

For: Cotton State and County Offices

**Software Modification for Reporting Cotton eLDP Research and Promotions Fees Correctly
and Using eLDP Market Gain Reports to Monitor Producer Payment Limitation**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Notice PS-540 provided information about the new eLDP Denied Market Gain Report available on the web.

It was determined that the following market gain reports for cotton were incorrect:

- Denied Market Gain Report By Producer, generated in the eLDP system, which was erroneously considering research and promotion fees as denied market gain
- all APSS-generated market gain reports selected from Menu PAA046, which did not include research and promotion fees.

Additionally, some LDP amounts reported on producer’s 1099-G may be incorrect because the total research and promotion fee amount was included in the contact producer’s LDP amount instead of being prorated by producer shares.

B Purpose

This notice informs State and County Offices about:

- corrections to market gain reports
- instructions for:
 - using market gain reports to monitor producer payment limitations
 - providing corrected producer 1099-G’s

<p>Disposal Date</p> <p>June 1, 2007</p>	<p>Distribution</p> <p>Cotton State Offices; State Offices relay to County Offices</p>
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1 Overview (Continued)

C Contact

State Offices shall direct questions about this notice to Julie Floriani by:

- telephone at 202-720-8374
- e-mail to **Julie.Floriani@wdc.usda.gov**.

2 Incorrect Market Gain Reports

A General Information

According to 7-CN, subparagraph 43 A, payment limitation applies to LDP amounts. The amount applied to payment limitation is the gross LDP amount, which includes research and promotion fees.

The following market gain reports for cotton eLDP's were incorrect because they did not include applicable research and promotions fees:

- Denied Market Gain Report By Producer, generated in the eLDP system
- APSS-generated:
 - Denied Market Gain Report
 - Total Market Gain Report
 - Market Gain by Loan/LDP Report
 - Market Gain Report By Producer/Member.

Note: The eLDP system and APSS used the correct eLDP amounts for internal calculations, but the amount is printed incorrectly on these reports.

B Corrections to Market Gain Reports

Software modifications have been made to the applicable reports to print the gross LDP amount. These corrections are:

- retroactive for the eLDP Denied Market Gain Report that is generated in the eLDP system

Note: All amounts displayed after the software modification include the research and promotion fees.

- **not** retroactive for the eLDP Market Gain Report by Producer generated in APSS.

Note: The report will still reflect the incorrect net eLDP amount, which excludes research and promotion fees, for eLDP's disbursed before the software modification.

Notice CN-998

3 Determining Correct Market Gain for Cotton eLDP's

A Using Market Gain Reports for Payment Limitation Determinations

Market gain reports generated in APSS are used when adjusting payment limitation allocations between:

- counties
- APSS and eLDP profiles.

To determine a producer's correct eLDP market gain for cotton, County Offices shall:

- **not** use the eLDP Market Gain Report By Producer generated in APSS
- use the eLDP Application Report By Producer available in the State Office Reporting System (SORS). The correct eLDP amount is found under the "Prod Amt" column.

B Accessing eLDP Application Report By Producer

County Offices shall access the eLDP Application Report By Producer in SORS as follows:

Step	Action	Results
1	Access the SORS Web site at https://intra2.fsa.usda.gov/pscad .	The SORS Reports Menu will be displayed.
2	Click on "Go to the State Online Reporting System" under State Reports.	SORS Selection Menu will be displayed.
3	Select: <ul style="list-style-type: none">• "eLDP Reports" from the "Category" drop-down box• "eLDP Application Report By Producer" from the "Reports" drop-down box. Click "Go".	A screen to enter applicable producer data will be displayed.
4	Select the following: <ul style="list-style-type: none">• Crop year• State• County• Producer tax ID. Click on "Submit Query".	"eLDP Application Report By Producer" will be displayed.

Notice CN-998

4 Incorrect Producer 1099-G

A eLDP Amounts

Research and promotion fees should be prorated by producer shares and reported on the applicable producer's 1099-G. However, for 2005 crop year eLDP's with multiple producers, the full amount of the research and promotion fee was attributed to the contact producer. This resulted in overstated 1099-G amounts for some producers and understated amounts for other producers.

Note: Data for LDP's processed in APSS are correct.

A future software modification will correct this problem effective for the 2006 crop year.

B County Office Action

If requested by producer, County Offices shall take action to have Kansas City Finance Office provide a corrected 1099-G:

- according to 62-FI
- to reflect a prorated share of the research and promotion fee according to the producer share of the eLDP.