



# College of Agricultural & Environmental Sciences

*Center for Agribusiness and Economic Development*

**UNIVERSITY OF GEORGIA**

And

## **National Center for Peanut Competitiveness**

### **Seed-Cotton Provision in Regards to Payment Yield and Generic Base Acres**

February 9, 2018

1. Seed-cotton is now designated as a covered commodity in the 2014 Farm Bill
2. Reference price for seed-cotton is \$0.367 per pound
3. Payment yield equals 2.4 times the payment yield for cotton that was in effect on September 30, 2013.
4. Owner of the farm has a 1 time opportunity to update the payment yield of cotton which would then be used using method from point 3 to calculate the seed-cotton payment yield.
5. Payment Acres (i.e., bases)
  - a. Not later than 90 days after the enactment of this seed-cotton provision the owner must allocate **ALL** generic base acres on the farm.
  - b. If no covered commodity including seed-cotton was planted or prevented from being planted on the farm for the crop years 2009-2016, the generic acres for that farm are classified as unassigned crop base which no ARC/PLC payments can be made.
  - c. If the farm did have a covered commodity including seed-cotton planted or prevented planted on the farm for the crop years 2009-2016, the owner of the farm has 2 options to allocate the generic base assigned to that farm.
  - d. Option 1: must be the greater of the 2 sub-options
    - i. 80% of the generic base or
    - ii. Average seed-cotton acres planted or prevented planted during the 2009-2012 crop years. However this cannot exceed the generic base acres on the farm.

- iii. If the greater of the 2 sub-options is less than the generic base acres for that farm, the remainder of the generic base acres for that farm will be allocated to unassigned crop base which no ARC/PLC payments can be made.
- e. Option 2:
  - i. Average acres planted or prevented planted for crop years 2009-2012 for all covered commodities including seed-cotton must be computed.
  - ii. Based on the average acres determined, each covered commodity and seed-cotton share of the total planted or prevented planted of all of the covered commodities plus seed-cotton must be computed. The sum of all of the shares will be 100%.
  - iii. The generic base acres for that farm are then multiplied by each covered commodity plus seed-cotton share to allocate the generic base acres to the respective covered commodity plus seed-cotton. These new bases become permanent bases which would be added to the already existing 2014 covered commodity bases for that farm.
  - iv. Under Option 2, there will not be any unallocated generic base acres and thus there will not be any unassigned crop base for that farm.
- 6. If the owner/owners of the farm cannot agree to the option to be used to allocate the generic base acres which lead to a failure to allocate, that farm will have to use Option 1 for the allocation of the generic base acres.
- 7. The producers on the farm will be given a 1-time election for seed-cotton to designate whether that farm for seed-cotton will be enrolled in the ARC or PLC program.
- 8. If all the producers cannot agree as to which election to select (ARC or PLC), that farm will have the seed-cotton enrolled in the PLC program.
- 9. An Excel spreadsheet decision aid will be available in the next week for owners and producers to aid them in the decision process. It is strongly encouraged that the 2018 FSA-156EZ and the 2008-2012 FSA-578 forms be assembled for each farm serial number and the associated tracts for that farm serial number.