



U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

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FAX COVER SHEET

DATE: 26 May 96

NUMBER OF PAGES 3, INCLUDING COVER SHEET

PLEASE DELIVER TO: Tom Freedman, DPC

FAX NUMBER: () 456-7431 PHONE NUMBER: ()

FROM: OFFICE OF SCHEDULING

☐ MARY BETH SCHULTHEIS, DIRECTOR OF SCHEDULING

☐ JULIE EDDY, ASSISTANT SCHEDULER

☐ BILLY COX, BRIEFINGS COORDINATOR

☐ FRAN TROUT, TRAVEL ADVISOR

KEITH Ritz

MESSAGE: Tom - this is the five-armed issue
with some options. TPD (Grise) doesn't think
a Δ will result in problems

U.S. Department of Agriculture
Farm Service Agency

1400 Independence Avenue, SW
Washington, DC 20013
250

Date: 5/28/98 Time: _____

To: Keith Pitts

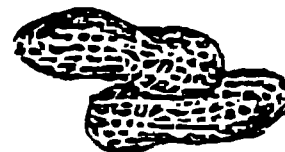
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From: Vernon Grise

Tobacco and Peanuts Division, FSA, USDA
Tobacco and Peanuts Analysis Staff

FAX NUMBER (202) 720-2298



Subject: _____

Number of Pages to Follow: _____

Comments: _____

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Flue-Cured Production Permit Determination

Section 1024 of the McCain bill adds a new section 317A to the Agricultural Adjustment Act of 1938 which redistributes quotas (permits) to principal (actual) producers of flue-cured tobacco based on the status during the 1997 crop year.

The one year approach to determining actual producers could pose an inequity for some people. For example, someone who normally produces tobacco but only grew corn and soybeans or took a full-time job off the farm in 1997 would not receive a permit under the current wording of section 1024.

To provide greater equity, the provisions of section 1024 could be changed as follows:

- 1) A person who was the actual producer in either 1996 or 1997 would receive a prorated share of the permit.
- or 2) The persons who were the actual producers in 1995, 1996 and 1997 (the base period for determining payments) would receive prorated share of the production permit.
- or 3) The person who was the actual producer 2 out of the last 3 years would receive the permit.
- or 4) The 1997 year could continue to be the base year but County Committees could be given authority to issue permits to people who would normally be the principal producer.