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FACSIMILE

TO:

NAME: BRUCE REED

OFFICE: WHITE HOUSE

FAX: **TELEPHONE:**

FROM:

NAME: DEBRA M. BRYANT, DIRECTOR Bryant

DATE: 9/12/97 **NUMBER OF PAGES:** 1

COMMENTS OR INSTRUCTIONS:

Governor Hunt is traveling today and asked me to deliver the following text to the White House. He spoke to the President Wednesday night and offers the following language:

"IT IS ESSENTIAL THAT THE SETTLEMENT OF THESE ISSUES PROVIDE FAIR COMPENSATION TO THE AMERICAN TOBACCO FARMERS AND THEIR FAMILIES FOR LOST INCOME AND FARM VALUE."

Governor Hunt would be very grateful if the President would include this language in his tobacco settlement statement.

Thank you for your assistance.

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What the farmers want

Saturday, July 19, 1997

The following are highlights of the terms that the tobacco farmers want added to the proposed tobacco settlement:

Minimum-purchase guarantees

• Require tobacco companies to buy at least 600 million pounds of flue-cured tobacco a year for the duration of the settlement.

• Require tobacco companies to buy at least 450 million pounds of burley tobacco a year for the duration of the settlement.

• Levy penalties for purchases under those amounts. **Price-support program**

• If quotas -- the amount of tobacco that farmers are allowed to grow -- fall below 60 percent of the 1997 quota level, the federal government would pay flue-cured tobacco farmers $14 a pound for their quotas plus an amount equal to the lost value of their farmland. **Farmers funds**

• Set aside 2 percent of the settlement payout -- or $7.4 billion over 25 years -- to buy out quotas and provide other economic assistance to tobacco farmers.

• Require the tobacco companies to contribute $150 million a year to run the federal tobacco program.

• Require the tobacco companies to contribute $150 million a year for economic development in tobacco-dependent communities. **Other provisions**

• Extend immunity from class-action lawsuits and punitive damages to tobacco farmers and tobacco farm organizations.

• Require tobacco companies to buy the tobacco that the flue-cured cooperative and burley cooperatives have left in their inventories.

Tobacco tab may grow

Growers want larger purchase commitments

Saturday, July 19, 1997

By John Hoeffel

JOURNAL WASHINGTON BUREAU

WASHINGTON

Tobacco farmers from seven Southern states want tobacco companies to come up with $14.9 billion over 25 years to help them cope with a proposed settlement which threatens their livelihoods.

Their draft proposal locks the companies into buying more domestic tobacco than they do now, extend to farmers the same legal immunity granted to the companies, and require the federal government to buy out farmers if tobacco quotas drop more than 40 percent from their current level.

The four-page document, which was sent to tobacco-state congressmen yesterday, was the consensus of about 50 officials from tobacco states and farm groups who met in Raleigh on Thursday morning.

"The only hope that farmers can get assurance that they can grow tobacco and get a quote-unquote proper return on it is through the congressional people," said Lioniel S. Edwards, the general manager of the Flue-Cured Stabilization Corp., a cooperative.

The tobacco settlement was negotiated with no farmers at the table, but the parties have agreed that farmers should be added. White House officials, who are reviewing the settlement, met this week with farm officials but made no promises.

Edwards said that farmers aren't enthusiastic about the settlement, which is designed to ratchet down tobacco use. "They see themselves as being squeezed," he said.

The farmers and companies are often at odds on tobacco issues. The companies want cheap tobacco and have relied heavily on imports from Brazil and Zimbabwe. But the companies bargain with the farmers because, as stewards of the land and icons of a traditional culture, the farmers offer much-needed political cover. Once a settlement is sealed, that relationship could end. So farmers are desperate to ensure their future in the settlement itself.

Exactly how tobacco-state politicians will work together to reach a consensus on a proposal is unclear. Many have scrambled to present themselves as defenders of the farmers.

Gov. Jim Hunt, Attorney General Mike Easley and Agriculture Commissioner Jim Graham all came to the capital last week, but at different times.

More than a few congressmen have lunged for a prominent role, hoping to fill the vacuum left by former Rep. Charlie Rose. Rose, who retired in 1996, was the powerful leader of the tobacco forces in the House. No one congressman has taken his place.

"We're in the process of shaking that down," said Rep. Bob Etheridge, who has a tobacco farm in Lillington in Harnett County and has set up a toll-free hotline for tobacco farmers. "It's staring to gel."

North Carolina farm officials appear to be counting on Rep. Eva Clayton, the highest-ranking North Carolinian on the Agriculture Committee. Etheridge and Rep. Mike McIntyre are also on the committee, and both are on the tobacco subcommittee. Rep. Richard Burr could also have a pivotal role as a Republican on the health subcommittee.

Aides to several North Carolina legislators called the proposal reasonable but ambitious. "There are some things in here that they know they're not going to get," said Robert L. Gibbs, Etheridge's spokesman.

Stephen F. Later, the legislative counsel to Sen. Lauch Faircloth, defended the hefty payout. "The financial commitment to farmers in this package will test the rhetoric of members of Congress who claim to be friends of farmers but foes of cigarettes," he said.

Farm officials cautioned that this is a rough draft. Some parts are vague, and others appear to conflict. Larry Wooten, the assistant to the president of the N.C. Farm Bureau, said: "When you start out, you put in there what you think is realistic and see where you go. I'm not going to give up on any of this at this point or endorse it wholeheartedly,"

The tobacco companies declined to comment.

Under the farmers' proposal, 2 percent of the settlement payout would be used to help the farmers, including buying back their tobacco quotas. The quotas, known as allotments, are the number of pounds farmers are allowed to raise. Limiting production elevates the price that tobacco fetches at auction.

The settlement calls for a $368.5 billion payout over 25 years and $15 billion a year after that for as long as the companies sell cigarettes. Under the farmers' plan, their share would be $7.4 billion over 25 years and $300,000 each year after that.

The companies would pay $150 million a year to run the federal tobacco program, which includes inspections, grading, market news, statistical studies and price-support administration. That program, however, cost just $17.3 million to run in the fiscal year that ended last September.

Crop insurance for tobacco is the major federal tobacco expense, but it was not included in the proposal. The insurance program cost $79.8 million in the past fiscal year. Smoking foes hope to kill it in the House next week.

The companies would also pay $150 million a year to set up a fund that would provide economic assistance to communities that are hit hard as tobacco sales dwindle with the decline in cigarette sales.

The companies would also have to contribute an amount each year equal to any decrease in quota poundage from the current quota multiplied by the average market price from the previous year.

These payouts would total about $14.9 billion for the first 25 years and $600 million a year after that.

That is four times a proposal that appeared in a last-minute draft of the tobacco settlement. Public-health advocates proposed a $150 million annual program to retire tobacco quotas and help farmers switch crops. It was pulled from the final settlement at the request of the tobacco companies.

To ensure that farmers will continue to have a market for their tobacco, the farmers' plan would set up annual minimum-purchase amounts. The companies would have to buy 600 million pounds of flue-cured tobacco and 450 million pounds of burley tobacco. The companies plan to buy about 575 million pounds of flue-cured tobacco this year. They are committed by contract to buy at least 475 million pounds of flue-cured tobacco, but that contract will expire in a few years.

In a novel section of the proposal, the federal government would be required to buy out farmers if quotas fall more than 40 percent below what they are now. At that point, "it will be deemed that the government has seized their property for the public good as in condemnation fashion."

The price-support program would end and farmers would be paid $14 a pound adjusted for inflation for their quotas. Quotas now sell for between $3 and $3.50 a pound. Farmers would also be paid for the loss in market value of their cropland.

Farmers and farm organizations would receive the same immunity from civil lawsuits as the tobacco companies. The settlement bars plaintiffs from bringing class-action lawsuits or collecting punitive damages for actions that occurred before the settlement takes effect. No farmers or farm groups have been sued, but Edwards said, "We'd prefer to be sure."

Tobacco farmer fund is endorsed

State group backs proposal to make up for lost income

By Bill Estep and Gail Gibson
Herald-Leader Staff Writers

LOUISVILLE -- A key tobacco-advisory group yesterday endorsed the idea of a multibillion dollar fund to pay farmers for lost tobacco income.

The decision added momentum to a proposal that would create a fund of up to $17.2 billion to pay farmers and set up economic-development programs in tobacco communities.

The plan, put together by Kentucky's U.S. senators, Democrat Wendell Ford and Republican Mitch McConnell and backed yesterday by the Tobacco Advisory Committee of the Kentucky Farm Bureau Federation, is a response to negotiations in the landmark national tobacco settlement.

The settlement of several states' lawsuits against big tobacco companies would create uncertain times for farmers, said Kentucky Farm Bureau President William R. Sprague.

The money in the proposal represents "some stabilization to help them weather those uncertainties," Sprague said last night.

The advisory committee endorsed the concepts in the proposal, but wants changes in some details.

For instance, the Ford-McConnell draft set aside up to $500 million annually -- a total of up to $12.5 billion over 25 years -- to pay farmers if their tobacco income drops below 1996 levels. Such drops are likely, many farmers believe, if the settlement leads to lower demand for tobacco, as expected.

The advisory committee wants more money diverted from other parts of the $368.5 billion settlement into a fund for supplemental payments to farmers, said Farm Bureau spokesman Roger Nesbitt.

The committee also wants more money put into a fund that groups such as the Farm Bureau would use for development in tobacco communities. The senators' draft called for $50 million annually in that fund.

Farm Bureau officials did not say how much more they want added to either fund.

The advisory committee met to weigh the proposal from Ford and McConnell and a competing plan that the Farm Bureau federation put together with Kentucky and Tennessee burley-tobacco groups.

The goal was to establish one wish list for lawmakers to fight for. (Congressional hearings on the tobacco settlement are planned for September. Parts of the deal must be put in place by law; others would require contracts with the tobacco companies.)

The $368.5 billion settlement between tobacco companies and 40 states currently includes no money to help farmers who could see a drop in income under the deal.

The proposal put together by Kentucky's senators would use up to $17.2 billion of the $368.5 billion for a fund to help farmers and tobacco communities.

The fund would pay farmers for lost tobacco income over 25 years, set up economic-development programs for tobacco communities and pay displaced tobacco workers. It would replace government payments for the tobacco support, grading and insurance programs. And it would pay farmers for lost land value if tobacco production and quotas ever dropped to 60 percent of the 1996 level and the government phased out nicotine.

The proposal also includes provisions for keeping up quotas with minimum purchase requirements for cigarette companies, and penalties if the companies don't buy as much tobacco as intended.

In endorsing the senators' proposal, the Farm Bureau backed away from a more ambitious proposal that it had helped frame. That plan had included a $4-a-pound payment for pounds lost to future quota reductions and a $14-a-pound buyout if the federal tobacco program ever ended or nicotine were ever phased out.

That proposal also included a provision for the federal government to pay the buyout if the tobacco companies ever pulled out of the deal.

The committee dropped those items because it does not want a buyout, but rather wants to preserve the tobacco program with adequate production and prices, Sprague said.

That sets up a conflict with flue-cured tobacco interests in North Carolina, who came up with a new proposal of their own last week.

Perhaps the biggest difference in the two proposals is whether farmers should get the supplemental payments favored in Kentucky's plan or one-time quota buyouts.

The proposal drafted by Ford and McConnell included up to $12.5 billion over 25 years to bring farmers' tobacco income back up to what they made in 1996, if it goes down. But it's not clear that $12.5 billion would be enough to make up for all lost income.

