

For: State and County Offices

**2013 and Subsequent Crop Sugar Loans and Sequestration**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Notices LP-2184 and LP-2186 announced that 2013 crop sugar commodity loans would be sequestered according to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011. The law provided legislation to apply automatic spending reductions or sequestration to all Federal Agencies. In November 2013 APSS loanmaking software was modified to reduce the loan principal for all 2013 crop sugar loans by the required reduction of 5.1 percent.

On February 7, 2014, the Agricultural Act of 2014 (Pub. L. 113-79) (Farm Bill) was signed into law by the President. Section 1614 (d) of the 2014 Farm Bill states in part, that CCC funds shall restore any necessary reductions because of sequestration that are applicable to Subtitle B and C. Subtitle C applies to sugar loans. Under Subtitle C, the Farm Bill continued the sugar loan program under Section 156 (a) of the Federal Agriculture Improvement and Reform Act of 1996 by striking 2011 crop and inserting 2011 through 2018 crop. As a result, 2013 crop sugar loans fall within this provision. Therefore, it has been determined that CCC funds will be used to apply the 5.1 percent reduction for 2013 crop sugar loan disbursements and that the reductions shall **not** be taken at loan disbursement.

To date, CCC has disbursed over 200 sugar loans for the 2013 crop year. APSS modifications are being developed to **not** apply the 5.1 percent reduction to 2013 crop sugar loans at loan disbursement. In addition, software is being modified to provide a one-time additional disbursement for any outstanding 2013 crop sugar loan. The additional disbursement is for money **only** and no quantity change is approved under this process.

Once APSS modifications are complete and released, all sugar processors with an outstanding 2013 crop sugar loan will receive an additional disbursement. Processors who have repaid 2013 crop sugar loans may request a new loan for any sugar in which beneficial interest is maintained until the final loan availability date of September 30, 2014.

| Disposal Date    | Distribution   |
|------------------|--|
| November 1, 2014 | State Offices; State Offices relay to County Offices |

## Notice SU-93

### 1 Overview (Continued)

#### A Background (Continued)

CCC will **not** prohibit sugar processors from receiving 2013 crop sugar loans. However, until APSS modifications are released according to provisions in this notice, sugar processors shall be made aware that the loan principal will be reduced by the 5.1 percent and they will receive an additional disbursement once APSS modifications are released.

**Example:** The XYZ Sugar Company requested a 2013 crop beet sugar loan on November 1, 2013, for 11 million pounds at a loan rate of \$24.09 per pound. The 2013 crop beet sugar loan was sequestered; therefore, the gross loan principal of \$264,990,000.00, was reduced by 5.1 percent which totaled \$13,514,490.00. The 2013 crop beet sugar reduced loan principal disbursed was \$251,475,510.00. Based on policy provided in this notice, the sugar processor will receive an additional disbursement in the amount of \$13,514,490.00, if the 2013 crop beet sugar loan is outstanding when APSS modifications are complete and released.

**Notes:** A forthcoming PS notice will provide instructions for processing 2013 crop sugar loan additional disbursements to sugar processors.

Subsequent crop year sugar loans will **not** be subject to sequestration reductions in loan principal at loan making according to Notice LP-2190.

#### B Purpose

This notice notifies State and County Offices that for 2013 crop sugar loans **only**:

- reductions in principal are not applicable at loan making
- APSS software will be modified to allow for additional disbursements.

#### C Contact

State specialists with questions about this notice shall contact Toni Williams by either of the following:

- e-mail to [toni.williams@wdc.usda.gov](mailto:toni.williams@wdc.usda.gov)
- telephone at 202-720-2270.

## **Notice SU-93**

### **2 Action**

#### **A State Office Action**

State Offices shall ensure that County Offices are aware of the contents of this notice.

#### **B County Office Action**

County Offices shall immediately notify sugar processors by any means available of the contents of this notice.