(2) Were released temporarily by a voluntary release pursuant to § 729.368 for such year provided that there was no such release for either of the two years previous to the year of that release; or,

(3) Are considered produced under paragraph (b) of this section.

(b) *Additional allowance for 1983–1985 Crop years.* Subject to the provisions of paragraph (c) of this section, with respect to the 1983, 1984, and 1985 crop years only, considered produced credit will be allowed for purposes of this subpart for pounds temporarily transferred by lease or otherwise from the farm to another farm with the same owner or operator, and all fall transfers made pursuant to § 729.244(b).

(c) *Limitation.* Considered produced credit will be permitted under paragraph (b) of this section only to the extent that the transferred quota was produced or under the standard specified in paragraph (a) considered produced on the receiving farm.

(d) *Considered produced credit exemption for farms in 1986.* Notwithstanding any other provision of this section, with respect to the 1986 crop year only, considered produced credit will be allowed for purposes of this part for all 1986 quotas to the extent of each farm's 1986 basic quota.

(e) *Considered produced credit for permanent transfers.* Notwithstanding any other provisions of this section, considered produced credit for the 1985 crop will be allowed by the county committee, in accordance with instructions issued by the Deputy Administrator:

(1) To the receiving farm where a quota is transferred to that farm by sale which is first effective for the 1986 marketing year and

(2) To the farm on which a quota was established for the 1985 crop year if the farm was sold to a new owner in a sale which effectively transfers the quota to a new quotaholder different than the 1985 quotaholder.

The credit allowed shall not exceed the quantity of the quota transferred or effectively transferred to the receiving farm or new quotaholder.

(f) *Considered produced credit for farm obtained by FmHA.* For the 1983 and subsequent crops, considered produced credit shall be permitted for a farm to the extent of the farm's basic quota for such year for each year the Farmers Home Administration has control of or title to a farm to the extent it is determined that such allowance is consistent with the provisions of section 1314 of the Food Security Act of 1985, Pub. L. 99-198.

§ 729.328 Reductions for nonproduction of a quota.

(a) *Determination.* For purposes of establishing a basic farm poundage quota for a farm for the 1986–90 marketing years, the initial basic farm poundage quota for the farm shall be reduced to the extent the county committee determines, in accordance with § 729.327, that the basic farm poundage quota for such farm was not produced or considered produced on the farm during any two years of the base period, except that for the 1986 marketing year, the initial basic farm poundage quota shall not be reduced for the farm to the extent the quota would be subject to reduction because the quota was leased and produced or considered produced on another farm by a different operator during the base period.

(b) *Calculation.* For purposes of paragraph (a) of this section, the quantity not produced or considered produced shall be considered to be: (1) the initial basic quota for the farm for the year for which the determination of whether to reduce the quota is being made (the "current year") multiplied by (2), the average of the two highest percentages of the farm's quota which was not produced or considered produced in the three years preceding the current year.

(c) *Reconstitutions and permanent transfers to the farm.* (1) Determinations of whether a reduction shall be made in a farm's quota under this section shall be made separately for individual tracts within the farm if the farm's present constitution differs from the farm's constitution for any of the base period years.

(2) If a farm has been the beneficiary of a permanent transfer of a quota, the quota transferred to the farm shall be deemed produced or considered produced on the receiving farm only to the extent that it was produced or considered produced on the transferring farm.

§ 729.329 Allocation of increase in State poundage quota to farms.

(a) *Eligible farms.* After adjustments in a quota production history of farms resulting from permanent transfers of quota or permanent releases of a quota, if the poundage quota allocated to a State is greater than the poundage quota allocated to such State for the immediately preceding marketing year, the amount of the increase shall be allocated equally among:

(1) All farms in the State which had a final basic farm poundage quota greater than zero for the year immediately preceding the crop year for which the determination is being made, and

(2) All other farms in the State on which peanuts were produced in at least two of the three years preceding the year for which the determination is being made; Provided, that the total acres of peanuts dug each year exceeded 1.0 acre.

(b) *Method of allocation.* The amount of pounds so allocated to each group representing eligible quota and nonquota farms within a State shall be the result obtained by:

(1) Dividing the amount by which such State's quota was increased from the preceding year by the total number of eligible quota and nonquota farms;

(2) Multiplying the result of paragraph (b)(1) of this section by

(i) The number of eligible quota farms and

(ii) The number of eligible nonquota farms;

(3) Prorating the pounds obtained as the result of applying the provisions of:

(i) Paragraph (b)(2)(i) of this section among quota farms based upon the larger of the basic quota established for the farm for the year preceding the year for which the determination is being made, or the average of the two highest years' total production pounds for the three years preceding the year for which the determination is being made; and

(ii) Paragraph (b)(2)(ii) of this section among nonquota farms based upon the average of the two highest year's total production pounds for the three years preceding the year for which the determination is being made. If there are no quota or nonquota farms in the State eligible to receive a quota increase in the State poundage quota under this section, the pounds shall be placed in the State reserve.

(c) *Quota reductions.* To the extent that a farm quota increased under this section is subject to reduction for the same marketing year pursuant to § 729.328, the quota allocated to the farm for the crop year under this section shall be reallocated pursuant to § 729.331.

(d) *Farm reconstitution.* Notwithstanding any other provisions of this subpart, for purposes of applying the provisions of paragraph (a) of this section, quotas shall be allocated on the basis on which farms were constituted for the preceding crop year.

§ 729.330 Allocation of decrease in State poundage quota to farms.

If a State's poundage quota for any crop year is less than the State's poundage quota for the immediately preceding crop year, the decrease shall be prorated by factor among all farms which are entitled to a preliminary farm poundage quota for the current year so