

105TH CONGRESS
2D SESSION

H. R. 3867

To provide long-term economic assistance to tobacco farmers and workers and to communities dependent on tobacco production using funds contributed by tobacco product manufacturers and importers.

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 1998

Mr. BAESLER introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on Education and the Workforce, Ways and Means, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide long-term economic assistance to tobacco farmers and workers and to communities dependent on tobacco production using funds contributed by tobacco product manufacturers and importers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1001. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Long-Term Economic Assistance for Farmers Act” or
6 the “LEAF Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

Sec. 1001. Short title; table of contents.
 Sec. 1002. Definitions.

Subtitle A—Tobacco Community Revitalization Trust Fund

Sec. 1011. Establishment of trust fund.
 Sec. 1012. Contributions by tobacco product manufacturers and importers.

Subtitle B—Tobacco Market Transition Assistance

Sec. 1021. Payments for lost tobacco quota.
 Sec. 1022. Industry payments for all department costs associated with tobacco
 production.
 Sec. 1023. Tobacco community economic development grants.
 Sec. 1024. Flue-cured tobacco production permits.
 Sec. 1025. Modifications in Federal tobacco programs.

Subtitle C—Farmer and Worker Transition Assistance

Sec. 1031. Tobacco worker transition program.
 Sec. 1032. Farmer opportunity grants.

Subtitle D—Immunity

Sec. 1041. General immunity for tobacco producers and tobacco warehouse own-
 ers.

3 **SEC. 1002. DEFINITIONS.**

4 In this Act:

5 (1) PARTICIPATING TOBACCO PRODUCER.—The
 6 term “participating tobacco producer” means a
 7 quota holder, quota lessee, or quota tenant.

8 (2) QUOTA HOLDER.—The term “quota holder”
 9 means a producer that owns a farm for which a to-
 10 bacco farm marketing quota or farm acreage allot-
 11 ment was established under the Agricultural Adjust-
 12 ment Act of 1938 (7 U.S.C. 1281 et seq.) for any
 13 of the 1995, 1996, or 1997 crop years.

1 (3) QUOTA LESSEE.—The term “quota lessee”
2 means—

3 (A) a producer that owns a farm that pro-
4 duced tobacco pursuant to a lease and transfer
5 to that farm of all or part of a tobacco farm
6 marketing quota or farm acreage allotment es-
7 tablished under the Agricultural Adjustment
8 Act of 1938 (7 U.S.C. 1281 et seq.) for any of
9 the 1995, 1996, or 1997 crop years; or

10 (B) a producer that rented land from a
11 farm operator to produce tobacco under a to-
12 bacco farm marketing quota or farm acreage al-
13 lotment established under the Agricultural Ad-
14 justment Act of 1938 (7 U.S.C. 1281 et seq.)
15 for any of the 1995, 1996, or 1997 crop years.

16 (4) QUOTA TENANT.—The term “quota tenant”
17 means a producer that—

18 (A) is the principal producer, as deter-
19 mined by the Secretary, of tobacco on a farm
20 where tobacco is produced pursuant to a to-
21 bacco farm marketing quota or farm acreage al-
22 lotment established under the Agricultural Ad-
23 justment Act of 1938 (7 U.S.C. 1281 et seq.)
24 for any of the 1995, 1996, or 1997 crop years;
25 and

1 (B) is not a quota holder or quota lessee.

2 (5) SECRETARY.—The term “Secretary”
3 means—

4 (A) in subtitles A and B, the Secretary of
5 Agriculture; and

6 (B) in section 1031, the Secretary of
7 Labor.

8 (6) TOBACCO PRODUCT IMPORTER.—The term
9 “tobacco product importer” has the meaning given
10 the term “importer” in section 5702 of the Internal
11 Revenue Code of 1986.

12 (7) TOBACCO PRODUCT MANUFACTURER.—

13 (A) IN GENERAL.—The term “tobacco
14 product manufacturer” has the meaning given
15 the term “manufacturer of tobacco products” in
16 section 5702 of the Internal Revenue Code of
17 1986.

18 (B) EXCLUSION.—The term “tobacco
19 product manufacturer” does not include a per-
20 son that manufactures cigars or pipe tobacco.

21 (8) TOBACCO WAREHOUSE OWNER.—The term
22 “tobacco warehouse owner” means a warehouseman
23 that participated in an auction market (as defined in
24 the first section of the Tobacco Inspection Act (7
25 U.S.C. 511)) during the 1998 marketing year.

1 (9) TRUST FUND.—The term “Trust Fund”
2 means the Tobacco Community Revitalization Trust
3 Fund established under section 1011.

4 **Subtitle A—Tobacco Community**
5 **Revitalization Trust Fund**

6 **SEC. 1011. ESTABLISHMENT OF TRUST FUND.**

7 (a) IN GENERAL.—There is established in the Treas-
8 ury of the United States a trust fund to be known as the
9 “Tobacco Community Revitalization Trust Fund”, con-
10 sisting of such amounts as may be appropriated or cred-
11 ited to the Trust Fund. The Trust Fund shall be adminis-
12 tered by the Secretary.

13 (b) TRANSFERS TO TRUST FUND.—There are appro-
14 priated and transferred to the Trust Fund for each fiscal
15 year—

16 (1) amounts contributed by tobacco product
17 manufacturers and tobacco product importers under
18 section 1012; and

19 (2) an amount from the National Tobacco Set-
20 tlement Trust Fund established by section 401 equal
21 to the aggregate amount of assessments under sec-
22 tion 1012 against participating tobacco manufactur-
23 ers for that fiscal year.

24 (c) REPAYABLE ADVANCES.—

1 (1) AUTHORIZATION.—There are authorized to
2 be appropriated to the Trust Fund, as repayable ad-
3 vances, such sums as may from time to time be nec-
4 essary to make expenditures under subsection (d).

5 (2) REPAYMENT WITH INTEREST.—Repayable
6 advances made to the Trust Fund shall be repaid,
7 and interest on the advances shall be paid, to the
8 general fund of the Treasury when the Secretary of
9 the Treasury determines that moneys are available
10 in the Trust Fund to make the payments.

11 (3) RATE OF INTEREST.—Interest on an ad-
12 vance made under this subsection shall be at a rate
13 determined by the Secretary of Treasury (as of the
14 close of the calendar month preceding the month in
15 which the advance is made) that is equal to the cur-
16 rent average market yield on outstanding marketable
17 obligations of the United States with remaining pe-
18 riod to maturity comparable to the anticipated pe-
19 riod during which the advance will be outstanding.

20 (d) EXPENDITURES FROM TRUST FUND.—Amounts
21 in the Trust Fund shall be available for making expendi-
22 tures after October 1, 1998, to meet those necessary obli-
23 gations of the Federal Government that are authorized to
24 be paid under—

1 (1) section 1021 for payments for lost tobacco
2 quota for each of fiscal years 1999 through 2023,
3 but not to exceed \$1,650,000,000 for any fiscal year
4 except to the extent the payments are made in ac-
5 cordance with subsection (d)(12) or (e)(9) of section
6 1021;

7 (2) section 1022 for industry payments for all
8 costs of the Department of Agriculture associated
9 with the production of tobacco;

10 (3) section 1023 for tobacco community eco-
11 nomic development grants, but not to exceed—

12 (A) \$375,000,000 for each of fiscal years
13 1999 through 2008, less any amount required
14 to be paid under section 1022 for the fiscal
15 year; and

16 (B) \$450,000,000 for each of fiscal year
17 2009 through 2023, less any amount required
18 to be paid under section 1022 during the fiscal
19 year;

20 (4) section 1031 for assistance provided under
21 the tobacco worker transition program, but not to
22 exceed \$25,000,000 for any fiscal year; and

23 (5) subpart 9 of part A of title IV of the High-
24 er Education Act of 1965 for farmer opportunity
25 grants, but not to exceed—

1 (A) \$42,500,000 for each of the academic
2 years 1999–2000 through 2003–2004;

3 (B) \$50,000,000 for each of the academic
4 years 2004–2005 through 2008–2009;

5 (C) \$57,500,000 for each of the academic
6 years 2009–2010 through 2013–2014;

7 (D) \$65,000,000 for each of the academic
8 years 2014–2015 through 2018–2019; and

9 (E) \$72,500,000 for each of the academic
10 years 2019–2020 through 2023–2024.

11 (e) BUDGETARY TREATMENT.—This section con-
12 stitutes budget authority in advance of appropriations
13 Acts and represents the obligation of the Federal Govern-
14 ment to provide payments to States and eligible persons
15 in accordance with this Act.

16 **SEC. 1012. CONTRIBUTIONS BY TOBACCO PRODUCT MANU-**
17 **FACTURERS AND IMPORTERS.**

18 (a) DEFINITION OF MARKET SHARE.—In this sec-
19 tion, the term “market share” means the ratio of—

20 (1) the tax liability of a tobacco product manu-
21 facturer or tobacco product importer for a calendar
22 year under section 5703 of the Internal Revenue
23 Code of 1986; to

24 (2) the tax liability of all tobacco product man-
25 ufacturers or tobacco product importers for the cal-

1 endar year under section 5703 of the Internal Reve-
2 nue Code of 1986.

3 (b) DETERMINATIONS.—Not later than September
4 30 of each fiscal year, the Secretary of the Treasury
5 shall—

6 (1) determine—

7 (A) the market share of each tobacco prod-
8 uct manufacturer or tobacco product importer
9 during the most recent calendar year;

10 (B) the total amount of assessments pay-
11 able for the subsequent fiscal year under sub-
12 section (c); and

13 (C) the amount of an assessment payable
14 by the tobacco product manufacturer or tobacco
15 product importer for the fiscal year under sub-
16 section (d); and

17 (2) notify each tobacco product manufacturer
18 and tobacco product importer of the determinations
19 made under paragraph (1) with respect to the manu-
20 facturer or importer.

21 (c) TOTAL AMOUNT OF ASSESSMENTS.—

22 (1) IN GENERAL.—The total amount of assess-
23 ments payable by all tobacco product manufacturers
24 and tobacco product importers into the Trust Fund
25 for a fiscal year shall be equal to—

1 (A) the amount of the contribution to the
2 Trust Fund for the fiscal year required under
3 paragraph (2); less

4 (B) any amount made available during the
5 preceding fiscal year to the Trust Fund out of
6 funds transferred from National Tobacco Set-
7 tlement Trust Fund under section 1011(b)(2).

8 (2) TRUST FUND CONTRIBUTIONS.—The
9 amount of the contribution to the Trust Fund shall
10 be—

11 (A) \$2,100,000,000 for each of fiscal years
12 1999 through 2008;

13 (B) \$500,000,000 for each of fiscal years
14 2009 through 2023; and

15 (C) for fiscal year 2024 and each subse-
16 quent fiscal year, the amount payable under
17 section 1022.

18 (d) INDIVIDUAL AMOUNT OF ASSESSMENTS.—The
19 amount of an assessment payable by each tobacco product
20 manufacturer and tobacco product importer into the Trust
21 Fund for a fiscal year shall be equal to the product ob-
22 tained by multiplying—

23 (1) the total amount of assessments payable by
24 all tobacco product manufacturers and tobacco prod-

1 uct importers for the fiscal year under subsection
2 (c); and

3 (2) the market share of the tobacco product
4 manufacturer or tobacco product importer during
5 the most recent calendar year determined under sub-
6 section (b)(1)(A).

7 (e) CREDIT FOR PAYMENTS BY PARTICIPATING TO-
8 BACCO PRODUCT MANUFACTURERS.—There shall be al-
9 lowed as a credit against the amount of any assessment
10 under this section for a participating tobacco product
11 manufacturer an amount equal to the amount paid by that
12 manufacturer under section 403 of this Act (other than
13 as penalty or interest) for the calendar year ending in that
14 fiscal year.

15 **Subtitle B—Tobacco Market** 16 **Transition Assistance**

17 **SEC. 1021. PAYMENTS FOR LOST TOBACCO QUOTA.**

18 (a) IN GENERAL.—Beginning with the 1999 market-
19 ing year, the Secretary shall make payments for lost to-
20 bacco quota to eligible quota holders, quota lessees, and
21 quota tenants as reimbursement for lost tobacco quota as
22 a result of a decrease in demand for domestically produced
23 tobacco.

1 (b) ELIGIBILITY.—To be eligible to receive payments
2 under this section, a quota holder, quota lessee, or quota
3 tenant shall—

4 (1) prepare and submit to the Secretary an ap-
5 plication at such time, in such manner, and contain-
6 ing such information as the Secretary may require,
7 including information sufficient to make the dem-
8 onstration required under paragraph (2); and

9 (2) demonstrate to the satisfaction of the Sec-
10 retary that, with respect to the 1997 marketing
11 year—

12 (A) the producer was a quota holder and
13 realized income from the production of tobacco
14 through—

15 (i) the active production of tobacco;

16 (ii) the lease and transfer of tobacco
17 quota to another farm;

18 (iii) the rental of all or part of the
19 farm of the quota holder, including the
20 right to produce tobacco, to another to-
21 bacco producer; or

22 (iv) the hiring of a quota tenant to
23 produce tobacco;

24 (B) the producer was a quota lessee; or

25 (C) the producer was a quota tenant.

1 (c) BASE QUOTA LEVEL.—

2 (1) IN GENERAL.—The Secretary shall deter-
3 mine, for each quota holder, quota lessee, and quota
4 tenant, the base quota level for the 1995 through
5 1997 marketing years.

6 (2) QUOTA HOLDERS.—The base quota level for
7 a quota holder shall be equal to the average tobacco
8 farm marketing quota established for the farm
9 owned by the quota holder for the 1995 through
10 1997 marketing years.

