

105
farmer
compromise

Potential compromise

FARMER PAYMENTS

\$16.5 bil.

\$8/\$4 formula of both bills unchanged

Speed of payments: as fast as bill will allow (McCain's call)

PROGRAM

Terminates after 15 years

Authority for Interstate Compacts after 15 years

PROGRAM COSTS

\$ 1.5 bil. (max.)

Covered as under LEAF Act for 15 years

ECONOMIC DEVELOPMENT/EDUCATION

\$ 4.46 bil.

80% of LEAF Act amounts

Limit Economic Development to 15 years

Limit Education grants to 20 years

OVERALL COSTS

\$ 22.46 bil.

*by
Finner
possible
complaints*

FAX COVER SHEET

U.S. DEPARTMENT OF AGRICULTURE
Office of the Under Secretary
Farm and Foreign Agricultural Services
14th Street and Independence Avenue, S.W.
Washington, D.C. 20250-0105

Fax No: (202) 720-8254
Telephone: (202) 720-3111

Date: 6/9/98

TO:

Tom Freedman

FAX NO:

457-7431

PAGES:

4

(including cover)

FROM:

Jak
☐ AUGUST SCHUMACHER
☒ DALLAS R. SMITH
☐ JIM SCHROEDER
☐ TERESA GRUBER
☐ JOHN WINSKI

☐ BUTCH MAY
☐ KATHY BLYTHE
☐ JACKIE BURRELLO
☐ VICKIE PAIGE

COMMENTS:

*Tom, last night's version revised by
DGC.
Attachment*

Dallas - here is my revised version of your draft in which I have done a few edits in addition to those that I listed in my last email to you - Terry Jackson, June 9, 1998

Draft of Legislative Language to Implement LEAF-LUGAR Compromise

Not later than 6 months after the date of enactment of this Act, the Secretary of Agriculture shall develop and submit to Congress a report addressing and weighing legislative options to provide long-term economic assistance to tobacco farmers and tobacco dependent communities.

(a) CONSULTATION. -- In carrying out this subtitle, the Secretary shall consult with tobacco growers, warehousemen, governors of tobacco states, Congress, and appropriate local officials. In addition, consideration should be given to comments by other interested parties as may be submitted at public meetings or in response to notices issued by the Secretary requesting such comment.

(b) CONSIDERATIONS. -- In developing the report and making recommendations for legislative change, the Secretary shall consider:

- (1) The economic impact upon tobacco farmers and tobacco dependent communities of reduced tobacco consumption and changes in national tobacco policy as reflected in the National Tobacco Policy and Youth Smoking Reduction Act.
- (2) Long-standing federal and state policies to promote and support the cultivation of tobacco.
- (3) The impact of lower tobacco prices on public health and the achievement of the purposes of this Act.
- (4) Fairness to non-tobacco commodity growers and agriculturally dependent communities.
- (5) The competing needs that may apply between different kinds and types of tobacco.

(c) ECONOMIC IMPACT.-- To the extent practicable, the options addressed in the report shall emphasize, and be limited to, those proposals that would:

- 05/09/90 TEL 11-40 FAX 101 710 0101
- (1) Contain measures to mitigate the economic impact of reduced tobacco consumption and changes in national tobacco policy upon farmers and tobacco dependent communities, including, but not limited to, measures that would provide for appropriate and cost-effective worker assistance and education, and would provide for community development in tobacco-dependent areas;
 - (2) Provide for an appropriate buy-out of tobacco quotas which now apply under the current price support system for tobacco as operated under the Agricultural Act of 1949, as amended, and the Agricultural Adjustment Act of 1938, as amended;
 - (3) Help achieve the purposes of the National Tobacco Policy and Youth Smoking Reduction Act.

(d) LIMITATIONS. -- Further, the report shall, to the extent practicable, focus on, and be limited to, options for legislative improvements for tobacco that would:

- (1) Expend for the benefit of tobacco farmers and their communities, because of their status as parties with an interest in tobacco, not more than \$25 billion over 25 years.
- (2) For any option which would terminate the price support program for tobacco, allow price support to continue for at least seven years.
- (3) For any option that does not set a definite time to end the price support program for tobacco, assume annual review of the price support program for tobacco by the Secretary and expedited consideration of termination legislation should the Secretary recommend termination at some later date so long as the recommended termination date is a date which would fall at least seven years after the date of enactment of this Act.

(e) EXPEDITED CONSIDERATION.-- It is the sense of Congress that upon filing of the report by the Secretary, the Congress should act expeditiously to consider legislative

changes for tobacco and that such period of consideration by the Congress should not be greater than three months.

(f) FUNDING.--The amounts reserved under the National Tobacco Policy and Youth Smoking Reduction Act shall remain available to implement legislative proposals for tobacco which may enacted after, and in connection with, the report issued by the Secretary under this Act.

THE WHITE HOUSE
WASHINGTON

*TDH 110
for me
comprise
[signature]
[signature]
[signature]*

From the Office of:

The Domestic Policy Council

**Elena Kagan
Deputy Assistant to the President
for Domestic Policy**

TO: Tom

FAX: 67431

PHONE: _____

PAGES: 3

MESSAGE: _____

Please call (202) 456-5584 if there are any problems with the transmission.

TO: ELENA & BRUCE

FM: JR

RE: Shower thoughts on possible LEAF-LUGAR Compromise

--Within six months after enactment of S. 1415, the Secretary of Agriculture shall submit legislation providing long-term economic assistance to tobacco farmers and tobacco dependent communities.

--Such legislation shall be developed in consultation with tobacco growers, warehousemen, Governors of tobacco states, Congress and appropriate local officials.

--Provide for public comment through the Administrative Procedures Act, including town hall meetings and other processes to receive input and proposals.