Flue-cured groups instead want money be set aside to buy farmers' quotas and take them out of production.

Arnold Hamm, assistant general manager of the Flue-Cured Tobacco Stabilization Cooperative Corp., said it's possible that the final proposal could include a pot of money for burley and flue-cured farmers to divide differently, with supplemental payments for burley farmers and a quota buyouts for flue-cured.

Representatives of burley and flue-cured groups had talked Monday and yesterday about their proposals to try to square them.

Both sides said they are confident they can work out differences and come up with a consensus proposal.

"The tobacco community will be together on this thing," Sprague said.

The New York Times
Breaking
NEWS FROM A.P.

July 29, 1997

Senators Defend Tobacco Farmers

Filed at 4:00 p.m. EDT

By The Associated Press

WASHINGTON (AP) -- Senators from Tennessee and Kentucky came to the defense of tobacco farmers Tuesday as a committee took up the complex multibillion-dollar tobacco settlement.

Even former Food and Drug commissioner David Kessler sided with the farmers as the Senate Commerce, Science and Transportation Committee -- one of seven committees with interest in the case -- grilled him, four state attorneys general and former Surgeon General C. Everett Koop.

Under the proposed settlement, which requires congressional approval, lawsuits by dozens of state and local governments would be dropped. The tobacco companies would pay $368 billion in penalties.

``The farmer has been completely left out,'' complained Sen. Wendell Ford, D-Ky., noting that efforts to increase the price of cigarettes and reduce smoking will have the effect of reducing farm sales.

``We should remember the interests of the hard-working tobacco farmers, most of whom run the sort of small family farms that remain a part of our nation's heritage,'' added Sen. Bill Frist, R-Tenn. ``They were not at the table when this agreement was negotiated, but they should not be forgotten now.''

Kessler agreed: ``I certainly think everybody should, around the table, pay very close attention to the fate of the farmers, and I would much rather see money going to them ... rather than going to lawyers or even paying smokers who've been harmed in the past.''

But he and Koop were critical of the settlement worked out by attorneys general and the tobacco industry, telling the committee it should be viewed as a starting point for legislation, not a final deal.

The White House, too, has urged that the deal be toughened.

If the agreement is the best Congress can do, then approve it, Kessler said. But, he added, ``you can do better.''

Minnesota Attorney General Hubert H. Humphrey Jr. also repeated his criticism of the deal, calling it a ``Trojan Camel.''

But Mississippi Attorney General Mike Moore defended the agreement, pointing out that in 40 years of lawsuits against tobacco companies no one has ever collected a cent except the $170 million his state banked recently, the first installment on $3.5 billion it will receive from the tobacco industry over 25 years.

``We have to deal in the real world here," added Arizona Attorney General Grant Woods, charging that Kessler's recommendations for Congress to write its own settlement amounted to a ``wish list, the art of the impossible," JournalNow BUSINESS

Tobacco

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What the farmers want

Saturday, July 19, 1997

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• Require tobacco companies to buy the tobacco that the flue-cured cooperative and burley cooperatives have left in their inventories.

NORTH CAROLINA DEPARTMENT OF AGRICULTURE • JAMES A. GRAHAM, COMMISSIONER

DIVISION OF MARKETING

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FAX NO.: SEE BELOW DATE: July 10, 1997

TO: SEE BELOW PAGES: 1 OF 2

FROM: COMMISSIONER JAMES A. GRAHAM

SUBJECT: POSITION ON CURRENT TOBACCO NEGOTIATIONS AS IT RELATES TO PRODUCTION

SEN. JESSE HELMS
SEN. LAUCH FAIRCLOTH
✓ REP. BOB ETHERIDGE
REP. BILL HEFNER
REP. MIKE McINTYRE
CHARLIE RAWLS
ERSKINE BOWLES
BOB JENKINS
LIONIEL EDWARDS
SAM COLEY
PAUL DEW
CHARLIE HARVEY
ROBERT CALDWELL
MAC DUNKLEY
TOMMY BUNN
CHARLIE KING
LISA EDDINGTON
NCSU
USDA-AMS TOBACCO DIVISION - RALEIGH

NORTH CAROLINA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

POSITION ON CURRENT TOBACCO NEGOTIATIONS AS IT RELATES TO PRODUCTION

A meeting was held today at the request of Commissioner James A. Graham to discuss farmer needs in connection with the current tobacco settlement. The following people were in attendance: Commissioner Graham, NCDA (chairman); Deputy Commissioner Weldon Denny, NCDA; W.B. Jenkins, NC Farm Bureau; Larry Wooten, NC Farm Bureau; Lionel Edwards, Flue-Cured Stabilization; Arnold Hamm, Flue-Cured Stabilization; Charles Harvey, Tobacco Growers Assn. of NC; Robert Caldwell, NC State Grange; John Cyrus, NC State Grange; Mac Dunkley, Bright Belt Warehouse Assn.; Paul Dew, NC Agribusiness Council; Sam Coley, USDA-FSA; Carol Holley, USDA-FSA; William Upchurch, NCDA; Carl Sofley, NCDA; David McLeod, NCDA; Harry Daniel, NCDA; Peter Daniel, NCDA.

The group recommends as follows:

1. PROTECT THE CURRENT TOBACCO PROGRAM.

2. MAINTAIN THE TOBACCO QUOTA AND CURRENT PRICE SUPPORT SYSTEM.

3. A COMMITMENT FROM THE TOBACCO COMPANIES TO PURCHASE 600 MILLION POUNDS OF FLUE-CURED TOBACCO ANNUALLY.

It was a consensus of this group that any legislation enacted by Congress to implement the settlement should address the following growers concerns.

4. AUTHORIZE THE SECRETARY OF AGRICULTURE TO IMPLEMENT PROGRAM CHANGES THROUGH A REFERENDUM BY THE GROWERS.

5. SET ASIDE ONE PERCENT (1%) OF SETTLEMENT PACKAGE TO ALLOW FOR QUOTA BUY-DOWN OR OTHER PROGRAM ENHANCEMENTS.

6. TOBACCO GROWERS, GROWERS' ORGANIZATIONS, WAREHOUSES, AND DEALERS SHOULD RECEIVE THE SAME IMMUNITY OR LIMITATION OF LEGAL LIABILITY AFFORDED TO THE TOBACCO COMPANIES.

Prepared July 10, 1997 by the North Carolina
Department of Agriculture and Consumer Services
James A. Graham, Commissioner

Attendees for 3 pm meeting Roosevelt Room on 7/16/97 as of 6:30 pm on 7-15

White House

Bruce Reed
Elena Kagan
Tom Freedman
Elizabeth Drye
Jerry Mande
Mary Smith

From Governor Hunt's office:

Governor James B. Hunt, Jr.
Debra M. Bryant
Fred Hartman
Trooper C.J. Stevens

USDA

Secretary Glickman
Charles Rawls, Executive Assistant to the Deputy Secretary
Dallas Smith, Acting Under Secretary for International Affairs and Commodity Programs

Farm Bureaus

Larry Wooten, Assistant to the President, North Carolina Farm Bureau
Larry McKenzie, South Carolina Farm Bureau
Wayne Ashworth, President, Virigina Farm Bureau
Carl Loop, President, Florida Farm Bureau and Vice President of American Farm Bureau
Wayne Dollar, President,Georgia Farm Bureau
Julius Johnson, Tennessee Farm Bureau
Tim Cansler, Kentucky Farm Bureau
Peter Daniel, North Carolina Farm Bureau

HHS

Secretary Shalala
William Corr
James O'Hara

Victor Zonana

July 14, 1997

Tom,

This is an unconfirmed list of possible attendees for the meeting on Wednesday.

Larry Wooten, Assistant to the President, North Carolina Farm Bureau Bob Jenkins
Harry Bell, President, South Carolina Farm Bureau
Wayne Ashworth, President, Virginia Farm Bureau
Carl Loop, President, Florida Farm Bureau
Wayne Dollar, President, Georgia Farm Bureau
Bill Sprague, President, Kentucky Farm Bureau
Flavius Barker, President, Tennessee Farm Bureau

7-16-97
Farm Bureau
Gov. Hunt Sec'y Glickman

Hunt Small farms; family farms; minority-owned farmers.
Got to reduce teen smoking, we all support that

KY - 60K small farmers highly dependent tobacco.
We need a settlement to stabilize the industry.
U.S. is small player world-wide -
Reach conclusion, don't draw out negotiations, don't demand much more.

GA Nothing in GA we can replace tobacco.

NC Worked his way through NCSU on 3 acres of tobacco.
Everything in the 68 pg settlement document is designed to reduce consumption of tobacco. That will impact negatively on farmers. The tobacco program insures the industry a stable, predictable supply/price. Quotas will be affected we need either stability or compensation. $ has been an integral part of the discussion. If there is compensation we want to be part of that.

Hunt If the quota goes down, the value of your land goes down.

VA Have been a tobacco grower his whole life/also his family
Top cash crop in VA
Should be some way to compensate grower through transition.

FL Very important in northern counties. Make sure growers are considered & treated fairly.

7-16-97 2/3
Farm Bureau

SC Only in a few countries, still the largest cash crop in the state. Producers looking for: certainty - purchasing compensation; care about public health.

Quotas - providers stability through boom-bust years. Based on demand - certain level of stock - foreign & domestic purchases. You can sell quotas, but not across county lines to prevent communities from folding.

DES Comment on POTUS strategy to focus on kids: that will gradually bring down smoking.

KY We may have started slowly, but we support strong measures aimed at kids. Should be an adult choice. Our fear is now it has gone much bigger than just kids.

Hunt Only this agreement will allow us to control advertising.

VA Between settlement & proposed 20¢ tax increase - quota value will go down.

GA July 22 tobacco markets tobacco, when warehouse opens hardware paid, kids get new clothes
We may need to do ~~smol~~ something about women smoking cigars.

TN What is the intent - stop smoking / end tobacco farms. Off shore production would feed a black market.

Hunt 1. We want to keep our program and the poundage
2. We want the companies to buy this crop 600M lbs
3. If consumption goes down - we need to be paid for that loss - one time payment.

7-16-97 3/3
Farm Bureau

KY We believe the POTUS will have big effect - we ask for you to let it move forward without too much change.

Hunt Historic opportunity - it has taken real courage -- I can't believe we have gotten this far - it can be done.

THE WALL STREET JOURNAL INTERACTIVE EDITION FRONT SECTION

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POLITICS & POLICY
WEATHER
LEISURE & ARTS
EDITORIAL
VOICES
TABLE OF CONTENTS

July 19, 1997

Tobacco Farmers Seek Billions In Guarantees From Congress

An INTERACTIVE EDITION News Roundup

WASHINGTON -- Arguing that the proposed multibillion-dollar tobacco settlement threatens their livelihoods, tobacco farmers have asked Congress for $7 billion in economic protections and a requirement that cigarette makers buy a guaranteed amount of U.S. leaf.

The growers also want a promise of government compensation for losses in land value and other property if future regulations cause tobacco use to plummet, according to an eight-point plan developed by farm organizations.

"We're after what the companies got: stability," said Tim Cansler, national affairs director for the Kentucky Farm Bureau Federation. "The implications of this negotiated settlement very much put us into a new light."

The proposed $368 billion settlement of health-related tobacco lawsuits negotiated by the cigarette companies and 40 state attorneys general makes no mention of the impact on America's estimated 124,000 tobacco farms. Tobacco is the nation's sixth-largest cash crop.

