

TOBACCO ACREAGE ALLOTMENTS

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON TOBACCO

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

ON

H.R. 1916, H.R. 3405, H.R. 5930, and H.J. Res. 389

MAY 9, 1963

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LEASE AND TRANSFER OF TOBACCO ACREAGE ALLOTMENTS

THURSDAY, MAY 9, 1963

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TOBACCO OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1310, Longworth House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, Matthews, Stubblefield, Rosenthal, Leggett, Dague, Short, Latta, and Hutchinson.

Also present: Representative Johnson of Wisconsin. Martha Hannah, staff, and Robert Bruce, assistant counsel.

Mr. ABBITT. The Subcommittee on Tobacco will please come to order.

I am glad to see our colleague from Florida, Mr. Fuqua, with us this morning.

I understand that Congressman Matthews, who is so vitally interested in all tobacco legislation, particularly this, has another most important meeting, and we will hear from Mr. Matthews first.

(H.R. 5930, H.R. 3405, and H.R. 1916, together with the departmental report dated April 2, 1963, follow:)

(H.R. 5930, 88th Cong., 1st sess.)

A BILL To amend the Agricultural Adjustment Act of 1938 to extend for two additional years the provisions permitting the lease and transfer of tobacco acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (1) subsection (a) of section 316 of the Agricultural Adjustment Act of 1938, as amended, is further amended—

(1) by striking out “and 1963” and inserting in lieu thereof “, 1963, 1964, and 1965”;

(2) by striking out “, and for the 1963 crop year, other than” and inserting in lieu thereof “or”; and

(3) by striking out the last sentence and inserting in lieu thereof the following: “In the case of Maryland (type 32) tobacco, no farm shall be eligible for lease of 1962 or 1963 allotment from the farm unless at least 75 per centum of the allotment for the farm was actually planted during each of the years 1960 and 1961, nor shall a farm be eligible for lease of 1964 or 1965 Maryland tobacco allotment from the farm unless at least 75 per centum of the allotment for the farm was actually planted on such farm during each of the two immediately preceding years.”; and

(2) Subsection (b) of such section, as amended, is amended to read as follows: “(b) Any lease shall be made on an annual basis and on such terms and conditions, except as otherwise provided in this section, as the parties thereto agree.”

[H.R. 3405, 88th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938 to extend for two additional years the present provisions permitting the lease and transfer of tobacco acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 316 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281(a)), is amended—

(1) by striking out “and 1963” and inserting in lieu thereof “, 1963, 1964, and 1965”;

(2) by striking out “, and for the 1963 crop year, other than” and inserting in lieu thereof “or”; and

(3) by striking out “years 1960 and 1961” of the last sentence and inserting in lieu thereof “two preceding years.”

(b) The second sentence of subsection (b) of such section is amended to read as follows: “No lease shall be entered into for any period in excess of one crop year, but may be renewed from year to year if the parties so agree, except that no such renewal may be in effect for the 1966 and succeeding crop years.”

[H.R. 1916, 88th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938 to extend for two additional years the present provisions permitting the lease and transfer of tobacco acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 316 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281(a)), is amended—

(1) by striking out “and 1963” and inserting in lieu thereof “, 1963, 1964, and 1965”;

(2) by striking out “, and for the 1963 crop year, other than” and inserting in lieu thereof “or”; and

(3) by striking out the last sentence thereof.

(b) The second sentence of subsection (b) of such section is amended to read as follows: “No lease shall be entered into for any period in excess of one crop year, but may be renewed from year to year if the parties so agree, except that no such renewal may be in effect for the 1966 and succeeding crop years.”

APRIL 2, 1963.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. COOLEY: This is in reply to your request of January 22, 1963, for a report on H.R. 100, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to extend for 2 additional years the provisions permitting the lease and transfer of tobacco acreage allotments.

This Department has no objection to the enactment of this bill if it is amended as hereinafter suggested.

Public Law 87-200 approved September 6, 1961, amended the Agricultural Adjustment Act of 1938, as amended, by adding a new section 316 which authorized, for the 1962 and 1963 crop years, the owner and operator of any farm for which a tobacco acreage allotment (other than a burley tobacco acreage allotment) is established to lease and transfer, on an annual basis, any part of such allotment to any other owner or operator of a farm in the same county for use in such county on a farm having a current tobacco allotment of the same kind. Public Law 87-824, approved October 15, 1962, amended Public Law 87-200 to remove the authority to lease and transfer cigar-filler and cigar-binder (types 42, 43, 44, 53, 54, and 55) tobacco allotments for the 1963 crop year.

During the 1962 crop year, tobacco acreage allotments were established for 572,462 farms, and the total acreage allotted was 1,235,510 acres. During that year, acreage allotments were leased from 20,347 farms to 17,148 farms. The total acreage leased in 1962 was 28,168 acres which was reduced to 25,571 acres through adjustment of yields as provided in Public Law 87-200. Thus, the total acreage approved for transfer in 1962 was about 2 percent of the total acreage allotted.

H.R. 100, if enacted, would extend the existing legislation for the lease and transfer of tobacco acreage allotments (other than a burley tobacco or a cigar-filler and cigar-binder (types 42, 43, 44, 53, 54, and 55) tobacco acreage allotments

for 2 additional crop years, except that the limitation with respect to Maryland tobacco, section (a)(3), would be stricken.

Section (a)(3) of H.R. 100 amends subsection (a) of section 316 of the Agricultural Adjustment Act of 1938, as amended, by striking the last sentence thereof. The eliminated sentence prohibits the lease of Maryland (type 32) tobacco allotments from farms on which less than 75 percent of the allotments was planted during the years 1960 and 1961. Historically there has been considerable underplanting of Maryland tobacco allotments. The following table shows the acreage allotted and acreage harvested during the last 3 years.

Year	Acreage allotted	Acreage harvested
1962	49,746	41,500
1961	49,473	40,000
1960	48,696	37,500

During 1962, with the limitation in effect, only 24 leases and transfers for 65 acres were approved for Maryland tobacco. In view of the considerable underplanting of Maryland tobacco allotments, a significant increase in Maryland tobacco acreage, which could result in excessive supplies, would likely occur if the limitation were eliminated. Therefore, it is recommended that section (a)(3) of H.R. 100 be changed to read as follows:

“(3) by striking out the last sentence and inserting in lieu thereof the following: ‘In the case of Maryland (type 32) tobacco, no farm shall be eligible for lease of 1962 or 1963 allotment from the farm unless at least 75 percentum of the allotment for the farm was actually planted during each of the years 1960 and 1961, nor shall a farm be eligible for lease of 1964 or 1965 Maryland tobacco allotment from the farm unless at least 75 per centum of the allotment for the farm was actually planted during each of the two immediately preceding years.’”

Section (b) of H.R. 100 amends subsection 316(b) of the act in a manner inconsistent with the revised working suggested above, and should be stricken if the revised working is adopted. Should the revised wording not be adopted, it is suggested, for clarity, that the proviso in subsection 316(b) of the Act be retained.

