

**For:** Tobacco State and County Offices

**Termination or Base Quota Level (BQL) Change of Sold or Transferred Contracts**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Notice TB-1240 provided instructions for entering Voluntary Terminations (VT's), Involuntary Terminations (IT's), and Voluntary Cancellations (VC's). Only contracts in **approved** (AP) or **in-dispute** (DI) status can be terminated or canceled in Tobacco Transition Payment Program (TTPP). TTPP does **not** currently provide functionality to enter IT's for contracts that have been sold through CCC-962 or transferred through CCC-971.

When a contract to be terminated has been sold through CCC-962, CCC **must**:

- continue to pay the lump-sum provider any payments remaining on contract
- create a receivable for the entire contract amount against the original contract holder.

When a contract to be terminated has been transferred through a CCC-971, the contract **must** be placed **DI** and a receivable **must** be created for the total amount of all payments made to the contract holder.

**B Purpose**

This notice provides instructions for:

- manually processing and tracking VT's, IT's, and BQL reductions for sold or transferred contracts until TTPP provides software functionality
- County Offices to complete CCC-975 (RPT-I-00-TB-07-01) and State Offices to complete CCC-976 (RPT-I-00-TB-07-02).

**Note:** VT's and BQL decreases **must** only be performed when contract correction is because of an error by the County Office. If there has **not** been an error by the County Office, the County Office should **manually** IT the contract.

| Disposal Date | Distribution  |
|---------------|---|
| July 1, 2008  | Tobacco State Offices; State Offices relay to applicable County Offices |

## Notice TB-1246

### 2 Action

#### A County Office Action

County Offices shall:

- take action to correct all contracts that require termination or BQL decrease
- maintain all necessary information identified in this notice for each action performed
- obtain State Office approval before processing any actions in this notice
- create receivables in the Common Receivable System (CRS) for IT's and BQL reductions
- see 67-FI for establishing a manual receivable in CRS
- apply any payment to the debt
- once the debt has been collected in full, request a Problem Analysis Report (PAR) be created by the National Tobacco Processing Center (NTPC) for all adjustments to the total farm BQL
- approve PAR for all adjustments to the total farm BQL and submit PAR to NTPC
- complete the information on CCC-975
- provide CED signature
- FAX signed CCC-975's to the State Office quarterly, on January 15, April 15, July 15, and October 15.

**Note:** Negative reports are required.

#### B State Office Representative Action

The State Office representative shall:

- ensure that County Offices follow the provisions in this notice
- review and concur on all IT's **before** the County Office terminates the contract
- notify DAFP of contracts terminated through IT
- notify the County Office of any additional contracts that require action
- approve PAR for all adjustments to the total farm BQL and submit PAR to NTPC

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**2 Action (Continued)**

**B State Office Representative Action (Continued)**

- compile the information from all CCC-975's on CCC-976
- FAX signed CCC-976's to DAFP quarterly on January 31, April 30, July 31, and October 31.

**Note:** Negative reports are required.

**C Contacts**

The following table provides contacts for questions.

| <b>IF located in a...</b> | <b>AND question is about...</b>                 | <b>THEN contact...</b>                         |
|---------------------------|---|--|
| County Office             | this notice                                     | State Office.                                  |
| State Office              | creating receivables in CRS                     | Robin Jones by telephone at 816-926-1613.      |
|                           | this notice, except creating receivables in CRS | Michele Corcoran by telephone at 800-673-2331. |

**3 Creating Receivables for VT or IT of Sold or Transferred Contracts**

**A VT or IT for Sold Contracts**

This table provides steps for County Offices to complete a VT or an IT for a sold contract.

