

For: Cotton Gins, AL, FL, GA, LA, MS, NC, SC, and VA State and County Offices

2004 Cottonseed Payment Program

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005, enacted on October 13, 2004, Pub. L. 108-324 provided assistance to producers and first-handlers of the 2004 crop of cottonseed in counties declared a disaster by the President of the United States because of 2004 hurricanes and tropical storms. A final rule published in the Federal Register on January 26, 2006, revised 7 CFR Part 1427, Subpart F, and implements the 2004 Cottonseed Payment Program. The signup period began January 26, 2006, and ends on March 27, 2006, unless otherwise announced. Subject to funds availability and payment caps, \$10 million is available for the 2004 Cottonseed Payment Program.

B Purpose

This notice provides:

- cotton gins with instructions for preparing and submitting applications for payment
- applicable State and County Offices with program policies and their responsibilities.

C Contact

Cotton gins and State Offices shall direct questions about this notice to Chris Kyer by either of the following:

- telephone at 202-720-7935
- e-mail at chris.kyer@wdc.usda.gov.

Disposal Date	Distribution
March 1, 2007	Above State Offices; State Offices relay to County Offices; County Offices relay to Cotton Gins

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2 2004 Cottonseed Payment Program Responsibilities

A Cotton Gin Responsibilities

According to this notice and 7 CFR Part 1427 Subpart F, cotton gins shall:

- determine, subject to PSD verification, whether the cotton gin and producers are eligible for the 2004 Cottonseed Payment Program by reviewing the FSA-provided list of counties declared a disaster area by the President because of 2004 hurricanes and tropical storms
- gather data and perform calculations necessary to prepare an application for payment
- prepare and submit applications for payment to FSA's PSD
- receive and distribute payments to producers
- maintain application and payment records for audit and inspection for 3 years after the date of application.

B County Office Responsibilities

With direction from State Offices, County Offices shall:

- assist with publicizing the 2004 Cottonseed Payment Program to cotton gins that may be eligible by:
 - issuing press releases and newsletters publicizing the contents of this notice during the signup period
 - forwarding this notice to cotton gins that may be eligible
- provide producer data to cotton gins that is not available from PSD.

Note: Cotton gins need acreage data for crop years 2003 and 2004 to calculate individual producer cottonseed losses. 2-INFO, subparagraph 69 B allows the limited release of cotton acreage to cotton ginners. PSD has obtained acreage data and will make it available to cotton gins according to subparagraph 3 B. Cotton gins should **only** request acreage data from producers and County Offices that is not provided by PSD.

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2 2004 Cottonseed Payment Program Responsibilities (Continued)

C PSD Responsibilities

PSD shall:

- administer the 2004 Cottonseed Payment Program requirements in this notice
- provide eligible county, acreage, and yield data to assist cotton gins
- accept and process applications for payments from cotton gins
- prepare a payment file for submission to KCFO for subsequent payments
- provide oversight for any necessary 2004 Cottonseed Payment Program reviews.

3 Cotton Gin Eligibility, Lint Quantity, Payment Quantity, Payment Rate, and Payments

A Cotton and Applicant Eligibility

To be eligible for payment:

- cotton must have been produced in a county declared a disaster by the President because of 2004 hurricanes and tropical storms

Note: This does not include Secretarial designated counties and contiguous counties. A spreadsheet in Microsoft Excel format lists the eligible counties and will be available at www.fsa.usda.gov/dafp/psd/cottonseed.htm.

- cotton must not have been destroyed or damaged by fire, flood, or other events such that its loss or damage was compensated by other local, State, Federal Government, private or public insurance, or disaster relief payments
- applicants must be an eligible first handler of cotton that has an eligible payment quantity.

Note: Only eligible cotton gins may file an application.

B Total Lint Eligibility Quantity

Applicant's payment quantity will be based on the determination of the total amount of lint deliveries by cotton producers in eligible counties which were lost to the cotton gin because of the qualifying hurricane or tropical storm as calculated according to this notice.

