



Marketing and
Regulatory Programs

Agricultural Marketing
Service

Fair Trade Practices
Program

Warehouse and
Commodity
Management
Division

P.O. Box 419205
Mail Stop 9148
Kansas City, Missouri
64141-6205

August 23, 2019

Dear Agreement Holder:

Pursuant to the Agriculture Improvement Act of 2018 (Farm Bill), the Upland Cotton Economic Adjustment Assistance Program (EAAP) has changed to the Upland Cotton Economic Adjustment Assistance for Textile Mills (EAATM) Program. The EAAP Agreement has been updated to incorporate the program name change and clarify certain elements of the Agreement. A summary of the revisions includes:

- **Section A-1(c)**: Clarification of eligible expenditures – “...Expenditures that are not directly associated with manufacturing of upland cotton into eligible cotton products are beyond the scope of the EAATM and are not eligible expenditures for EAATM.”
- **Section A-3**: Completion and Execution of the Agreement: “...Agreement Holders must stipulate in writing the intended use of all funds projected to be received under this program for the sole purpose of capital expenditures directly attributable to the purpose of manufacturing upland cotton into eligible cotton products.”
- **Section A-9(a)**: Names and addresses updated.
- **Section A-13 Appeals**: Addresses updated.
- **Section B-4**: Additional clarification of net weight bales – “Net bale weights must either be vendor weights or certified reweights. The weight purchased and claimed for the purpose of CCC payment under EAATM must be the same.”
- **Section B-7(h)**: Additional requirement to this section – “Maintain a supplemental ledger based on item (g) for the purposes of audit. Ledger should include only eligible capital expenditures in excess of payments received for the sole purpose of manufacturing upland cotton into eligible cotton products in the United States. The expenditures should be recorded to include, but not limited to, description of expenditure, acquisition date, method of payment, date of payment and amount of payment.”
- **Section B-8**: Pre-approval of Expenditures Exceeding \$100,000: “Any expenditure exceeding \$100,000 to be utilized by the Agreement Holder for purposes of meeting the eligibility requirements of an allowable purpose under the program must receive pre-approval from the License and Storage Contract Branch, WCMD. Failure to receive pre-approval will result in the asset not being considered as a qualified expenditure.
- **Section B-9(a)**: Requirement of Eligible Purchases with CCC Funding to be Readily Put into Service: The Agreement Holder is required to install assets purchased with CCC funds, within 24 months after the date of a purchase agreement. If unforeseen difficulties prevent the Agreement Holder from

meeting the 24-month installation time, the Agreement Holder must receive approval from the License and Storage Contract Branch, WCMD.

- **Section B-10:** Prohibition of Direct or Indirect Transfer of CCC Funds in a Plant or Corporate Acquisition: In the event of a corporate acquisition of an Agreement Holder or its plant, the Agreement Holder is required to sign a written verification certifying that no CCC funds were transferred, either in cash or as an asset purchased exclusively to be transferred to the acquiring company.

A decision has been made regarding the carryover of expenditures to successive marketing years. The following provision has been added to the Agreement:

- **Section B-9(b):** The Agreement Holder must make expenditures equal to, or greater than, any amounts paid by CCC within any marketing year. A marketing year being August 1 of each year and ending July 31 of the next year. Expenditure amounts that exceed the amount paid to Agreement Holder for any marketing year will not carry over to the following marketing year. The Agreement Holder will have 18 months following the end of the marketing year to expend the amounts received from CCC. **Example:** Funds paid for consuming cotton during the 2018 Marketing Year began August 1 of 2018 and ended July 31 of 2019. The funds received for that period from CCC must be spent within 18 months in the amount equal to or greater than the funds received. The cut-off date for expending those funds will be January 31, 2021. Agreement holder received \$250,000 from CCC during the course of the 2018 Marketing Year. Agreement Holder listed two invoices on their supplemental ledger listing only eligible capital expenditures. Inv. 1 – Lift truck with bale clamp \$55,000 and Inv. 2 – Carding and drawing equipment replacement - \$1,060,000 for a total of \$1,115,000. These monies were spent during the 18 months following the 2018 marketing year. \$1,115,000 Expended minus 250,000 received from CCC = \$865,000 – the \$865,000 will not be carried forward.

Effective date of the updated Agreement is August 1, 2019. Attached is a copy of the updated Agreement. Please complete, sign, and submit the Agreement to this office by **September 30, 2019**. An executed copy will be returned to Agreement Holder upon signature by a CCC representative.

Sincerely,



Carie Cameron, Chief
License and Storage Contract Branch
Warehouse and Commodity Management Division