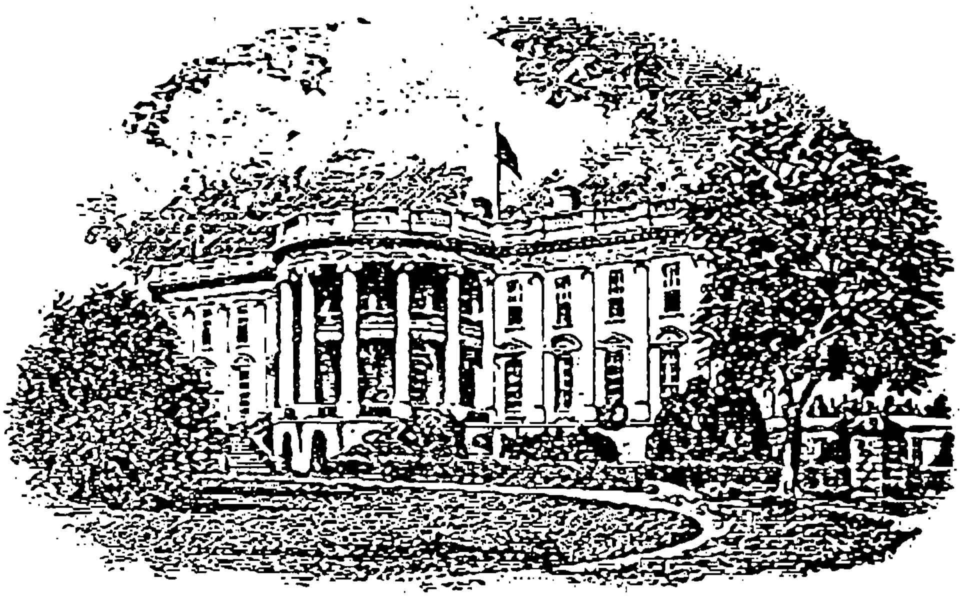
The White House
Office of Presidential Letters and Messages



facsimile from Sarah Knight
phone: 202-456-5514
fax: 202-456-5426

To: Elizabeth Drye

No. of pages (including cover): 8 Date: 8/11/97

Phone: Fax: x 67028

Comments: Here are samples of the distribution of money letters + tobacco farmers letters.

Sarah

221500

Michael

COMMONWEALTH OF KENTUCKY
HOUSE OF REPRESENTATIVES
FRANKFORT

BRENT YONTS
16TH LEGISLATIVE DISTRICT
P.O. BOX 370
114 MILL STREET
GREENVILLE, KENTUCKY 42345
PHONE: (502) 338-0818
FAX: (502) 338-1639

COMMITTEES:

VICE-CHAIR
LABOR AND INDUSTRY

NATURAL RESOURCES AND ENVIRONMENT
COUNTIES AND SPECIAL DISTRICTS
TOBACCO TASK FORCE
SPECIAL SUBCOMMITTEE ON ENERGY

July 15, 1997

President William J. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20510

Dear President Clinton:

As a member of the Kentucky General Assembly and from a District which is heavy in tobacco, I appreciate the fact that you are reviewing the proposed tobacco settlement from a variety of angles. Kentucky has 60,000 or more small tobacco farms which support the state economy and are the life blood of these farms.

The proposed agreement will have an adverse impact on these 60,000 farms. It may put them out of business. If it does not put them out of business it will certainly change the way of life of the small farmer in Kentucky. The economic impact will be far reaching.

As I understand the agreement, there is no assistance under the proposal for the farmer in Kentucky. Everyone else is protected, or at least it appears that an effort is made to do so. The farmer is sold out.

As this requires your approval and that of Congress, I would appreciate very much your office reviewing this agreement with the idea that if it is to be approved the farmer in Kentucky must be protected. Everyone wants to stop teenage smoking, but we cannot kill the Kentucky farmer in the process. We ask for your help in this matter.

The future of Kentucky farming and of many families is at stake.

Very truly yours,

BRENT YONTS,
State Representative

Brent Yonts

BY:ac

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LEGISLATIVE RESEARCH COMMISSION

State Capitol
700 Capital Avenue
Frankfort, Kentucky
502-564-8100
Capitol FAX 1-502-223-5094
Annex FAX 1-502-564-6543

July 23, 1997

William J. Clinton, President
1600 Pennsylvania Ave. NW
Ground Flr W Wing
Washington, DC 20500

Dear Mr. President:

The Kentucky Tobacco Task Force was created by the General Assembly in 1985 to address the problems faced by tobacco farmers. The 60,000 mostly small, tobacco farms in the state support the economy and way of life in rural Kentucky and much of the state as a whole.

A substantial reduction in smoking and a major reduction in the use of Kentucky's burley will likely result from the agreement which was reached between the tobacco companies and the States' Attorneys General. The impact on Kentucky's rural economy could be devastating.

As you know tobacco farmers receive no assistance under the present agreement, and they will be the ones most seriously impacted. We in the state appreciate your administration's assurances that tobacco farmers' interests will be taken care of and we hope that proposals to assist them will receive your immediate attention and support.