11 (3) QUOTA LESSEES.—The base quota level for
12 a quota lessee shall be equal to—

13 (A) 50 percent of the average number of
14 pounds of tobacco quota established for a farm
15 for the 1995 through 1997 marketing years—

16 (i) that was leased and transferred to
17 a farm owned by the quota lessee; or

18 (ii) for which the rights to produce
19 the tobacco were rented to the quota les-
20 see; less

21 (B) 25 percent of the average number of
22 pounds of tobacco quota described in subpara-
23 graph (A) for which a quota tenant was the
24 principal producer of the tobacco quota.

1 (4) QUOTA TENANTS.—The base quota level for
2 a quota tenant shall be equal to the sum of—

3 (A) 50 percent of the average number of
4 pounds of tobacco quota established for a farm
5 for the 1995 through 1997 marketing years—

6 (i) that was owned by a quota holder;

7 and

8 (ii) for which the quota tenant was
9 the principal producer of the tobacco on
10 the farm; and

11 (B) 25 percent of the average number of
12 pounds of tobacco quota for the 1995 through
13 1997 marketing years—

14 (i)(I) that was leased and transferred
15 to a farm owned by the quota lessee; or

16 (II) for which the rights to produce
17 the tobacco were rented to the quota les-
18 see; and

19 (ii) for which the quota tenant was
20 the principal producer of the tobacco on
21 the farm.

22 (5) MARKETING QUOTAS OTHER THAN POUND-
23 AGE QUOTAS.—

24 (A) IN GENERAL.—For each type of to-
25 bacco for which there is a marketing quota or

1 allotment (on an acreage basis), the base quota
2 level for each quota holder, quota lessee, or
3 quota tenant shall be determined in accordance
4 with this subsection (based on a poundage con-
5 version) by multiplying—

6 (i) the average tobacco farm market-
7 ing quota or allotment for the 1995
8 through 1997 marketing years; and

9 (ii) the average yield per acre for the
10 farm for the type of tobacco for the mar-
11 keting years.

12 (B) YIELDS NOT AVAILABLE.—If the aver-
13 age yield per acre is not available for a farm,
14 the Secretary shall calculate the base quota for
15 the quota holder, quota lessee, or quota tenant
16 (based on a poundage conversion) by determin-
17 ing the amount equal to the product obtained
18 by multiplying—

19 (i) the average tobacco farm market-
20 ing quota or allotment for the 1995
21 through 1997 marketing years; and

22 (ii) the average county yield per acre
23 for the county in which the farm is located
24 for the type of tobacco for the marketing
25 years.

1 (d) PAYMENTS FOR LOST TOBACCO QUOTA FOR
2 TYPES OF TOBACCO OTHER THAN FLUE-CURED TO-
3 BACCO.—

4 (1) ALLOCATION OF FUNDS.—Of the amounts
5 made available under section 1011(d)(1) for pay-
6 ments for lost tobacco quota, the Secretary shall
7 make available for payments under this subsection
8 an amount that bears the same ratio to the amounts
9 made available as—

10 (A) the sum of all national marketing
11 quotas for all types of tobacco other than flue-
12 cured tobacco during the 1995 through 1997
13 marketing years; bears to

14 (B) the sum of all national marketing
15 quotas for all types of tobacco during the 1995
16 through 1997 marketing years.

17 (2) OPTION TO RELINQUISH QUOTA.—

18 (A) IN GENERAL.—Each quota holder shall
19 be given the option to relinquish the farm mar-
20 keting quota or farm acreage allotment of the
21 quota holder in exchange for a payment made
22 under paragraph (3).

23 (B) NOTIFICATION.—A quota holder shall
24 give notification of the intention of the quota
25 holder to exercise the option at such time and

1 in such manner as the Secretary may require,
2 but not later than January 15, 1999.

3 (3) PAYMENTS FOR LOST TOBACCO QUOTA TO
4 QUOTA HOLDERS EXERCISING OPTIONS TO RELIN-
5 QUISH QUOTA.—

6 (A) IN GENERAL.—Subject to subpara-
7 graph (E), for each of fiscal years 1999
8 through 2008, the Secretary shall make annual
9 payments for lost tobacco quota to each quota
10 holder that has relinquished the farm marketing
11 quota or farm acreage allotment of the quota
12 holder under paragraph (2).

13 (B) AMOUNT.—The amount of a payment
14 made to a quota holder described in subpara-
15 graph (A) for a marketing year shall equal $\frac{1}{10}$
16 of the lifetime limitation established under sub-
17 paragraph (E).

18 (C) TIMING.—The Secretary shall begin
19 making annual payments under this paragraph
20 for the marketing year in which the farm mar-
21 keting quota or farm acreage allotment is relin-
22 quished.

23 (D) ADDITIONAL PAYMENTS.—The Sec-
24 retary may increase annual payments under

1 this paragraph in accordance with paragraph
2 (7)(E) to the extent that funding is available.

3 (E) LIFETIME LIMITATION ON PAY-
4 MENTS.—The total amount of payments made
5 under this paragraph to a quota holder shall
6 not exceed the product obtained by multiplying
7 the base quota level for the quota holder by \$8
8 per pound.

9 (4) REISSUANCE OF QUOTA.—

10 (A) REALLOCATION TO LESSEE OR TEN-
11 ANT.—If a quota holder exercises an option to
12 relinquish a tobacco farm marketing quota or
13 farm acreage allotment under paragraph (2), a
14 quota lessee or quota tenant that was the pri-
15 mary producer during the 1997 marketing year
16 of tobacco pursuant to the farm marketing
17 quota or farm acreage allotment, as determined
18 by the Secretary, shall be given the option of
19 having an allotment of the farm marketing
20 quota or farm acreage allotment reallocated to
21 a farm owned by the quota lessee or quota ten-
22 ant.

23 (B) CONDITIONS FOR REALLOCATION.—

24 (i) TIMING.—A quota lessee or quota
25 tenant that is given the option of having

1 an allotment of a farm marketing quota or
2 farm acreage allotment reallocated to a
3 farm owned by the quota lessee or quota
4 tenant under subparagraph (A) shall have
5 1 year from the date on which a farm mar-
6 keting quota or farm acreage allotment is
7 relinquished under paragraph (2) to exer-
8 cise the option.

9 (ii) LIMITATION ON ACREAGE ALLOT-
10 MENT.—In the case of a farm acreage al-
11 lotment, the acreage allotment determined
12 for any farm subsequent to any realloca-
13 tion under subparagraph (A) shall not ex-
14 ceed 50 percent of the acreage of cropland
15 of the farm owned by the quota lessee or
16 quota tenant.

17 (iii) LIMITATION ON MARKETING
18 QUOTA.—In the case of a farm marketing
19 quota, the marketing quota determined for
20 any farm subsequent to any reallocation
21 under subparagraph (A) shall not exceed
22 an amount determined by multiplying—

23 (I) the average county farm yield,
24 as determined by the Secretary; and

1 (II) 50 percent of the acreage of
 2 cropland of the farm owned by the
 3 quota lessee or quota tenant.

4 (C) ELIGIBILITY OF LESSEE OR TENANT
 5 FOR PAYMENTS.—If a farm marketing quota or
 6 farm acreage allotment is reallocated to a quota
 7 lessee or quota tenant under subparagraph
 8 (A)—

9 (i) the quota lessee or quota tenant
 10 shall not be eligible for any additional pay-
 11 ments under paragraph (5) or (6) as a re-
 12 sult of the reallocation; and

13 (ii) the base quota level for the quota
 14 lessee or quota tenant shall not be in-
 15 creased as a result of the reallocation.

16 (D) REALLOCATION TO QUOTA HOLDERS
 17 WITHIN SAME COUNTY OR STATE.—

18 (i) IN GENERAL.—Except as provided
 19 in clause (ii), if there was no quota lessee
 20 or quota tenant for the farm marketing
 21 quota or farm acreage allotment for a type
 22 of tobacco, or if no quota lessee or quota
 23 tenant exercises an option of having an al-
 24 lotment of the farm marketing quota or
 25 farm acreage allotment for a type of to-

1 bacco reallocated, the Secretary shall re-
2 apportion the farm marketing quota or
3 farm acreage allotment among the remain-
4 ing quota holders for the type of tobacco
5 within the same county.

6 (ii) CROSS-COUNTY LEASING.—In a
7 State in which cross-county leasing is au-
8 thorized pursuant to section 319(l) of the
9 Agricultural Adjustment Act of 1938 (7
10 U.S.C. 1314e(l)), the Secretary shall re-
11 apportion the farm marketing quota
12 among the remaining quota holders for the
13 type of tobacco within the same State.

14 (iii) ELIGIBILITY OF QUOTA HOLDER
15 FOR PAYMENTS.—If a farm marketing
16 quota is reapportioned to a quota holder
17 under this subparagraph—

18 (I) the quota holder shall not be
19 eligible for any additional payments
20 under paragraph (5) or (6) as a result
21 of the reapportionment; and

22 (II) the base quota level for the
23 quota holder shall not be increased as
24 a result of the reapportionment.

1 (E) SPECIAL RULE FOR TENANT OF
2 LEASED TOBACCO.—If a quota holder exercises
3 an option to relinquish a tobacco farm market-
4 ing quota or farm acreage allotment under
5 paragraph (2), the farm marketing quota or
6 farm acreage allotment shall be divided evenly
7 between, and the option of reallocating the farm
8 marketing quota or farm acreage allotment
9 shall be offered in equal portions to, the quota
10 lessee and to the quota tenant, if—

11 (i) during the 1997 marketing year,
12 the farm marketing quota or farm acreage
13 allotment was leased and transferred to a
14 farm owned by the quota lessee; and

15 (ii) the quota tenant was the primary
16 producer, as determined by the Secretary,
17 of tobacco pursuant to the farm marketing
18 quota or farm acreage allotment.

19 (5) PAYMENTS FOR LOST TOBACCO QUOTA TO
20 QUOTA HOLDERS.—

21 (A) IN GENERAL.—Except as otherwise
22 provided in this subsection, during any market-
23 ing year in which the national marketing quota
24 for a type of tobacco is less than the average
25 national marketing quota for the 1995 through

1 1997 marketing years, the Secretary shall make
 2 payments for lost tobacco quota to each quota
 3 holder that is eligible under subsection (b), and
 4 has not exercised an option to relinquish a to-
 5 bacco farm marketing quota or farm acreage al-
 6 lotment under paragraph (2), in an amount
 7 that is equal to the product obtained by mul-
 8 tiplying—

9 (i) the number of pounds by which the
 10 basic farm marketing quota (or poundage
 11 conversion) is less than the base quota
 12 level for the quota holder; and

13 (ii) \$4 per pound.

14 (B) POUNDAGE CONVERSION FOR MARKET-
 15 ING QUOTAS OTHER THAN POUNDAGE
 16 QUOTAS.—

17 (i) IN GENERAL.—For each type of
 18 tobacco for which there is a marketing
 19 quota or allotment (on an acreage basis),
 20 the poundage conversion for each quota
 21 holder during a marketing year shall be
 22 determined by multiplying—

23 (I) the basic farm acreage allot-
 24 ment for the farm for the marketing
 25 year; and

1 (II) the average yield per acre for
2 the farm for the type of tobacco.

3 (ii) YIELD NOT AVAILABLE.—If the
4 average yield per acre is not available for
5 a farm, the Secretary shall calculate the
6 poundage conversion for each quota holder
7 during a marketing year by multiplying—

8 (I) the basic farm acreage allot-
9 ment for the farm for the marketing
10 year; and

11 (II) the average county yield per
12 acre for the county in which the farm
13 is located for the type of tobacco.

14 (6) PAYMENTS FOR LOST TOBACCO QUOTA TO
15 QUOTA LESSEES AND QUOTA TENANTS.—Except as
16 otherwise provided in this subsection, during any
17 marketing year in which the national marketing
18 quota for a type of tobacco is less than the average
19 national marketing quota for the type of tobacco for
20 the 1995 through 1997 marketing years, the Sec-
21 retary shall make payments for lost tobacco quota to
22 each quota lessee and quota tenant that is eligible
23 under subsection (b) in an amount that is equal to
24 the product obtained by multiplying—

1 (A) the percentage by which the national
2 marketing quota for the type of tobacco is less
3 than the average national marketing quota for
4 the type of tobacco for the 1995 through 1997
5 marketing years;

6 (B) the base quota level for the quota les-
7 see or quota tenant; and

8 (C) \$4 per pound.

9 (7) LIFETIME LIMITATION ON PAYMENTS.—Ex-
10 cept as otherwise provided in this subsection, the
11 total amount of payments made under this sub-
12 section to a quota holder, quota lessee, or quota ten-
13 ant during the lifetime of the quota holder, quota
14 lessee, or quota tenant shall not exceed the product
15 obtained by multiplying—

16 (A) the base quota level for the quota hold-
17 er, quota lessee, or quota tenant; and

18 (B) \$8 per pound.

19 (8) LIMITATIONS ON AGGREGATE ANNUAL PAY-
20 MENTS.—

21 (A) IN GENERAL.—Except as otherwise
22 provided in this paragraph, the total amount
23 payable under this subsection for any marketing
24 year shall not exceed the amount made avail-
25 able under paragraph (1).

1 (B) ACCELERATED PAYMENTS.—Para-
2 graph (1) shall not apply if accelerated pay-
3 ments for lost tobacco quota are made in ac-
4 cordance with paragraph (12).

