

**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-1246 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>Disposal Date</b>	<b>Distribution</b>
September 1, 2008	Tobacco State Offices; State Offices relay to applicable County Offices

## Notice TB-1247

### 1 Overview (Continued)

#### B Purpose

This notice:

- clarifies the instructions for requesting an increase to the farm BQL
- provides instructions for manually processing and tracking VT's, IT's, and BQL reductions for sold or transferred contracts until TTPP provides software functionality
- provides instructions for 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)
- obsoletes Notice TB-1246.

**Note:** VT's and BQL decreases **must** only be performed when the 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.

### 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
- adjust BQL once notified of DAFP approval for temporary BQL increases

**Notice TB-1247**

**2 Action (Continued)**

**A County Office Action (Continued)**

- 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
- 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.

Notice TB-1247

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 VT's or IT's for sold contracts.

Step	Action
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> (Contract BQL x \$7 ÷10) x Number of Contract Installments.</p> <p><b>Producer:</b> (Contract BQL x \$1 ÷10) x Number of Contract Installments.</p>

**Notice TB-1247**

**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).  <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.

**Notice TB-1247**

**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 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.  <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.

**Notice TB-1247**

**4 Creating Receivables for Contract BQL Decreases**

**A BQL Decreases for Sold Contracts**

The following table provides steps for County Offices to complete BQL decreases for sold contracts.

<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="padding-left: 40px;"><b>Quota Holder:</b> (Contract BQL x \$7 ÷10) x Number of Contract Installments</p> <p style="padding-left: 40px;"><b>Producer:</b> (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>

**Notice TB-1247**

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

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

<b>Step</b>	<b>Action</b>
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 Decreases for Transferred Contracts**

The following table provides steps for County Offices to complete BQL decreases for transferred contracts.

<b>Step</b>	<b>Action</b>
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.



**Notice TB-1247**

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

**B BQL Decreases 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>  <math>(\text{Contract BQL} \times \\$7 \div 10) \times \text{Number of Contract Installments}</math></p> <p><b>Producer:</b>  <math>(\text{Contract BQL} \times \\$1 \div 10) \times \text{Number of Contract Installments.}</math></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.

**Notice TB-1247**

**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** request PAR be created by NTPC to increase the total farm BQL. This request **must** include documentation that the receivables have been collected. The State Office **must** approve PAR to increase the total farm BQL and submit PAR to NTPC. DAFP **must** approve PAR to increase the total farm BQL **before** the County Office increases BQL. NTPC will notify the County Office of DAFP approval.

**6 System Functionality**

**A TTPP Contract Maintenance Report**

Step	Action
1	On the TTPP Home Page, from the <b>Links</b> menu, <b>CLICK “Reports”</b> .
2	From Report Selection Criteria Page, <b>CLICK “Search Reports by Name”</b> .
3	In the Report Name drop-down box, <b>CLICK “Contract Maintenance”</b> .
4	Enter either the original CCC-955/CCC-956 number or any of the new CCC-955/CCC-956 numbers and <b>CLICK “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	****99951G	12-14-2006	Canceled	Flue-Cured	0000888	2004	456	ORG
									Contract Total BQL	456
999 99999999 98	99999 99999999	JOHN H DOE	****99911G		Pending	Flue-Cured	0000888	2004	450	971
									Contract Total BQL	450
999 99999999 97	99999 99999999	JAKER H DOE	****99921G	12-19-2006	Approved	Flue-Cured	0000888	2004	6	971
									Contract Total BQL	6

**Notice TB-1247**

**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 VT or IT, this amount should match the existing contract BQL.
15	Enter CED name.
16	CED signature.
17	Enter date CED signed CCC-975.

**Notice TB-1247**

**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 (Continued)**

**B Example of CCC-975 (RPT-I-00-TB-07-01)**

Following is an example of CCC-975.

**This form is available electronically.**

**CCC-975**  
(10-30-07)

**U.S. DEPARTMENT OF AGRICULTURE**  
Commodity Credit Corporation

**TOBACCO TRANSITION PAYMENT PROGRAM (TTPP)**  
**COUNTY OFFICE QUARTERLY REPORT OF CONTRACTS**  
**PENDING TERMINATION OR BQL DECREASE**

(RPT-I-00-TB-07-01)

1. Reporting Date (Check One)  
 January 15     April 15  
 July 15       October 15

2. County Code  
3. State Code

FAX the Signed CCC-975 Report to the State Office Quarterly, on January 15, April 15, July 15, and October 15. Negative Reports Required.

**CONTRACT INFORMATION**

4. Contract Number	5. Parent Contract Number	6. Contract Type (QH, QP)	7. Contract Holder Name	8. Action Effective Date (MM-DD-YYYY)	9. Contract Status 1/	10. Contract Years	11. Receivable Amount \$	12. Change Type (VT, IT, BQL)	13. Existing Contract BQL	14. BQL Decrease Amount

**CED APPROVAL**

15. County Office Representative's Name  
16. Signature  
17. Date Signed (MM-DD-YYYY)

1/ Contract Status Codes and Descriptions  
 AP = Approved      DI = In Dispute      SI = Sold  
 CL = Cancelled    IT = Involuntary Termination    VC = Voluntary Cancellation  
 CP = Complete      PE = Pending                      VT = Voluntary Termination

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**Notice TB-1247**

**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 VT or IT, 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.

Notice TB-1247

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 (Continued)

B Example of CCC-976 (RPT-I-00-TB-07-02)

Following is an example of CCC-976.

This form is available electronically.

CCC-976  
(10-30-07)

U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

1. Reporting Date (Check One)  
 January 31     April 30  
 July 31         October 31

2. State Code

TOBACCO TRANSITION PAYMENT PROGRAM (TTPP)  
STATE OFFICE QUARTERLY REPORT OF CONTRACTS  
PENDING TERMINATION OR BQL DECREASE

(RPT-I-00-TB-07-02)

FAX the Signed CCC-976 Report to DAFP Quarterly, on January 31, April 30, July 31, and October 31. Negative Reports Required.

**CONTRACT INFORMATION**

3. Contract Number	4. Parent Contract Number	5. Contract Type (QH, CP)	6. Contract Holder Name	7. Action Effective Date (MM-DD-YYYY)	8. Contract Status 1/	9. Contract Years	10. Receivable Amount \$	11. Change Type (VT, IT, BQL)	12. Existing Contract BQL	13. BQL Decrease Amount

**APPROVAL**

14. State Office Representative's Name

15. Signature

16. Date Signed (MM-DD-YYYY)

1/ Contract Status Codes and Descriptions  
 AP = Approved                    DI = In Dispute                    SI = Sold  
 CL = Cancelled                    IT = Involuntary Termination                    VC = Voluntary Cancellation  
 CP = Complete                    PE = Pending                    VT = Voluntary Termination

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C TTPP Contract Status Codes and Descriptions

This table provides valid contract status codes and descriptions.

Valid Contract Status Code	Description
AP	Approved
CL	Cancelled
CP	Complete
DI	In Dispute
IT	Involuntary Termination
PE	Pending
SI	Sold
VC	Voluntary Cancellation
VT	Voluntary Termination