It is not anticipated that the enactment of this proposed legislation would have any significant effect upon the expenditure of administrative funds or Commodity Credit Corporation capital funds.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

ORVILLE L. FREEMAN, *Secretary.*

STATEMENT OF HON. D. R. MATTHEWS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. MATTHEWS. Mr. Chairman, I certainly want to thank you for this courtesy. I am not going to take the time of the committee to give the textual explanation of the bill, because we have the Department of Agriculture represented here.

Mr. Todd is here, and I know that he will give a thorough explanation of this bill.

This is an extension for 2 years of the present legislation, to permit the lease and transfer of tobacco acreage allotments. The measure has, I feel, the safeguards that we all desire in this program—it has safeguards to take care of, possibly, overproduction on land that has tobacco transferred to it and other matters that will be explained more fully by Mr. Todd.

Mr. Chairman, I introduced H.R. 100, which extended the lease and transfer provisions of the tobacco program and excepted the Maryland tobacco. It was my understanding that they did not want to be included.

The Chairman will remember that last year there was some feeling on the part of the Maryland tobacco producers that would indicate that perhaps they did not want to be included. It is not the purpose of this legislation to include tobacco growers in any area where they do not want to be included.

After I introduced H.R. 100 I found that my colleague from Maryland, Mr. Lankford, wanted to have the Maryland tobacco growers included, and so I introduced H.R. 5930 that includes the Maryland tobacco growers.

Now, that is the only difference between H.R. 100 and H.R. 5930.

It is my understanding that the Department of Agriculture has approved this change.

Mr. Chairman, Mr. Johnson, our colleague from Wisconsin, has shown a tremendous interest in these tobacco problems. You will recall that last year his tobacco growers had a particular problem, and the gentleman came to our committee and we accommodated him and his growers. Mr. Johnson—I yield to him for a moment—would like to ask, I think, a question about the bill.

Mr. ABBITT. We are glad to have you here on our committee this morning. We know how interested you are and your constituents are in this legislation.

Mr. JOHNSON of Wisconsin. As you will remember, I introduced legislation excluding the Wisconsin growers. Types 42, 43, 44, 53, 54, and 55 and burley type 31 were included in the legislation last year.

I have a letter from the Northern Wisconsin Cooperative Tobacco Pool which states in part:

It is our understanding that Congressman D. R. Matthews is placing a "clean tobacco bill" in the hopper which will have a hearing on Thursday, May 9, 1963. This bill will exclude burley type 31, as well as types 42, 43, 44, 53, 54, and 55, but will include Maryland type 32. Our main concern is that it excludes type 55, but I'm sure that all other types listed want to be excluded as in the prior law.

Mr. MATTHEWS. It is my understanding that it will be excluded.

Mr. JOHNSON of Wisconsin. It will be?

Mr. MATTHEWS. It is excluded. And I notice that I have affirmation from the representatives of the Department. So let me say again that it is excluded.

Mr. JOHNSON of Wisconsin. I would like, Mr. Matthews, on behalf of myself and the tobacco growers in Wisconsin, to thank you.

Mr. MATTHEWS. Thank you.

Mr. JOHNSON of Wisconsin. Our problem in Wisconsin is that we have too much tobacco.

Mr. MATTHEWS. Thank you, Mr. Johnson.

Mr. Johnson has, Mr. Chairman, well expressed the sentiment of his people. I know that the committee feels that if he needs more consideration from this committee on other matters, naturally we will be delighted to give it to him.

Mr. ABBITT. I understand that it is more or less the unanimous agreement of all of the tobacco growers up there that they want to be excluded.

Mr. JOHNSON of Wisconsin. After the passage of the legislation last year I received only one letter from a tobacco grower expressing criticism for introducing the legislation. All of the letters I received thanked me for having gotten the legislation through Congress.

Mr. ABBITT. You introduced one bill, it is my recollection.

Mr. JOHNSON of Wisconsin. Yes.

Mr. ABBITT. This bill, as we understand, does exclude it from this particular provision.

Thank you very much, Mr. Johnson.

Mr. MATTHEWS. Mr. Chairman, I will not take any more time of the committee. I am grateful to you for giving me this opportunity.

Mr. SHORT. I am always, Mr. Chairman, seeking information as a member of this committee trying to be helpful. As you know, we do not grow tobacco in North Dakota.

I am always amused and amazed that tobacco legislation many times is depicted as the classic example of a successful, compulsory supply management program. Some of us who would like something a little bit more along the line of a voluntary program for wheat are reminded that this has been extremely successful for tobacco and that we should recognize this principle.

Since I have been on this committee, I have been rather surprised to find how many exceptions, how many different areas are exempted from the provisions of the tobacco legislation. I believe that is true in Pennsylvania, I believe in several different areas, such as up in the area from which Mr. Johnson comes, which has just been mentioned.

The tobacco growers themselves came in and asked to be exempted from the program.

Mr. ABBITT. They asked to be exempted from it.

Mr. JOHNSON of Wisconsin. They did not want to be exempted from the program—they did not want the leases transferred. They were having too much tobacco as it was on the land that the people worked without having it transferred.

Mr. ABBITT. We will get the Department witness on the stand to explain what the bill is.

Mr. SHORT. If I might, Mr. Chairman, I would like just to indicate here the fact that we are considering a bill here today that provides for the lease and transfer of tobacco allotments. And we have the same type of thing for rice and for some of the other commodities, but we do not have, and never have had, any such thing as this for wheat.

If these exemptions from the strict supply management and strict control concept are good for tobacco, it would seem maybe that they should be good for some of the other commodities.

Mr. MATTHEWS. If you will yield, there is a distinction, as the chairman said.

Mr. SHORT. May I say this to my friend from Florida, that there is a strict application of the holding of the acreage allotments on the land to which they are applied in the first place, in relation to the wheat program. I cannot lease my wheat allotment to my neighbor and he cannot lease his wheat allotment to me.

I dislike to raise this question, but it is always a little bit puzzling to me to find these loopholes in what is depicted as a strict supply management program.

Mr. JOHNSON of Wisconsin. Our farmers are in the same position that your wheat farmers are. They do not want to transfer it, because we are getting too much tobacco.

Mr. ABBITT. The farmers who want to transfer this are in areas where there is a choice of particular kinds of tobacco. That is why they want to do that.

Mr. SHORT. They do not have any particular oversupply in certain classes?

Mr. ABBITT. That is right.

Do you desire to be heard before we hear from Mr. Todd? —

Mr. FUQUA. I would appreciate it if I could be heard; yes, sir.

Mr. ABBITT. We will be glad to hear from you now, Mr. Fuqua. Proceed, sir.

STATEMENT OF HON. DON FUQUA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FUQUA. Mr. Chairman and members of this subcommittee, I certainly want to thank you for the privilege of appearing before your subcommittee, and I think that I might answer some of the questions that the gentleman from North Dakota raised just a few minutes ago, particularly as they applied to my particular area of Florida.

I introduced H.R. 1916, but I would also like to address my remarks to Mr. Matthews' bill, H.R. 5930, which covers the Maryland growers.

I am sure you are already aware that the intention of this bill is to be of assistance to the small farmer in an economical production of tobacco and to increase the farm-family income made from this crop in cases where a farmer would make very little from his own farm's allotted acreage.