| <b>Step</b> | <b>Action</b>   |
|-------------|---|
| 1           | <p>Establish a receivable, according to 67-FI, for the entire contract amount through CRS using program code "<b>OTHER</b>". This allows the:</p> <ul style="list-style-type: none"> <li>• initial notification letter to be issued</li> <li>• starts the clock for the:                             <ul style="list-style-type: none"> <li>• automated demand letter to be issued in 30 calendar days</li> <li>• receivable to be transferred to claims in 60 calendar days.</li> </ul> </li> </ul> <p><b>Note:</b> Calculate contract amount for the receivable using the following formulas:</p> <p><b>Quota Holder:</b><br/>(Contract BQL x \$7 ÷10) x Number of Contract Installments.</p> <p><b>Producer:</b><br/>(Contract BQL x \$1 ÷10) x Number of Contract Installments.</p> |

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**3 Creating Receivables for VT or IT of Sold or Transferred Contracts (Continued)**

**A VT or IT for Sold Contracts (Continued)**

| <b>Step</b> | <b>Action</b>  |
|-------------|--|
| 2           | When a payment is received, is it for the entire debt amount? <ul style="list-style-type: none"> <li>• If yes, proceed to step 3.</li> <li>• If no, proceed to step 5.</li> </ul>  |
| 3           | Apply the payment to the debt.   |
| 4           | Proceed to step 10.  |
| 5           | Is the debt in claim status? <ul style="list-style-type: none"> <li>• If no, proceed to step 6.</li> <li>• If yes, proceed to step 7.</li> </ul>   |
| 6           | Place the collection on a CCC-257 using code “ <b>MISCINC</b> ”. The debt will automatically transfers to a claim status (approximately 60 calendar days), then the partial collection can be applied (see 3-FI for cash receipts).<br><br><b>Note:</b> County Office staff must <b>not</b> apply partial collections when the debt is in a receivable status. |
| 7           | See 58-FI for claim processing. Once the debts transfers to the Automated Claims System (ACS), use the Adjust a Claims function, “Adjust Claim Program Code” option, to change the program code from “OTHER” to: <ul style="list-style-type: none"> <li>• “05TTPPCOMMPRO” for a producer</li> <li>• “05TTPPCOMMQUO” for a quota holder.</li> </ul>             |
| 8           | In the Cash Receipt System, use the “Modify a Schedule of Deposit” option to delete program code “ <b>MISCINC</b> ” from CCC-257 (leave remittance on CCC-257).  |
| 9           | In ACS, apply the collection to the claim using an “Already Prepared Schedule” and the correct sequence number to tie the new program code to the remittance on CCC-257.   |
| 10          | No further action is necessary.  |

**Note:** No actions are required within the TTPP application. When the automated software becomes available, the newly created debt will need to be advanced to claims status and be withdrawn, provided that the establishment amounts are the same. At that time, the debt marked with program code “**OTHER**” will be changed to match the automated code.

VT’s must **only** be performed when the contract error is because of an error by the County Office.

County Offices must **not** write-off, withdraw, or compromise these debts. Contact Robin Jones at 816-926-1613 with any questions about debts.

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**3 Creating Receivables for VT or IT of Sold or Transferred Contracts (Continued)**

**B VT or IT for Transferred Contracts**

The following table provides steps for the County offices to complete a VT or an IT for a transferred contract.

| <b>Step</b> | <b>Action</b>  |
|-------------|--|
| 1           | Identify all contracts related to the the contract being terminated by running the TTPP Contract Maintenance Report. See paragraph 7 for instructions to run the report.               |
| 2           | Update CCC-971 contracts to <b>DI</b> status. This will prevent any future payments from being made on the contract.   |
| 3           | Use the TTPP Manage Contract Payment functionality to cancel all payments made on CCC-971 contracts.<br><br><b>Note:</b> This will create all necessary receivables for past payments. |
| 4           | Apply the payment to the debts.  |

**Note:** The contract owner **must** be “**Active**” in SCIMS to cancel a payment.

County Offices must **not** write-off, withdraw, or compromise these debts. Contact Robin Jones at 816-926-1613 with any questions about debts.