Tobacco Industry Is Absent from Tobacco Tax Debate

Officials from tobacco-state farm bureaus, farmer cooperatives and others have reached a consensus on a plan being circulated in Congress. The document represents the first time tobacco growers have put their demands in writing, although they cautioned the plan is subject to change.

The plan calls for 2% of the settlement -- roughly $7 billion from the tobacco companies -- to be set aside for the "economic benefit" of tobacco growers. That could include price supports or possibly buyouts of farmers who want to quit the tobacco business.

Health groups encourage assistance to get farmers out of tobacco, but growers are reluctant because tobacco is so lucrative. It would take 747 acres of corn to produce the same income as 50 acres of tobacco. In addition, overseas markets are booming, giving farmers added incentive to stick with the crop. "Our tobacco farmers want to continue to grow the crop," Mr. Cansler said.

The growers want a guarantee that each year cigarette makers will buy 90% of their historic levels of the two main kinds of tobacco: flue-cured and burley leaf. That is so cigarette makers don't buy more cheaper foreign-grown tobacco.

President Clinton and Republican leaders already have begun discussing the pact's potential effects on farmers, who were invisible in earlier negotiations.

Meanwhile, tobacco-industry representatives have said they might consider changes to parts of their huge settlement, but not to provisions granting them immunity from punitive damages based on past misconduct.

In a wide-ranging briefing, two industry delegates said they were open to discussing suggestions for changes in the parts of the deal governing the Food and Drug Administration's ability to regulate nicotine content in cigarettes and the penalties tobacco companies must pay if youth smoking doesn't decline.

The Clinton administration has singled out the FDA provisions for criticism, arguing that they could make it harder for the FDA to order reductions in nicotine levels. Other critics, including a commission headed by former FDA Commissioner David Kessler and former Surgeon General C. Everett Koop, have asserted that the settlement's penalties for failure to reduce teenage smoking are inadequate.

The tobacco industry has been conspicuously quiet about the settlement since it was announced last month, partly out of fear that a visible campaign on the deal's behalf would only stir up more opposition to it. Yet some in the industry have become concerned about the pounding the settlement has been taking on Capitol Hill and elsewhere, and the briefing Thursday with six reporters was arranged to draw attention to aspects of the deal the industry thinks haven't been adequately aired. The tobacco representatives spoke only on condition of anonymity.

Among other things, the briefing yielded a notion of the industry's "bottom line" for changes to the settlement: One tobacco representative stated flatly that he didn't see any way cigarette makers could give up immunity from punitive liability in civil lawsuits based on past conduct. Members of the Senate Judiciary Committee and Minnesota Attorney General Hubert Humphrey III attacked this section of the deal Wednesday, contending it will let the industry off the hook for past misdeeds they think are chronicled in documents Big Tobacco has yet to release.

People in the industry are confident they have enough clout in the Republican-controlled Congress to block the settlement if changes in it go too far, partly because of their close ties to the GOP.

Return to top of page

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Richmond Times-Dispatch
News Index
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Saturday, July 19, 1997

Tobacco growers seek aid from U.S.

List includes loss of income fund, mandatory buys, eliminating scrap

BY CHIP JONES
Times-Dispatch Staff Writer

Fighting for their livelihoods, America's tobacco growers want $7.37 billion in economic relief and other safeguards to protect them from a proposed truce in the nation's cigarette wars.

Grower groups, including representatives of Virginia's 8,000 tobacco farmers, appealed to Congress yesterday after being kept out of secret negotiations between the cigarette industry and states suing for billions of dollars in health-related compensation.

"The growers have been treated like stepchildren for years," said Andrew Shepherd, a Lunenburg County farmer who represents Virginia on the national board for flue-cured tobacco growers.

"We've been manipulated by a lot of different folks," including Philip Morris Cos. Inc., Shepherd said.

FARMERS FIGHT BACK

Tobacco growers from Virginia and six other tobacco states are taking an eight-point program to Congress to offset any economic pain from the proposed $368.5 billion tobacco settlement. Among the major provisions, the farmers want:

- **A minimum purchase**
Philip Morris and other cigarette makers would have to keep buying American-grown tobacco or face stiff penalties.
- **A $7.37 billion fund**
This fund would represent 2 percent of the settlement money to compensate anyone in rural areas who would be hurt financially.
- **Development money**
A rural economic development fund should be set up to pay for industrial parks, job training and other measures.
- **A ban on cheap leaf**
Reconstituted tobacco should be outlawed. It's the low-cost material made by cigarette makers to recycle stems, scraps and other parts of the tobacco plant.
- **Other protection**
Cigarette makers should be prevented from continuing to buy any surplus tobacco, and farmers should be granted immunity from lawsuits or prosecution.

As Philip Morris and other major tobacco companies seek swift passage of the proposed $368.5 billion settlement announced June 20, representatives of the nation's 124,000 tobacco farmers hustled to develop their own plan.

Farm officials from seven tobacco-growing states approved the protection plan Thursday in Raleigh, N.C. A draft reached some members of Congress yesterday.

Atop the growers' wish list: Two percent of the $368.5 billion settlement — or $7.37 billion — to compensate for any loss of income because of reduced cigarette consumption brought by any new anti-smoking efforts financed by the government.

This compensation could include price supports or buyouts for farmers who opt out of the tobacco business.

Growers also want to require cigarette makers to buy a set amount of the lucrative cash crop, which brought $194 million in receipts in Virginia last year.

Failure to comply would bring "significant penalties" for the cigarette companies, Shepherd said. "If the companies are correct, and there's a drop in consumption . . . we want money" to help people who make a living on tobacco, he said.

Although some members of Congress have pushed tobacco growers to switch to other crops, many Virginia farmers say the state's terrain won't allow them to make a business out of growing such crops as wheat or corn.

Wayne Ashworth, president of the Virginia Farm Bureau, said any agreement passed by Congress and signed by President Clinton could hold the key to the survival of rural Virginia.

"What happens in this period could be devastating to tobacco growers," Ashworth said. He met with the Clinton officials, including Health and Human Services Secretary Donna Shalala and Agriculture Secretary Dan Glickman.

"A couple of times they made the comment that their intentions were not to harm the tobacco grower," Ashworth said.

The tobacco industry generates 44,000 jobs in Virginia, and thousands more rely on business from growers and manufacturers alike, according to the farm bureau.

The farmers' proposal makes public a rift between the growers and the cigarette makers that buy their crop. Stung by being left out, the farmers turned to their representatives in Congress to build support for tobacco growing regions of the South.

Officials from Philip Morris and R.J. Reynolds Tobacco Co. declined to comment yesterday.

One of the farmers' provisions calls for the elimination of "reconstituted," or scrap, tobacco in cigarettes. Manufacturers use stems and other scraps to save on tobacco costs.

"There are health concerns about reconstituted tobacco that growers have been discussing," Shepherd said.

That position puts the growers in the same camp as health advocates who for years have questioned the practice of using scraps and artificial flavoring in cigarettes.

But the main reason for this provision, Shepherd said, is a growing concern about manufacturers' use of cheap, imported tobacco — including imported scraps.

"The importation of foreign leaf is 50 percent higher in the first three months of this year" than last, Shepherd said.

According to the Agriculture Department, the United States imports about 220 million pounds of tobacco more than it exports. Growers fear this trend will accelerate as cigarette makers cut costs to pay for the legal settlement.

"I'm sure they'll be finding ways to make up this $368 billion," said Ashworth, who has grown tobacco in Pittsylvania County.

The relief fund would include $150 million a year for an economic development fund to aid displaced farmers and others with a stake in the tobacco business.

"The companies want this to proceed as fast as possible," Shepherd said. "But as a grower, I want to be sure we have adequate time to present our side."

Virginia Attorney General Richard Cullen said yesterday that the farmers' plan came as good news because "Congress wasn't going to come up with a proposal on its own" to protect growers.

Cullen said he talked this week to Bruce Reed, White House domestic policy aide. "It was obvious from my discussions with Reed that the White House recognizes the absolute necessity of aiding the growers," Cullen said.

In the U.S. Senate, a Democratic task force that includes Sen. Charles S. Robb of Virginia is scheduled to meet separately with growers and with tobacco company representatives next week.

Johnny Angell, a tobacco grower in Franklin County, said he expects to be repaid for losses caused by the tobacco settlement. "My whole concern is (that) I'd be left up the creek without a paddle," he said.

Times-Dispatch Washington correspondent Peter Hardin and staff writer Greg Edwards contributed to this report.

Tobacco: Up in smoke? | Metro and Virginia Stories Index

Richmond Times-Dispatch	Feedback	News Index	Gateway Virginia

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

CC: JERRALD MANDE, ELIZABETH DRYE

FROM: TOM FREEDMAN
MARY SMITH
JULIE MIKUTA

RE: TOBACCO GROWERS AND THE SETTLEMENT

DATE: JULY 15, 1997

SUMMARY

This memo gives a general overview of tobacco production, various government programs, and how the settlement is likely to affect growers. The last section lists recommendations for the tobacco negotiations from congressional and farm sources. Attached are some relevant articles and possible discussion topics.

I. JULY 16, 1997 MEETING ATTENDEES

Secretary Glickman, Secretary Shalala, Bruce Reed, Gov. Hunt, and representatives from State Farm Bureaus: Larry Wooten (Asst to the President, NC Farm Bureau), Harry Bell (President, SC), Wayne Ashworth (President, VA), Carl Loop (President, FL), Wayne Dollar (President, GA), Bill Sprague (President, KY), and Flavius Barker (President, TN).

II. TOBACCO PRODUCTION STATISTICS

- Cigarettes account for 90% of the tobacco used in the United States. In 1995, domestic burley accounted for about 27% of the tobacco used in cigarettes; domestic flue-cured, 37%; Maryland, 1%; and imported, 35%.

- Tobacco is produced in 21 states. North Carolina accounts for 37% of the acreage; KY for 28%. Together, Virginia, South Carolina, Tennessee, and Georgia account for another 26%.

- Tobacco farming accounts for 6.5% of NC's GSP; and for 2.5% of KY's GSP. [State Tobacco Control Highlights, 1996]

- An estimated 124,000 farms grew tobacco in 1992. About 3/4 of them are classified as tobacco farms, meaning that tobacco comprises at least 50% of sales. The average impact of reductions in demand due to a 62 cent rise in cigarette prices would be about $885 a farm on a tobacco crop worth $18,000 a farm. [Ken Warner study]

- In North Carolina, there are 16,830 jobs (0.47% of state's total) in tobacco manufacturing. Virginia has 9,550 (0.31%); Kentucky has 4,210 (0.25%); Florida has 1,480 (0.02%); and Tennessee has 1,180 (0.05%).

- Over the past decade, tobacco prices have risen at a 6.3% annual rate, compared to 3.7% for "core" consumer prices (excluding food and energy). Faster growth was mainly the result of a sharp uptrend prior to 1993.

- This year, tobacco prices have sped up again, increasing at nearly an 8% annual rate through May in part reflecting higher state taxes.

- Tobacco is the 6th largest cash crop.

- Leaf exports accounted for 33% of U.S. production in 1996. In the same year, 32% of the cigarettes manufactured in the U.S. were shipped overseas.

III. HOW THE GOVERNMENT PROGRAM WORKS

- Most U.S. tobacco production has been under a price support and supply control program since the 1930s. Producers are guaranteed higher than market equilibrium prices in exchange for limiting marketings through marketing quotas. Support prices are based on the previous year's level, and adjusted by changes in the 5-year average of prices and the cost of production index. Quotas are based on: intended purchases by cigarette manufacturers; average annual exports for the 3 previous years; and the amount of tobacco required to attain a specific reserve level.