It is difficult for the tobacco grower to have a really profitable operation in this crop of less than several acres. I understand that this is not altogether true outside of the flue-cured belt. However, the tobacco farmer of my district produces the flue-cured type and it is on his behalf that I appear before you today and plead for your favorable consideration of this bill.

May I be allowed to reiterate this early in my statement, that the enactment of this legislation aids the farmer in obtaining a better income, and it is a help toward a more profitable operation for the small tobacco farmer. For instance, a tobacco-curing barn needs to be pretty well filled for the tobacco to cure out properly and evenly. We can even go back beyond the curing process and mention the fact that there are the costs involved with seed beds and their care.

Furthermore, in an effort to produce a more marketable type leaf, a farmer may find it necessary to irrigate and again this is a cost which must be met and overcome to realize a recognizable income. And then you have the problem of meeting the costs of irrigation.

There is even the case where the land on which the tobacco is grown may be improved upon by transferring an allotment of one farm to another farm. Therefore, it is obvious the advantages to be gained by a farmer combining his own tobacco with other acreage. Not only is this an advantage to him personally, but it can result in the production of a better tobacco since he has more finances he can afford to put into the crop and more finances for facilities that will improve the crop.

Enactment of this legislation will help in seeing tobacco acreage that might not be utilized brought into use by the lessee who needs those extra acres or merely wants to grow more tobacco. In Florida the 1962 statistics indicate there were allotments of 679 acres which

were one-half acre or less, 844 acres of 0.51 acre to 1 acre, 2,644 acres of 1 to 2 acres. This is a total of 4,167 acres of allotments of 2 acres or less, and this will probably be even more this year due to the 5-percent cut in the acreage allotments. It is these cases that we are making an effort to help the farmer and I am asking that you, gentlemen of this subcommittee, report favorably on this legislation, just as the Department of Agriculture has seen fit to do so.

Thank you again for this opportunity to speak on behalf of my bill, H.R. 1916, and on behalf of the interest of the tobacco farmer of my area.

To my knowledge there have not been any cases of violation. It has worked very well with the farmers. They have cooperated, I think— 100 percent in trying to do an honest job and not to try to have something with which they can circumvent the law or anything else. To my knowledge there have not been any administrative problems involved in this.

Thank you.

Mr. ABBITT. We appreciate very much your appearing here. I know that you are deeply interested in tobacco legislation. My recollection is that you represent part of the district that Congressman Dague and I went down to a tobacco hearing some years ago. You have a fine group of people there.

I understand they are all small acreage allotment farmers and intensely interested in their product.

Mr. FUQUA. Thank you, Mr. Chairman.

Mr. SHORT. Do I understand that this would permit the holders of small tobacco allotments to lease their allotments, that is, several small operators could lease their allotments to one large operator, or one operator could put them all together to make a large allotment?

Mr. FUQUA. This is true. It makes it possible for three or four operators to join together and to put their allotments on one piece of land whereby they can make it a more profitable operation. I think Mr. Todd can probably explain the more technical details better, but I did explain some of the small acreages that we have which are less than one-half an acre.

I think that there are over 4,000 acres that are less than 2-acre allotments, and with the high cost of irrigation and some of the other problems you have, it does make and present an economic hardship on these extremely small acreages. The farmer with 20 or 25 acres is in a good economic situation for having a profitable operation, but when you get down to one-half an acre, it is very hard to justify putting irrigation in and some of the other things that you need to make a quality crop.

Mr. ABBITT. As I understand, there are restrictions as to the lessee.

We would like to have for the record that information and Mr. Todd might tell us what those restrictions are.

Mr. TODD. No one can lease more than 5 acres. And never over 50 percent of the cropland in tobacco allotment.

Mr. ABBITT. One man can lease to the lessee only 5 acres?

Mr. TODD. That is right. And 50 percent of his cropland after the lease is added, the leased acreage is added to his total allotment, it cannot be more than 50 percent of the cropland in his farm.

Mr. ABBITT. He must have an allotment on his farm for that particular kind of tobacco; is that not right?

Mr. TODD. Yes.

Mr. ABBITT. It must have those three things.

Mr. TODD. As you will recall, there was considerable discussion about the safeguards 2 years ago when the original legislation was up. And all were put in by the committee.

Mr. SHORT. Do I understand you rightly that the total of the leased allotments cannot exceed 5 acres?

Mr. TODD. He cannot transfer.

Mr. FUQUA. He cannot transfer.

Mr. TODD. He cannot transfer over 5. He may have had 2 or 5 or 10 of his own to begin with on his own farm, but he cannot bring in more than 5 regardless of what he had when he started.

Mr. SHORT. The recipient of this?

Mr. TODD. That is what I am talking about.

Mr. SHORT. When it is combined, the total could not be more than 5?

Mr. TODD. Yes, regardless of what he had to start with, he cannot lease any more than 5 acres. Suppose he had 2 to start with, he can lease 5 to make 7, if he has 14 acres of cropland. If he has 20, he can lease 5 more, if he has 50 acres of cropland. However, there is no limit on how much a man can lease out, 5 acres, 15 acres. For example, I lease them to three different people. The limits are bringing it in, the lessee.

Mr. SHORT. Thank you.

Mr. ABBITT. I think the record ought to show that we do appreciate your coming here. Are there any other questions?

Mr. FUQUA. I appreciate your courtesy, Mr. Chairman.

Mr. ABBITT. Now, Mr. Todd, we will hear from you.

STATEMENT OF JOSEPH J. TODD, DEPUTY DIRECTOR, TOBACCO POLICY STAFF, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. TODD. Mr. Chairman and members, I am Joseph Todd, Deputy Director of the Tobacco Policy Staff of the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture, and I have with me Mr. John A. Fridinger, of our General Counsel's Office, to defend me, in case you get too rough on me.

Mr. ABBITT. It is always good to have you with us. You have always been most cooperative with this subcommittee and the full committee. We appreciate your efforts.

Mr. TODD. It is always a pleasure for me to meet with this subcommittee to discuss proposed legislation on tobacco programs.

As I understood the notice, you actually have four bills, or three bills and one joint resolution. Maybe I can tell you a little bit about the difference between them.

Very briefly, H.R. 1916, H.R. 3405, and H.R. 5930 are all similar bills. Each seeks to amend the Agricultural Adjustment Act of 1938 to extend for 2 additional years the present provisions permitting the lease and transfer of tobacco farm acreage allotments. The only significant difference between the three bills relates to Maryland

tobacco. I shall want to comment further on this difference a little later.

I think you also have House Joint Resolution 389 and this relates solely to the time in which a copy of the lease is required to be filed with the county committee. In order to avoid confusion, Mr. Chairman, I suggest that we withhold consideration of this resolution until later on.

Mr. ABBITT. You are going to tell us about the views of the Department to extend this for 2 additional years, that is the present law that expires this year?

Mr. TODD. Yes, sir.

I think, for the record, that we might review briefly the background leading up to the bills which are before you. Prior to the 1962 crop, there were no provisions for transferring tobacco allotments from one farm to another, except in the event a farm was acquired for some purpose other than the continued production of allotted crops by a Federal, State, or other agency having the right of eminent domain.