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**4 Creating Receivables for Contract BQL Decreases**

**A BQL Decrease for Sold Contracts**

The following table provides steps for County Offices to complete a BQL decrease for a sold contract.

| <b>Step</b> | <b>Action</b>   |
|-------------|---|
| 1           | <p>Establish a receivable according to 67-FI for the entire amount of the BQL reduction for all contract years through CRS using program code “<b>OTHER</b>”. This allows the:</p> <ul style="list-style-type: none"> <li>• initial notification letter to be issued</li> <li>• starts the clock for the:                             <ul style="list-style-type: none"> <li>• automated demand letter to be issued in 30 calendar days</li> <li>• receivable to be transferred to claims in 60 calendar days.</li> </ul> </li> </ul> <p><b>Note:</b> Calculate the BQL reduction amount for the receivable using the following formulas:</p> <p style="margin-left: 40px;"><b>Quota Holder:</b><br/>(Contract BQL x \$7 ÷10) x Number of Contract Installments.</p> <p style="margin-left: 40px;"><b>Producer:</b><br/>(Contract BQL x \$1 ÷10) x Number of Contract Installments.</p> |
| 2           | <p>When a payment is received, is it for the entire debt amount?</p> <ul style="list-style-type: none"> <li>• If yes, proceed to step 3.</li> <li>• If no, proceed to step 5.</li> </ul>  |
| 3           | Apply the payment to the debt.  |
| 4           | Proceed to step 10.   |
| 5           | <p>Is the debt in claim status?</p> <ul style="list-style-type: none"> <li>• If no, proceed to step 6.</li> <li>• If yes, proceed to step 7.</li> </ul>   |
| 6           | <p>Place the collection on a CCC-257 using code “<b>MISCINC</b>”. The debt will automatically transfers to a claim status (approximately 60 calendar days), then the partial collection can be applied (see 3-FI for cash receipts).</p> <p><b>Note:</b> County Office staff must <b>not</b> apply partial collections when the debt is in a receivable status.</p>   |

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**4 Creating Receivables for Contract BQL Decreases (Continued)**

**A BQL Decrease for Sold Contracts (Continued)**

| Step | Action   |
|------|--|
| 7    | See 58-FI for claim processing. Once the debt transfers to ACS, use the Adjust a Claims function, “Adjust Claim Program Code” option, to change the program code from “OTHER” to: <ul style="list-style-type: none"> <li>• “05TTPPCOMMPRO” for a producer</li> <li>• “05TTPPCOMMQUO” for a quota holder</li> </ul> |
| 8    | In the Cash Receipt System, use the “Modify a Schedule of Deposit” option to delete program code “MISCINC” from CCC-257 (leave remittance on CCC-257).   |
| 9    | In ACS, apply the collection to the claim using an “Already Prepared Schedule” and the correct sequence number to tie the new program code to the remittance on CCC-257.   |
| 10   | No further action is necessary.  |

**Note:** No actions are required within the TTPP application. When the automated software becomes available, the newly created debt will need to be advanced to claims status and be withdrawn, provided that the establishment amounts are the same. At that time, the debt marked with program code “**OTHER**” will be changed to match the automated code.

BQL decreases must **only** be performed when the contract error is because of an error by the County Office.

County Offices must **not** write-off, withdraw, or compromise these debts. Contact Robin Jones at 816-926-1613 with any questions about debts.