- A 1991 survey of farms showed that only 7% of flue-cured operators owned the entire tobacco quota they produced; about 21% rented all their quota, and 72% owned and rented quota. The percentage of burley farmers owning all of their quota is higher, reflecting the more restrictive rules governing burley transfer and leasing.

- Quota levels have generally declined since the mid-1970s, following a decline in marketings. Quota levels are up for both flue-cured and burley tobacco in 1997, reflecting increased marketings and reduced stock levels in 1996.

- In response to surging tobacco imports (which increased nearly 250% from 1990- 93), Congress enacted a provision in the Omnibus Budget Reconciliation Act (OBRA) of 1993 which required US-manufactured cigarettes to contain 75% US-grown tobacco. As part of the Uruguay Round implementing legislation, domestic content provisions were replaced by the establishment of a tariff rate quota for certain imported tobacco, primarily flue-cured and burley.

- The OBRA of 1990 imposed an assessment of 0.5% of the national loan rate on all growers; it expired in 1995, but the OBRA of 1993 extended it through 1998.

- The "No-Net-Cost Tobacco Program Act of 1982" required that, to be eligible for price support, tobacco producers had to contribute to a fund or pay assessments to an account established by the cooperative association that makes Federal support loans available to producers. The funds are collected to cover potential losses in operating the price support program.

IV. EXPECTED EFFECTS OF THE SETTLEMENT ON GROWERS

- The USDA currently does not forecast adverse affects on tobacco farmers; while domestic demand may decrease from the deal, export demand is growing

- Based on a short run elasticity of -0.4, a 25 cent per pack increase in retail price would likely result in a 5.2% decline in cigarettes consumption, and a 29.2 million poiund decline in domestic tobacco use, about 2% of 1996 U.S. production.. A 50 cent per pack price increase would lead to a 10.5% decline in cigarette consumption. (Draft USDA estimates)

- If the Settlement reduces underage consumption by 30% by the 5th year, the result will be a decline of 5.7 to 9.2 million pounds of U.S. tobacco. U.S. tobacco production in 1996 was 1, 517 million pounds.

- Cigarette exports are not restricted by the settlement and will likely continue their upward trend.

- A 25-cent increase in cigarette prices is estimated to result in a decline in the use of flue-cured and burley tobacco for domestic cigarette consumption of 10% and 8.4 %, respectively, by 2006. (Draft USDA estimate)

- This decline will be partially offset by the use of domestic tobacco for increased cigarette production for export. Total flue-cured and burley marketings will likely fall by 6.4% and 7.5%, respectively, by 2006.

- A 50-cent increase is estimated to result in a decline in total flue-cured and burley marketings of 8.1% and 9.8%, respectively.

V. SOME PROPOSALS

In a March 1994 ABC News Special featuring President Clinton answering questions from young people at the White House, he stated, "There are a lot of good people in America who still raise tobacco. And we should have funds set aside for them (in the cigarette tax) to help them convert away from raising tobacco to doing other kinds of farming so they can actually make a living."

These are 2 sets of proposals on the tobacco negotiations. They both recommend continuing support for the current tobacco program, and maintaining quotas.

The North Carolina Dept of Agriculture and Consumer Services made these recommendations at a meeting held on 7/10/97. The meeting was attended by the chair of the NCDA, Commissioner James Graham, Deputy Commissioner Weldon Denny, WB Jenkins and Larry Wooten of the NC

Farm Bureau, representatives from tobacco growers associations and other agricultural interest groups.

1. Protect the current tobacco program.

2. Maintain the tobacco quota and current price support system.

3. Secure a commitment form the tobacco companies to purchase 600 million pounds of flue-cured tobacco annually.

It was a consensus of this group that any legislation enacted by Congress to implement the settlement should address the following growers concerns:

4. Authorize the Sec of Agriculture to implement program changes through a referendum by the growers.

5. Set aside 1% of settlement package to allow for quota buy-down or other program enhancements.

6. Tobacco growers, growers' organizations, warehouses and dealers should receive the same immunity or limitation or legal liability afforded to the tobacco companies.

These are the recommendations offered by Rep. Baesler:

1. Provisions for the future of the tobacco program. Establish by contract with tobacco companies and in legislation that the tobacco program will be perpetual and for the life of the comprehensive settlement with the tobacco industry.

2. Tobacco quotas. Agree by contract with the manufacturers and the farmers that the buying intentions will remain at a level equal to or exceeding the level set for 1997 (700 million pounds for burley tobacco), and at the 1997 support price. This contract between the companies and the farmers will be incorporated into the language of the legislation.

3. The federal program. The companies will agree by contract and legislation that they will pay the cost of the tobacco program incurred by the federal government.

4. Crop insurance. Manufacturers will agree to assume all of the federal government's losses related to the federal crop insurance program.

5. Domestic content. Requiring cigarette companies to use up to 75% American-grown leaf in their product. (Current law sets the U.S. percentage at 75%).

VI. THE SETTLEMENT'S MENTIONS OF TOBACCO GROWERS

Direct mention of the USDA or tobacco farming occur in two instances within the agreement. The first simply states that tobacco farmers will not be subject to additional regulations over and above those existing for other producers of raw products "Tobacco farmers will face no greater regulatory burden than the producers of other raw products regulated by the federal government." [Title I, Subtitle E}. The second mention addresses the issues of limitations on FDA regulatory jurisdiction and states: "-- Grower Limitation: FDA jurisdiction does not extend to the growing cultivation or curing of raw tobacco (USDA has exclusive authority)." [Title V, Subtitle A]

Attached are some relevant clips and possible discussion topics.

AMERICAN FARM BUREAU FEDERATION®
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What is Farm Bureau?

The American Farm Bureau Federation is the world's largest voluntary organization of farmers and ranchers. More than 4.7 million family members belong to county or parish Farm Bureaus which, in turn, comprise state Farm Bureau organizations in all 50 states and Puerto Rico.

AFBF represents all commodity interests and is involved in all issues which are of concern to the nation's farmers and ranchers, including taxation, property rights and services to the farm community. It is farm people joining together to solve common problems.

The organization has never been a government agency and is not politically partisan, rather it seeks support on a bipartisan basis. As the nation's largest farm organization, AFBF has established programs that are directed by policies developed and voted upon by farm representatives at the county, state and national level.

The president, vice president and members of the board of directors must be farmers and are elected by voting delegates from state Farm Bureaus. The president is a full-time executive who directs the day-to-day operations of the organization and speaks as the official voice of the American Farm Bureau Federation.

In 1919, a small group of farmers from a dozen states gathered in Chicago and founded the American Farm Bureau Federation. Their goal was to speak for themselves through their own national organization. It soon became local, statewide, national and international in its scope and influence.

Through the years thousands of elected leaders served on county and state Farm Bureau boards, with many serving as voting delegates in state and American Farm Bureau Federation business meetings. Membership is on a family basis in all states. Payment of dues is voluntary and includes county, state and AFBF membership.

#

DISCUSSION TOPICS

1. What do they expect the consequences of the settlement to be on small farmers?

    * if there is a decline in domestic sales, how much will exports make up for it?

2. What options should the Administration consider to make sure small farmers are not causalities of the settlement?

3. One choice seems to be protecting and maintaining the current program and quotas. It is the NC Department of Agriculture position paper.

4. Other ideas have been:

    * quota buy downs;

    *a referendum (also in the NC position plan);

    *a crop conversion fund

    Are any of these useful ideas?

5. Does this affect your different states differently?

6. Are there other concerns we should be thinking about (crop insurance? Secondary workers, local stores, etc.)

VA Tobacco Farmers-Goode, 450

Tobacco farmers share settlement concerns with congressman

DANVILLE, Va. (AP) After a scorching day in the fields, a group of Southside Virginia tobacco growers met with their congressman to vent their frustrations with the proposed tobacco industry settlement.

``There's a saying that the road to hell is paved with good intentions,'' J.T. Davis of Nathalie said Thursday. ``If we don't get things turned around, this is going to be the road to hell for the tobacco farmers.''

U.S. Rep. Virgil Goode promised to work to get protections for farmers included in the settlement as it makes its way through Congress, particularly measures that would keep the price and supplies of tobacco from plummeting.

``Two factors have got to be market stability and price stablity,'' said Goode, a Democrat from Rocky Mount whose district includes most of Virginia's tobacco farms.

``If you destroy the American tobacco grower, you're still going to have cigarettes; people are still going to smoke,'' Goode said. ``It would just transfer production to countries like China and Brazil.''

The farmers said they are worried that the $360 billion settlement will force cigarette companies to cut their losses by buying cheaper foreign-grown tobacco. They also fear that Congress will reduce or eliminate programs that prop up the price and supply of U.S. tobacco.

``We're not getting rich,'' said Dick Conner of Halifax County. ``It's hard work and it's hot.''

The farmers said they're also steamed that they were left out of the proposed settlement, which would allocate millions of dollars to help people quit smoking and compensate sporting events and teams for the loss of tobacco sponsors.

``I don't know of anybody more addicted to tobacco than tobacco growers,'' Davis said.

But C.D. Bryant of Pittsylvania County said, ``We're not looking for some big handout.''

This year, tobacco is growing on about 8,400 Virginia farms with projected cash receipts of nearly $200 million, making it Virginia's most important crop economically.

Gov. George Allen announced Wednesday that he had appointed a three-member task force to work with Congress to minimize the damage the tobacco deal could do to Virginia's $5 billion-a-year tobacco industry.

President Clinton and Congress must approve the settlement tobacco companies reached with the 40 states that sued them to recover smoking-related health costs.

Under the agreement, all states would be reimbursed for their Medicaid expenses for treating victims of tobacco-related illness.

The attorneys general who negotiated the deal said they wanted to protect tobacco growers and tried to write safeguards for them into the deal, but ultimately left that to Congress.

``If anybody in Washington has a heart or a conscience they are going to put something in this for the growers,'' Davis said.

(PROFILE
(CAT:Agriculture;)
(CAT:Political;)
(SRC:AP; ST:NC;)
)
AP-NY-07-04-97 0538EDT

:SUBJECT: VA AGRI NC POL

Received by NewsEDGE/LAN: 7/4/97 5:42 AM

Farm leaders work for relief proposals

LOUISVILLE, Ky. (AP) There are signs that farmers will come out of the legislative process in better shape than they did under last month's $368.5 billion tobacco settlement.

Kentucky and North Carolina farm leaders are working on a package of relief proposals. Also, a key tobacco industry negotiator appears supportive of the farmers, and health advocates say they want to protect the growers from sudden economic upheaval.

``I feel very strongly that farmers should not be left out of the deal,'' David Kessler, former commissioner of the U.S. Food and Drug Administration, said recently. ``I think that's a very high priority.''

These groups don't necessarily agree, however, on the form aid for farmers should take. The options include compensation for lost income, limits on the amount of foreign-grown tobacco in American cigarettes and a buyout program to encourage farmers to stop growing tobacco.

Economic projections show the cutback in smoking that results from the agreement could translate into more than a 50 million-pound reduction in the use of burley leaf, most of which is grown in Kentucky.

With a selling price close to $2 a pound, that's a lot of lost money.

But the only thing the deal does for farmers is guarantee that the FDA's enhanced regulatory authority won't extend to tobacco cultivation.