The lost lint determination:

- will be made by cotton gins on a producer-by-producer and farm-by-farm basis, based on producer certification, cotton ginning records, and other relevant information
- is limited to individual producer losses related to 2004 crop cotton production in eligible counties

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3 Cotton Gin Eligibility, Lint Quantity, Payment Quantity, Payment Rate, and Payments (Continued)

B Total Lint Eligibility Quantity (Continued)

- for individual producers, will be based on a comparison of lint deliveries for crop years 2003 and 2004 by the producer from the eligible farm to the cotton gin.

Note: That difference will be adjusted to reflect changes in the acreage planted in the 2 years and adjusted for losses because of reasons other than hurricane or tropical storm. A worksheet will be provided by PSD to assist cotton gins with these calculations.

Note: Acreage data for crop years 2003 and 2004 to calculate individual producer cottonseed losses is available upon request from PSD. Cotton gins must make the request by e-mail to chris.kyer@wdc.usda.gov and provide a list of counties for which data is needed.

For situations where producers:

- experienced a total loss in 2004, producers will certify to the lost lint production to the cotton gin where the cotton would have been delivered
- delivered 2004 crop cotton to a cotton gin different than the cotton gin the producer delivered 2003 crop cotton, the cotton gin receiving 2004 crop cotton shall contact the other cotton gins for production information or obtain proof of the eligible quantity from the cotton producer
- delivered cotton to more than 1 cotton gin in either crop year 2003 or 2004, the cotton gin receiving 2004 crop cotton shall contact the other cotton gins for production information or obtain proof of the eligible quantity from the cotton producer
- did not produce 2003 crop cotton, the producer shall be considered a new producer and a loss will be calculated by using the 2003 USDA NASS county average cotton yield for the applicable county.

Note: PSD will provide county average yield data. A spreadsheet in Microsoft Excel format lists county average yields and will be available at www.fsa.usda.gov/dafp/psd/cottonseed.htm.

C Total Payment Quantity

From the amount of total lint eligibility, the cotton gin's payment quantity will be calculated by PSD by converting the total lint quantity to a cottonseed equivalent by using a factor representing the Olympic average of estimated pounds of cottonseed per pound of cotton ginned cotton lint, as determined by CCC for the 5 years preceding the 2004 crop year. The factor is 1.52097.

3 Cotton Gin Eligibility, Lint Quantity, Payment Quantity, Payment Rate, and Payments (Continued)

D Payment Rate and Payments

The payment rate (dollars per ton) shall be determined by CCC by dividing the total available 2004 Cottonseed Payment Program funds by the total eligible payment quantity of cottonseed. However, in no event may the total payment to an eligible applicant exceed \$114 per ton of cottonseed multiplied by the applicant's total eligible payment quantity. Individual payments to cotton gins will be distributed as soon as possible. Deductions to payments may apply to honor valid claims by other USDA agencies such as AMS.

E Sharing Payments With Producers

Applicants agree to share any payment with the producer of the cotton that was the basis of the payment to the extent that the effect of the loss of cottonseed was borne by the producer rather than the cotton gin. To the extent that such funds will go to individual producers, those funds will be considered to have been received by the applicant on behalf of such producers.

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4 Lint Loss Worksheet Instructions and Example

A Worksheet Availability and Instructions

The worksheet is in Microsoft Excel format and will be available at www.fsa.usda.gov/dafp/psd/cottonseed.htm. Cotton gins shall prepare a worksheet to support the CCC Cotton A-6 according to the following instructions.

