing authority. Referenda were conducted in Tennessee, Ohio, Indiana, and Kentucky the week of October 23, 2000. After the votes were canvassed in those 4 States, 3 approved the measure (Tennessee, Ohio, and Indiana) to approve cross-county line leasing. Kentucky producers voted not to allow cross-county line leasing.

D

Report Acreage Planted to Burley

ARPA added a requirement that owners of farms for which a burley tobacco quota is established must report acreage planted to burley tobacco annually.

Persons who own a farm for which a burley quota is established must report acreage planted to burley tobacco including instances in which the acres planted are zero acres.

E

Tobacco Loss Assistance Program 2000 Signup No. 2

The 2001 Act directs the Secretary to make direct payments to otherwise eligible persons on farms for which the quantity of quota of eligible tobacco allotted to the farm was reduced from 1999 crop year to the 2000 crop year without regard to planted or considered planted credit for the 2000 crop year. Payments are to be made under the same rules and in the same amounts that otherwise applied to other payments.

Signup dates and provisions will be provided at a later date.

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2 Legislative Program Changes (Continued)

F

**Disaster Lease
and Transfer
Farm Limitation**

ARPA limits the pounds of quota to be transferred to the lessee farm not to exceed the difference obtained by subtracting the effective farm marketing quota before the filing of the transfer agreement for the lessee farm from the total pounds of tobacco marketed and/or available for marketing, based on estimated pounds of tobacco on hand and/or in the process of being produced, from the farm in the current year. The total quantity of tobacco that can be leased or transferred to a farm during any crop year may not exceed the quantity which equals 15 percent of the effective quota on the farm before any leases or transfers filed after July 1 of the crop year.