The Task Force supports proposals to protect the tobacco program, to protect quota and income levels, to require tobacco companies to pay administrative costs of the program, to provide funds for farmer assistance and rural development, and to provide for making technical adjustments to the burley program. Other proposals to benefit tobacco farmers may come to light and receive Task Force support in the days ahead.

Please give your immediate attention to assuring that assistance is provided to tobacco farmers in any final settlement. A way of life and the economic welfare of thousands of tobacco farmers and others depends on your handling of this agreement.

Sincerely,

Joey Pendleton

Senator Joey Pendleton, Chairman
Tobacco Task Force

cc: Ben Chandler, Attorney General

USDA

United States Department of Agriculture

RISK MANAGEMENT AGENCY

From: Michael F. Hand, Director
Claims/Underwriting Services
Washington, D.C.

July 17, 1997

To: HIMA VATTI
@ 456-7431

USDA tobbaco insurance info per your request.

Please call me at (202) 690-2499 if you have any questions.

RETURN FAX (202) 690-2540

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 16, 1997

Honorable Joe Skeen
Chairman, Subcommittee on Agriculture,
Rural Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
2362 Rayburn House Office Building
Washington, D.C. 20515-6016

Dear Joe:

I am writing concerning an amendment to the fiscal year (FY) 1998 Agriculture Appropriations Act offered by Congresswoman Nita Lowey, which would prohibit the use of funds to pay the salaries of personnel who provide crop insurance or noninsured crop disaster assistance for tobacco for the 1998 and later crop years.

The Department of Agriculture (USDA) opposes this amendment. Crop insurance and noninsured crop disaster assistance programs comprise the principal remaining "safety net" for farmers suffering crop losses from natural disasters, since the elimination of ad hoc disaster aid. The adoption of this amendment will effectively end our ability to provide crop insurance and noninsured assistance payments for tobacco growers.

Crop insurance is an essential part of the producer "safety net" envisioned by the Administration's agricultural policy. There were some 89,000 tobacco growers with crop insurance policies in 1996, of which 69,500 actually planted the crop for the year. Over 550,000 acres were insured with liability exceeding $1.15 billion. Tobacco producers paid more than $20 million in premiums to insure their crops in recognition of the need to provide for their own risk management at a time when the Government is providing fewer and fewer farm subsidies.

Tobacco growers in three States (North Carolina, South Carolina, and Virginia) received $77.8 million in indemnities for losses due to back-to-back hurricanes that hit the East Coast last year. These funds helped communities recover from disaster and were paid for in part by the producers themselves. The significance of a program that encourages producers to assess their individual risk management needs and allows them to pay part of the cost for coverage must not be lost at a time when fewer dollars are available for other types of assistance. Elimination of tobacco crop insurance would place a greater burden on other sources of relief when disaster strikes.

This amendment would have a particularly detrimental effect on thousands of small farmers in tobacco producing States, not to mention the toll it would take on the economic stability of many rural communities. An overwhelming majority of crop insurance policies in this area are sold to small farmers.

I urge you and your colleagues to vote against this amendment when it is considered by the House. Please contact me if you should need further information.

Sincerely,

Dan Glickman

DAN GLICKMAN
Secretary

cc: Honorable Marcy Kaptur
Ranking Democratic Member
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
2362 Rayburn House Office Building
Washington, D.C. 20515-6016

EFFECT OF THE LOWEY AMENDMENT ON TOBACCO CROP INSURANCE

- The net effect of the amendment would be to preclude RMA from expending funds to develop and put the tobacco crop insurance program in place. This would eliminate the subsidies for tobacco that are available for other insurable crops. There is no assurance that private companies could or would offer affordable private multiple peril insurance, even if rates and coverages could be developed.

- Approximately 89,000 tobacco insurance policies were in force in 1996, with nearly 69,500 of those policies having planted acres reported. Over 550 thousand acres were insured with liability exceeding $1.15 billion dollars. Tobacco producers paid more than $20 million in premiums to insure their crops in recognition of the need to provide for their own risk management at a time when the government is providing fewer and fewer farm subsidies.

- The impact of tobacco crop insurance availability in rural communities is quite large and is an essential part of the producer "safety net" envisioned by this administration under an agricultural policy that promotes "freedom to farm."

- The economic significance of the program is demonstrated by reviewing the 1996 loss history. As a result of back-to-back hurricanes that hit the East Coast last year, tobacco losses in three states; North Carolina, South Carolina, and Virginia, amounted to $77.8 million, which was 86% of all tobacco losses nationally for the year. This money helped communities recover from disaster and was paid for in part by the producers themselves.

- The significance of a program that encourages producers to assess their individual risk management needs and allows them to pay part of the cost for coverage must not be lost at a time when fewer dollars are available for other types of assistance. Elimination of tobacco crop insurance would just place a greater burden on other sources of relief when disaster strikes.

- The impact on the lending sector is unknown. Many banks now require crop insurance in order to secure operating loans. If the subsidized program were eliminated, loans may not be available to producers, many of whom are the very producers the "safety net" was designed to protect.