Column	Instructions
A	Enter the State and county code where the producer's cotton was grown. This data is available from the eligible county spreadsheet. Note: Lint loss will be entered on CCC Cotton A-6 by cotton gin, State, and county code. It may be necessary to sort the spreadsheet entries by State and county code.
B	Enter the applicable FSA FSN. Note: At the option of the cotton gin, weight and acreage data for more than 1 FSN may be added together and entered on the worksheet as an aggregate amount for the producer.
C	Enter the producer's name and ID number associated with the FSN.
D	Enter the weight in pounds of lint produced from the 2003 crop by the producer.
E	Enter the 2003 planted acreage. This data is available from the acreage data spreadsheet provided by PSD. If the data is not contained on the spreadsheet, obtain from the producer.
F	Make no entry unless producer produced cotton for the first time in crop year 2004 in which case, insert the 2003 NASS county average yield. Otherwise, the result is the 2003 lint weight divided by the 2003 planted acreage.
G	Enter 2004 lint weight in pounds.
H	Enter 2004 planted acres.
I	Make no entry. The result is the 2004 lint weight divided by the 2004 planted acreage.
J	In the title bar, enter the cotton gin code. Below the title bar, make no entry. The result is the eligible lint loss for payment before conversion to cottonseed equivalent. Transfer the total result in cell H505 or whatever cell is used for totals to CCC Cotton A-6, item 9. A negative result indicates an eligible loss. For producers on farms without a loss, the result is always zero.

Submit the completed worksheet in electronic format by e-mail to chris.kyer@wdc.usda.gov.

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4 Lint Loss Worksheet Instructions and Example (Continued)

B Example

An example of a cotton gin prepared lint loss worksheet with 5 producer scenarios follows.

(To be used by gins to calculate application payment quantity)				(Totals are on row 505)			(Submit with CCC Cotton A-6)		
Cottonseed Payment Gin Worksheet							Gin Code: 33333		
A	B	C	D	E	F	G	H	I	J
State and County Code	FSA Farm Numbers	Producer Name/ ID Number	Enter 2003 lint weight in pounds	Enter 2003 planted acres	Result: 2003 Yield (if new producer for 2004, insert NASS county average yield)	Enter 2004 lint weight in pounds	Enter 2004 planted acres	2004 yield	Eligible Loss for Payment Before Conversion to Cottonseed Equivalent (transfer result in cell H505 to CCC Cotton A-6)
13017	100	Producer A (less acres, reduced yield)	375000.0 0	500.0	750.00	225000.0 0	450.0	500.00	-112,500.00
13017	200	Producer B (more acres, less yield)	150000.0 0	550.0	272.73	130000.0 0	560.0	232.14	-22,727.27
13017	300	Producer C (new producer)			200.00	160000.0 0	500.0	320.00	0.00
13017	400	Producer D (more acres, increased yield)	600000.0 0	300.0	2000.00	900000.0 0	400.0	2250.0 0	0.00
13017	500	Producer E (same acres, zero yield)	700000.0 0	300.0	2333.33	0.00	300.0	0.00	-700,000.00

5 CCC Cotton A-6 Submission, Instructions, and Example

A Submission Instructions

The CCC Cotton A-6 is in Adobe .pdf format and will be available at www.fsa.usda.gov/dafp/psd/cottonseed.htm.

Cotton gins shall submit the signed original of the completed CCC Cotton A-6 by either:

- private delivery service such as FedEx or UPS to:

USDA-FSA-PSD
 Attention: Chris Kyer
 1400 Independence Ave, SW, Rm 4089-S
 Stop 0512
 Washington, D.C. 20250-0512

- FAX to 202-690-1536 or 202-690-3307.

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5 CCC Cotton A-6 Submission, Instructions, and Example (Continued)

B Preparation Instructions

Cotton gins shall fill out CCC Cotton A-6 according to the following instructions.

Item No.	Instruction
2 Name and Address of Cotton gin	Enter the name and mailing address of the cotton gin. This address should be the record keeping office for the company.
3A Financial Institution	Enter the name of the financial institution for automated clearinghouse direct deposit (not wire transfer).
3B Account Number	Enter the complete account number for the institution identified in item 3A.
3C Routing Number	Enter the 9-digit routing number of the financial institution identified in item 3A.
3D Type of Account	Check the appropriate box to indicate if the account identified in item 3B is a checking or a savings account.
4A Contact Person	Enter the name of the person at the cotton gin identified in item 2 to be contacted about this application.
4B Telephone Number	Enter the telephone number, including area code, for the contact person identified in item 4A.
4C E-Mail Address	Enter the e-mail address for the contact person identified in item 4A.
5 Taxpayer ID No.	Enter the taxpayer ID in items A, B, or C. Enter ID number in 1 field only depending on the type of ID number.
6 Other Cotton gins	Enter the names and addresses of any cotton gins other than the cotton gin identified in item 2 that will be included in this application.
7 Cotton Gin Code	Enter the 5-digit cotton gin code for each cotton gin included in this application. The cotton gin code should be correct for the cotton gin identified in Part A, item 2. Companies having 1 taxpayer ID and operating multiple cotton gins should combine the applications of all their cotton gins onto 1 application.