The settlement, however, is far from settled. The agreement must be drafted into legislation, passed by Congress and signed by President Clinton.

A lead industry negotiator, North Carolina lawyer J. Phil Carlton, says he wants to help the farmers.

Carlton, the son of a tobacco farmer and until recently the owner of a tobacco farm, told The Courier-Journal last week that the farmer issue will definitely be on the table as negotiators draft the legislation to submit to Congress.

``We're willing to talk about that,'' Carlton said of one possibility the growers are interested in: a guarantee that cigarette makers will commit to use a certain amount of domestic tobacco.

The industry, according to Carlton, also is willing to consider paying for tobacco crop insurance and the tobacco price-support program's administrative costs should Congress cut off the funding, as some have proposed.

And public health officials want to see the farmers get help, although their main objective is not compensation.

Instead, the health groups want to use money to entice the farmers out of the tobacco business and out of their longstanding political alliance with the cigarette companies.

Their idea is either to pay farmers to retire their growing quotas or give them money to try alternative crops.

Last month, health group negotiators proposed that the settlement set aside about $150 million a year mainly for that purpose. But Carlton said he rejected that idea, and it was not included in the settlement. He said the proposal was not comprehensive enough.

One of four interagency panels President Clinton set up to review the agreement will focus on the tobacco industry, including the economic impact on the growers.

Unlike the cigarette makers, the farmers come to the legislative process seemingly unblemished by the controversy and distrust that for decades gripped the smoking issue.

``They've not been willing conspirators. They've been pawns,'' Indiana Attorney General Jeff Modisett said.

Sen. Wendell Ford of Kentucky has said repeatedly that without protection for the farmers, he won't support implementation of the bill.

Ronny Pryor, chief lobbyist for the Kentucky Farm Bureau, wants farmers compensated for lost sales and quota reductions, and he insists there would be little interest among burley growers in a quota buyout. Tobacco is too lucrative to give up, he said.

But Pryor indicated there is nevertheless room to please both farmers and the anti-smoking side. He suggested the possibility of a compromise that would compensate farmers while also helping them move into alternative crops. ``We don't see it as an either-or thing,'' he said.

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News & Record (Greensboro, NC)

October 11, 1994, Tuesday, ALL EDITIONS

SECTION: BUSINESS, Pg. B5

LENGTH: 336 words

HEADLINE: KENTUCKIAN OPPOSES QUOTA BUY-OUT PLAN

BYLINE: SCOTT SOLOMO, Staff Writer

BODY:

The question of whether to end the federal government's tobacco price support was given a resounding ''no'' Monday by U.S. Rep. Scotty Baesler of Kentucky, who said the program is too important to his state's rural economy.

Baesler said he opposes a proposal by U.S. Rep. Charlie Rose, a Fayetteville Democrat, to pay growers $ 7.50 a pound to give up their federally-assigned tobacco quotas.

Rose's buy-out proposal may be well-suited for flue-cured tobacco growers in North Carolina, Baesler said, but it fails to take into account the many burley farmers in Kentucky who rent quotas from someone else.

In addition, he said, it would devastate feed stores, fertilizer stores and other businesses that support tobacco farmers.

''If you do away with the program then you're basically doing away with tobacco production as we know it here,'' said Baesler, a Democrat who attended a meeting on the issue in Charlotte last week.

''I think that would be a tremendous hit on our rural economy.''

Support by Kentucky lawmakers is considered critical to the proposal's success.

Burley tobacco is an $ 800-million-a-year business in Kentucky, said Baesler, who himself will grow 150,000 pounds this year.

Under Rose's plan, those farmers would be ''out in the cold,'' Baesler said.

$10B

Rose has suggested paying for the buyout, which would amount to about $ 16,000 an acre, with an increase in the federal cigarette tax. In North Carolina the estimated cost of such a plan is $ 4.1 billion, while nationwide it could cost $ 10 billion.

Rose said he proposed phasing out the price-support system as a way to invigorate sales of domestic tobacco and give farmers a financial incentive to convert to other crops.

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Under the price-support system, the government establishes quotas, and co-ops, with loans from the federal government, buy tobacco that does not receive a bid at auction.

''I don't think on its face it will accomplish what (Rose) wants it to accomplish,'' Baesler said of the plan.

LOAD-DATE: October 13, 1994

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FAX COVER SHEET

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PLEASE DELIVER TO: Tom

FAX NUMBER: ( ) PHONE NUMBER: ( )

FROM: Charlie Raw[illegible] — As discussed

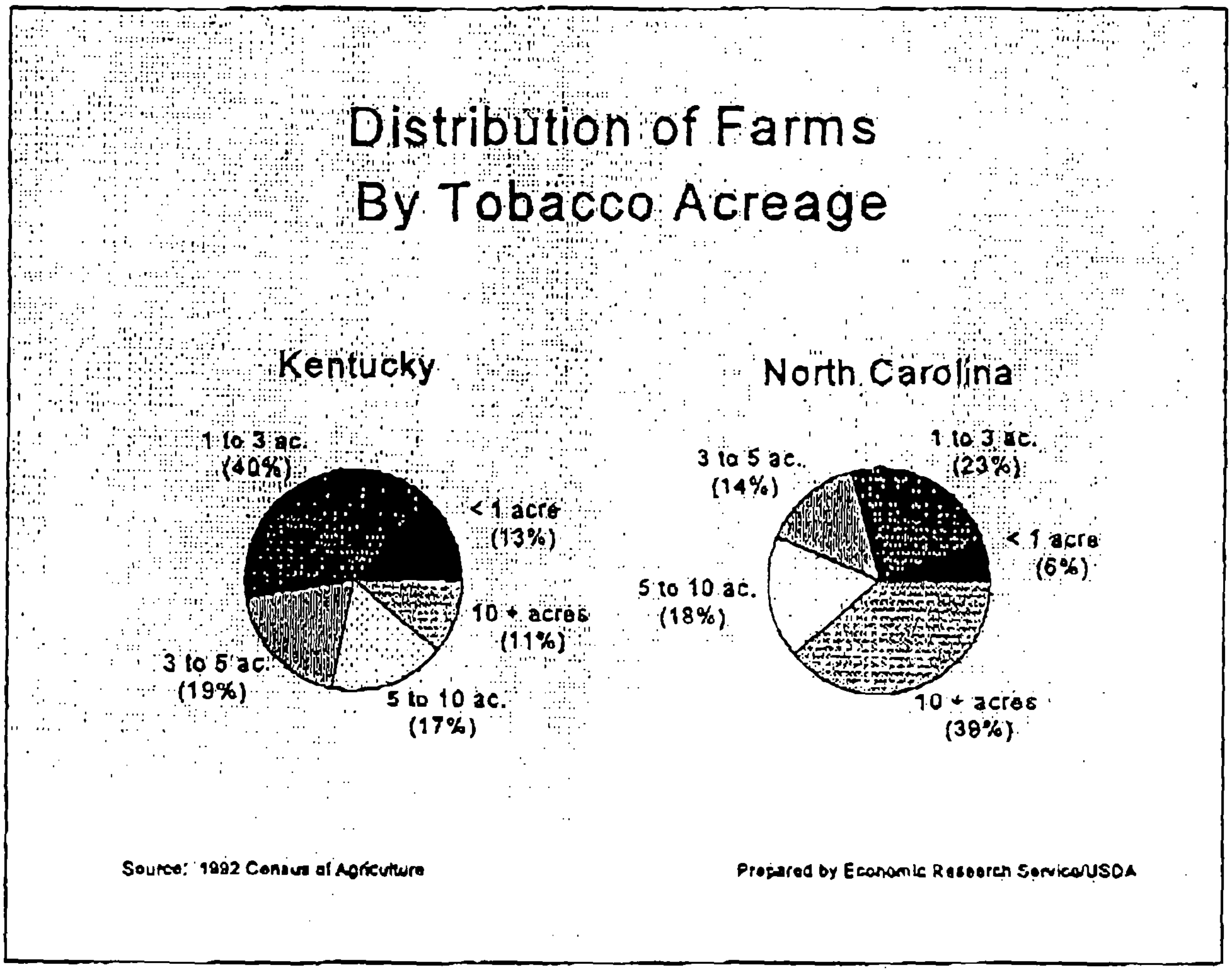
Re: Tobacco + Farm Income

MESSAGE:

Financial Structure of Tobacco Farms In Kentucky and North Carolina

U.S. tobacco production is primarily concentrated in Kentucky/Tennessee (burley) and the southeastern States (flue-cured), although other States grow small amounts. The 1992 Census of Agriculture reported 59,373 farms in Kentucky (268,140 tobacco acres) and 17,625 farms in North Carolina (283,900 tobacco acres) growing of tobacco.

Tobacco acreage on Kentucky and North Carolina farms differs dramatically in size of plantings. Over 50 percent of farms with tobacco in Kentucky have less than 3 acres planted to the crop, compared with just under 30 percent in North Carolina. In Kentucky, the largest number of farms (40 percent) plant 1-3 acres, while in North Carolina the largest number of farms (39 percent) plant 10 or more acres to tobacco.



Importance of Tobacco

According to USDA's 1994 Farm Costs and Returns Survey (FCRS), tobacco accounts for an average 51.2 percent of total farm value of production on Kentucky farms growing tobacco. This compares with 57.3 percent in North Carolina. In Kentucky cattle were ranked second while in North Carolina hogs ranked second.

With farms defined as SIC tobacco farms (more than 50 percent of total farm value of production comes from tobacco), the importance of tobacco grows. SIC tobacco farms in Kentucky had an average 81.4 percent of total value of production from tobacco, compared with 80.0 percent in North Carolina. For Kentucky SIC tobacco farms, crops played only a minor role in the farms' commodity mix, but cattle were still important. In North Carolina, however, hogs were a minor enterprise but soybeans and corn remained important.

The FCRS showed an average farm size of 124 acres in Kentucky and 156 acres in North Carolina. Tobacco acreage accounted for an average 3.7 acres and 12.7 acres in the 2 States, respectively.

Value of selected farm products for farms with tobacco, 1994

	Kentucky		North Carolina	
	All farms with tobacco	SIC tobacco farms 1/	All farms with tobacco	SIC tobacco farms 1/
Number of farms	35,937	25,576	16,878	14,535
	Average dollars per farm			
Farm value of production	33,476	22,632	86,811	64,811
Crop value of production	21,951	19,929	64,096	64,105
Tobacco value of production	17,134	18,417	49,747	51,830
Corn value of production	2,406	427	2,243	1,594
Soybean value of production	1,461	575	7,561	7,781
Cotton value of production	0	0	1,692	501
Wheat value of production	257	110	1,315	1,019
Livestock value of production	11,525	2,703	22,715	706
Hogs value of production	1,858	68	16,678	99
Cattle value of production	4,622	2,484	1,310	607
Poultry value of production	20	0	4,727	0

Source: Farm Costs and Returns Survey, ERS/USDA.
1/ Tobacco accounts for over 50 percent of farm total value of agricultural production.

Farm Income

The 1994 income statements for Kentucky and North Carolina farms with tobacco show an average net cash income of $6,409 in Kentucky and $3,523 in North Carolina. For SIC tobacco farms, these levels rise to $18,783 and $16,383 for Kentucky and North Carolina, respectively. Regardless of the State or the level of specialization in tobacco, direct Government payments (deficiency payments) played a small role in determining the level of farm income. However, the Government tobacco programs are designed as an indirect control mechanism. Tobacco production is regulated by a Federal poundage quota price support program. Growers are guaranteed a minimum price through supports in exchange for their limiting production. Therefore, tobacco program support is reflected in tobacco receipts rather than in Government payments.

