

**For:** State and County Offices, Peanut CMA's and DMA's

**Collection of Federal and State Commodity Assessments**

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



**1 Overview**

**A Background**

Pub. L. 108-470 provided the Secretary of Agriculture discretionary authority to collect approved State and Federal commodity assessments on behalf of State or Federal entities from the proceeds of marketing assistance loans (MAL). CCC issued a proposed rule with a 30 calendar day comment period that was published in FR on June 7, 2005. Several comments were received and considered by CCC.

The Final Rule was published in FR on September 2, 2005. The Final Rule adopted the proposed rule with minor changes. Based on the Final Rule, CCC will implement policy and procedure for administering the collection of Federal and State commodity assessments from MAL proceeds.

**B Purpose**

This notice provides guidance to State and County Offices about policies and procedures for collecting Federal and State commodity assessments from MAL proceeds.

**C Contacts**

State Offices shall direct questions about this notice or the collection of commodity assessments to the following PSD personnel.

Name	Telephone Number	E-mail Address
Kimberly Pritchett	202-720-3110	<b>kimberly.pritchett@wdc.usda.gov</b>
Kimberly Graham	202-720-9154	<b>kimberly.graham@wdc.usda.gov</b>
Tonye Gross	202-720-4319	<b>tonye.gross@wdc.usda.gov</b>

**Note:** Tonye Gross shall be contacted for Federal and State peanut commodity assessments.

<b>Disposal Date</b>	<b>Distribution</b>
June 1, 2006	State Offices; State Offices relay to County Offices and Peanut CMA's and DMA's

## Notice LP-2000

### 2 Policies and Procedures for Collecting Commodity Assessments

#### A General Guidance

CCC may deduct approved Federally or State authorized commodity assessments from a producer's MAL proceeds. The assessment may be collected at the time the loan is disbursed or forfeited. The following conditions **must** be met before CCC can collect commodity assessments:

- for State commodity assessments the State entity **must**:
    - submit a written request for the collection of a commodity assessment and a copy of the State legislation authorizing the commodity assessment to the applicable SED
- Note:** The written request for the collection must include when the commodity assessment is to be collected, at the time of loan disbursement or when the loan collateral is forfeited, and the name of the State entity Director or Official authorized to enter into an agreement with CCC.
- provide a written opinion from the Office of the Attorney General that verifies the State Director or authorized Official has legal authority to enter into agreement with CCC and that the State legislation authorizing the collection of the commodity assessment is in compliance with Pub. L. 108-470
- Note:** This written opinion shall be sent to the SED along with the written request for the collection of the commodity assessment.
- have the Director or authorized signing Official of the State entity sign a Memorandum of Understanding (MOU) agreeing to the terms and conditions as provided in the MOU, according to subparagraph B
- for Federally mandated commodity assessments, the Federal entity **must** submit a written request and a copy of the Federal statute authorizing the collection of the commodity assessment to the following address:

Director  
Price Support Division  
1400 Independence Ave, SW  
Stop Code 0512  
Washington, DC 20250-0512

- CCC will deduct the commodity assessments according to the Federal statute.

SED's shall submit all required information received from the State or Federal entity to PSD. A review and preliminary approval will be determined based on the information received from the applicable entity and the SED.

## Notice LP-2000

### 2 Policies and Procedures for Collecting Commodity Assessments (Continued)

#### B MOU

State entities are required to enter into an agreement with CCC for the collection of commodity assessments. The authorized State Director or authorized Official will be required to sign an MOU before the collection of assessment can begin.

For State entities, a MOU will be sent to the SED if the request is approved, to obtain final signatures of the respective parties. State entities have 30 calendar days to return the signed and dated MOU to the SED. The SED or designee will sign the MOU on behalf of CCC and submit the original signed and dated MOU to PSD as soon as possible.

Current and existing MOU's will remain in effect for the 2005 crop year. Beginning with the 2006 crop year, new MOU's will be required to continue the collection of existing commodity assessments. State Offices shall inform the applicable State entity of this requirement for 2006 crop year as soon as possible.

#### C New MOU's

Any new request for State commodity assessment collections must follow the guidelines provided in subparagraph A, before CCC can deduct commodity assessments from producer's MAL proceeds. This would include entering into new MOU's with CCC.

These new MOU's would remain in effect for the 2005 and subsequent crop years, unless authority for the collecting of the commodity assessment is terminated (by CCC or the applicable entity) or no longer authorized through legislation.

**Example:** State legislation is changed or has expired and collection of the commodity assessment is no longer authorized. MOU would be terminated and any future commodity assessments collections would require a new MOU.

A new MOU is being drafted and will be included in a future amendment to 8-LP.

#### D Deduction of Commodity Assessment

Upon the approval and the receipt of properly signed MOU's, APSS will be modified to deduct the commodity assessment, as applicable. Federal and State entities shall be informed of the necessary automation enhancements associated with deducting the commodity assessment fees. Software enhancements could take as long as 8 weeks from the date PSD receives the properly signed and dated MOU or written request (Federal entities).

Federal and State entities may be subject to administrative costs associated with the collection of the assessment. If administrative costs are required from the State entity, the MOU will reflect these mandatory costs and how they should be paid to CCC.

## Notice LP-2000

### 2 Policies and Procedures for Collecting Commodity Assessments (Continued)

#### E Deduction of Federal Peanut Commodity Assessment for Loan Collateral Peanuts

The Peanut Promotion Board shall complete the applicable steps outlined in subparagraph A, and be guided by the following:

- CCC has been authorized to collect the peanut research and promotion fee from the proceeds of a peanut farm- or warehouse-stored MAL when the loan is disbursed
- a 1 percent research and promotion fee will be deducted from the producers loan proceeds based on the value of the MAL at disbursement
- CCC will remit the collected fees to the National Peanut Board no later than 60 calendar days after the last day of the month in which the peanuts were offered as collateral for a MAL
- effective on the date of this notice, peanut DMA's and CMA's will be responsible for collecting the research and promotion fee from DMA or CMA disbursed loans and remitting the collection to the National Peanut Board
- APSS software to allow the deduction of the peanut research and promotion fee will be released with a future Information Bulletin

**Note:** County Release No. 571 **must** be installed before installing the broadcast.

- Notice PS-524 provides additional information on the APSS modifications
- the first handler/purchaser is responsible for the collection and remittance of all of peanut research and promotion fees for commercially purchased peanuts.

#### F Regulations

Regulations providing authority for the collection of commodity assessments can be obtained at [www.fsa.usda.gov/dafp/psd](http://www.fsa.usda.gov/dafp/psd).

## Notice LP-2000

### 3 Responsibility and Action

#### A FSA Responsibility

FSA has the responsibility for:

- accepting and approving written request for commodity assessment deductions
- collecting assessments and fees
- issuing the collected assessment amounts and fees to the applicable entity, as determined by CCC.

#### B SED Responsibility

SED is responsible for:

- forwarding requests and required documentation to PSD for review and preliminary approval
- signing MOU's between State entities and CCC on behalf of CCC
- informing the applicable entity in writing of the status of the request and when the commodity assessment collections will begin.

#### C State Office Action

SED's shall ensure that the contents of this notice are made available to commodity groups, producer organizations, and producers using all available sources. State Offices shall refer any questions or concerns to the National Office according to subparagraph 1 C.