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5 CCC Cotton A-6 Submission, Instructions, and Example (Continued)

B Preparation Instructions (Continued)

Item No.	Instruction
8 Production Location	Enter State and county names and codes where the cotton was grown. This may require the use of more than 1 line in Part B and more than 1 form.
9 Lint Weight	Enter the total of lost lint weight in whole pounds calculated for each producer by State and county according to paragraph 4. E-mail the applicable worksheet prepared that summarizes individual producer losses to chris.kyer@wdc.usda.gov .
10 Totals	Enter the total of column 9 for each line in Part B.
11A Authorized Signature	Enter the signature of an authorized individual of the cotton gin identified in item 2.
11B Title	Enter the title of the individual signing in item 13A.
11C Date	Enter the date the individual identified in item 13A signed the CCC Cotton A-6.
12 Remarks	Enter any remarks that are pertinent or supporting to the information entered on this application.

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5 CCC Cotton A-6 Submission, Instructions, and Example (Continued)

C Example

The following is an example of a completed CCC Cotton A-6.

This form is available electronically.		Form Approved - OMB No. 0560-0256	
CCC-Cotton A-6 (01-23-06)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
COTTONSEED PAYMENT APPLICATION AND CERTIFICATION		1. DEADLINE FOR RECEIPT OF APPLICATION: March 27, 2006 or as otherwise announced	
PART A - APPLICATION IDENTIFICATION			
2. GIN NAME AND MAILING ADDRESS (Record Office): Winchester Gin 14 Smith Road Clio, SC 29525		3. DIRECT DEPOSIT INFORMATION: A. FINANCIAL INSTITUTION'S NAME Chevy Chase Bank B. DIRECT DEPOSIT ACCOUNT NUMBER 3303212172 C. FINANCIAL INSTITUTION ROUTING NO. (9 Digits) 255071982 D. TYPE OF ACCOUNT (Check one) <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
4A. CONTACT PERSON'S NAME AT GIN Harry M. Ginner	4B. CONTACT PERSON'S TELEPHONE NO. (Include Area Code) 703-606-8989	4C. CONTACT PERSON'S E-MAIL ADDRESS hginner@swb.net	
5. TAXPAYER ID NUMBER AND ID TYPE: (Enter the 9-digit number in one box only)	A. SOCIAL SECURITY NUMBER	B. EMPLOYER ID 71-8604415	C. INDIVIDUAL TAXPAYER ID
6. OTHER GIN NAMES AND LOCATIONS COVERED BY APPLICATION: none			
PART B - GIN CERTIFICATION OF QUANTITY AND AGREEMENT TO TERMS IN PART D (Applicant complete items 7 through 12)			
7. 5-Digit Gin Code	8. Name of State(s) and Counties Where Cotton Was Grown		9. Lint Weight in Pounds (total from worksheet)
3213	45091 York, SC		2,456,980
3213	45089 Williamsburg, SC		3,656,784
10. TOTALS:			6113764
11A. Authorized Signature /s/ Harry M. Ginner	11B. Title President	11C. Date of Signature (MM-DD-YYYY) 4/1/2006	
12. REMARKS:			
PART C - VERIFICATION OF ELIGIBLE QUANTITY AND APPROVAL (For Commodity Credit Corporation)			
13A. Approval for CCC By:			13B. Date Approved
<small>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is Pub. L. 108-324. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in your application not being processed to participate in this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</small> <small>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0256. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM AS INSTRUCTED ON PAGE 2.</small>			
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