--In developing such legislation the Secretary shall consider:

- 1) Economic impact upon tobacco farmers and tobacco dependent communities of reduced tobacco consumption and changes in national tobacco policy effected by the NTPYSRA.
- 2) Long-standing federal and state policies to promote and support the cultivation of tobacco.
- 3) The impact of lower tobacco prices on public health and the achievement of the purposes of this act.
- 4) Fairness to non-tobacco commodity growers and agriculture dependent communities.
- 5) The needs of both Burley and Flue-cured tobacco growers and tobacco dependent communities.

The legislation shall:

- 1) Mitigate the economic impact of reduced tobacco consumption and changes in national tobacco policy upon farmers and tobacco dependent communities, including appropriate and cost-effective worker assistance and education, etc (include the elements that LEAF and Lugar have in common).
- 2) Provide for the appropriate buy-out of tobacco quota
- 3) Help achieve the purposes of the NTPYSRA.

Limitations:

- 1) Shall cost no more than \$25 billion over 25 years.
- 2) If such legislation proposes the termination of the tobacco quota program, such termination shall not go into effect before seven years.
- 3) If quota program is not terminated, provide for an annual review by the Secretary and expedited Congressional consideration of termination legislation should the Secretary submit such legislation after 7 years.

Congressional Consideration:

- Expedited consideration of legislation Secretary's proposal (as Civil Aviation Review Commission legislation)
- If termination of quota program is included in Secretarial proposal, expedited consideration of extending the program 6 months prior to effective date of termination.
- Expedited consideration of legislation to terminate quota program if submitted by the Secretary after the seven year window.

Savings:

- Amounts reserved under the NTPYSRA shall remain available to implement the legislation.

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P.S. Yes, Bruce, this is kicking the can down the road.

*Job.
Farmer
President
Comments Final to EB1*

June 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: Talking Points for Telephone Calls to Senators Lugar & Ford re: Tobacco
Bill Farmer Provision

Current Status

Senators Lugar and Ford have competing provisions relating to farmers that are each included in the tobacco bill. Senator Lugar's measure would end the tobacco program within 3 years and buy-out farmers at a cost of \$18 billion over those three years. Senator Ford's measure would continue the tobacco program, giving farmers the option of being bought out. It costs \$28.5 billion, but the cost is spread over 25 years. Each side has attracted support, mostly along partisan lines, and each threatens to try and strike the other's provision from the bill.

Senator Ford has already communicated to Lugar a possible compromise: Ford would be willing to end the program in 15 years, offer the states the opportunity to institute state or regionally-run programs, scale back the cost of his program to \$22.5 billion, and accelerate payments to farmers as much is practicable. Senator Lugar has been hesitant to accept any provision that would continue any production control program, even at a state level. Further, Senator McConnell has allied himself with Lugar, and has promised Kentucky voters that the \$18 billion will be forthcoming in three years. The continuation of the program and the speed of the payments are the key issues to resolve.

Talking Points for Call to Senator Lugar

- * I know that you are deeply concerned about youth smoking and that you want the Congress to pass a comprehensive bill that will really do something about this problem.
- * I also know that you have strong and principled views about the farmers piece of this legislation and that you have worked hard on a proposal to protect tobacco farmers, while moving toward a free market system.
- * The problem now is that the farmers issue could hold up the whole bill. I think we need to reach a compromise on this issue, so it is not divisive and does not give some senators a way to put the entire bill in jeopardy.

- * I understand that Senator Ford has suggested a possible compromise -- a proposal to terminate the program over a number of years, while permitting states to put some pricing measures in place on their own. I hope you will work with him to come up with a plan you both could accept.
- * If I or Secretary Glickman can be of any help in promoting a compromise approach, we would be very glad to do so. We all have a common interest in solving this problem and moving the bill forward.

Talking Points for Call to Senator Ford

- * I want to thank you for your work in crafting the LEAF Act and in trying to gain bipartisan support for the measure.
- * As you know, I have insisted that any comprehensive tobacco legislation protect tobacco farmers and their communities, and I have expressed strong support for your proposal.
- * I have just talked to Senator Lugar and urged him to move in your direction. We should be able to agree on an approach that keeps the federal program going for more than three years and allows states to pick up where the federal program leaves off.
- * I'd like you to work with Lugar to fashion a compromise. I think we can reach a compromise that will protect farmers and will be politically acceptable to you. We shouldn't let the Republicans use the farmers issue to kill legislation that they don't like for other reasons. If Secretary Glickman or I can assist you in any way, you should let us know immediately.

JUN. -16' 98 (TUE) 01:01

06/16/98 11:33

P. 002

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⑤ If I or Secretary Glickman can be of any help in promoting a compromise approach, we would be very glad to do so. We all have a common interest in solving this problem and moving the bill forward. June 16, 1998

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① * I want to thank you for your work on the tobacco legislation. I know you've worked hard to pass ~~to help put together~~ a comprehensive bill that will really do something to reduce youth smoking about this problem.

Problem now is that the

③ * The farmers issue could hold up the whole bill. I think we need to reach a compromise on this issue, so it is not divisive and a reason for some senators to endanger the entire bill in jeopardy.

④ * I understand that Senator Ford seems willing to compromise. I know he has sent you a proposal with a termination date for the program but permitting a state option. I hope you will work with him to come up with a plan you both could accept.

over a number of years, while

are deeply concerned about the impact of youth smoking that you want the bill to pass

* I also know that you have strong and principled views about the farmers piece of this legislation and that you have worked hard on a proposal to protect tobacco farmers, while moving toward a free market or ~~production control~~ system.

JUN. -16' 98 (TUE) 01:01

06/16/98 11:33

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