5 (C) REDUCTIONS.—If the sum of the
6 amounts determined under paragraphs (3), (5),
7 and (6) for a marketing year exceeds the
8 amount made available under paragraph (1),
9 the Secretary shall make a pro rata reduction
10 in the amounts payable under paragraphs (5)
11 and (6) to quota holders, quota lessees, and
12 quota tenants under this subsection to ensure
13 that the total amount of payments for lost to-
14 bacco quota does not exceed the amount made
15 available under paragraph (1).

16 (D) ROLLOVER OF PAYMENTS FOR LOST
17 TOBACCO QUOTA.—Subject to subparagraph
18 (A), if the Secretary makes a reduction in ac-
19 cordance with subparagraph (C), the amount of
20 the reduction shall be applied to the next mar-
21 keting year and added to the payments for lost
22 tobacco quota for the marketing year.

23 (E) ADDITIONAL PAYMENTS TO QUOTA
24 HOLDERS EXERCISING OPTION TO RELINQUISH
25 QUOTA.—If the amount made available under

1 paragraph (1) exceeds the sum of the amounts
2 determined under paragraphs (3), (5), and (6)
3 for a marketing year, the Secretary shall dis-
4 tribute the amount of the excess pro rata to
5 quota holders that have exercised an option to
6 relinquish a tobacco farm marketing quota or
7 farm acreage allotment under paragraph (2) by
8 increasing the amount payable to each such
9 holder under paragraph (3).

10 (9) SUBSEQUENT SALE AND TRANSFER OF
11 QUOTA.—Effective beginning with the 1999 market-
12 ing year, on the sale and transfer of a farm market-
13 ing quota or farm acreage allotment under section
14 316(g) or 319(g) of the Agricultural Adjustment Act
15 of 1938 (7 U.S.C. 1314b(g), 1314e(g))—

16 (A) the person that sold and transferred
17 the quota or allotment shall have—

18 (i) the base quota level attributable to
19 the person reduced by the base quota level
20 attributable to the quota that is sold and
21 transferred; and

22 (ii) the lifetime limitation on pay-
23 ments established under paragraph (7) at-
24 tributable to the person reduced by the
25 product obtained by multiplying—

1 (I) the base quota level attrib-
2 utable to the quota; and

3 (II) \$8 per pound; and

4 (B) if the quota or allotment has never
5 been relinquished by a previous quota holder
6 under paragraph (2), the person that acquired
7 the quota shall have—

8 (i) the base quota level attributable to
9 the person increased by the base quota
10 level attributable to the quota that is sold
11 and transferred; and

12 (ii) the lifetime limitation on pay-
13 ments established under paragraph (7) at-
14 tributable to the person—

15 (I) increased by the product ob-
16 tained by multiplying—

17 (aa) the base quota level at-
18 tributable to the quota; and

19 (bb) \$8 per pound; but

20 (II) decreased by any payments
21 under paragraph (5) for lost tobacco
22 quota previously made that are attrib-
23 utable to the quota that is sold and
24 transferred.

1 (10) SALE OR TRANSFER OF FARM.—On the
2 sale or transfer of ownership of a farm that is owned
3 by a quota holder, the base quota level established
4 under subsection (c), the right to payments under
5 paragraph (5), and the lifetime limitation on pay-
6 ments established under paragraph (7) shall transfer
7 to the new owner of the farm to the same extent and
8 in the same manner as those provisions applied to
9 the previous quota holder.

10 (11) DEATH OF QUOTA LESSEE OR QUOTA TEN-
11 ANT.—If a quota lessee or quota tenant that is enti-
12 tled to payments under this subsection dies and is
13 survived by a spouse or 1 or more dependents, the
14 right to receive the payments shall transfer to the
15 surviving spouse or, if there is no surviving spouse,
16 to the surviving dependents in equal shares.

17 (12) ACCELERATION OF PAYMENTS.—

18 (A) IN GENERAL.—On the occurrence of
19 any of the events described in subparagraph
20 (B), the Secretary shall make an accelerated
21 lump sum payment for lost tobacco quota as es-
22 tablished under paragraphs (5) and (6) to each
23 quota holder, quota lessee, and quota tenant for
24 any affected type of tobacco in accordance with
25 subparagraph (C).

1 (B) TRIGGERING EVENTS.—The Secretary
2 shall make accelerated payments under sub-
3 paragraph (A) if after the date of enactment of
4 this Act—

5 (i) subject to subparagraph (D), for 3
6 consecutive marketing years, the national
7 marketing quota or national acreage allot-
8 ment for a type of tobacco is less than 50
9 percent of the national marketing quota or
10 national acreage allotment for the type of
11 tobacco for the 1998 marketing year; or

12 (ii) Congress repeals or makes ineffec-
13 tive, directly or indirectly, any provision
14 of—

15 (I) section 316 of the Agricul-
16 tural Adjustment Act of 1938 (7
17 U.S.C. 1314b);

18 (II) section 319 of the Agricul-
19 tural Adjustment Act of 1938 (7
20 U.S.C. 1314e);

21 (III) section 106 of the Agricul-
22 tural Act of 1949 (7 U.S.C. 1445);

23 (IV) section 106A of the Agricul-
24 tural Act of 1949 (7 U.S.C. 1445–1);

25 or

1 (V) section 106B of the Agricul-
2 tural Act of 1949 (7 U.S.C. 1445–2).

3 (C) AMOUNT.—The amount of the acceler-
4 ated payments made to each quota holder,
5 quota lessee, and quota tenant under this sub-
6 section shall be equal to—

7 (i) the amount of the lifetime limita-
8 tion established for the quota holder, quota
9 lessee, or quota tenant under paragraph
10 (7); less

11 (ii) any payments for lost tobacco
12 quota received by the quota holder, quota
13 lessee, or quota tenant before the occur-
14 rence of any of the events described in sub-
15 paragraph (B).

16 (D) REFERENDUM VOTE NOT A TRIGGER-
17 ING EVENT.—A referendum vote of producers
18 for any type of tobacco that results in the na-
19 tional marketing quota or national acreage al-
20 lotment not being in effect for the type of to-
21 bacco shall not be considered a triggering event
22 under this paragraph.

23 (13) BAN ON SUBSEQUENT SALE OR LEASING
24 OF FARM MARKETING QUOTA OR FARM ACREAGE AL-
25 LOTMENT TO QUOTA HOLDERS EXERCISING OPTION

1 TO RELINQUISH QUOTA.—No quota holder that exer-
 2 cises the option to relinquish a farm marketing
 3 quota or farm acreage allotment for any type of to-
 4 bacco under paragraph (2) shall be eligible to ac-
 5 quire a farm marketing quota or farm acreage allot-
 6 ment for the type of tobacco, or to obtain the lease
 7 or transfer of a farm marketing quota or farm acre-
 8 age allotment for the type of tobacco, for a period
 9 of 25 crop years after the date on which the quota
 10 or allotment was relinquished.

11 (e) PAYMENTS FOR LOST TOBACCO QUOTA FOR
 12 FLUE-CURED TOBACCO.—

13 (1) ALLOCATION OF FUNDS.—Of the amounts
 14 made available under section 1011(d)(1) for pay-
 15 ments for lost tobacco quota, the Secretary shall
 16 make available for payments under this subsection
 17 an amount that bears the same ratio to the amounts
 18 made available as—

19 (A) the sum of all national marketing
 20 quotas for flue-cured tobacco during the 1995
 21 through 1997 marketing years; bears to

22 (B) the sum of all national marketing
 23 quotas for all types of tobacco during the 1995
 24 through 1997 marketing years.

25 (2) RELINQUISHMENT OF QUOTA.—

1 (A) IN GENERAL.—Each quota holder of
 2 flue-cured tobacco during the 1998 marketing
 3 year shall relinquish the farm marketing quota
 4 or farm acreage allotment in exchange for a
 5 payment made under paragraph (3) or (4).

6 (B) NOTIFICATION.—The Secretary shall
 7 notify the quota holders of the relinquishment
 8 of their quota or allotment at such time and in
 9 such manner as the Secretary may require, but
 10 not later than November 15, 1998.

11 (3) PAYMENTS FOR LOST FLUE-CURED TO-
 12 BACCO QUOTA TO QUOTA HOLDERS THAT RELIN-
 13 QUISH QUOTA.—

14 (A) IN GENERAL.—For each of fiscal years
 15 1999 through 2008, the Secretary shall make
 16 annual payments for lost flue-cured tobacco to
 17 each quota holder that has relinquished the
 18 farm marketing quota or farm acreage allot-
 19 ment of the quota holder under paragraph (2).

20 (B) AMOUNT.—The amount of a payment
 21 made to a quota holder described in subpara-
 22 graph (A) for a marketing year shall equal $\frac{1}{10}$
 23 of the lifetime limitation established under
 24 paragraph (6).

1 (C) TIMING.—The Secretary shall begin
 2 making annual payments under this paragraph
 3 for the marketing year in which the farm mar-
 4 keting quota or farm acreage allotment is relin-
 5 quished.

6 (D) ADDITIONAL PAYMENTS.—The Sec-
 7 retary may increase annual payments under
 8 this paragraph in accordance with paragraph
 9 (7)(E) to the extent that funding is available.

10 (4) PAYMENTS FOR LOST FLUE-CURED TO-
 11 BACCO QUOTA TO QUOTA LESSEES AND QUOTA TEN-
 12 ANTS THAT HAVE NOT RELINQUISHED PERMITS.—

13 (A) IN GENERAL.—Except as otherwise
 14 provided in this subsection, during any market-
 15 ing year in which the national marketing quota
 16 for flue-cured tobacco is less than the average
 17 national marketing quota for the 1995 through
 18 1997 marketing years, the Secretary shall make
 19 payments for lost tobacco quota to each quota
 20 lessee or quota tenant that—

21 (i) is eligible under subsection (b);

22 (ii) has been issued an individual to-
 23 bacco production permit under section
 24 317A(b) of the Agricultural Adjustment
 25 Act of 1938; and

1 (iii) has not exercised an option to re-
 2 linquish the permit.

3 (B) AMOUNT.—The amount of a payment
 4 made to a quota holder described in subpara-
 5 graph (A) for a marketing year shall be equal
 6 to the product obtained by multiplying—

7 (i) the number of pounds by which the
 8 individual marketing limitation established
 9 for the permit is less than twice the base
 10 quota level for the quota holder; and

11 (ii) \$2 per pound.

12 (5) PAYMENTS FOR LOST FLUE-CURED TO-
 13 BACCO QUOTA TO QUOTA LESSEES AND QUOTA TEN-
 14 ANTS THAT HAVE RELINQUISHED PERMITS.—

15 (A) IN GENERAL.—For each of fiscal years
 16 1999 through 2008, the Secretary shall make
 17 annual payments for lost flue-cured tobacco
 18 quota to each quota lessee and quota tenant
 19 that has relinquished an individual tobacco pro-
 20 duction permit under section 317A(b)(5) of the
 21 Agricultural Adjustment Act of 1938.

22 (B) AMOUNT.—The amount of a payment
 23 made to a quota holder described in subpara-
 24 graph (A) for a marketing year shall be equal

1 to 1/10 of the lifetime limitation established
2 under paragraph (6).

3 (C) TIMING.—The Secretary shall begin
4 making annual payments under this paragraph
5 for the marketing year in which the individual
6 tobacco production permit is relinquished.

7 (D) ADDITIONAL PAYMENTS.—The Sec-
8 retary may increase annual payments under
9 this paragraph in accordance with paragraph
10 (7)(E) to the extent that funding is available.

11 (E) PROHIBITION AGAINST PERMIT EXPAN-
12 SION.—A quota lessee or quota tenant that re-
13 ceives a payment under this paragraph shall be
14 ineligible to receive any new or increased to-
15 bacco production permit from the county pro-
16 duction pool established under section
17 317A(b)(8) of the Agricultural Adjustment Act
18 of 1938.

19 (6) LIFETIME LIMITATION ON PAYMENTS.—Ex-
20 cept as otherwise provided in this subsection, the
21 total amount of payments made under this sub-
22 section to a quota holder, quota lessee, or quota ten-
23 ant during the lifetime of the quota holder, quota
24 lessee, or quota tenant shall not exceed the product
25 obtained by multiplying—

1 (A) the base quota level for the quota hold-
2 er, quota lessee, or quota tenant; and

3 (B) \$8 per pound.

4 (7) LIMITATIONS ON AGGREGATE ANNUAL PAY-
5 MENTS.—

6 (A) IN GENERAL.—Except as otherwise
7 provided in this paragraph, the total amount
8 payable under this subsection for any marketing
9 year shall not exceed the amount made avail-
10 able under paragraph (1).

11 (B) ACCELERATED PAYMENTS.—Para-
12 graph (1) shall not apply if accelerated pay-
13 ments for lost flue-cured tobacco quota are
14 made in accordance with paragraph (9).

15 (C) REDUCTIONS.—If the sum of the
16 amounts determined under paragraphs (3), (4),
17 and (5) for a marketing year exceeds the
18 amount made available under paragraph (1),
19 the Secretary shall make a pro rata reduction
20 in the amounts payable under paragraph (4) to
21 quota lessees and quota tenants under this sub-
22 section to ensure that the total amount of pay-
23 ments for lost flue-cured tobacco quota does not
24 exceed the amount made available under para-
25 graph (1).

1 (D) ROLLOVER OF PAYMENTS FOR LOST
2 FLUE-CURED TOBACCO QUOTA.—Subject to
3 subparagraph (A), if the Secretary makes a re-
4 duction in accordance with subparagraph (C),
5 the amount of the reduction shall be applied to
6 the next marketing year and added to the pay-
7 ments for lost flue-cured tobacco quota for the
8 marketing year.