I believe in the original act of 1938 there is a certain provision for transferring quotas. We were on a poundage basis then, but it sort of indirectly said that they can be transferred only as provided in the regulations issued by the Secretary. We never did provide for the transfer of allotments until 1962, except for land removed from agriculture production.

Public Law 87-200 was approved September 6, 1961, and amended the Agricultural Adjustment Act of 1938, as amended, by adding a new section 316 which authorized, for the 1962 and 1963 crop years, the owner and operator of any farm for which a tobacco acreage allotment—other than a burley tobacco acreage allotment—is established to lease and transfer, on an annual basis, any part of such allotment to any other owner or operator of a farm in the same county for use in such county on a farm having a current tobacco allotment of the same kind.

Public Law 87-824, approved October 15, 1962, amended Public Law 87-200 to remove the authority to lease and transfer cigar-filler and cigar-binder—types 42, 43, 44, 53, 54, and 55—tobacco allotments for the 1963 crop year.

During the 1962 crop year, tobacco acreage allotments were established for 572,462 farms, and the total acreage allotted was 1,235,510 acres. During that year, acreage allotments were leased from 20,347 farms to 17,148 farms.

The total acreage leased in 1962 was 28,168 acres, which was reduced to 25,571 acres through adjustment of yields as provided in Public Law 87-200.

Thus the total acreage approved for transfer in 1962 was about 2 percent of the total acreage allotted.

You will recall that one of the other things that the committee considered that the tendency would be to lease the allotments to the high-yielding farms, so that you did put a provision in there whereby the county committee would adjust it to compensate for that.

Mr. ABBITT. That provision, as I understand it, is to permit the county committee to adjust it, to be sure that if they are going to lease a few more acres, there will not be more pounds produced than had been raised on the property.

Mr. TODD. That is right.

H.R. 1916, H.R. 3405, and H.R. 5930, seek to extend, for 2 additional years, the present provision permitting the lease and transfer of allotments for certain kinds of tobacco.

The Department has no objection to the enactment of such legislation.

Now, on the Maryland point, H.R. 1916 strikes out the last sentence of subsection (a) of section 316 of the Agricultural Adjustment Act of 1938, as amended. This sentence now reads as follows:

In the case of Maryland (type 32) tobacco, no farm shall be eligible for lease of allotment from the farm unless at least 75 per centum of the allotment for the farm was actually planted during each of the years 1960 and 1961.

H.R. 3405 strikes out "years 1960 and 1961" of this sentence and inserts in lieu thereof "2 preceding years."

H.R. 5930 amends the sentence to read:

In the case of Maryland (type 32) tobacco, no farm shall be eligible for lease of 1962 or 1963 allotment from the farm unless 75 per centum of the allotment for the farm was actually planted during each of the years 1960 and 1961, nor shall a farm be eligible for lease of 1964 or 1965 Maryland tobacco allotment from the farm unless at least 75 per centum of the allotment for the farm was actually planted on such farm during each of the two immediately preceding years.

Historically, there has been considerable underplanting of Maryland tobacco allotments. For example, 48,696 acres were allotted last year, but only 37,500 acres were grown. Thus, the allotted acreage was underplanted by 23 percent. During 1962, with the limitation in effect, only 24 leases and transfers for 65 acres were approved for Maryland tobacco. In view of the considerable underplanting of Maryland tobacco allotments, a significant increase in Maryland tobacco acreage, which could result in excessive supplies, would likely occur if the limitation were eliminated. In view of this, the Department recommends that the special provision relating to Maryland tobacco be continued. The language contained in item (3) beginning on line 9 of H.R. 5930 accomplishes this purpose. This is the bill that Mr. Matthews was referring to.

Therefore, the Department recommends that this language be included in any bill the subcommittee reports out. Under this language, a Maryland tobacco allotment cannot be leased in 1964 or 1965 if it was leased in 1963.

Now, with respect to House Joint Resolution 389, would you prefer to discuss that now or later?

Mr. ABBITT. Let us leave that for the moment. Is there anything else that you want to say on the other bills? As I understand it, H.R. 5930, Mr. Matthews' bill, was introduced to conform to the recommendations of the Department.

Mr. TODD. Yes, sir; and the only significant change is relating to Maryland tobacco.

Mr. ABBITT. He originally introduced H.R. 100, which did not provide for Maryland tobacco.

Mr. TODD. That is right.

Mr. ABBITT. And the Maryland tobacco people want to be included.

Mr. TODD. The Maryland tobacco people want this limitation to keep a lot of this unused acreage on the edge of town from being leased down in the lower end of the county somewhere, because we

do not want that unused acreage that historically has been in Maryland as it has been in Wisconsin, planted. And in Mr. Matthews' district, for example, they plant 98 percent of their allotment. The lease and transfer does not add to the acreage grown down there, because they are using it all, anyway.

As to the small allotments that Mr. Fuqua referred to, if I had one and the reporter had one, I would probably go over there and grow the tobacco on his farm, because practically 98 percent of the allotted acreage is grown, but under this bill I can bring it over to my farm and grow it, which makes it easier for me to get to work and more convenient and more economical to handle. However, in Maryland, where we have this underplanting, we think we need some restrictions on it, because we would not want all of this acreage to have tobacco grown on it.

Mr. ABBITT. Which might result, if this restriction was not placed in there, in that fact.

Mr. TODD. Yes, sir.

Mr. ABBITT. For the benefit of those who have come in late, I might say to you that this bill simply extends this lease arrangement that we have for certain types.

Mr. TODD. For some kinds of tobacco.

Mr. ABBITT. For some kinds of tobacco; yes. It does not include burley, because the burley growers do not want it.

Mr. TODD. It does not include Ohio filler tobacco.

Mr. ABBITT. The main thing is that it includes the Flue-cured or Bright, the Dark-fired, and the Maryland tobacco.

Mr. TODD. Right.

And as to the cigar tobaccos in Connecticut and Massachusetts, it includes them. But they make very little use of it.

Mr. ABBITT. Are there any questions?

Mr. LATTA. Yes.

Is there a shortage of this type of tobacco?

Mr. TODD. No; there is no shortage. As I understand the legislation originally—the point I mentioned was that these small allotments would be permitted to get together to grow more economically.

Mr. LATTA. There is not any shortage of this type of tobacco that would be produced?

Mr. TODD. No, sir.

Mr. LATTA. Is there any kind of a surplus?

Mr. TODD. Yes; I think that we could say that there is a surplus at this time.

Mr. LATTA. How much of a surplus?

Mr. TODD. On some of them. I would not consider it as a burdensome surplus.

Mr. LATTA. How much of a surplus is there?

Mr. TODD. Well, that is hard to say.

Mr. LATTA. Does not the Department have a record of the surplus they might have?

Mr. TODD. We do not quite pinpoint it to the same degree, because it is customary to carry tobacco over, to age it for 2 or 3 or 4 years, and you have to predict what the usage is going to be in the future.

On Flue-cured tobacco, which accounts for more than one-half of the production, we reduced the acreage by 5 percent this year.