On the expense side, chemicals and hired labor accounted for the greatest expense. Equipment-related expenses for fuels and repairs also ranked high. For farms with livestock, feed expenses became important.

Income statements for farms with tobacco, 1994

	Kentucky		North Carolina	
	All farms with tobacco	SIC tobacco farms 1/	All farms with tobacco	SIC tobacco farms 1/
	Average dollars per farm			
Gross cash income	25,668	59,011	16,551	54,412
Crop sales	14,168	53,434	13,150	52,244
Livestock sales	10,165	1,663	2,437	706
Government payments	172	526	70	292
Other farm-related income	1,163	3,389	894	1,170
Less: Cash expenses	19,259	40,229	13,029	38,030
Variable	15,093	32,110	9,964	31,049
Livestock purchases	249	149	60	34
Feed	3,392	223	1,198	164
Other livestock expenses	394	33	272	26
Seed and plants	698	1,693	520	1,514
Fertilizer and chemicals	3,177	9,131	2,498	8,938
Labor	2,347	7,916	2,108	7,424
Fuels and oils	1,032	5,364	685	5,512
Repairs and maintenance	1,903	3,833	1,323	3,851
Machine-hire and custom work	419	859	159	927
Utilities	635	1,656	557	1,507
Other variable expenses	847	1,254	584	1,152
Fixed	4,165	8,118	3,064	6,981
Real estate, property taxes	505	817	337	789
Interest	1,856	1,914	1,335	1,372
Insurance premiums	993	2,081	840	2,015
Rent and lease payments	811	3,306	553	2,805
Equals: Net cash farm income	6,409	18,783	3,523	16,383
Less:				
Depreciation	2,412	3,128	1,359	2,953
Labor, non-cash benefits	125	199	128	184
Plus:				
Value of inventory change	-574	3,644	-236	4,016
Nonmoney income	4,282	4,363	4,255	4,375
Equals: Net farm income	7,580	23,463	6,054	21,637

Source: Farm Costs and Returns Survey, ERS/USDA.
1/ Tobacco accounts for over 50 percent of farm total value of agricultural production.

Tobacco Costs of Production

Estimates of the costs of producing the 1994 tobacco crop are available at the national level only. These estimates show average per-planted-acre variable cash costs of $2,446.04 for burley and $1,884.68 for flue-cured. While fuel and curing expenses are much higher for flue-cured tobacco, burley's high post-harvest labor costs are more than offsetting. Net returns over variable cash costs averaged $1,847.86 per acre for burley tobacco and $2,205.12 for flue-cured tobacco. When all costs are included, net returns averaged negative $468.89 for burley and positive $415.42 for flue-cured.

U.S. costs of production for tobacco, 1994

	Burley	Flue-cured
	Dollars per acre	
Cash receipts	4,293.90	4,089.80
Variable Costs:		
Labor	1,409.06	705.17
Noncash benefits	15.31	23.79
Fertilizer and lime	243.89	296.27
Plant bed materials	76.28	45.49
Chemicals	92.78	212.80
Custom operations	10.86	7.81
Fuel and lubrication	101.63	55.26
Curing and heating fuel	7.19	274.97
Repairs	103.62	140.33
Marketing (burley) & warehousing (flue-cured)	225.43	108.38
No-net-cost & marketing assessment	105.30	72.60
Inspection and grading fee	16.38	16.94
Interest	17.08	21.13
Other	21.23	3.74
Total, variable costs	2,446.04	1,884.68
Machinery and barn ownership costs:		
Capital replacement	273.31	289.72
Return to nonland capital	109.81	98.78
Taxes and insurance	125.06	134.22
Total ownership costs	508.18	522.72
Other Costs:		
General farm overhead	425.10	289.72
Land and quota charge	1,383.47	977.26
Total excluding land and quota	3,379.32	2,697.12
Returns:		
Receipts less variable cash costs	1,847.86	2,205.12
Receipts less total costs	-468.89	415.42
Yield (lbs./acre)	2,108	2,420

Costs and Returns for Selected Vegetables and Field Crops

Tobacco growers are currently growing a mix of other field and specialty crops such as corn, soybeans, cotton, and wheat. Between 1 and 2 percent of FCRS farms with tobacco reported harvesting vegetables. Data from North Carolina are available that allow comparisons among costs and returns for major vegetable crops. Kentucky data were not available.

Except for tomatoes, other vegetable crops are more likely to be grown in flue-cured tobacco areas than in burley areas. Returns vary widely from year to year, depending on growing conditions and market conditions in a specific season.

The gross returns are based on yields and prices reported by NASS for 1994. Cash variable costs are based on enterprise budget estimates developed at the North Carolina State University and have been adjusted to represent average production practices for 1994. The net returns represent earnings to land, labor, capital, machinery, overhead, and management.

Although some tobacco producers could produce vegetables on tobacco acreage, the majority of any displaced tobacco land would likely go into field crops. The demand for vegetables is relatively inelastic, meaning that even small increases in the quantity results in relatively large price declines. Because the vegetable acreage is so small relative to tobacco, a small percentage shift of tobacco land would represent a substantial increase in vegetable acreage. This would lower prices and reduce vegetable returns.

In contrast, tobacco acreage represents a relative small percentage of field crop acreage. Consequently, a relative large shift could occur from tobacco to field crops without having a noticeable impact on either field crop prices or returns.

Estimated average costs and returns for selected vegetable and field crops in North Carolina, 1994

Crop	Gross revenue[1]	Cash variable expenses[2]	Net above cash variable expenses
	Dollars per acre		
Sweet potatoes	1,627.50	1,118.92	508.58
Cucumbers, Processing	992.00	1,041.62	95.63
Cucumbers, Fresh market	440.00	466.61	-26.61
Bell peppers, Fresh market	717.50	864.81	-62.56
Snap beans, Fresh market	983.50	600.06	383.44
Watermelon	675.00	485.86	190.63
Cabbage, Fresh market	1,900.00	1,016.36	883.64
Tomatoes, Fresh market	4,332.00	3,735.50	596.50
Corn (Southeast region)	278.20	157.86	120.34
Soybeans (Southeast region)	170.91	95.10	75.81
Cotton (Southeast region)	623.60	291.70	331.90
Flue-cured tobacco	4,089.80	1,884.68	2,205.12

[1] Average price times average yield per acre. Source: USDA, NASS.
[2] Vegetable expenses are based on Extension enterprise budgets from North Carolina State University. Budgets modified to represent average production practices for 1994. Field crop expenses are from USDA's costs-of-production accounts.

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

CC: CHRIS JENNINGS, ELIZABETH DRYE, JERRY MANDE, SARAH BIANCHI

FROM: TOM FREEDMAN, MARY L. SMITH

RE: TOBACCO BILLS

DATE: JULY 12, 1997

SUMMARY

This is a follow up to the previous memorandum dated July 9, 1997, that compiled tobacco bills from the 104th Congress and 105th Congress. Below is a more detailed description of various bills.

I. BILLS REGARDING FARMERS

1. **S. 598 by Sen. Bradley (D-NJ) on 3-22-95 (one cosponsor, Sen. Lautenberg (D-NJ)). TOBACCO CONSUMPTION REDUCTION AND HEALTH IMPROVEMENT ACT OF 1995.** This bill amends Section 5701 of the Internal Revenue Code to increase taxes on cigarettes from $12 per thousand to $62 per thousand. It also increases taxes on cigars, cigarette papers, smokeless tobacco, and other tobacco products. This act would also impose taxes on tobacco products entering into the United States from a foreign trade zone. This bill also creates a "Tobacco Conversion Trust Fund" by amending Subchapter A of Chapter 98 of the Internal Revenue Code of 1986. The bill would transfer 3 percent of the net increase in revenues received by the increase in tobacco taxes to the trust fund. The funds would then be available to the Secretary of Agriculture for the following purposes:

   (1) providing assistance to farmers in converting from tobacco to other crops and improving the access of such farmers to markets for other crops; and
   (2) providing grants or loans to communities, and persons involved in the production or manufacture of tobacco or tobacco products, to support economic diversification plans that provide economic alternatives to tobacco to such communities and persons.

The bill provides that the "assistance" provided to farmers could include government purchase of tobacco allotments for purposes of retiring such allotments.

2. **S. 804 by Sen. Bradley (D-NJ) on 5-15-95 (no cosponsors). TOBACCO CONSUMPTION REDUCTION AND HEALTH IMPROVEMENT ACT OF 1995.** This bill is virtually identical S. 598 also introduced by Sen. Bradley.

II. BILLS REGARDING THE TAX DEDUCTIBILITY OF ADVERTISING

1. **H.R. 1323 by Rep. McHale (D-PA) on 4-15-97 (34 co-sponsors). TOBACCO ADVERTISING REFORM ACT.** This legislation amends Part IX of subchapter B of Chapter 1 of the Internal Revenue Code of 1986 which adds a section stating: "No deduction shall be allowed under this chapter for expenses for advertising cigars, cigarettes, smokeless tobacco, pipe tobacco, or any similar product."

2. **H.R. 2962 by Rep. McHale (D-PA) on 2-06-96 (22 co-sponsors).** This bill is identical to H.R. 1323 also introduced by Rep. McHale in the 105th Congress.

3. **S. 596 by Sen. Harkin (D-IA) on 3-22-95.** This bill is essentially identical to the two bills listed above.

III. BILL ON ADVERTISING AIMED AT YOUTHS

1. **H.R. 762 by Rep. Hansen (R-UT) on 2-13-97 (5 cosponsors). YOUTH PROTECTION FROM TOBACCO ADDICTION ACT OF 1997.** This legislation bans **all** advertising of tobacco products. It also prohibits the distribution of any free tobacco product, the sponsorship of any event in a brand name, the marketing of nontobacco products bearing a brand name, and the payment for any tobacco product or brand name to appear in movies, television, and other media or on any toy. This bill prescribes that advertising on tobacco product packages shall be in black and white and shall contain no human figures. Civil actions for injunctions for violations of this Act may be brought in district court.

IV. BILL ON WARNING LABELS

1. **S.527 by Sen. Lautenberg on 4-08-97 (5 cosponsors). TOBACCO DISCLOSURE AND WARNING ACT OF 1997.** This bill makes it unlawful to manufacture for sale any cigarette unless the package contains one of the following warnings:

   WARNING: Cigarettes Kill
   WARNING: Cigarettes Cause Lung Cancer and Emphysema
   WARNING: Cigarettes Cause Infant Death
   WARNING: Cigarettes Cause Heart Attacks and Stroke
   WARNING: Cigarettes Are Addictive
   WARNING: Nicotine Is An Addictive Drug
   WARNING: Cigarette Smoking Harms Athletic Performance
   WARNING: Smoking During Pregnancy Can Harm Your Baby
   WARNING: Cigarette Smoke Is Harmful to Children
   WARNING: Smoke from [brand name] Cigarettes Can Cause Cancer in Nonsmokers

- This legislation also requires labels or other tobacco products which are similar to the labels above. The labels must be placed in the two most prominent sides of the product package and be in a size not less than 33% of the side on which the label is placed. The bill requires the labels to be in black and white.
- This bill also requires a package insert detailing the substances posing a risk to HEALTH contained in the cigarettes.
- Manufacturers also must submit to the Government an annual report listing the nicotine, tar, and carbon monoxide intake for the average consumer.
- The Secretary will also establish a toll-free telephone number and a site on the Internet which shall make available additional information on the ingredients of cigarettes.
- The bill provides that any interested organization may seek to enjoin violations of the act in federal district court.