**B BQL Decrease for Transferred Contracts**

The following table provides steps for County Offices to complete a BQL decrease for a transferred contract.

| Step | Action   |
|------|--|
| 1    | Identify all contracts related to the contract being terminated by running the TTPP Contract Maintenance Report. See paragraph 7 for instructions to run the report. |
| 2    | Update CCC-971 contacts to <b>DI</b> status. This will prevent any future payments from being made on the contract.  |

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**4 Creating Receivables for Contract BQL Decreases (Continued)**

**B BQL Decrease for Transferred Contracts (Continued)**

| <b>Step</b> | <b>Action</b>  |
|-------------|--|
| 3           | <p>Establish a receivable according to 67-FI for the entire amount of the BQL reduction for contract payments received by the contract holder through CRS using program code “<b>OTHER</b>”. This allows the:</p> <ul style="list-style-type: none"> <li>• initial notification letter to be issued</li> <li>• starts the clock for the:                             <ul style="list-style-type: none"> <li>• automated demand letter to be issued in 30 calendar days</li> <li>• receivable to be transferred to claims in 60 calendar days.</li> </ul> </li> </ul> <p><b>Note:</b> Calculate the BQL reduction amount for the receivable using the following formulas:</p> <p><b>Quota Holder:</b><br/>                     (Contract BQL x \$7 ÷10) x Number of Contract Installments.</p> <p><b>Producer:</b><br/>                     (Contract BQL x \$1 ÷10) x Number of Contract Installments.</p> |
| 4           | Apply the payment to the debts.  |

**Note:** County Offices must **not** write-off, withdraw, or compromise these debts. Contact Robin Jones at 816-926-1613 with any questions about debts.

**5 Returned Treasury Checks and New Contract BQL’s**

**A Processing Treasury Checks Returned to the County Office**

Deface Treasury checks returned to County Offices by stamping or writing the words “**Void**” or “**Canceled**” across the face of the check and return Treasury checks to:

NFC  
 PO Box 34668-1068  
 Kansas City MO 64116-1068.

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**5 Returned Treasury Checks and New Contract BQL's (Continued)**

**B Requesting BQL for New Contract**

If the correct owner applies for BQL, the County Office will have to temporarily increase the farm BQL to satisfy the new contract until maintenance software is available. The County Office **must** submit this request in writing to the State Office. This request **must** include documentation that the receivables have been created. The State Office **must** submit the request to DAFFP, requesting BQL to be increased to create the necessary contract and provide documentation to support the temporary BQL increase, including documenting the receivable has been collected.

**6 System Functionality**

**A TTPP Contract Maintenance Report**

| Step | Action  |
|------|---|
| 1    | On the TTPP Home Page, from the <b>Links</b> menu, CLICK <b>“Reports”</b> .   |
| 2    | From Report Selection Criteria Page, CLICK <b>“Search Reports by Name”</b> .  |
| 3    | In the Report Name drop-down box, CLICK <b>“Contract Maintenance”</b> .   |
| 4    | Enter either the original CCC-955/CCC-956 number or any of the new CCC-955/CCC-956 numbers and CLICK <b>“View PDF Report”</b> . The report will list all CCC-955/CCC-956's related to the CCC-955/CCC-956 number entered. |

**B Example TTPP Contract Maintenance Report**

This is an example of the TTPP Contract Maintenance Report. The TTPP Contract Maintenance Report will show all resulting CCC-955/CCC-956's associated with the original CCC-955/CCC-956 number.

| TTPP Contract Maintenance Report |                        |               |               |               |                 |              |             |              |                    |               |
|----------------------------------|------------------------|---------------|---------------|---------------|-----------------|--------------|-------------|--------------|--------------------|---------------|
| Form Number: CCC-956             |                        |               |               |               |                 |              |             |              |                    |               |
| Producer Contracts               |                        |               |               |               |                 |              |             |              |                    |               |
| Contract Number                  | Parent Contract Number | Producer Name | Tax ID / Type | Approval Date | Contract Status | Tobacco Type | Farm Number | Program Year | Base Quota Level   | Contract Type |
| 999 99999999 99                  |                        | JAMES H DOE   | ****99951S    | 12-14-2006    | Cancelled       | Flue-Cured   | 0000888     | 2004         | 456                | ORG           |
|                                  |                        |               |               |               |                 |              |             |              | Contract Total BQL | 456           |
| 999 99999999 98                  | 99999 99999999         | JOHN H DOE    | ****99911S    |               | Pending         | Flue-Cured   | 0000888     | 2004         | 450                | 971           |
|                                  |                        |               |               |               |                 |              |             |              | Contract Total BQL | 450           |
| 999 99999999 97                  | 99999 99999999         | JAKER H DOE   | ****99921S    | 12-19-2006    | Approved        | Flue-Cured   | 0000888     | 2004         | 6                  | 971           |
|                                  |                        |               |               |               |                 |              |             |              | Contract Total BQL | 6             |