9 (E) ADDITIONAL PAYMENTS TO QUOTA
10 HOLDERS EXERCISING OPTION TO RELINQUISH
11 QUOTAS OR PERMITS, OR TO QUOTA LESSEES
12 OR QUOTA TENANTS RELINQUISHING PER-
13 MITS.—If the amount made available under
14 paragraph (1) exceeds the sum of the amounts
15 determined under paragraphs (3), (4), and (5)
16 for a marketing year, the Secretary shall dis-
17 tribute the amount of the excess pro rata to
18 quota holders by increasing the amount payable
19 to each such holder under paragraphs (3) and
20 (5).

21 (8) DEATH OF QUOTA HOLDER, QUOTA LESSEE,
22 OR QUOTA TENANT.—If a quota holder, quota lessee
23 or quota tenant that is entitled to payments under
24 paragraph (4) or (5) dies and is survived by a
25 spouse or 1 or more descendants, the right to receive

1 the payments shall transfer to the surviving spouse
2 or, if there is no surviving spouse, to the surviving
3 descendants in equal shares.

4 (9) ACCELERATION OF PAYMENTS.—

5 (A) IN GENERAL.—On the occurrence of
6 any of the events described in subparagraph
7 (B), the Secretary shall make an accelerated
8 lump sum payment for lost flue-cured tobacco
9 quota as established under paragraphs (3), (4),
10 and (5) to each quota holder, quota lessee, and
11 quota tenant for flue-cured tobacco in accord-
12 ance with subparagraph (C).

13 (B) TRIGGERING EVENTS.—The Secretary
14 shall make accelerated payments under sub-
15 paragraph (A) if after the date of enactment of
16 this Act—

17 (i) subject to subparagraph (D), for 3
18 consecutive marketing years, the national
19 marketing quota or national acreage allot-
20 ment for flue-cured tobacco is less than 50
21 percent of the national marketing quota or
22 national acreage allotment for flue-cured
23 tobacco for the 1998 marketing year; or

(ii) Congress repeals or makes ineffective, directly or indirectly, any provision of—

(I) section 316 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b);

(II) section 319 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314e);

(III) section 106 of the Agricultural Act of 1949 (7 U.S.C. 1445);

(IV) section 106A of the Agricultural Act of 1949 (7 U.S.C. 1445–1);

(V) section 106B of the Agricultural Act of 1949 (7 U.S.C. 1445–2);

or

(VI) section 317A of the Agricultural Adjustment Act of 1938.

(C) AMOUNT.—The amount of the accelerated payments made to each quota holder, quota lessee, and quota tenant under this subsection shall be equal to—

(i) the amount of the lifetime limitation established for the quota holder, quota

1 lessee, or quota tenant under paragraph
2 (6); less

3 (ii) any payments for lost flue-cured
4 tobacco quota received by the quota holder,
5 quota lessee, or quota tenant before the oc-
6 currence of any of the events described in
7 subparagraph (B).

8 (D) REFERENDUM VOTE NOT A TRIGGER-
9 ING EVENT.—A referendum vote of producers
10 for flue-cured tobacco that results in the na-
11 tional marketing quota or national acreage al-
12 lotment not being in effect for flue-cured to-
13 bacco shall not be considered a triggering event
14 under this paragraph.

15 **SEC. 1022. INDUSTRY PAYMENTS FOR ALL DEPARTMENT**
16 **COSTS ASSOCIATED WITH TOBACCO PRODUC-**
17 **TION.**

18 (a) IN GENERAL.—The Secretary shall use such
19 amounts as are necessary from the Trust Fund at the end
20 of each fiscal year to reimburse the Secretary for—

21 (1) costs associated with the administration of
22 programs established under this Act and amend-
23 ments made by this Act;

1 (2) costs associated with the administration of
2 the tobacco quota and price support programs ad-
3 ministered by the Secretary;

4 (3) costs to the Federal Government of carrying
5 out crop insurance programs for tobacco;

6 (4) costs associated with all agricultural re-
7 search, extension, or education activities associated
8 with tobacco;

9 (5) costs associated with the administration of
10 loan association and cooperative programs for to-
11 bacco producers, as approved by the Secretary; and

12 (6) any other costs incurred by the Department
13 of Agriculture associated with the production of to-
14 bacco.

15 (b) LIMITATIONS.—Amounts made available under
16 subsection (a) may not be used—

17 (1) to provide direct benefits to quota holders,
18 quota lessees, or quota tenants; or

19 (2) in a manner that results in a decrease, or
20 an increase relative to other crops, in the amount of
21 the crop insurance premiums assessed to participat-
22 ing tobacco producers under the Federal Crop Insur-
23 ance Act (7 U.S.C. 1501 et seq.).

1 (c) DETERMINATIONS.—Not later than September
2 30, 1998, and each fiscal year thereafter, the Secretary
3 shall determine—

4 (1) the amount of costs described in subsection
5 (a); and

6 (2) the amount that will be provided under this
7 section as reimbursement for the costs.

8 **SEC. 1023. TOBACCO COMMUNITY ECONOMIC DEVELOP-**
9 **MENT GRANTS.**

10 (a) AUTHORITY.—The Secretary shall make grants to
11 tobacco-growing States in accordance with this section to
12 enable the States to carry out economic development ini-
13 tiatives in tobacco-growing communities.

14 (b) APPLICATION.—To be eligible to receive payments
15 under this section, a State shall prepare and submit to
16 the Secretary an application at such time, in such manner,
17 and containing such information as the Secretary may re-
18 quire, including—

19 (1) a description of the activities that the State
20 will carry out using amounts received under the
21 grant;

22 (2) a designation of an appropriate State agen-
23 cy to administer amounts received under the grant;
24 and

1 (3) a description of the steps to be taken to en-
2 sure that the funds are distributed in accordance
3 with subsection (e).

4 (c) AMOUNT OF GRANT.—

5 (1) IN GENERAL.—From the amounts available
6 to carry out this section for a fiscal year, the Sec-
7 retary shall allot to each State an amount that bears
8 the same ratio to the amounts available as the total
9 farm income of the State derived from the produc-
10 tion of tobacco during the 1995 through 1997 mar-
11 keting years (as determined under paragraph (2))
12 bears to the total farm income of all States derived
13 from the production of tobacco during the 1995
14 through 1997 marketing years.

15 (2) TOBACCO INCOME.—For the 1995 through
16 1997 marketing years, the Secretary shall determine
17 the amount of farm income derived from the produc-
18 tion of tobacco in each State and in all States.

19 (d) PAYMENTS.—

20 (1) IN GENERAL.—A State that has an applica-
21 tion approved by the Secretary under subsection (b)
22 shall be entitled to a payment under this section in
23 an amount that is equal to its allotment under sub-
24 section (c).

1 (2) FORM OF PAYMENTS.—The Secretary may
2 make payments under this section to a State in in-
3 stallments, and in advance or by way of reimburse-
4 ment, with necessary adjustments on account of
5 overpayments or underpayments, as the Secretary
6 may determine.

7 (3) REALLOTMENTS.—Any portion of the allot-
8 ment of a State under subsection (c) that the Sec-
9 retary determines will not be used to carry out this
10 section in accordance with an approved State appli-
11 cation required under subsection (b), shall be reallocot-
12 ted by the Secretary to other States in proportion to
13 the original allotments to the other States.

14 (e) USE AND DISTRIBUTION OF FUNDS.—

15 (1) IN GENERAL.—Amounts received by a State
16 under this section shall be used to carry out eco-
17 nomic development activities, including—

18 (A) rural business enterprise activities de-
19 scribed in subsections (c) and (e) of section
20 310B of the Consolidated Farm and Rural De-
21 velopment Act (7 U.S.C. 1932);

22 (B) down payment loan assistance pro-
23 grams that are similar to the program described
24 in section 310E of the Consolidated Farm and
25 Rural Development Act (7 U.S.C. 1935);

1 (C) activities designed to help create pro-
2 ductive farm or off-farm employment in rural
3 areas to provide a more viable economic base
4 and enhance opportunities for improved in-
5 comes, living standards, and contributions by
6 rural individuals to the economic and social de-
7 velopment of tobacco communities;

8 (D) activities that expand existing infra-
9 structure, facilities, and services to capitalize on
10 opportunities to diversify economies in tobacco
11 communities and that support the development
12 of new industries or commercial ventures;

13 (E) activities by agricultural organizations
14 that provide assistance directly to participating
15 tobacco producers to assist in developing other
16 agricultural activities that supplement tobacco-
17 producing activities;

18 (F) initiatives designed to create or expand
19 locally owned value-added processing and mar-
20 keting operations in tobacco communities;

21 (G) technical assistance activities by per-
22 sons to support farmer-owned enterprises, or
23 agriculture-based rural development enterprises,
24 of the type described in section 252 or 253 of

1 the Trade Act of 1974 (19 U.S.C. 2342, 2343);
2 and

3 (H) initiatives designed to partially com-
4 pensate tobacco warehouse owners for lost reve-
5 nues and assist the tobacco warehouse owners
6 in establishing successful business enterprises.

7 (2) TOBACCO-GROWING COUNTIES.—Assistance
8 may be provided by a State under this section only
9 to assist a county in the State that has been deter-
10 mined by the Secretary to have in excess of
11 \$100,000 in income derived from the production of
12 tobacco during 1 or more of the 1995 through 1997
13 marketing years.

14 (3) DISTRIBUTION.—

15 (A) ECONOMIC DEVELOPMENT ACTIVI-
16 TIES.—Not less than 20 percent of the amounts
17 received by a State under this section shall be
18 used to carry out—

19 (i) economic development activities de-
20 scribed in subparagraph (E) or (F) of
21 paragraph (1); or

22 (ii) agriculture-based rural develop-
23 ment activities described in paragraph
24 (1)(G).

1 (B) TECHNICAL ASSISTANCE ACTIVITIES.—Not less than 4 percent of the amounts
2 received by a State under this section shall be
3 used to carry out technical assistance activities
4 described in paragraph (1)(G).

5 (C) TOBACCO WAREHOUSE OWNER INITIATIVES.—

6 (i) IN GENERAL.—Not less than 6
7 percent of the amounts received by a State
8 under this section during each of fiscal
9 years 1999 through 2008 shall be used to
10 carry out initiatives described in paragraph
11 (1)(H).

12 (ii) DIRECT PAYMENTS.—Of the
13 amount made available under clause (i),
14 not less than 80 percent of the amount
15 shall be used to provide direct payments to
16 tobacco warehouse owners based on any
17 decline in the annual volume of tobacco
18 sales as compared to the volume of tobacco
19 sales during the 1998 marketing year.

20 (D) TOBACCO-GROWING COUNTIES.—To be
21 eligible to receive payments under this section,
22 a State shall demonstrate to the Secretary that
23 funding will be provided, during each 5-year pe-

riod for which funding is provided under this section, for activities in each county in the State that has been determined under paragraph (2) to have in excess of \$100,000 in income derived from the production of tobacco, in amounts that are at least equal to the product obtained by multiplying—

(i) the ratio that the tobacco production income in the county determined under paragraph (2) bears to the total tobacco production income for the State determined under subsection (c); and

(ii) 50 percent of the total amounts received by a State under this section during the 5-year period.

(f) PREFERENCES IN HIRING.—A State may require recipients of funds under this section to provide a preference in employment to—

(1) an individual who—

(A) during the 1998 calendar year, was employed in the manufacture, processing, or warehousing of tobacco or tobacco products, or resided, in a county described in subsection (e)(2); and

1 (B) is eligible for assistance under the to-
 2 bacco worker transition program established
 3 under section 1031; or

4 (2) an individual who—

5 (A) during the 1998 marketing year, car-
 6 ried out tobacco quota or relevant tobacco pro-
 7 duction activities in a county described in sub-
 8 section (e)(2);

9 (B) is eligible for a farmer opportunity
 10 grant under subpart 9 of part A of title IV of
 11 the Higher Education Act of 1965; and

12 (C) has successfully completed a course of
 13 study at an institution of higher education.

14 (g) MAINTENANCE OF EFFORT.—

15 (1) IN GENERAL.—Subject to paragraph (2), a
 16 State shall provide an assurance to the Secretary
 17 that the amount of funds expended by the State and
 18 all counties in the State described in subsection
 19 (e)(2) for any activities funded under this section for
 20 a fiscal year is not less than 90 percent of the
 21 amount of funds expended by the State and counties
 22 for the activities for the preceding fiscal year.

23 (2) REDUCTION OF GRANT AMOUNT.—If a
 24 State does not provide an assurance described in
 25 paragraph (1), the Secretary shall reduce the

1 amount of the grant determined under subsection (c)
 2 by an amount equal to the amount by which the
 3 amount of funds expended by the State and counties
 4 for the activities is less than 90 percent of the
 5 amount of funds expended by the State and counties
 6 for the activities for the preceding fiscal year, as de-
 7 termined by the Secretary.

8 (3) FEDERAL FUNDS.—For purposes of this
 9 subsection, the amount of funds expended by a State
 10 or county shall not include any amounts made avail-
 11 able by the Federal Government.