V. BILL ON PERFORMANCE STANDARDS

1. **S. 828 by Senator Durbin (D-IL) on 6-03-97 (2 cosponsors). NO TOBACCO FOR KIDS ACT.**

- Within one year after enactment, the Secretary of HHS will conduct a survey to determine the number of children who used each manufacturer's tobacco products within the previous 30 days.
- Manufacturers will face penalties if they do not reduce the number of children who use tobacco products by either a de minimis level (one-half percent of the current number of youth smokers) or by the following percentages:

S.828	**Compare to settlement**
Year 1: no standard; baseline survey is taken	
Year 2: 20% reduction from baseline	
Year 3: 40% reduction from baseline	
Year 4: 60% reduction from baseline	
Year 5: 80% reduction from baseline	Years 5-6: 30% reduction
Year 6: 90% reduction from baseline	
Subsequent years: 90% reduction from baseline	Years 7-9: 50% reduction
	Year 10 (and after): 60% reduction

- Under the Senate bill, if a manufacturer violates the performance standard, the manufacturer must pay a noncompliance fee of $1 per pack on all its tobacco sales in the subsequent year (not simply sales to youths). If a manufacturer violates the performance standard for two or more consecutive years, the noncompliance fee is increased by $1 for each consecutive year of violation. If the manufacturer is within 10% of the required reduction for a particular year, the noncompliance fee will be reduced on a pro rata basis. **Under the settlement:** There is a surcharge of $80 million for each percentage point difference between the required percentage reduction applicable to a given year and the percentage by which the incidence of underage use of cigarette products for that year is less than the base incidence percentage. (This amount reflects an approximation of the present value of the profit the cigarette industry would earn over the life of underage smokers in excess of the required reduction). The surcharge may not exceed $2 billion in any year (as adjusted for inflation).

- Under the Senate bill, the first $1 billion of noncompliance fees will fund enforcement and public education to discourage children from using tobacco products. Any additional fees will go the Treasury for deficit reduction. **Under the settlement:** 90% of the surcharge goes to state and local government to youth tobacco use.

VI. TOBACCO STATE MEMBER BILLS

1. **S.201 by Senator Ford (D-KY) on 1-23-97 (no cosponsors). TOBACCO PRODUCTS CONTROL ACT OF 1997.** This bill imposes limits on advertisements on billboards within 500 feet of any school; bans advertisements in magazines and newspapers if persons under the age of 18 constitute more than 15% of the total subscribership; prohibits ads in taxis, buses, trains, or in stations unless it is where cigarettes are sold; and bans the use of cigarettes in movies for a fee.

This legislation also amends Section 1926 of the Public HEALTH Service Act (42 U.S.C. sec. 300x-26) to provide that the Secretary may make a grant to a state only if the state makes it unlawful, among other things, (1) to sell tobacco products to anyone under the age of 18 and to sell without verifying the age in face-to-face transactions; and (2) to operate a vending machine unless it is in plain view.

2. **H.R. 516 by Rep. Baesler (D-KY) on 2-04-97 (no cosponsors). YOUTH SMOKING PREVENTION ACT OF 1997.** This bill establishes the federal authority to regulate the sale, distribution, and advertising and promotion of tobacco and other products containing nicotine as a condition to the receipt by states of the Federal Preventive Health and Health Services Block Grant. Under the bill, the Secretary may only make a grant under section 1921 of the Public Health Service Act if the State has a law, that among other things, prohibits the sale of nicotine to minors; prohibits the purchase by minors; requires the posting of signs stating the minimum purchase age; requires retail employers to notify its employees about the laws regarding sales to minors; requires retail employees to sign forms that they have received notice; and requires the licensing of retail sellers of nicotine products .

3. **H.R. 2414 by Rep. Baesler (D-KY) on 9-28-95 (3 cosponsors): YOUTH SMOKING PREVENTION ACT OF 1995.** This bill is identical to H.R. 516 introduced by Rep. Baesler in the 105th Congress.

4. **H.R. 2653 by Rep. Charlie Rose (D-NC) on 2-06-96. TOBACCO AMENDMENTS ACT OF 1995.** The main sections of the Act are the following:

Sec. 2. Elimination of Federal Budgetary outlays for tobacco programs.
Sec. 3. Establishment of farm yield for flue-cured tobacco based on individual farm production history.
Sec. 4. Removal of farm reconstitution exception for burley tobacco.
Sec. 6. Expansion of types of tobacco subject to no net cost assessment.
Sec. 7. Repeal of reporting requirements relating to the export of tobacco.
Sec. 8. Repeal of limitation on reducing national marketing quota for flue-cured and burley tobacco.

5. **S. 1262 by Sen. Ford (D-KY) on 9-20-95. TOBACCO PRODUCT CONTROL ACT OF 1995.** This bill is basically an earlier version of S.201 introduced by Sen. Ford on 1-23-97, which is described above.

VII. BILL REGARDING MEDICAID BY REP. OBERSTAR

1. **H.R. 3779 by Rep. Oberstar (D-MN) on 7-10-96 (16 cosponsors): TOBACCO MEDICAID RECOVERY ACT OF 1996.** The purpose of this bill is to reward states that successfully recover the federal and state health care costs incurred under the Medicaid program for the treatment of individuals with diseases attributable to the use of tobacco products by providing increased funding for their Medicaid programs and to provide increased resources to the National Institute of Health. Section 1903(D) of the Social Security Act is amended to provide that if a state recovers amounts expended as medical assistance for the treatment of diseases attributable to tobacco, the Secretary shall determine the amount of federal expenditures attributable to the amounts recovered, based on the federal medical assistance percentage. The Secretary then will treat this amount as an overpayment and permit the state to retain one-third of such amount for the purpose of using the funds to meet the non-federal share of expenditures under the state plan and pay one-third of such amount to NIH.

VIII. BILL REGARDING NICOTINE ADDICTION BY REP. MEEHAN

1. **H.R. 1853 by Rep. Meehan (D-MA) on 6-15-95 (9 cosponsors): FREEDOM FROM NICOTINE ADDICTION ACT OF 1995.** This bill amends the FDCA to make it illegal to introduce into interstate commerce any tobacco product that contains nicotine in the following amounts per cigarette:

As of January 1. 1997	10.00 MG. Nicotine.
As of January 1, 1998	8.00 MG. Nicotine.
As of January 1, 1999	6.00 MG. Nicotine.
As of January 1, 2000	4.00 MG. Nicotine.
As of January 1, 2001	2.00 MG. Nicotine.
As of January 1, 2002	.05 MG. Nicotine.

CS, JM, EL
A brief survey of tobacco related bills in Congress. May be some ideas of interest.
BR

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: TOBACCO BILLS

DATE: JULY 9, 1997

SUMMARY

Below is a list of bills, in reverse chronological order, that were introduced in both the 104th and 105th Congress that relate to tobacco. (The list was compiled by performing a Nexis search for any legislation that contains the words "tobacco" and "cigarettes.")

Many of the bills relate to topics that are already covered in the proposed settlement agreement such as bills regarding restrictions on advertising and bills aimed at reducing youth smoking.

We have not examined the details of every bill, but there are a few bills that relate to topics that are not covered by the proposed settlement that look interesting:

1. **Bills to create conversion funds for farmers.** S.804 by Sen. Bradley on 5-15-95; S.598 by Sen. Bradley (D-NJ) on 3-22-95.
2. **Bills to disallow deductions for advertising expenses for tobacco products.** H.R. 1323 by Rep. McHale (D-PA) on 41-15-97; H.R. 2962 by Rep. McHale (D-PA) on 2-06-96; S. 596 by Sen. Harkin (D-IA) on 3-22-95.
3. **A bill to create a tobacco accountability board**. H.R. 1881 by Rep. Waxman (D-CA) on 6-12-97. The board would investigate all matters relating to the tobacco industry including (1) any efforts to conceal research relating to the adverse health effects caused by tobacco; (2) any efforts by tobacco manufacturers to mislead the public; (3) any efforts to sell tobacco to children; and (4) any attempt to circumvent regulations of tobacco.
4. **A bill to regulate the advertising of tobacco over the Internet.** S. 2184 by Sen. Lautenberg (D-NJ) on 10-01-96.

NOTE:

In cases where there is an overlap in topics, the proposed Hill legislation often uses different methodology than does the proposed settlement. For instance, S. 828 proposed by Senator Durbin seeks to reduce youth smoking by 20% in the second year after enactment while the proposed settlement seeks to reduce the level by 30% only in the fifth year after enactment. Let us know if you would like us to pursue any of these comparisons or perform any additional research.

DATE INTRO	BILL NO.	SPONSOR	STATUS	DESCRIPTION OF BILL
6-27-97	S. Res. 104	Sen. Harkin (D-IA)	referred to committee	Resolution to state the sense of the Senate regarding the tax status of payments made as a result of the recent tobacco liability settlement. Under the settlement, any payment by the tobacco manufacturers is counted as a "normal and necessary" business expense and is therefore tax deductible, thereby potentially requiring taxpayers to subsidize up to $147 billion of the settlement payment. This resolution seeks to prohibit parties to the agreement from claiming tax deductions for these payments.
6-25-97	H.R. 2034	Rep. Bishop (D-GA); 13 cosponsors	referred to committee	A bill to amend section 1926 of the Public Health Service Act to encourage states to strengthen their efforts to prevent the sale and distribution of tobacco products to individuals under the age of 18.
6-24-97	H.R. 2017	Rep. Bishop (D-GA); no cosponsors	referred to committee	A bill to amend section 1926 of the Public Health Service Act to encourage states to strengthen their efforts to prevent the sale and distribution of tobacco products to individuals under the age of 18.
6-12-97	H.R. 1881	Rep. Waxman (D-CA)	referred to committee	**Tobacco Accountability Act**: A bill to establish the Tobacco Accountability Board. The Board will investigate all matters relating to the tobacco industry including (1) any efforts to conceal research relating to the adverse health effects caused by tobacco; (2) any efforts by tobacco manufacturers to mislead the public; (3) any efforts to sell tobacco to children; and (4) any attempt to circumvent regulations of tobacco.