I would say we have more of a surplus in that. We have an acute problem on the quality of Flue-cured tobacco. There have been efforts on the part of some farmers to obtain the maximum acre yields, and they have injured their quality, so to speak. So that this year we are putting on quite an extensive campaign to try to improve the quality of the Flue-cured tobacco which, in effect, will also reduce the production, the quantity in poundage.

Mr. LATTA. How many pounds do you have in Commodity Credit Corporation stocks at the present time?

Mr. TODD. On Flue-cured tobacco we have a little better than 400 million pounds.

Mr. LATTA. 400 million pounds?

Mr. TODD. Yes.

Mr. LATTA. Would that be considered a surplus?

Mr. TODD. No, sir. I would not consider that all a surplus by any manner or means, because it is normal to age it from 2 to 3 to 4 years. Some of the buyers let the Commodity Credit Corporation carry it because otherwise they would have to pay the interest and the storage themselves if they had the tobacco. We do that. The selling price of the tobacco includes the interest and the storage costs to offset it.

In connection with the 400 million pounds, I think I should add that, of course, it is kind of a relative thing. We are now consuming—and that is our largest export type, too—and exporting a little better than 100 million pounds a month. So actually 400 million pounds is only a 4 months' supply in Commodity Credit Corporation stocks.

Mr. LATTA. What would happen with this acreage—some of it is over in Maryland where they want to plant this tobacco—if the provision were not in the law granting the right to lease—would that acreage just go out of production?

Mr. TODD. Yes; if it is not grown and not leased. We have a provision in our basic legislation on all commodities that you keep your allotment if you grow as much as 75 percent of it during any one of the preceding 3 years.

Mr. LATTA. Then it would naturally follow that if we did not pass this bill, we could cut down on this 400 million pounds surplus that we now have—is that right or not?

I just want to know whether I am right or wrong.

Mr. TODD. Will you repeat the question and let me see if I understand the question.

Mr. BRUCE. He is asking as to the 400 million pounds.

Mr. TODD. It is Flue-cured.

Mr. BRUCE. And most of the Maryland tobacco is bright leaf; is it not?

Mr. TODD. Maybe I should say that we have in the law about eight kinds of tobacco that are treated differently. There is no exchange of Maryland and Flue-cured allotments.

Mr. LATTA. Let me pin it right down. What type of tobacco would be covered by this bill, if passed? Do I understand you to say that there are 400 million pounds of this now in Commodity Credit Corporation stocks?

Mr. TODD. Right.

Mr. LATTA. If we did not pass this bill, we could possibly cut down the 400 million pounds; is that right or not?

Mr. TODD. Theoretically, yes, but actually, historically over the years we have been growing 98 percent of the allotments. Although

we leased 2 percent of the allotments last year, there was no significant increase in acreage, because it merely meant that they were bringing it from one farm to another. About 98 percent of the allotment is all that you can plant. There is no overplanting, significantly, anyway, because the penalties are prohibitive.

Mr. LATTA. But how many acres are involved in this bill?

Mr. TODD. Last year we leased about 2 percent of the total acreage in the United States.

Going again back to the Flue-cured tobacco, they leased 23,699 acres last year.

Mr. LATTA. How much?

Mr. TODD. That did not result in that many additional acres being grown, because they would have been grown anyway.

Mr. ABBITT. What is the total of the Flue-cured allotment?

Mr. TODD. Last year we had allotted 745,238 acres.

Mr. ABBITT. And we leased 23,699, is that your understanding?

Mr. TODD. That is a little better than 3 percent.

Mr. ABBITT. So far as Flue-cured tobacco is concerned, in all probability those 23,000 acres would have been grown anyhow. They would have been grown on the owners' farms rather than somebody leasing it from them.

Mr. TODD. That is the way we understand it.

The point that Mr. Fuqua made, as you know, in your part of the country, a half-filled barn of Flue-cured tobacco does not cure properly. You need to keep it pretty well full in order to get a proper cure on it.

Mr. ABBITT. A small allotment from 2 or 3 acres is very inconvenient to cure, because that results in a half-full barn.

Mr. TODD. Yes.

Mr. LATTA. I do not come from a tobacco-growing area, as you know, and I am not familiar with the subject; in fact, I do not know what you are talking about when you are talking about Flue-cured tobacco and these other varieties, but notwithstanding that, in dollars and cents, how much would these 400 million pounds come to?

Mr. TODD. It runs about as of now—you see, that tobacco had to be processed as soon as it is sold, and it loses 10 percent of its weight in moisture and we have to up the price—it will run about 80 cents a pound now.

Mr. LATTA. Eighty cents a pound?

Mr. TODD. Yes, sir.

Mr. LATTA. And that plus the carrying charge and the interest?

Mr. TODD. There is a loss in redrying and the cost of redrying and storage is added to it.

Mr. ABBITT. It is 50 cents or a little better.

Mr. TODD. Around 60 cents, I think.

Mr. STUBBLEFIELD. I represent in my district the smallest acreage tobacco people in the country of dark-fired tobacco, and this provision in this bill would be a matter of convenience to many of these farmers, so that they would not have to drive long distances in order to farm some additional acreage.

In addition to that, the small one-half acre allotment farmer cannot afford to put in irrigation for that amount of land. In the main, it is the convenience of it.

Mr. LATTA. May we go off the record?

Mr. ABBITT. Without objection, we may.

(Discussion off the record.)

Mr. ABBITT. Back on the record.

Mr. LATTA. Does the transfer of the tobacco acreage allotment mean a sale? This bill provides for that?

Mr. TODD. No; there is no provision in here for selling the allotment. That was discussed at the time the original legislation was up, 2 years ago, but it was decided to try it on an annual basis. The basic legislation which this does not change still makes it on an annual basis, but it can be renewed.

Mr. LATTA. It says lease and transfer.

Mr. FRIDINGER. That was an unfortunate choice of language when they said "transfer."

Mr. LATTA. As I understand, on some of the tobacco allotments they can.

Mr. TODD. No, sir. The only time it goes from the land is when it is taken out of agricultural production. Down in Mr. Stubblefield's district, for example, there are some large TVA dams where they took a lot of farms, and also interstate highways are taking a lot of farms, and the Air Force is taking some, too. Where that happened, the acreage went into a State pool and then is available for the displaced owner to put on any other land that he owns or acquires.

Mr. ABBITT. This does not do that?

Mr. TODD. No, sir.

Mr. ABBITT. That was in the original tobacco program legislation.

Mr. TODD. It was on an experimental basis. It may be all right now that we extend it for 2 years.

Mr. ABBITT. The suggestion was made that we try it for 1 year. We suggested that it be 2 years. We would not at the end of 1 year know what had happened.

Let me see if I have it right, so that there will not be any question about it. As I understand it, this simply provides that the landlord or the landowner can lease for 1 year his acreage of tobacco up to 5 acres to another landowner in the same county who has an allotment of the same kind of tobacco.

Mr. TODD. Right.

Mr. ABBITT. And the local committee would have to determine the poundage between the lessor and the lessee. It will not produce an overproduction; it will reflect the same amount?

