



Cotton Transition Assistance Program (CTAP)

BACKGROUND

CTAP, created by the 2014 Farm Bill, provides interim payments to cotton producers during the 2014 crop year until the Stacked Income Protection Plan (STAX), a new insurance product also created by the legislation, becomes available. CTAP is only authorized for the 2014 crop year, but extends for the 2015 crop year in counties where the new STAX may not be available.

While CTAP is administered by the Farm Service Agency (FSA), STAX will be administered by the USDA's Risk Management Agency (RMA). Information on STAX can be found on the RMA website at www.rma.usda.gov.

For crop years 2014 and 2015, CTAP is based on a farm's 2013 adjusted cotton base acres effective under the 2008 Farm Bill, as of Sept. 30, 2013.

With respect to a farm's effective 2013 cotton base acres, as adjusted, CTAP payments will be issued to 2014 producers who apply and who meet all eligibility requirements. Payments also will be made available to eligible 2015 producers who apply and meet all eligibility requirements and whose farms are located in counties where STAX may not be available.

Under CTAP, there is no requirement that producers plant cotton in order to be eligible for payment; however, eligible producers must have adequate share in enough cropland acres to cover their claimed interest in cotton base acres on form CCC-957.

ELIGIBILITY REQUIREMENTS

To be eligible for CTAP, owners, operators, landlords, tenants and sharecroppers must apply and designate their share by signing form CCC-957. A producer signing form CCC-957 acknowledges and agrees to:

- Comply with highly erodible land conservation and wetland conservation requirements on all their land;
- Comply with average adjusted gross income limitation provisions;
- Meet requirements considered actively engaged in farming;
- Devote acreage equal to the cotton base acreage to an agricultural or conserving use;
- Effectively control noxious weeds on the farm according to sound agricultural practices;
- File an acreage report with respect to all crops and all cropland on the farm;
- Notify FSA when there is a transfer of or change of interest of a producer.

CTAP APPLICATION PERIOD

For crop year 2014, the application period to enroll begins Aug. 11, 2014 and runs through Oct. 7, 2014.

For crop year 2015, the application period will begin after Oct. 1, 2014, and end July 31, 2015.

MAXIMUM PAYMENT AMOUNTS

CTAP payments in each of the 2014 and 2015 program years are limited to \$40,000 per person or entity. The limitation is applied by attributing both the amounts received directly by entities and persons and indirect amounts received through entities. CTAP applications approved before Oct. 1 are subject to congressionally mandated automatic reductions of 7.2 percent for the 2014 crop year. Applications approved after Oct. 1 will be reduced the required 7.3 percent for the 2015 crop year. The Budget Control Act of 2011 requires USDA to implement these reductions to program payments.

ADJUSTED GROSS INCOME(AGI)

Persons or legal entities whose average adjusted gross income exceeds \$900,000 are not eligible for CTAP payments. The years used to calculate AGI

for 2014 CTAP are the 2010, 2011 and 2012 tax years. For 2015 CTAP, the years used to calculate AGI are the 2011, 2012 and 2013 tax years.

CTAP PAYMENTS

CTAP payments for crop year 2014 will be issued to eligible cotton producers satisfying all program and payment eligibility requirements on or after Oct. 1, 2014. CTAP payments for crop year 2015 will be issued on or after Oct. 1, 2015.

For crop year 2014, CTAP payments are calculated by multiplying:

- 60 percent of the farm's upland cotton base acres (generic base) times;
- The farm's direct payment yield for upland cotton times;
- \$0.09 times;
- The producer's share on the approved application.

The following is an example for a 2014 CTAP payment:

100 upland cotton base acres x 60 percent = 60.0 payment acres
60.0 payment acres x 750 lb. direct payment yield x .09 = \$4,050

For crop year 2015, in counties where STAX is not available, CTAP payments are calculated by multiplying:

- 36.5 percent of the farm's upland cotton base acres (generic base) times;
- The farm's direct yield for upland cotton times;
- \$0.09 times;
- The producer's share on the approved application.

The following is an example for 2015 CTAP payment in a county for which STAX is not available:

100 upland cotton base acres x 36.5 percent = 36.5 payment acres
36.5 payment acres x 750 lb. direct payment yield x .09 = \$2,463.75

CTAP payments are not based on producers' current plantings of cotton acres, but instead are calculated using the base acres and the direct payment yield of upland cotton established on the farm.

PLANTING FLEXIBILITY PROVISIONS

CTAP payment acres (upland cotton base acres) are not impacted by cropland that is planted to fruit and vegetables (FAV's) and wild rice.

FOR MORE INFORMATION

Further information on CTAP is available at local FSA offices or on FSA's website at www.fsa.usda.gov.

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