6-06-97	H.R. 1826	Rep. Elizabeth Furse (D-OR)	referred to House Agriculture Committee	A bill to increase deficit-reduction assessments for participants in the Federal price support program for tobacco and to extend the period during which such assessments will be collected.
6-03-97	S.828	Sen. Durbin (D-IL); Cosponsors: Sen. Lautenberg (D-NJ), Sen. Harkin (D-IA)	referred to Committee on Commerce	**No Tobacco for Kids Act:** Directs HHS to conduct annual surveys to determine the number of children who used each manufacturer's tobacco products. Requires each manufacturer to make specified annual reductions in child tobacco use, and provides penalties based on total consumer use for failure to meet such requirements. Sets forth performance standards for new manufacturers. Directs that specified amounts of fiscal year penalties shall go to a Tobacco Enforcement and Education Fund in the Treasury, with any excess to go to the Treasury.
6-03-97	S.826	Sen. Lautenberg (D-NJ); Cosponsors: Sen. Durbin (D-IL), Sen. Kerry (D-MA)	referred to Senate Environment and Public Works Committee	**Smoke Free Environment Act of 1997:** A bill to amend the Public Health Service Act to protect the public from health hazards caused by exposure to environmental tobacco smoke.
6-03-97	H.R. 1772	Rep. Waxman (D-CA); no cosponsors	referred to committee	**No Tobacco for Kids Act**: A bill to provide for the reduction in the number of children who use tobacco products.
6-03-97	H.R. 1771	Rep. Waxman (D-CA); 2 cosponsors	referred to committee	**Smoke-Free Environment Act of 1997:** A bill to amend the Public Health Service Act to protect the public from health hazards caused by exposure to environmental tobacco smoke

4-24-97	S.643	Sen. Durbin (D-IL); 3 Cosponsors	referred to Committee on Agriculture	**Tobacco Subsidy Reduction Act of 1997:** Amends the Federal Crop Insurance Act to prohibit the CCC from providing federal crop insurance or reinsurance for tobacco. Amends the Agricultural Market Transition Act to prohibit the Secretary of Agriculture from providing noninsured crop disaster assistance for tobacco.
4-24-97	H.R. 1438	Rep. Degette (D-CO); 43 cosponsors	referred to committee	**Tobacco Subsidy Reduction Act of 1997:** A bill to prohibit the Federal Government from providing insurance, reinsurance, or noninsured corp disaster assistance for tobacco.
4-17-97	H.R. 1364	Rep. Johnson (R-CT); 12 cosponsors	referred to committee	**Child Health Insurance and Lower Deficit Act of 1997:** A bill to provide grants to States to provide uninsured children with access to health care insurance coverage and to amend the IRS Code of 1986 to increase the excise taxes on tobacco products for the purpose of funding such grants and reducing the deficit.
4-15-97	H.R. 1323	Rep. McHale (D-PA); 34 cosponsors	referred to committee	**Tobacco Advertising Tax Reform Act:** A bill to amend the IRS Code of 1986 to disallow deductions for advertising expenses for tobacco products.

4-09-97	H.R. 1263	Rep. Pallone (D-NJ); 40 cosponsors	referred to committee	**Child Health Insurance and Lower Deficit Act:** A bill to amend the Public Health Service Act to provide access to health care insurance coverage for children and to amend the IRS Code of 1986 to increase the excise taxes on tobacco products for the purpose of offsetting the Federal budgetary costs associated with such insurance coverage.
4-08-97	S.527	Sen. Lautenberg (D-NJ); 5 cosponsors	referred to Committee	**Tobacco Disclosure and Warning Act of 1997:** A bill to prescribe labels for packages and advertising for tobacco products, to provide for the disclosure of certain information relating to tobacco products.
4-08-97	S.526	Sen. Hatch (R-UT); 23 cosponsors	In Committee.	A bill to amend the IRS Code of 1986 to increase the excise taxes on tobacco products for the purpose of offsetting the federal budgetary costs associated with the Child Health Insurance and Lower Deficit Act.
4-08-97	H.R. 1244	Rep. Meehan (D-MA); 5 cosponsors	referred to committee	**Tobacco Disclosure and Warning Act of 1997:** A bill to prescribe labels for packages and advertising for tobacco products and to provide for the disclosure of certain information relating to tobacco products.
2-13-97	H.R. 768	Rep. LaHood (R-IL); 34 cosponsors	referred to committee	A bill to restrict the FDA from penalizing retailers for face-to-face tobacco sales that are in accordance with State law.
2-13-97	H.R. 762	Rep. Hansen (R-UT); 5 cosponsors	referred to committee	**Youth Protection from Tobacco Addiction Act of 1997:** A bill to restrict the advertising and promotion of tobacco products.

2-04-97	H.R. 516	Rep. Baesler (D-KY); no cosponsors	referred to committee	**Youth Smoking Prevention Act of 1997:** A bill to establish the Federal Authority to regulate tobacco and other tobacco products containing nicotine as a condition to the receipt by a State of the Federal preventive health and health services block grant.
1-23-97	S.201	Sen. Ford (D-KY); no cosponsors	Referred to committee	**Tobacco Products Control Act of 1997**. A bill to provide for the establishment of certain limitations on advertisements relating to, and the sale of, tobacco products, and to provide for increased enforcement of laws relating to underage tobacco use.
1-09-97	H.R. 410	Rep. Gordon (D-TN); 29 cosponsors	referred to committee	A bill to prohibit the use of any tobacco or tobacco product as a sponsor of an event of the National Association of Stock Car Automobile Racing, its agents or affiliates, or any other professional motor sports associations by HHS or any other instrumentality of the Federal Government.
10-01-96	S. 2184	Sen. Lautenberg (D-NJ); no cosponsors	referred to Senate Commerce, Science and Transportation Committee	**Tobacco-Free Children's Internet Act of 1996**: a bill to require the Commissioner of the Food and Drug Administration to issue regulations limiting the advertising of cigarettes and smokeless tobacco over the Internet.
9-26-96	H. Con. Res. 223	Rep. Greene (R-UT); no cosponsors	referred to House Economic and Educational Opportunities Committee	Expresses the sense of the Congress that addiction to nicotine should not be considered a disability for purposes of specified provisions of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973

9-27-96	H.R. 4245	Rep. Fox (R-PA); no cosponsors	referred to House Commerce Committee	**Tobacco Youth Access Act:** a bill to restrict the access of youth to tobacco products.
8-02-96	H.R. 3954	Rep. Fox (R-PA); no cosponsors	referred to committee	**Control of Youth Access to Tobacco Act:** A bill to restrict the access of youth to tobacco products.
7-16-96	H.R. 3821	Rep. Hansen (R-UT); 8 cosponsors	referred to committee	**Youth Protection from Tobacco Addiction Act of 1996:** A bill to restrict the advertising and promotion of tobacco products.
7-10-96	H.R. 3779	Rep. Oberstar (D-MN); 16 cosponsors	referred to committee	**Tobacco Medicaid Recovery Act of 1996**: a bill to amend title XIX of the Social Security Act to reward states for collecting Medicaid funds expended on tobacco-related illnesses.
6-19-96	S. 1892	Sen. Lautenberg (D-NJ); 6 cosponsors	referred to Senate Finance Committee	**Tobacco Medicaid Recovery Act of 1996:** a bill to reward states for collecting Medicaid funds expended on tobacco-related illnesses
2-06-96	H.R. 2962	Rep. McHale (D-PA); 22 cosponsors	referred to House Ways and Means Committee	A bill to amend the Internal Revenue Code of 1986 to disallow deductions for advertising expenses for tobacco products.
11-16-95	H.R. 2653	Rep. Charlie Rose (D-NC); no cosponsors	referred to House Agriculture Committee	**Tobacco Amendments Act of 1995**: A bill to amend the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 to improve the operation of the Government flue-cured and burley tobacco programs.

11-06-95	H.R. 2585	Rep. Schroeder (D-CO); 26 cosponsors	referred to committee	**Smokeless Tobacco Consumption Reduction and Education Act of 1995**: A bill to amend the IRS Code of 1986 to increase the excise taxes on smokeless tobacco to an amount equivalent to the tax on cigarettes and to use the resulting revenues to fund a trust fund for programs to reduce the use of smokeless tobacco.
9-28-95	H.R. 2414	Rep. Baesler (D-KY); 3 cosponsors	referred to House Commerce Committee	**Youth Smoking Prevention Act of 1995**: a bill to establish the Federal authority to regulate tobacco and other tobacco products containing nicotine.
9-26-95	S. 1295	Sen. Helms (R-NC); 3 cosponsors	referred to Senate Commerce, Science and Transportation Committee	A bill to prohibit the regulation of any tobacco products, or tobacco sponsored advertising, used or purchased by the National Association of Stock Car Automobile Racing, its agents or affiliates, or any other professional motor sports association by HHS or any other instrumentality of the Federal government.
9-20-95	S. 1262	Sen. Ford (D-KY)	referred to Senate Commerce, Science and Transportation Committee	**Tobacco Products Control Act of 1995**: a bill to provide for the establishment of certain limitations on advertisements relating to, and the sale of , tobacco products, and to provide for the increased enforcement of laws relating to underage tobacco use.
9-07-95	H.R. 2283	Rep. Payne (D-VA); 23 cosponsors	referred to House Commerce Committee	A bill to prohibit the regulation of the sale or use of tobacco or tobacco products by HHS.

9-06-95	H.R. 2265	Rep. Funderburk (R-NC); 53 cosponsors	referred to House Commerce Committee	A bill to prohibit the regulation of any tobacco products, or tobacco sponsored advertising, used or purchased by the National Association of Stock Car Automobile Racing, its agents or affiliates, or any other professional motor sports association by HHS or other instrumentality of the Federal Government.
8-07-95	S. Res. 159	Sen. Bradley (D-NJ); 11 cosponsors	referred to Senate Finance Committee	A resolution to express the sense of the Senate regarding the role of tobacco in leading to addiction, disease, and premature death among children and teenagers, and the role of increased excise taxes in reducing tobacco use by children and teenagers.
8-04-95	S. 1123	Sen. Bingaman (D-NM); no cosponsors	referred to Senate Environment and Public Works Committee	A bill to limit access by minors to cigarettes through prohibiting the sale of tobacco products in vending machines and the distribution of free samples of tobacco products in federal buildings and property accessible by minors.
6-15-95	H.R. 1853	Rep. Meehan (D-MA); 9 cosponsors	referred to House Science Committee	**Freedom from Nicotine Addiction Act of 1995:** A bill to amend the Federal Food, Drug, and Cosmetic Act to require the reduction and eventual elimination of nicotine in tobacco products.
5-15-95	S. 804	Sen. Bradley (D-NJ); no cosponsors	referred to Senate Finance Committee	**Tobacco Consumption Reduction and Health Improvement Act of 1995**: A bill to amend the Internal Revenue Code of 1986 to increase the excise taxes on tobacco products, and to use a portion of the resulting revenues to fund a trust fund for tobacco diversification.

4-06-95	H.R. 1455	Rep. Stark (D-CA); 13 cosponsors	referred to the House Ways and Means Committee	**Tobacco Health Tax and Agricultural Conversion Act of 1995:** A bill to amend the IRS Code of 1986 to increase the tax on tobacco products.
3-22-95	S. 598	Sen. Bradley (D-NJ); cosponsor: Lautenberg (D-NJ)	referred to Senate Finance Committee	**Tobacco Consumption Reduction and Health Improvement Act of 1995:** A bill to amend the Internal Revenue Code of 1986 to increase the excise taxes on tobacco products and to use a portion of the resulting revenue to fund a trust fund for tobacco diversification.
3-22-95	S. 597	Sen. Lautenberg (D-NJ); 2 cosponsors	referred to Senate Finance Committee	**Medicare/Medicaid Solvency Act:** A bill to insure the long-term viability of the Medicare, Medicaid, and other federal health programs by establishing a dedicated trust fund to reimburse the government for the health care costs of individuals with diseases attributable to the use of tobacco products.
3-22-95	S. 596	Sen. Harkin (D-IA)	referred to Senate Finance Committee	A bill to amend the Internal Revenue Code of 1986 to disallow deductions for advertising and promotional expenses for tobacco products.
1-23-95	H.R. 636	Rep. Kildee (D-MI)	referred to House Economic and Educational Opportunities Committee	**The Tobacco Workers Equity Act:** A bill to amend section 207(m) of the Fair labor Standards Act of 1938 to eliminate the partial overtime exemption for employees that perform services necessary and incidental to the sale and processing of green and cigar leaf tobacco.