Mr. TODD. Right.

Mr. ABBITT. Are there any other questions?

Those are all that I can think of right now.

Mr. FRIDINGER. That is a very good statement.

Mr. ABBITT. We went over all of this very carefully before. We spent several days on this. We tried to put in every possible safeguard, so that no additional poundage of tobacco would be raised but we realized that particularly in dark-fired tobacco, for instance, in Virginia, which raises only that type of dark-fired tobacco and they have perhaps 9,000 acres in the entire State, and they will not average over 1 or 2 acres per farm, the idea here is that a man would lease his tobacco and could bring it over and add it to his own and produce much more economically than otherwise.

The whole purpose was to try to cut down the cost of production on the tobacco, so that the farmer might make a little better income.

Mr. SHORT. There is a provision in H.R. 5930 in regard to Maryland tobacco and maybe this should be clarified along with your very good clarification of the Virginia situation.

Mr. ABBITT. Let us go off the record.

(Discussion off the record.)

Mr. ABBITT. On the record.

Mr. SHORT. Will you do this for the record?

Mr. ABBITT. Tell us exactly what H.R. 5930 provides by way of extension or restrictions for the Maryland type tobacco.

Mr. TODD. Historically we have a peculiar problem in Maryland. There was some discussion when the original bill was passed and I think it was put in at a meeting of the committee after the other provisions had been agreed to. Perhaps it is due to its proximity to the city of Washington and Annapolis and some defense projects in the southern end of the State.

It is right here in five or six counties in southern Maryland. Traditionally they have underplanted their allotments by about 11,000 acres, but we do not want those 11,000 acres to get into production. We do not need it.

They do not sell their crop until the following year in Maryland. They are now selling. They started about 3 weeks ago selling the 1962 crop.

And we are taking a little better than 20 percent under loan. We hope that is only a temporary condition, but apparently the dry weather last year did not make a good quality crop.

One of our best markets for Maryland tobacco is Switzerland. They demand the top quality tobacco. There is some talk that there is not too much of the Swiss grades in the crop. But traditionally they have underplanted their allotment. In Flue-cured tobacco, which accounts for one-half of the U.S. production, and burley, which is the second largest, they traditionally grow 98 percent of the allotment. That is about as close as you can get, because most farmers underplant or attempt to do so, to play it safe, but we do have this underplanting problem in Maryland.

It is right here on the edge of town in Prince Georges County, one of the largest counties of Maryland. A man cannot get labor out here, and maybe a man in the southern end of the county can. And so the additional 11,000 acres could get into production. So we put that provision in the original law, that you cannot lease it. Some of this is even covered with buildings on lots out here. We cannot wipe it out for 5 years, however.

Under this lease and transfer provision, as soon as you lease out your acreage, you get credit for growing it. I think the reason you put that in there, Mr. Chairman, is that you lost control of it and if the other fellow neglected to grow it, you lost your history. So we are waiting for this 3-year-period provision to catch these out here so we can wash them out, but if that acreage should get grown, we would be in trouble. So we put this provision in there that you cannot lease it. Generally it provides that you cannot lease Maryland tobacco allotments unless you have been growing. That is to keep those 11,000 acres from getting back into production.

Does that explain it?

Mr. SHORT. Yes.

The bill says unless at least 75 percent of the allotment of the farm was actually planted on such farm during each of the 2 immediately preceding years.

Mr. TODD. The latest bill of Mr. Matthews is all right.

Mr. SHORT. That is the bill I am reading from, H.R. 5930.

Mr. TODD. Beginning on line 9, item No. 3, in H.R. 5930, that is all right—that will put some strings on it. And so does Mr. Lankford's bill which I believe is H.R. 3405. One of the other bills does not have that provision in it.

Mr. ABBITT. H.R. 5930 is the one we are talking about and that is the last bill that Mr. Matthews introduced.

Mr. TODD. That is all right, but if the subcommittee should report out one of the other bills, we would recommend that they have that provision in it that is in H.R. 5930.

Mr. ABBITT. And the purpose of that is to prevent this idle land from producing, from getting into the program and increasing the amount of tobacco that is already being grown.

Mr. TODD. Right. It is my information that the Maryland people are agreeable to that. As a matter of fact, Mr. Lankford has that in a little different wording, but substantially it is the same thing.

Mr. ABBITT. I have a letter that I would like to read and then I will ask that it be placed in the record after Mr. Todd's testimony.

It is addressed to me and is dated May 9, 1963, and states:

I am extremely sorry that I will be unable to appear before your subcommittee this morning in behalf of my bill, H.R. 3405, but prior commitments necessitate my absence.

Nevertheless, I want to convey to you my wholehearted support for my bill and related measures extending the Agriculture Adjustment Act of 1938 as it pertains to tobacco grown in southern Maryland (type 32). I would also like to lend my support to recommendations of the Department of Agriculture regarding type 32 tobacco which you recently received in connection with H.R. 100 introduced by our colleague, Representative Matthews.

I have gone over the Department's proposals with the leaders in the tobacco industry in southern Maryland and we have found the recommendations relating to Maryland tobacco entirely acceptable. Therefore, I hope it will be possible for your subcommittee to incorporate these provisions in the legislation which you report.

Kindest personal regards.

And that is from our colleague, Richard E. Lankford, Member of Congress.

Mr. DAGUE. H.R. 3405 does not have that language.

Mr. SHORT. It is different language, but maybe it accomplishes the same thing. I think the committee, however, should be sure, Mr. Chairman.

Mr. TODD. They are designed to accomplish the same thing. I think it is just a difference in wording.

Mr. ABBITT. H.R. 5930 does accomplish the purposes you are talking about?

Mr. TODD. Yes, sir.

Mr. ABBITT. Are there any other questions of Mr. Todd?

Mr. LATTA. As I understood you to say, it does not affect Ohio tobacco?

Mr. TODD. I beg your pardon?

Mr. LATTA. Does this bill affect Ohio tobacco or not?

Mr. TODD. They have two kinds of tobacco. They have some burley tobacco along the Ohio River in southern Ohio. The problem we had last year was on the cigar tobacco, which is grown in four counties around Dayton, Ohio.

Under the present legislation this does not apply to either of those and this would not change it.

Mr. LATTA. May we go off the record?

Mr. ABBITT. Yes.

(Discussion off the record.)

Mr. ABBITT. On the record.

Mr. DAGUE. This bill does not affect Pennsylvania, does it?

Mr. TODD. It has no effect on Pennsylvania.

Mr. SHORT. May we go off the record?

Mr. ABBITT. Yes.

(Discussion off the record.)

Mr. ABBITT. On the record.

Are there any further questions of Mr. Todd?

Mr. TODD. On the Maryland thing again, there is a little different wording, a little difference in the wording between Mr. Lankford's bill and H.R. 5930, but in substance they are the same thing. It is to prevent this unused acreage from getting back into production. To me they are in substance the same.

Mr. ABBITT. H.R. 5930 simply says as to Maryland tobacco that the allotment to the farm cannot be leased to a lessee unless at least 75 percent of it was actually planted each year 1960 and 1961, nor shall a farm be under lease for 1964 and 1965 for Maryland tobacco unless 75 percent of the allotment was actually planted on such farm in each of the 2 preceding—the 2 immediately preceding years.