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**7 CCC-975 (RPT-I-00-TB-07-01), Tobacco Transition Payment Program (TTPP) County Office Quarterly Report of Contracts Pending Termination or BQL Decrease**

**A Instructions for Completing CCC-975 (RPT-I-00-TB-07-01)**

County Offices shall:

- complete CCC-975's according to this table
- submit CCC-975's according to subparagraph 2 A.

| <b>Item</b> | <b>Description</b>  |
|-------------|---|
| 1           | Enter date of the report.   |
| 2           | Enter 3-digit county code.  |
| 3           | Enter 2-digit State code  |
| 4           | Enter TTPP contract number of the contract to be changed.   |
| 5           | Enter TTPP parent contract number of the contract to be changed. See paragraph 6 for instructions to run the Contract Maintenance Report to identify related contracts. Original contracts will <b>not</b> have a parent contract number. |
| 6           | Enter TTPP contract type; either "QH" (quota holder) or "QP" (producer).  |
| 7           | Enter name of the contract owner.   |
| 8           | Enter date the termination or BQL reduction action is effective, formatted MM/DD/YYYY.  |
| 9           | Enter TTPP contract status (see subparagraph 8 C for valid TTPP contract status codes).   |
| 10          | Enter number of years for which the contract was created.   |
| 11          | Enter amount of the manual receivable created.  |
| 12          | Enter the change type; "VT", "IT", or "BQL" (BQL decrease).   |
| 13          | Enter current contract BQL.   |
| 14          | Enter amount of BQL decrease. If this is a VT or an IT, this amount should match the existing contract BQL.   |
| 15          | Enter CED name.   |
| 16          | CED signature.  |
| 17          | Enter date CED signed CCC-975.  |



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**8 CCC-976 (RPT-I-00-TB-07-02), Tobacco Transition Payment Program (TTPP) State Office Quarterly Report of Contracts Pending Termination or BQL Decrease**

**A Instructions for Completing CCC-976 (RPT-I-00-TB-07-02)**

State Offices shall:

- complete CCC-976's according to the following instructions
- submit CCC-976's according to subparagraph 2 B.

| <b>Item</b> | <b>Description</b>  |
|-------------|---|
| 1           | Enter date of the report.   |
| 2           | Enter 2-digit State code.   |
| 3           | Enter TTPP contract number of the contract to be changed.   |
| 4           | Enter TTPP parent contract number of the contract to be changed. See paragraph 6 for instructions to run the Contract Maintenance Report to identify related contracts. Original contracts will <b>not</b> have a parent contract number. |
| 5           | Enter TTPP contract type; either "QH" (Quota Holder) or "QP" (Producer).  |
| 6           | Enter name of the contract owner.   |
| 7           | Enter date the termination or BQL reduction action is effective, formatted MM/DD/YYYY.  |
| 8           | Enter TTPP contract status (see subparagraph C for valid TTPP contract status codes).   |
| 9           | Enter number of years for which the contract was created.   |
| 10          | Enter the amount of the manual receivable created.  |
| 11          | Enter the change type; "VT", "IT", or "BQL" (BQL decrease).   |
| 12          | Enter current contract BQL.   |
| 13          | Enter amount of BQL decrease. If this is a VT or an IT, then this amount should match the existing contract BQL.  |
| 14          | Enter State Office representative name.   |
| 15          | State Office representative signature.  |
| 16          | Enter date State Office representative signed CCC-976.  |