12 **SEC. 1024. FLUE-CURED TOBACCO PRODUCTION PERMITS.**

13 The Agricultural Adjustment Act of 1938 is amended
 14 by inserting after section 317 (7 U.S.C. 1314c) the follow-
 15 ing:

16 **“SEC. 317A. FLUE-CURED TOBACCO PRODUCTION PERMITS.**

17 **“(a) DEFINITIONS.—**In this section:

18 **“(1) INDIVIDUAL ACREAGE LIMITATION.—**The
 19 term ‘individual acreage limitation’ means the num-
 20 ber of acres of flue-cured tobacco that may be plant-
 21 ed by the holder of a permit during a marketing
 22 year, calculated—

23 **“(A) prior to—**

1 “(i) any increase or decrease in the
2 number due to undermarketings or over-
3 marketings; and

4 “(ii) any reduction under subsection
5 (i); and

6 “(B) in a manner that ensures that—

7 “(i) the total of all individual acreage
8 limitations is equal to the national acreage
9 allotment, less the reserve provided under
10 subsection (h); and

11 “(ii) the individual acreage limitation
12 for a marketing year bears the same ratio
13 to the individual acreage limitation for the
14 previous marketing year as the ratio that
15 the national acreage allotment for the mar-
16 keting year bears to the national acreage
17 allotment for the previous marketing year,
18 subject to adjustments by the Secretary to
19 account for any reserve provided under
20 subsection (h).

21 “(2) INDIVIDUAL MARKETING LIMITATION.—

22 The term ‘individual marketing limitation’ means
23 the number of pounds of flue-cured tobacco that
24 may be marketed by the holder of a permit during
25 a marketing year, calculated—

1 “(A) prior to—

2 “(i) any increase or decrease in the
3 number due to undermarketings or over-
4 marketings; and

5 “(ii) any reduction under subsection
6 (i); and

7 “(B) in a manner that ensures that—

8 “(i) the total of all individual market-
9 ing limitations is equal to the national
10 marketing quota, less the reserve provided
11 under subsection (h); and

12 “(ii) the individual marketing limita-
13 tion for a marketing year is obtained by
14 multiplying the individual acreage limita-
15 tion by the permit yield, prior to any ad-
16 justment for undermarketings or over-
17 marketings.

18 “(3) INDIVIDUAL TOBACCO PRODUCTION PER-
19 MIT.—The term ‘individual tobacco production per-
20 mit’ means a permit issued by the Secretary to a
21 person authorizing the production of flue-cured to-
22 bacco for any marketing year during which this sec-
23 tion is effective.

1 “(4) NATIONAL ACREAGE ALLOTMENT.—The
2 term ‘national acreage allotment’ means the quantity
3 determined by dividing—

4 “(A) the national marketing quota; by

5 “(B) the national average yield goal.

6 “(5) NATIONAL AVERAGE YIELD GOAL.—The
7 term ‘national average yield goal’ means the national
8 average yield for flue-cured tobacco during the 5
9 marketing years immediately preceding the market-
10 ing year for which the determination is being made.

11 “(6) NATIONAL MARKETING QUOTA.—For the
12 1999 and each subsequent crop of flue-cured to-
13 bacco, the term ‘national marketing quota’ for a
14 marketing year means the quantity of flue-cured to-
15 bacco, as determined by the Secretary, that is not
16 more than 103 percent nor less than 97 percent of
17 the total of—

18 “(A) the aggregate of the quantities of
19 flue-cured tobacco that domestic manufacturers
20 of cigarettes estimate that the manufacturers
21 intend to purchase on the United States auction
22 markets or from producers during the market-
23 ing year, as compiled and determined under
24 section 320A;

1 “(B) the average annual quantity of flue-
2 cured tobacco exported from the United States
3 during the 3 marketing years immediately pre-
4 ceding the marketing year for which the deter-
5 mination is being made; and

6 “(C) the quantity, if any, of flue-cured to-
7 bacco that the Secretary, in the discretion of
8 the Secretary, determines is necessary to in-
9 crease or decrease the inventory of the pro-
10 ducer-owned cooperative marketing association
11 that has entered into a loan agreement with the
12 Commodity Credit Corporation to make price
13 support available to producers of flue-cured to-
14 bacco to establish or maintain the inventory at
15 the reserve stock level for flue-cured tobacco.

16 “(7) PERMIT YIELD.—The term ‘permit yield’
17 means the yield of tobacco per acre for an individual
18 tobacco production permit holder that is—

19 “(A) based on a preliminary permit yield
20 that is equal to the average yield during the 5
21 marketing years immediately preceding the
22 marketing year for which the determination is
23 made in the county where the holder of the per-
24 mit is authorized to plant flue-cured tobacco, as

1 determined by the Secretary, on the basis of ac-
 2 tual yields of farms in the county; and

3 “(B) adjusted by a weighted national yield
 4 factor calculated by—

5 “(i) multiplying each preliminary per-
 6 mit yield by the individual acreage limita-
 7 tion, prior to adjustments for overmarket-
 8 ings, undermarketings, or reductions re-
 9 quired under subsection (i); and

10 “(ii) dividing the sum of the products
 11 under clause (i) for all flue-cured individ-
 12 ual tobacco production permit holders by
 13 the national acreage allotment.

14 “(b) INITIAL ISSUANCE OF PERMITS.—

15 “(1) TERMINATION OF FLUE-CURED MARKET-
 16 ING QUOTAS.—On approval through referendum
 17 under subsection (c), farm marketing quotas as pro-
 18 vided under section 317 shall no longer be in effect
 19 for flue-cured tobacco.

20 “(2) ISSUANCE OF PERMITS TO QUOTA HOLD-
 21 ERS THAT WERE PRINCIPAL PRODUCERS.—

22 “(A) IN GENERAL.—On approval through
 23 a referendum under subsection (c), each indi-
 24 vidual quota holder under section 317 that was
 25 a principal producer of flue-cured tobacco dur-

1 ing the 1998 marketing year, as determined by
2 the Secretary, shall be issued an individual to-
3 bacco production permit under this section.

4 “(B) NOTIFICATION.—The Secretary shall
5 notify the holder of each permit of the individ-
6 ual acreage limitation and the individual mar-
7 keting limitation applicable to the holder for
8 each marketing year.

9 “(C) INDIVIDUAL ACREAGE LIMITATION
10 FOR 1999 MARKETING YEAR.—In establishing
11 the individual acreage limitation for the 1999
12 marketing year under this section, the farm
13 acreage allotment that was allotted to a farm
14 owned by the quota holder during the 1997
15 marketing year shall be considered the individ-
16 ual acreage limitation for the previous market-
17 ing year.

18 “(D) INDIVIDUAL MARKETING LIMITATION
19 FOR 1999 MARKETING YEAR.—In establishing
20 the individual marketing limitation for the 1999
21 marketing year under this section, the farm
22 marketing quota that was allotted to a farm
23 owned by the quota holder during the 1997
24 marketing year shall be considered the individ-

1 ual marketing limitation for the previous mar-
2 keting year.

3 “(3) QUOTA HOLDERS THAT WERE NOT PRIN-
4 CIPAL PRODUCERS.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), on approval through a ref-
7 erendum under subsection (c)—

8 “(i) each person that was a quota
9 holder under section 317 but that was not
10 a principal producer of flue-cured tobacco
11 during the 1997 marketing year, as deter-
12 mined by the Secretary, shall not be eligi-
13 ble to own a permit; and

14 “(ii) the Secretary shall not issue any
15 permit during the 25-year period beginning
16 on the date of enactment of this Act to any
17 person that was a quota holder and was
18 not the principal producer of flue-cured to-
19 bacco during the 1997 marketing year.

20 “(B) MEDICAL HARDSHIPS AND CROP DIS-
21 ASTERS.—Subparagraph (A) shall not apply to
22 a person that would have been the principal
23 producer of flue-cured tobacco during the 1997
24 marketing year but for a medical hardship or

1 crop disaster that occurred during the 1997
2 marketing year.

3 “(C) ADMINISTRATION.—The Secretary
4 shall issue regulations—

5 “(i) defining the term ‘person’ for the
6 purpose of this paragraph; and

7 “(ii) prescribing such rules as the Sec-
8 retary determines are necessary to ensure
9 a fair and reasonable application of the
10 prohibition established under this para-
11 graph.

12 “(4) ISSUANCE OF PERMITS TO PRINCIPAL PRO-
13 DUCERS OF FLUE-CURED TOBACCO.—

14 “(A) IN GENERAL.—On approval through
15 a referendum under subsection (c), each indi-
16 vidual quota lessee or quota tenant (as defined
17 in section 1002 of the LEAF Act) that was the
18 principal producer of flue-cured tobacco during
19 the 1997 marketing year, as determined by the
20 Secretary, shall be issued an individual tobacco
21 production permit under this section.

22 “(B) INDIVIDUAL ACREAGE LIMITA-
23 TIONS.—In establishing the individual acreage
24 limitation for the 1999 marketing year under
25 this section, the farm acreage allotment that

1 was allotted to a farm owned by a quota holder
2 for whom the quota lessee or quota tenant was
3 the principal producer of flue-cured tobacco
4 during the 1997 marketing year shall be consid-
5 ered the individual acreage limitation for the
6 previous marketing year.

7 “(C) INDIVIDUAL MARKETING LIMITA-
8 TIONS.—In establishing the individual market-
9 ing limitation for the 1999 marketing year
10 under this section, the individual marketing
11 limitation for the previous year for an individ-
12 ual described in this paragraph shall be cal-
13 culated by multiplying—

14 “(i) the farm marketing quota that
15 was allotted to a farm owned by a quota
16 holder for whom the quota lessee or quota
17 holder was the principal producer of flue-
18 cured tobacco during the 1997 marketing
19 year, by

20 “(ii) the ratio that—

21 “(I) the sum of all flue-cured to-
22 bacco farm marketing quotas for the
23 1997 marketing year prior to adjust-
24 ing for undermarketing and over-
25 marketing; bears to

1 “(II) the sum of all flue-cured to-
2 bacco farm marketing quotas for the
3 1998 marketing year, after adjusting
4 for undermarketing and overmarket-
5 ing.

6 “(D) SPECIAL RULE FOR TENANT OF
7 LEASED FLUE-CURED TOBACCO.—If the farm
8 marketing quota or farm acreage allotment of a
9 quota holder was produced pursuant to an
10 agreement under which a quota lessee rented
11 land from a quota holder and a quota tenant
12 was the primary producer, as determined by the
13 Secretary, of flue-cured tobacco pursuant to the
14 farm marketing quota or farm acreage allot-
15 ment, the farm marketing quota or farm acre-
16 age allotment shall be divided proportionately
17 between the quota lessee and quota tenant for
18 purposes of issuing individual tobacco produc-
19 tion permits under this paragraph.

20 “(5) OPTION OF QUOTA LESSEE OR QUOTA
21 TENANT TO RELINQUISH PERMIT.—

22 “(A) IN GENERAL.—Each quota lessee or
23 quota tenant that is issued an individual to-
24 bacco production permit under paragraph (4)
25 shall be given the option of relinquishing the

1 permit in exchange for payments made under
2 section 1021(e)(5) of the LEAF Act.

3 “(B) NOTIFICATION.—A quota lessee or
4 quota tenant that is issued an individual to-
5 bacco production permit shall give notification
6 of the intention to exercise the option at such
7 time and in such manner as the Secretary may
8 require, but not later than 30 days after the
9 permit is issued.

10 “(C) REALLOCATION OF PERMIT.—The
11 Secretary shall add the authority to produce
12 flue-cured tobacco under the individual tobacco
13 production permit relinquished under this para-
14 graph to the county production pool established
15 under paragraph (8) for reallocation by the ap-
16 propriate county committee.

17 “(6) ACTIVE PRODUCER REQUIREMENT.—

18 “(A) REQUIREMENT FOR SHARING RISK.—
19 No individual tobacco production permit shall
20 be issued to, or maintained by, a person that
21 does not fully share in the risk of producing a
22 crop of flue-cured tobacco.

23 “(B) CRITERIA FOR SHARING RISK.—For
24 purposes of this paragraph, a person shall be

1 considered to have fully shared in the risk of
2 production of a crop if—

3 “(i) the investment of the person in
4 the production of the crop is not less than
5 100 percent of the costs of production as-
6 sociated with the crop;

7 “(ii) the amount of the person’s re-
8 turn on the investment is dependent solely
9 on the sale price of the crop; and

10 “(iii) the person may not receive any
11 of the return before the sale of the crop.

12 “(C) PERSONS NOT SHARING RISK.—

13 “(i) FORFEITURE.—Any person that
14 fails to fully share in the risks of produc-
15 tion under this paragraph shall forfeit an
16 individual tobacco production permit if,
17 after notice and opportunity for a hearing,
18 the appropriate county committee deter-
19 mines that the conditions for forfeiture
20 exist.

21 “(ii) REALLOCATION.—The Secretary
22 shall add the authority to produce flue-
23 cured tobacco under the individual tobacco
24 production permit forfeited under this sub-
25 paragraph to the county production pool

1 established under paragraph (8) for re-
2 allocation by the appropriate county com-
3 mittee.

4 “(D) NOTICE.—Notice of any determina-
5 tion made by a county committee under sub-
6 paragraph (C) shall be mailed, as soon as prac-
7 ticable, to the person involved.

8 “(E) REVIEW.—If the person is dissatis-
9 fied with the determination, the person may re-
10 quest, not later than 15 days after notice of the
11 determination is received, a review of the deter-
12 mination by a local review committee under the
13 procedures established under section 363 for
14 farm marketing quotas.

15 “(7) COUNTY OF ORIGIN REQUIREMENT.—For
16 the 1999 and each subsequent crop of flue-cured to-
17 bacco, all tobacco produced pursuant to an individ-
18 ual tobacco production permit shall be produced in
19 the same county in which was produced the tobacco
20 produced during the 1997 marketing year pursuant
21 to the farm marketing quota or farm acreage allot-
22 ment on which the individual tobacco production
23 permit is based.

