tobacco farmers - side by sides

FAX COVER SHEET

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COMMENTS:

HATCH-FEINSTEIN TOBACCO BILL

The Hatch-Feinstein Bill, entitled the Tobacco Transition Act, would provide market transition assistance to tobacco quota owners, tobacco producers and communities that are dependent on tobacco production, and terminate the Federal tobacco program effective for the 1999 crop year. Under the Hatch-Feinstein proposal:

- Quota owners would receive $8 per pound in 7 equal annual payments beginning in 1999.
- Producer transition compensation to quota lessees would be equal to $4.00 per pound in 7 equal installments, beginning in 1999. Transition payments would be based on a farmer's average production during any 3 years of the 1993 through 1997 base period.
- Mandatory end to the tobacco production adjustment and price support program after the 1998 crop.
- Assistance to affected rural communities in economic development grants (including farm activities, off-farm activities, farmer educational grants, and assistance to tobacco warehouse owners) .
- Disposal of tobacco loan stocks and the repayment of all tobacco price support loans would be required within 1 year. (If loan stocks are required to be disposed of within 1 year, losses over and above funds in the no-net-cost tobacco accounts could amount to between $400 and $500 million. See section 831(f) of the Bill.)

COMPARISON OF VARIOUS BILL COSTS

ISSUE	HATCH-FEINSTEIN	LUGAR
Quota owners - buyout payments	$13.9 billion over 7 years or about $2.0 billion per year.	$12.8 billion over 3 years or about $4.3 billion per year.
Producers - transition payments	$3.2 billion paid over 7 years or about $500 million per year.	$3.2 billion paid over 7 years or about $500 million per year.
Various Community and Educational Grants	$1.4 billion	$1.0 billion.
Totals	$18.5 billion	$17.0 billion

Funding - The bill provides for the Secretary of Agriculture to transfer funds as needed from the Tobacco Transition Account within the Treasury of the United States to cover amounts authorized by this Bill. In addition, the Bill provides that the Secretary may use the funds, facilities and authorities of the Commodity Credit Corporation to carry out this title and the amendments made by this title. Given these authorities, we feel funds would be sufficient to cover expenditures for the "farmer provisions" of this Bill.

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