

For: Cotton State and County Offices

**Modifications to Cotton Loan Software Systems for Upland Cotton
Fine Count Adjustment and 10 Percent Maximum Storage-Credit Rate Reduction**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 (2008 Act) provides:

- that the warehouse storage rates to be used for calculating storage credits applicable to upland cotton loan repayment amounts shall be the storage-credit rate applicable to the 2006 crop, reduced as follows:
 - for 2008 through 2011 crop loan redemptions, reduce the maximum storage-credit rates used for the 2006 crop by 10 percent
 - for 2012 and subsequent crop repayments, reduce the maximum storage-credit rates used for the 2006 crop by 20 percent
- for applying a fine count adjustment to upland cotton loan repayment amount calculations.

B Purpose

This notice announces that, effective with upland cotton loan redemptions calculated starting August 28, 2009, the:

- 10 percent reduction of the maximum storage-credit rates will be implemented in **all** cotton software systems for upland cotton redemption calculations
- fine count adjustments will be implemented in APSS loan redemption calculations; the fine count adjustment has previously been incorporated into ACRS used by CMA's and LSA's, and into the web-based redemption processes used by merchants.

Note: Software to implement these changes in the System 36 will be broadcast August 27, 2009, and contained in County Release No. 675 scheduled for early September 2009.

Disposal Date	Distribution
January 1, 2010	Cotton State Offices; State Offices relay to applicable County Offices, Cotton CMA's and LSA's, and Cotton Clerks

Notice CN-1040

1 Overview (Continued)

C Contact

For questions or information about this notice, State Offices shall contact Gene Rosera, PSD, by either of the following:

- e-mail to gene.rosera@wdc.usda.gov
- telephone at 202-720-8481.

2 Reducing Storage-Credit Maximum Rates

A ACRS and APSS Modifications

Effective for transactions processed starting August 28, 2009, ACRS and APSS shall both be modified to calculate storage credits as the lower of the following:

- public tariff storage rate for the crop year submitted by the warehouse where stored
- storage-credit rate applicable to the 2006 crop, reduced as follows:
 - for the period starting August 28, 2009, and ending with the 2011 crop repayments, the maximum storage-credit rates used for the 2006 crop reduced by 10 percent
 - for 2012 and subsequent crop repayments, the maximum storage-credit rates used for the 2006 crop reduced by 20 percent.

B Maximum Storage-Credit Rates

The maximum storage-credit rates are shown in the following table.

Maximum Storage-Credit Rates		
Warehouse Location	Monthly Rate	Daily Rate
For repayments processed starting August 28, 2009, and ending with 2011 crop repayments:		
Arizona and California	\$3.9330	\$0.1293
all other States	\$2.3940	\$0.0787
For 2012 and subsequent crop repayments:		
Arizona and California	\$3.4960	\$0.1149
all other States	\$2.1280	\$0.0700

Note: For any cotton storage warehouse that does **not** have a storage-credit rate established for the 2006 crop, DACO staff will provide a rate to be used.