24 “(8) COUNTY PRODUCTION POOL.—

1 “(A) IN GENERAL.—The authority to
2 produce flue-cured tobacco under an individual
3 tobacco production permit that is forfeited, re-
4 linquished, or surrendered within a county may
5 be reallocated by the appropriate county com-
6 mittee to tobacco producers located in the same
7 county that apply to the committee to produce
8 flue-cured tobacco under the authority.

9 “(B) PRIORITY.—In reallocating individual
10 tobacco production permits under this para-
11 graph, a county committee shall provide a pri-
12 ority to—

13 “(i) an active tobacco producer that
14 controls the authority to produce a quan-
15 tity of flue-cured tobacco under an individ-
16 ual tobacco production permit that is equal
17 to or less than the average number of
18 pounds of flue-cured tobacco that was pro-
19 duced by the producer during each of the
20 1995 through 1997 marketing years, as
21 determined by the Secretary; and

22 “(ii) a new tobacco producer.

23 “(C) CRITERIA.—Individual tobacco pro-
24 duction permits shall be reallocated by the ap-
25 propriate county committee under this para-

1 graph in a fair and equitable manner after tak-
2 ing into consideration—

3 “(i) the experience of the producer;

4 “(ii) the availability of land, labor,
5 and equipment for the production of to-
6 bacco;

7 “(iii) crop rotation practices; and

8 “(iv) the soil and other physical fac-
9 tors affecting the production of tobacco.

10 “(D) MEDICAL HARDSHIPS AND CROP DIS-
11 ASTERS.—Notwithstanding any other provision
12 of this Act, the Secretary may issue an individ-
13 ual tobacco production permit under this para-
14 graph to a producer that is otherwise ineligible
15 for the permit due to a medical hardship or
16 crop disaster that occurred during the 1997
17 marketing year.

18 “(c) REFERENDUM.—

19 “(1) ANNOUNCEMENT OF QUOTA AND ALLOT-
20 MENT.—Not later than December 15, 1998, the Sec-
21 retary pursuant to subsection (b) shall determine
22 and announce—

23 “(A) the quantity of the national market-
24 ing quota for flue-cured tobacco for the 1999
25 marketing year; and

1 “(B) the national acreage allotment and
2 national average yield goal for the 1999 crop of
3 flue-cured tobacco.

4 “(2) SPECIAL REFERENDUM.—Not later than
5 30 days after the announcement of the quantity of
6 the national marketing quota, the Secretary shall
7 conduct a special referendum of the producers that
8 were the principal producers of flue-cured tobacco of
9 the 1997 crop to determine whether the producers
10 approve or oppose the establishment of individual to-
11 bacco production permits on an acreage-poundage
12 basis as provided in this section for the 1999
13 through 2001 marketing years.

14 “(3) APPROVAL OF PERMITS.—If the Secretary
15 determines that more than 66⅔ percent of the pro-
16 ducers voting in the special referendum approve the
17 establishment of individual tobacco production per-
18 mits on an acreage-poundage basis—

19 “(A) individual tobacco production permits
20 on an acreage-poundage basis as provided in
21 this section shall be in effect for the 1999
22 through 2001 marketing years; and

23 “(B) marketing quotas on an acreage-
24 poundage basis shall cease to be in effect for
25 the 1999 through 2001 marketing years.

1 “(4) DISAPPROVAL OF PERMITS.—If individual
2 tobacco production permits on an acreage-poundage
3 basis are not approved by more than $66\frac{2}{3}$ percent
4 of the producers voting in the referendum, no mar-
5 keting quotas on an acreage-poundage basis shall
6 continue in effect that were proclaimed under sec-
7 tion 317 prior to the referendum.

8 “(5) APPLICABLE MARKETING YEARS.—If indi-
9 vidual tobacco production permits have been made
10 effective for flue-cured tobacco on an acreage-pound-
11 age basis pursuant to this subsection, the Secretary
12 shall, not later than December 15 of any future
13 marketing year, announce a national marketing
14 quota for that type of tobacco for the next 3 suc-
15 ceeding marketing years if the marketing year is the
16 last year of 3 consecutive years for which individual
17 tobacco production permits previously proclaimed
18 will be in effect.

19 “(d) ANNUAL ANNOUNCEMENT OF NATIONAL MAR-
20 KETING QUOTA.—The Secretary shall determine and an-
21 nounce the national marketing quota, national acreage al-
22 lotment, and national average yield goal for the second
23 and third marketing years of any 3-year period for which
24 individual tobacco production permits are in effect on or
25 before the December 15 immediately preceding the begin-

1 ning of the marketing year to which the quota, allotment,
2 and goal apply.

3 “(e) ANNUAL ANNOUNCEMENT OF INDIVIDUAL TO-
4 BACCO PRODUCTION PERMITS.—If a national marketing
5 quota, national acreage allotment, and national average
6 yield goal are determined and announced, the Secretary
7 shall provide for the determination of individual tobacco
8 production permits, individual acreage limitations, and in-
9 dividual marketing limitations under this section for the
10 crop and marketing year covered by the determinations.

11 “(f) ASSIGNMENT OF TOBACCO PRODUCTION PER-
12 MITS.—

13 “(1) LIMITATION TO SAME COUNTY.—Each in-
14 dividual tobacco production permit holder shall as-
15 sign the individual acreage limitation and individual
16 marketing limitation to 1 or more farms located
17 within the county of origin of the individual tobacco
18 production permit.

19 “(2) FILING WITH COUNTY COMMITTEE.—The
20 assignment of an individual acreage limitation and
21 individual marketing limitation shall not be effective
22 until evidence of the assignment, in such form as re-
23 quired by the Secretary, is filed with and determined
24 by the county committee for the county in which the
25 farm involved is located.

1 “(3) LIMITATION ON TILLABLE CROPLAND.—

2 The total acreage assigned to any farm under this
3 subsection shall not exceed the acreage of cropland
4 on the farm.

5 “(g) PROHIBITION ON SALE OR LEASING OF INDIVIDUAL
6 TOBACCO PRODUCTION PERMITS.—

7 “(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the Secretary shall not permit
8 the sale and transfer, or lease and transfer, of an individual tobacco production permit issued under this
9 section.
10 section.

11 “(2) TRANSFER TO DESCENDANTS.—

12 “(A) DEATH.—In the case of the death of
13 a person to whom an individual tobacco production permit has been issued under this section,
14 the permit shall transfer to the surviving spouse
15 of the person or, if there is no surviving spouse,
16 to surviving direct descendants of the person.

17 “(B) TEMPORARY INABILITY TO FARM.—

18 In the case of the death of a person to whom
19 an individual tobacco production permit has
20 been issued under this section and whose descendants are temporarily unable to produce a
21 crop of tobacco, the Secretary may hold the li-
22 crop of tobacco, the Secretary may hold the li-
23 crop of tobacco, the Secretary may hold the li-
24 crop of tobacco, the Secretary may hold the li-

1 cense in the name of the descendants for a pe-
2 riod of not more than 18 months.

3 “(3) VOLUNTARY TRANSFERS.—A person that
4 is eligible to obtain an individual tobacco production
5 permit under this section may at any time transfer
6 all or part of the permit to the person’s spouse or
7 direct descendants that are actively engaged in the
8 production of tobacco.

9 “(h) RESERVE.—

10 “(1) IN GENERAL.—For each marketing year
11 for which individual tobacco production permits are
12 in effect under this section, the Secretary may estab-
13 lish a reserve from the national marketing quota in
14 a quantity equal to not more than 1 percent of the
15 national marketing quota to be available for—

16 “(A) making corrections of errors in indi-
17 vidual acreage limitations and individual mar-
18 keting limitations;

19 “(B) adjusting inequities; and

20 “(C) establishing individual tobacco pro-
21 duction permits for new tobacco producers (ex-
22 cept that not less than two-thirds of the reserve
23 shall be for establishing such permits for new
24 tobacco producers).

1 “(2) ELIGIBLE PERSONS.—To be eligible for a
2 new individual tobacco production permit, a pro-
3 ducer must have owned a farm on which tobacco was
4 not produced or considered produced during the im-
5 mediately preceding 5 years.

6 “(3) APPORTIONMENT FOR NEW PRODUCERS.—
7 The part of the reserve held for apportionment to
8 new individual tobacco producers shall be allotted on
9 the basis of—

10 “(A) land, labor, and equipment available
11 for the production of tobacco;

12 “(B) crop rotation practices;

13 “(C) soil and other physical factors affect-
14 ing the production of tobacco; and

15 “(D) the past tobacco-producing experience
16 of the producer.

17 “(4) PERMIT YIELD.—The permit yield for any
18 producer for which a new individual tobacco produc-
19 tion permit is established shall be determined on the
20 basis of available productivity data for the land in-
21 volved and yields for similar farms in the same coun-
22 ty.

23 “(i) PENALTIES.—

24 “(1) PRODUCTION ON OTHER FARMS.—If any
25 quantity of tobacco is marketed as having been pro-

1 duced under an individual acreage limitation or indi-
2 vidual marketing limitation assigned to a farm but
3 was produced on a different farm, the individual
4 acreage limitation or individual marketing limitation
5 for the following marketing year shall be forfeited.

6 “(2) FALSE REPORT.—If a person to which an
7 individual tobacco production permit is issued files,
8 or aids or acquiesces in the filing of, a false report
9 with respect to the assignment of an individual acre-
10 age limitation or individual marketing limitation for
11 a quantity of tobacco, the individual acreage limita-
12 tion or individual marketing limitation for the fol-
13 lowing marketing year shall be forfeited.

14 “(j) MARKETING PENALTIES.—

15 “(1) IN GENERAL.—When individual tobacco
16 production permits under this section are in effect,
17 provisions with respect to penalties for the market-
18 ing of excess tobacco and the other provisions con-
19 tained in section 314 shall apply in the same man-
20 ner and to the same extent as they would apply
21 under section 317(g) if farm marketing quotas were
22 in effect.

23 “(2) PRODUCTION ON OTHER FARMS.—If a
24 producer falsely identifies tobacco as having been
25 produced on or marketed from a farm to which an

1 individual acreage limitation or individual marketing
 2 limitation has been assigned, future individual acre-
 3 age limitations and individual marketing limitations
 4 shall be forfeited.”.

5 **SEC. 1025. MODIFICATIONS IN FEDERAL TOBACCO PRO-**
 6 **GRAMS.**

7 (a) PROGRAM REFERENDA.—Section 312(c) of the
 8 Agricultural Adjustment Act of 1938 (7 U.S.C. 1312(c))
 9 is amended—

10 (1) by striking “(c) Within thirty” and insert-
 11 ing the following:

12 “(c) REFERENDA ON QUOTAS.—

13 “(1) IN GENERAL.—Not later than 30”; and

14 (2) by adding at the end the following:

15 “(2) REFERENDA ON PROGRAM CHANGES.—

16 “(A) IN GENERAL.—In the case of any
 17 type of tobacco for which marketing quotas are
 18 in effect, on the receipt of a petition from more
 19 than 5 percent of the producers of that type of
 20 tobacco in a State, the Secretary shall conduct
 21 a statewide referendum on any proposal related
 22 to the lease and transfer of tobacco quota with-
 23 in a State requested by the petition that is au-
 24 thorized under this part.

1 “(B) APPROVAL OF PROPOSALS.—If a ma-
 2 jority of producers of the type of tobacco in the
 3 State approve a proposal in a referendum con-
 4 ducted under subparagraph (A), the Secretary
 5 shall implement the proposal in a manner that
 6 applies to all producers and quota holders of
 7 that type of tobacco in the State.”.

8 (b) PURCHASE REQUIREMENTS.—Section 320B of
 9 the Agricultural Adjustment Act of 1938 (7 U.S.C.
 10 1314h) is amended—

11 (1) in subsection (c)—

12 (A) by striking “(c) The amount” and in-
 13 serting “(c) AMOUNT OF PENALTY.—For the
 14 1998 and subsequent marketing years, the
 15 amount”; and

16 (B) by striking paragraph (1) and insert-
 17 ing the following:

18 “(1) 105 percent of the average market price
 19 for the type of tobacco involved during the preceding
 20 marketing year; and”; and

21 (2) by striking subsection (d) and inserting the
 22 following:

23 “(d) USE OF PENALTY PAYMENTS.—An amount
 24 equivalent to each penalty collected by the Secretary under
 25 this section shall be transmitted by the Secretary to the

1 Secretary of the Treasury for deposit in the Tobacco Com-
2 munity Revitalization Trust Fund established under sec-
3 tion 1011 of the LEAF Act.”.

4 (c) ELIMINATION OF TOBACCO MARKETING ASSESS-
5 MENT.—

6 (1) IN GENERAL.—Section 106 of the Agricul-
7 tural Act of 1949 (7 U.S.C. 1445) is amended by
8 striking subsection (g).

9 (2) CONFORMING AMENDMENT.—Section
10 422(c) of the Uruguay Round Agreements Act (Pub-
11 lic Law 103–465; 7 U.S.C. 1445 note) is amended
12 by striking “section 106(g), 106A, or 106B of the
13 Agricultural Act of 1949 (7 U.S.C. 1445(g), 1445–
14 1, or 1445–2)” and inserting “section 106A or
15 106B of the Agricultural Act of 1949 (7 U.S.C.
16 1445–1, 1445–2)”.