Mr. TODD. Yes, sir; if he had leased it out in 1963, he could not.

Mr. BRUCE. That is only a 1-year lease. You cannot lease it but for 1 year, because your back planting provision cuts you off.

Mr. TODD. That is it. It is designed to be just that tight. That is real tight because of the potential problem out there.

Mr. SHORT. Which language would you prefer?

Mr. FRIDINGER. I think that it is an administrative question, Mr. Short. What this bill does is to say that unless on his farm he has planted 75 percent of his allotment in the immediately preceding 2 years, he cannot lease. That means he can have leased it out, but he still cannot lease it now.

I assume that the Department prefers this language, because they are afraid of allotments on properties that now have houses on it.

Mr. BRUCE. You would prefer the language of H.R. 5930?

Mr. TODD. We are satisfied with the language in H.R. 5930.

Mr. FRIDINGER. The Department is satisfied with that.

Mr. ABBITT. Are there any other questions?

If not, the subcommittee will now consider House Joint Resolution 389.

(Whereupon, at 11:15 a.m., the subcommittee proceeded to consider H.J. Res. 389.)

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EXTEND THE TIME BY WHICH A LEASE TRANSFERRING A TOBACCO ACREAGE ALLOTMENT MAY BE FILED

THURSDAY, MAY 9, 1963

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TOBACCO OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:15 a.m., in room 1310, Longworth House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, Stubblefield, Rosenthal, Leggett, Dague, Short, Latta, and Hutchinson.

Also present: Martha Hannah, staff; and Robert Bruce, assistant counsel.

Mr. ABBITT. The subcommittee will be in order. I believe that it would be better to hear from you now on House Joint Resolution 389, Mr. Fuqua, if you would like to be heard first on this.

(H.J. Res. 389 follows:)

[H.J. Res. 389, 88th Cong., 1st sess.]

JOINT RESOLUTION To amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316 of the Agricultural Adjustment Act of 1938 is amended by adding thereto a new subsection (h) to read:

"(h) Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1963 crop year shall be effective if, (1) the Secretary finds that a lease in compliance with the provisions of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary, or June 15, 1963, whichever is earlier, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located within twenty days of the date this subsection becomes law."

STATEMENT OF HON. DON FUQUA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FUQUA. Thank you, Mr. Chairman.

Just briefly, I think that Mr. Todd and the Counsel from the Department can, probably, answer better than I can.

This is an identical bill as was introduced last session by Mrs. Blitch, of Georgia, and also in the Senate by Senator Talmadge.

Mr. ABBITT. And that bill was passed.

Mr. FUQUA. It was passed; yes, sir.

My bill proposes to extend it. I understand the Department would like to amend it for 1964 and 1965.

There happens to be a man, a constituent of mine and I am sorry that he could not be here today—but I am sure that he would be on

his knees begging you. And being a farmer myself, I know how this happens as it happens with income tax returns and some of the other things that we forget to get ready on the date they are supposed to.

He forgot to go to the ASC office and verify that he had completed his lease and transfer. He had his tobacco planted. His lease actually amounts to 2.75 acres.

I am sure there are, probably, other people in the belt—very few, I understand, in the same situation. In Georgia last year there were some—I do not remember how many, but I understand, probably, less than 10 that this involved. Inadvertently, he forgot. I do not think it was intentional.

He had an agreement with his father. He transferred 2.75 acres to his farm. I asked the man if there was any possibility if he could plant it on his father's land. But it was actually too late to do this. He did not have irrigation on his father's land whom he leased it from.

This bill provides that if it is determined by the county ASC committee and the Secretary of Agriculture that he had entered into this type of agreement prior to the planting of it—if he can prove this to them that he has entered into some kind of an agreement, and he can satisfy the committee and so forth, then he will be permitted, or, this will permit him to prove the transfer of the lease.

I certainly, do not want to do anything that would open the gap up for someone to come in and abuse this privilege. I, certainly, would be one of the first Members of the Congress to act to repeal any act if I felt that it did do anything like that, because I do not believe in this type of operation, but I think that this is a justifiable case where a man inadvertently forgot to go to the county office at the proper time and when the deadline had passed he could not do it.

The Department has no jurisdiction whereby they can waiver this. The only way it can be done is by an act of Congress to change this.

I, certainly, have no objection to amending this bill to apply to 1964 and 1965, to those crops for those years, which will carry it through the provision of the extension of 2 years on this bill, if this bill passes.

Mr. Chairman, I think Mr. Todd and the other gentleman can explain the technical details of this bill better than I can.

Mr. ABBITT. I understand, Mr. Todd, that the present law for 1963 provides that the lease has to be filed with the county not later than—

Mr. FUQUA. It varies on the planting time—depending upon the planting time in the various counties.

Mr. TODD. On flue-cured tobacco it is April 1.

Mr. ABBITT. So as of April 1 everybody who has leased tobacco has to file a written lease with the county committee, so that there will be a record of it. And in your particular instance your man failed to file the lease with the county committee by April 1?

Mr. FUQUA. That is right.

Mr. ABBITT. That is, for the leased tobacco land and he had planted tobacco?

Mr. FUQUA. Yes.

Mr. ABBITT. And unless we give him some relief he is out.

Mr. FUQUA. That is right.

Mr. ABBITT. And this states:

Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1963 crop year shall be effective if, (1) the Secretary finds that a lease in compliance with the provisions of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary.

In other words, the Secretary himself must make that finding, as I understand it.

Mr. FUQUA. He has to come in within 20 days after this becomes the law to substantiate it.

Mr. ABBITT. Will the members withhold their questions until Mr. Todd can give us the facts on this? You might tell us what it does and how many people might take advantage of it.

STATEMENT OF JOSEPH J. TODD, DEPUTY DIRECTOR, TOBACCO POLICY STAFF, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE.

Mr. TODD. Very well, sir.

As the Congressman has said this resolution merely extends the time by which a lease transferring a tobacco allotment may be filed with the county committee.

Present legislation provides that:

Such lease and transfer shall not be effective unless a copy of the lease is filed with the county committee prior to a closing date established by the Secretary, which date shall be no later than the normal planting time in the county.

That is the law.

Now Department regulations require, to be effective, that a copy of the lease be filed with the county committee not later than April 1 for the States of Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia, and not later than May 1 for all other States.

This provision is designed to prevent any farmer from planting tobacco in excess of his allotment and then as soon as we start measuring to go shopping around for a tenth of an acre here and a tenth of an acre somewhere else to cover his excess.

We attempted to inform farmers of the closing date for execution of leases and the fact that a copy of the lease was required to be filed with the county committee by the closing date. However, soon after we started measuring tobacco acreages some leasing arrangements had been made but had not been reduced to writing and copies had not been filed with the county committee.

Since planting time was passed, the Department could not afford these farmers any relief by administrative action.