17 (d) ADJUSTMENT FOR LAND RENTAL COSTS.—Sec-
18 tion 106 of the Agricultural Act of 1949 (7 U.S.C. 1445)
19 is amended by adding at the end the following:

20 “(h) ADJUSTMENT FOR LAND RENTAL COSTS.—For
21 each of the 1999 and 2000 marketing years for flue-cured
22 tobacco, after consultation with producers, State farm or-
23 ganizations and cooperative associations, the Secretary
24 shall make an adjustment in the price support level for
25 flue-cured tobacco equal to the annual change in the aver-

1 age cost per pound to flue-cured producers, as determined
 2 by the Secretary, under agreements through which pro-
 3 ducers rent land to produce flue-cured tobacco.”.

4 (e) FIRE-CURED AND DARK AIR-CURED TOBACCO
 5 PROGRAMS.—

6 (1) LIMITATION ON TRANSFERS.—Section
 7 318(g) of the Agricultural Adjustment Act of 1938
 8 (7 U.S.C. 1314d(g)) is amended—

9 (A) by striking “ten” and inserting “30”;
 10 and

11 (B) by inserting “during any crop year”
 12 after “transferred to any farm”.

13 (2) LOSS OF ALLOTMENT OR QUOTA THROUGH
 14 UNDERPLANTING.—Section 318 of the Agricultural
 15 Adjustment Act of 1938 (7 U.S.C. 1314d) is amend-
 16 ed by adding at the end the following:

17 “(k) LOSS OF ALLOTMENT OR QUOTA THROUGH
 18 UNDERPLANTING.—Effective for the 1999 and subse-
 19 quent marketing years, no acreage allotment or acreage-
 20 poundage quota, other than a new marketing quota, shall
 21 be established for a farm on which no fire-cured or dark
 22 air-cured tobacco was planted or considered planted dur-
 23 ing at least 2 of the 3 crop years immediately preceding
 24 the crop year for which the acreage allotment or acreage-
 25 poundage quota would otherwise be established.”.

1 (f) EXPANSION OF TYPES OF TOBACCO SUBJECT TO
2 NO NET COST ASSESSMENT.—

3 (1) NO NET COST TOBACCO FUND.—Section
4 106A(d)(1)(A) of the Agricultural Act of 1949 (7
5 U.S.C. 1445–1(d)(1)(A)) is amended—

6 (A) in clause (ii), by inserting after “Bur-
7 ley quota tobacco” the following: “and fire-
8 cured and dark air-cured quota tobacco”; and

9 (B) in clause (iii)—

10 (i) in the matter preceding subclause
11 (I), by striking “Flue-cured or Burley to-
12 bacco” and inserting “each kind of tobacco
13 for which price support is made available
14 under this Act, and each kind of like to-
15 bacco,”; and

16 (ii) by striking subclause (II) and in-
17 serting the following:

18 “(II) the sum of the amount of
19 the per pound producer contribution
20 and purchaser assessment (if any) for
21 the kind of tobacco payable under
22 clauses (i) and (ii); and”.

23 (2) NO NET COST TOBACCO ACCOUNT.—Section
24 106B(d)(1) of the Agricultural Act of 1949 (7
25 U.S.C. 1445–2(d)(1)) is amended—

1 (A) in subparagraph (B), by inserting after
 2 “Burley quota tobacco” the following: “and
 3 fire-cured and dark air-cured tobacco”; and

4 (B) in subparagraph (C), by striking
 5 “Flue-cured and Burley tobacco” and inserting
 6 “each kind of tobacco for which price support
 7 is made available under this Act, and each kind
 8 of like tobacco,”.

9 **Subtitle C—Farmer and Worker**
 10 **Transition Assistance**

11 **SEC. 1031. TOBACCO WORKER TRANSITION PROGRAM.**

12 (a) GROUP ELIGIBILITY REQUIREMENTS.—

13 (1) CRITERIA.—A group of workers (including
 14 workers in any firm or subdivision of a firm involved
 15 in the manufacture, processing, or warehousing of
 16 tobacco or tobacco products) shall be certified as eli-
 17 gible to apply for adjustment assistance under this
 18 section pursuant to a petition filed under subsection

19 (b) if the Secretary of Labor determines that a sig-
 20 nificant number or proportion of the workers in the
 21 workers’ firm or an appropriate subdivision of the
 22 firm have become totally or partially separated, or
 23 are threatened to become totally or partially sepa-
 24 rated, and—

1 (A) the sales or production, or both, of the
2 firm or subdivision have decreased absolutely;
3 and

4 (B) the implementation of the national to-
5 bacco settlement contributed importantly to the
6 workers' separation or threat of separation and
7 to the decline in the sales or production of the
8 firm or subdivision.

9 (2) DEFINITION OF CONTRIBUTED IMPOR-
10 TANTLY.—In paragraph (1)(B), the term “contrib-
11 uted importantly” means a cause that is important
12 but not necessarily more important than any other
13 cause.

14 (3) REGULATIONS.—The Secretary shall issue
15 regulations relating to the application of the criteria
16 described in paragraph (1) in making preliminary
17 findings under subsection (b) and determinations
18 under subsection (c).

19 (b) PRELIMINARY FINDINGS AND BASIC ASSIST-
20 ANCE.—

21 (1) FILING OF PETITIONS.—A petition for cer-
22 tification of eligibility to apply for adjustment assist-
23 ance under this section may be filed by a group of
24 workers (including workers in any firm or subdivi-
25 sion of a firm involved in the manufacture, process-

1 ing, or warehousing of tobacco or tobacco products)
2 or by their certified or recognized union or other
3 duly authorized representative with the Governor of
4 the State in which the workers' firm or subdivision
5 thereof is located.

6 (2) FINDINGS AND ASSISTANCE.—On receipt of
7 a petition under paragraph (1), the Governor shall—

8 (A) notify the Secretary that the Governor
9 has received the petition;

10 (B) within 10 days after receiving the peti-
11 tion—

12 (i) make a preliminary finding as to
13 whether the petition meets the criteria de-
14 scribed in subsection (a)(1); and

15 (ii) transmit the petition, together
16 with a statement of the finding under
17 clause (i) and reasons for the finding, to
18 the Secretary for action under subsection
19 (c); and

20 (C) if the preliminary finding under sub-
21 paragraph (B)(i) is affirmative, ensure that
22 rapid response and basic readjustment services
23 authorized under other Federal laws are made
24 available to the workers.

1 (c) REVIEW OF PETITIONS BY SECRETARY; CERTIFI-
2 CATIONS.—

3 (1) IN GENERAL.—The Secretary, within 30
4 days after receiving a petition under subsection
5 (b)(2)(B)(ii), shall determine whether the petition
6 meets the criteria described in subsection (a)(1). On
7 a determination that the petition meets the criteria,
8 the Secretary shall issue to workers covered by the
9 petition a certification of eligibility to apply for the
10 assistance described in subsection (d).

11 (2) DENIAL OF CERTIFICATION.—On the denial
12 of a certification with respect to a petition under
13 paragraph (1), the Secretary shall review the peti-
14 tion in accordance with the requirements of other
15 applicable assistance programs to determine if the
16 workers may be certified under the other programs.

17 (d) COMPREHENSIVE ASSISTANCE.—

18 (1) IN GENERAL.—Workers covered by a certifi-
19 cation issued by the Secretary under subsection
20 (c)(1) shall be provided with benefits and services
21 described in paragraph (2) in the same manner and
22 to the same extent as workers covered under a cer-
23 tification under subchapter A of title II of the Trade
24 Act of 1974 (19 U.S.C. 2271 et seq.), except that

1 the total amount of payments under this section for
2 any fiscal year shall not exceed \$25,000,000.

3 (2) BENEFITS AND SERVICES.—The benefits
4 and services described in this paragraph are the fol-
5 lowing:

6 (A) Employment services of the type de-
7 scribed in section 235 of the Trade Act of 1974
8 (19 U.S.C. 2295).

9 (B) Training described in section 236 of
10 the Trade Act of 1974 (19 U.S.C. 2296), ex-
11 cept that notwithstanding the provisions of sec-
12 tion 236(a)(2)(A) of that Act, the total amount
13 of payments for training under this section for
14 any fiscal year shall not exceed \$12,500,000.

15 (C) Tobacco worker readjustment allow-
16 ances, which shall be provided in the same man-
17 ner as trade readjustment allowances are pro-
18 vided under part I of subchapter B of chapter
19 2 of title II of the Trade Act of 1974 (19
20 U.S.C. 2291 et seq.), except that—

21 (i) the provisions of sections
22 231(a)(5)(C) and 231(c) of that Act (19
23 U.S.C. 2291(a)(5)(C), 2291(c)), authoriz-
24 ing the payment of trade readjustment al-
25 lowances on a finding that it is not feasible

1 or appropriate to approve a training pro-
2 gram for a worker, shall not be applicable
3 to payment of allowances under this sec-
4 tion; and

5 (ii) notwithstanding the provisions of
6 section 233(b) of that Act (19 U.S.C.
7 2293(b)), in order for a worker to qualify
8 for tobacco readjustment allowances under
9 this section, the worker shall be enrolled in
10 a training program approved by the Sec-
11 retary of the type described in section
12 236(a) of that Act (19 U.S.C. 2296(a)) by
13 the later of—

14 (I) the last day of the 16th week
15 of the worker's initial unemployment
16 compensation benefit period; or

17 (II) the last day of the 6th week
18 after the week in which the Secretary
19 issues a certification covering the
20 worker.

21 In cases of extenuating circumstances re-
22 lating to enrollment of a worker in a train-
23 ing program under this section, the Sec-
24 retary may extend the time for enrollment
25 for a period of not to exceed 30 days.

1 (D) Job search allowances of the type de-
2 scribed in section 237 of the Trade Act of 1974
3 (19 U.S.C. 2297).

4 (E) Relocation allowances of the type de-
5 scribed in section 238 of the Trade Act of 1974
6 (19 U.S.C. 2298).

7 (e) INELIGIBILITY OF INDIVIDUALS RECEIVING PAY-
8 MENTS FOR LOST TOBACCO QUOTA.—No benefits or serv-
9 ices may be provided under this section to any individual
10 who has received payments for lost tobacco quota under
11 section 1021.

12 (f) FUNDING.—Of the amounts in the Trust Fund,
13 the Secretary may use not to exceed \$25,000,000 for each
14 of fiscal years 1999 through 2008 to provide assistance
15 under this section.

16 (g) EFFECTIVE DATE.—This section shall take effect
17 on the date that is the later of—

18 (1) October 1, 1998; or

19 (2) the date of enactment of this Act.

20 (h) TERMINATION DATE.—No assistance, vouchers,
21 allowances, or other payments may be provided under this
22 section after the date that is the earlier of—

23 (1) the date that is 10 years after the effective
24 date of this section under subsection (g); or

1 (2) the date on which legislation establishing a
 2 program providing dislocated workers with com-
 3 prehensive assistance substantially similar to the as-
 4 sistance provided by this section becomes effective.

5 **SEC. 1032. FARMER OPPORTUNITY GRANTS.**

6 Part A of title IV of the Higher Education Act of
 7 1965 (20 U.S.C. 1070 et seq.) is amended by adding at
 8 the end the following:

9 **“Subpart 9—Farmer Opportunity Grants**

10 **“SEC. 420D. STATEMENT OF PURPOSE.**

11 “‘It is the purpose of this subpart to assist in making
 12 available the benefits of postsecondary education to eligi-
 13 ble students (determined in accordance with section 420F)
 14 in institutions of higher education by providing farmer op-
 15 portunity grants to all eligible students.

16 **“SEC. 420E. PROGRAM AUTHORITY; AMOUNT AND DETER-**
 17 **MINATIONS; APPLICATIONS.**

18 “(a) PROGRAM AUTHORITY AND METHOD OF DIS-
 19 TRIBUTION.—

20 “(1) PROGRAM AUTHORITY.—From amounts
 21 made available under section 1011(d)(5) of the
 22 LEAF Act, the Secretary, during the period begin-
 23 ning July 1, 1999, and ending September 30, 2024,
 24 shall pay to each eligible institution such sums as
 25 may be necessary to pay to each eligible student (de-

1 terminated in accordance with section 420F) for each
2 academic year during which that student is in at-
3 tendance at an institution of higher education, as an
4 undergraduate, a farmer opportunity grant in the
5 amount for which that student is eligible, as deter-
6 mined pursuant to subsection (b). Not less than 85
7 percent of the sums shall be advanced to eligible in-
8 stitutions prior to the start of each payment period
9 and shall be based on an amount requested by the
10 institution as needed to pay eligible students, except
11 that this sentence shall not be construed to limit the
12 authority of the Secretary to place an institution on
13 a reimbursement system of payment.

14 “(2) CONSTRUCTION.—Nothing in this section
15 shall be construed to prohibit the Secretary from
16 paying directly to students, in advance of the begin-
17 ning of the academic term, an amount for which the
18 students are eligible, in cases where the eligible in-
19 stitution elects not to participate in the disburse-
20 ment system required by paragraph (1).

21 “(3) DESIGNATION.—Grants made under this
22 subpart shall be known as ‘farmer opportunity
23 grants’.

24 “(b) AMOUNT OF GRANTS.—

25 “(1) AMOUNTS.—

1 “(A) IN GENERAL.—The amount of the
2 grant for a student eligible under this subpart
3 shall be—

4 “(i) \$1,700 for each of the academic
5 years 1999–2000 through 2003–2004;

6 “(ii) \$2,000 for each of the academic
7 years 2004–2005 through 2008–2009;

8 “(iii) \$2,300 for each of the academic
9 years 2009–2010 through 2013–2014;

10 “(iv) \$2,600 for each of the academic
11 years 2014–2015 through 2018–2019; and

12 “(v) \$2,900 for each of the academic
13 years 2019–2020 through 2023–2024.