Then, as you say, legislative action was then initiated to provide relief. Public Law 87-530, approved July 10, 1962, provides as follows:

(g) Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1962 crop year shall be effective if, (1) the Secretary finds that a lease in compliance with the provision of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary, or June 15, 1962, whichever is earlier, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located within 20 days of the date this subsection becomes law.

The report of the Committee on Agriculture recommending approval of this legislation, contained the following and I quote:

The amendment made by the committee will make the action authorized hereunder the direct responsibility of the Secretary of Agriculture instead of the responsibility of the county committee, with the approval of a representative of the State committee, as provided in the Senate bill. The committee believes that in this matter the Secretary should be assured to his personal satisfaction that the leases comply in all respects with the requirements of the statute and the Secretary's regulations issued thereunder.

The Department opposes the requirement that the Secretary, personally, be assured that each individual lease meets all the requirements of the law and the regulations. We recommend, therefore, that if House Joint Resolution 389 is reported favorably that the report not contain any such requirement as was in there last year.

House Joint Resolution 389 affords similar relief for late filed leases for 1963 as Public Law 87-1530 afforded for 1962 leases. We have heard of two instances in which farmers say they were not aware that a new lease had to be filed with the county committee in 1963 in order for the lease and transfer of the tobacco allotment to be effective for 1963.

The Department does not oppose such legislation. We suggest, however, that the subcommittee may want to make some provision, also, for the life of the lease and transfer bill since the question is likely to come up again each year. The lease and transfer bill is for 2 years.

Again, the Department does not oppose this sort of legislation. We repeat, however, that we recommend that no provisions be included to require the personal approval of the Secretary of late filed leases.

I thank you.

Mr. ABBITT. I know that the law does require that they have to be filed with the Secretary. He would be satisfied with what the committee said.

Mr. SHORT. It puts an additional burden on the Secretary, unless that provides the possibility of further security of preventing any abuse.

Mr. TODD. We think that this can be handled administratively. It was not in the law last year. It was in the committee report. It meant that we had to delay approval of these late filings. There were 45 of them filed under this bill last year.

Mr. ABBITT. And that was out of 23,000?

Mr. TODD. There is a total of 20,000 leases and 45 of them were late filed. This provision in the committee report said that the Secretary should be assured to his personal satisfaction that the lease complied in all respects with the requirements of the statute. That meant that we had to get a sizable questionnaire filled out to cover all of these protective devices we have in the original law, and then each one of them had to be personally approved by the Secretary.

Mr. ABBITT. If you got that out of the report?

Mr. TODD. That would be fine. The county committee establishes the allotment in the first place and it has to be approved by a representative of the State committee.

Mr. ABBITT. He has to approve it.

Mr. TODD. And then if they can establish the original allotment, why cannot they approve a transfer for 1 year?

Mr. ABBITT. I know that they can.

Mr. TODD. I think there were extenuating circumstances and I think there were some other questions on the transfer of other allotments or were at the time that the bill was considered last year.

Mr. FRIDINGER. May we go off the record?

Mr. ABBITT. Yes.

(Discussion off the record.)

Mr. ABBITT. Why not put in if the county committee finds and approves?

Mr. FRIDINGER. That is right.

Mr. TODD. We will put some protection in the instructions to the State and county committees. We will look after that.

Mr. ABBITT. Does anybody object to putting that in on line 9 that the county committee finds and the State committee approves. That is what you are suggesting.

Mr. FRIDINGER. That is right.

Mr. ABBITT. And let the county and the State committees do it rather than the Secretary.

Mr. FRIDINGER. That is right.

Mr. ABBITT. Do you have any objection to that?

Mr. FUQUA. No.

Mr. ABBITT. Does anyone have any objection to that?

All right, you say there were only 45 people that availed themselves of it?

Mr. TODD. Yes.

Mr. FUQUA. I think, probably, there will be less people involved this time. I think that the farmers are getting used to filing a lease, just like an income tax return and to meet other deadlines that we are always caught late with.

Mr. FRIDINGER. I would like to make two more points, if I may.

Mr. ABBITT. All right.

Mr. FRIDINGER. I think this should be extended for the years 1964 and 1965 so that you do not get the same problem next year, gentlemen. And I think that for 1964 and 1965 years it should be 60 days after normal planting time as determined by the Secretary, so that we will have a date.

Mr. TODD. I have some language here if you want to consider it.

Mr. ABBITT. I think it would be well.

Mr. FRIDINGER. I can read the resolution as I am suggesting revising it.

Mr. ABBITT. I would like to know exactly what kind of language you would want in this. Would it be the ASC county committee?

Mr. TODD. The county committee is all right; that is defined earlier.

Mr. ABBITT. That is all right?

Mr. TODD. Yes.

Mr. ABBITT. If the county committee finds and the State committee approves?

Mr. FRIDINGER. If the county committee finds, with a representative of the State committee.

Mr. ABBITT. All right. Put the county committee in there. And you say?

Mr. FRIDINGER. With the approval of the representative of the State committee. It fits in with the procedure a little better.

Mr. ABBITT. All right. The representative of the State committee.

Mr. FRIDINGER. Yes.

Mr. SHORT. Who is the State representative?

Mr. FRIDINGER. Somebody authorized by the State committee to do this job.

Mr. SHORT. It could be one of the field supervisors?

Mr. FRIDINGER. It could be.

Mr. TODD. That is so as not to delay the approval until it goes into the State committee. They meet only once every 2 weeks. They have a fieldman who is the liaison between the county and the State committees. He usually approves something like this.

Mr. FUQUA. I have another meeting. I thank you for your indulgence.

Mr. ABBITT. Thank you for being here.

Do you have something that you would like to add?

Mr. TODD. Mr. Chairman, may I mention one other thing, sir?

Mr. ABBITT. Yes.

Mr. TODD. I just want you to know what we are doing. There is nothing in the law about amending the lease when it is once filed or when they are dissolving the lease. I do not think it needs to be in the legislation, as we have by departmental regulation permitted them, for example, suppose that the allotment last year was on flue cured and that was increased across the board, after the leases were filed.

So we have provided in our regulations that they can amend the lease or dissolve the lease, anything they want to do, up to the closing date.

Mr. ABBITT. That is all right.

Mr. TODD. I did want to get this in the record so that you knew what we were doing and that we were doing that. There is nothing in the law that says that, but since it is optional with the parties we think that the law is broad enough in that it says that it shall be such terms as the lessor and the lessee agree to, so we have permitted them to change or to dissolve them up to the closing date.

Mr. ABBITT. That is all right.

Mr. FRIDINGER. Mr. Chairman, I do not think that we can give them the right to cancel at harvest time, to switch the tobacco around.

May I ask one more question about something that I am not clear on? Is House Joint Resolution 389, as you have amended it, to apply to the 1964 and 1965 years?

Mr. ABBITT. I will wait and take that up with these gentlemen of the committee.

Mr. FRIDINGER. I see.

Mr. ABBITT. To see what they think about it.

Thank you so much, gentlemen.

The committee will now go into executive session. We appreciate both of you coming here.

Mr. TODD. Thank you, Mr. Chairman.

Mr. ABBITT. We will now go into executive session.

(Whereupon, at 11:35 a.m., the subcommittee proceeded into executive session.)