14 “(B) PART-TIME RULE.—In any case
15 where a student attends an institution of higher
16 education on less than a full-time basis (includ-
17 ing a student who attends an institution of
18 higher education on less than a half-time basis)
19 during any academic year, the amount of the
20 grant for which that student is eligible shall be
21 reduced in proportion to the degree to which
22 that student is not so attending on a full-time
23 basis, in accordance with a schedule of reduc-
24 tions established by the Secretary for the pur-
25 poses of this subparagraph, computed in ac-

1 cordance with this subpart. The schedule of re-
2 ductions shall be established by regulation and
3 published in the Federal Register.

4 “(2) MAXIMUM.—No grant under this subpart
5 shall exceed the cost of attendance (as described in
6 section 472) at the institution at which that student
7 is in attendance. If, with respect to any student, it
8 is determined that the amount of a grant exceeds
9 the cost of attendance for that year, the amount of
10 the grant shall be reduced to an amount equal to the
11 cost of attendance at the institution.

12 “(3) PROHIBITION.—No grant shall be awarded
13 under this subpart to any individual who is incarcer-
14 ated in any Federal, State, or local penal institution.

15 “(c) PERIOD OF ELIGIBILITY FOR GRANTS.—

16 “(1) IN GENERAL.—The period during which a
17 student may receive grants shall be the period re-
18 quired for the completion of the first undergraduate
19 baccalaureate course of study being pursued by that
20 student at the institution at which the student is in
21 attendance, except that any period during which the
22 student is enrolled in a noncredit or remedial course
23 of study as described in paragraph (2) shall not be
24 counted for the purpose of this paragraph.

1 “(2) CONSTRUCTION.—Nothing in this section
2 shall be construed to—

3 “(A) exclude from eligibility courses of
4 study that are noncredit or remedial in nature
5 and that are determined by the institution to be
6 necessary to help the student be prepared for
7 the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of
8 courses in English language instruction, to be
9 necessary to enable the student to utilize already existing knowledge, training, or skills;
10 and
11

12 “(B) exclude from eligibility programs of
13 study abroad that are approved for credit by
14 the home institution at which the student is enrolled.
15

16 “(3) PROHIBITION.—No student is entitled to
17 receive farmer opportunity grant payments concurrently from more than 1 institution or from the Secretary and an institution.
18

19 “(d) APPLICATIONS FOR GRANTS.—
20

21 “(1) IN GENERAL.—The Secretary shall from
22 time to time set dates by which students shall file
23 applications for grants under this subpart. The filing
24 of applications under this subpart shall be coordinated
25

1 nated with the filing of applications under section
2 401(c).

3 “(2) INFORMATION AND ASSURANCES.—Each
4 student desiring a grant for any year shall file with
5 the Secretary an application for the grant containing
6 such information and assurances as the Secretary
7 may deem necessary to enable the Secretary to carry
8 out the Secretary’s functions and responsibilities
9 under this subpart.

10 “(e) DISTRIBUTION OF GRANTS TO STUDENTS.—
11 Payments under this section shall be made in accordance
12 with regulations promulgated by the Secretary for such
13 purpose, in such manner as will best accomplish the pur-
14 pose of this section. Any disbursement allowed to be made
15 by crediting the student’s account shall be limited to tui-
16 tion and fees and, in the case of institutionally owned
17 housing, room and board. The student may elect to have
18 the institution provide other such goods and services by
19 crediting the student’s account.

20 “(f) INSUFFICIENT FUNDING.—If, for any fiscal
21 year, the funds made available to carry out this subpart
22 from the Tobacco Community Revitalization Trust Fund
23 are insufficient to satisfy fully all grants for students de-
24 termined to be eligible under section 420F, the amount

1 of the grant provided under subsection (b) shall be re-
 2 duced on a pro rata basis among all eligible students.

3 “(g) TREATMENT OF INSTITUTIONS AND STUDENTS
 4 UNDER OTHER LAWS.—Any institution of higher edu-
 5 cation that enters into an agreement with the Secretary
 6 to disburse to students attending that institution the
 7 amounts those students are eligible to receive under this
 8 subpart shall not be deemed, by virtue of the agreement,
 9 to be a contractor maintaining a system of records to ac-
 10 complish a function of the Secretary. Recipients of farmer
 11 opportunity grants shall not be considered to be individual
 12 grantees for purposes of the Drug-Free Workplace Act of
 13 1988 (41 U.S.C. 701 et seq.).

14 **“SEC. 420F. STUDENT ELIGIBILITY.**

15 “(a) IN GENERAL.—In order to receive any grant
 16 under this subpart, a student shall—

17 “(1) be a member of a tobacco farm family in
 18 accordance with subsection (b);

19 “(2) be enrolled or accepted for enrollment in
 20 a degree, certificate, or other program (including a
 21 program of study abroad approved for credit by the
 22 eligible institution at which the student is enrolled)
 23 leading to a recognized educational credential at an
 24 institution of higher education that is an eligible in-

1 stitution in accordance with section 487, and not be
2 enrolled in an elementary or secondary school;

3 “(3) if the student is presently enrolled at an
4 institution of higher education, be maintaining satis-
5 factory progress in the course of study the student
6 is pursuing in accordance with subsection (c);

7 “(4) not owe a refund on grants previously re-
8 ceived at any institution of higher education under
9 this title, or be in default on any loan from a stu-
10 dent loan fund at any institution provided for in
11 part D, or a loan made, insured, or guaranteed by
12 the Secretary under this title for attendance at any
13 institution;

14 “(5) file with the institution of higher education
15 that the student intends to attend, or is attending,
16 a document, that need not be notarized, but that
17 shall include—

18 “(A) a statement of educational purpose
19 stating that the money attributable to the grant
20 will be used solely for expenses related to at-
21 tendance or continued attendance at the institu-
22 tion; and

23 “(B) the student’s social security number;
24 and

25 “(6) be a citizen of the United States.

1 “(b) TOBACCO FARM FAMILIES.—

2 “(1) IN GENERAL.—For the purpose of sub-
3 section (a)(1), a student is a member of a tobacco
4 farm family if during calendar year 1998 the stu-
5 dent was—

6 “(A) an individual who—

7 “(i) is a participating tobacco pro-
8 ducer (as defined in section 1002 of the
9 LEAF Act); or

10 “(ii) is otherwise actively engaged in
11 the production of tobacco;

12 “(B) a spouse, son, daughter, stepson, or
13 stepdaughter of an individual described in sub-
14 paragraph (A);

15 “(C) an individual—

16 “(i) who was a brother, sister, step-
17 brother, stepsister, son-in-law, or daughter-
18 in-law of an individual described in sub-
19 paragraph (A); and

20 “(ii) whose principal place of resi-
21 dence was the home of the individual de-
22 scribed in subparagraph (A); or

23 “(D) an individual who was a dependent
24 (within the meaning of section 152 of the Inter-

1 nal Revenue Code of 1986) of an individual de-
2 scribed in subparagraph (A).

3 “(2) ADMINISTRATION.—On request, the Sec-
4 retary of Agriculture shall provide to the Secretary
5 such information as is necessary to carry out this
6 subsection.

7 “(c) SATISFACTORY PROGRESS.—

8 “(1) IN GENERAL.—For the purpose of sub-
9 section (a)(3), a student is maintaining satisfactory
10 progress if—

11 “(A) the institution at which the student is
12 in attendance reviews the progress of the stu-
13 dent at the end of each academic year, or its
14 equivalent, as determined by the institution;
15 and

16 “(B) the student has at least a cumulative
17 C average or its equivalent, or academic stand-
18 ing consistent with the requirements for grad-
19 uation, as determined by the institution, at the
20 end of the second such academic year.

21 “(2) SPECIAL RULE.—Whenever a student fails
22 to meet the eligibility requirements of subsection
23 (a)(3) as a result of the application of this sub-
24 section and subsequent to that failure the student
25 has academic standing consistent with the require-

1 ments for graduation, as determined by the institu-
 2 tion, for any grading period, the student may, sub-
 3 ject to this subsection, again be eligible under sub-
 4 section (a)(3) for a grant under this subpart.

5 “(3) WAIVER.—Any institution of higher edu-
 6 cation at which the student is in attendance may
 7 waive paragraph (1) or (2) for undue hardship based
 8 on—

9 “(A) the death of a relative of the student;

10 “(B) the personal injury or illness of the
 11 student; or

12 “(C) special circumstances as determined
 13 by the institution.

14 “(d) STUDENTS WHO ARE NOT SECONDARY SCHOOL
 15 GRADUATES.—In order for a student who does not have
 16 a certificate of graduation from a school providing second-
 17 ary education, or the recognized equivalent of the certifi-
 18 cate, to be eligible for any assistance under this subpart,
 19 the student shall meet either 1 of the following standards:

20 “(1) EXAMINATION.—The student shall take an
 21 independently administered examination and shall
 22 achieve a score, specified by the Secretary, dem-
 23 onstrating that the student can benefit from the
 24 education or training being offered. The examination
 25 shall be approved by the Secretary on the basis of

1 compliance with such standards for development, ad-
2 ministration, and scoring as the Secretary may pre-
3 scribe in regulations.

4 “(2) DETERMINATION.—The student shall be
5 determined as having the ability to benefit from the
6 education or training in accordance with such proc-
7 ess as the State shall prescribe. Any such process
8 described or approved by a State for the purposes of
9 this section shall be effective 6 months after the date
10 of submission to the Secretary unless the Secretary
11 disapproves the process. In determining whether to
12 approve or disapprove the process, the Secretary
13 shall take into account the effectiveness of the proc-
14 ess in enabling students without secondary school di-
15 plomas or the recognized equivalent to benefit from
16 the instruction offered by institutions utilizing the
17 process, and shall also take into account the cultural
18 diversity, economic circumstances, and educational
19 preparation of the populations served by the institu-
20 tions.

21 “(e) SPECIAL RULE FOR CORRESPONDENCE
22 COURSES.—A student shall not be eligible to receive a
23 grant under this subpart for a correspondence course un-
24 less the course is part of a program leading to an associ-
25 ate, bachelor, or graduate degree.

1 “(f) COURSES OFFERED THROUGH TELECOMMUNI-
2 CATIONS.—

3 “(1) RELATION TO CORRESPONDENCE
4 COURSES.—A student enrolled in a course of in-
5 struction at an eligible institution of higher edu-
6 cation (other than an institute or school that meets
7 the definition in section 521(4)(C) of the Carl D.
8 Perkins Vocational and Applied Technology Edu-
9 cation Act (20 U.S.C. 2471(4)(C))) that is offered
10 in whole or in part through telecommunications and
11 leads to a recognized associate, bachelor, or graduate
12 degree conferred by the institution shall not be con-
13 sidered to be enrolled in correspondence courses un-
14 less the total amount of telecommunications and cor-
15 respondence courses at the institution equals or ex-
16 ceeds 50 percent of the courses.

17 “(2) RESTRICTION OR REDUCTIONS OF FINAN-
18 CIAL AID.—A student’s eligibility to receive a grant
19 under this subpart may be reduced if a financial aid
20 officer determines under the discretionary authority
21 provided in section 479A that telecommunications
22 instruction results in a substantially reduced cost of
23 attendance to the student.

24 “(3) DEFINITION.—For the purposes of this
25 subsection, the term ‘telecommunications’ means the

1 use of television, audio, or computer transmission,
2 including open broadcast, closed circuit, cable,
3 microwave, or satellite, audio conferencing, computer
4 conferencing, or video cassettes or discs, except that
5 the term does not include a course that is delivered
6 using video cassette or disc recordings at the institu-
7 tion and that is not delivered in person to other stu-
8 dents of that institution.

9 “(g) STUDY ABROAD.—Nothing in this subpart shall
10 be construed to limit or otherwise prohibit access to study
11 abroad programs approved by the home institution at
12 which a student is enrolled. An otherwise eligible student
13 who is engaged in a program of study abroad approved
14 for academic credit by the home institution at which the
15 student is enrolled shall be eligible to receive a grant under
16 this subpart, without regard to whether the study abroad
17 program is required as part of the student’s degree pro-
18 gram.

19 “(h) VERIFICATION OF SOCIAL SECURITY NUM-
20 BER.—The Secretary, in cooperation with the Commis-
21 sioner of Social Security, shall verify any social security
22 number provided by a student to an eligible institution
23 under subsection (a)(5)(B) and shall enforce the following
24 conditions:

1 “(1) PENDING VERIFICATION.—Except as pro-
2 vided in paragraphs (2) and (3), an institution shall
3 not deny, reduce, delay, or terminate a student’s eli-
4 gibility for assistance under this subpart because so-
5 cial security number verification is pending.

6 “(2) DENIAL OR TERMINATION.—If there is a
7 determination by the Secretary that the social secu-
8 rity number provided to an eligible institution by a
9 student is incorrect, the institution shall deny or ter-
10 minate the student’s eligibility for any grant under
11 this subpart until such time as the student provides
12 documented evidence of a social security number
13 that is determined by the institution to be correct.

14 “(3) CONSTRUCTION.—Nothing in this sub-
15 section shall be construed to permit the Secretary to
16 take any compliance, disallowance, penalty, or other
17 regulatory action against—

18 “(A) any institution of higher education
19 with respect to any error in a social security
20 number, unless the error was a result of fraud
21 on the part of the institution; or

22 “(B) any student with respect to any error
23 in a social security number, unless the error
24 was a result of fraud on the part of the stu-
25 dent.”.

Subtitle D—Immunity

2 SEC. 1041. GENERAL IMMUNITY FOR TOBACCO PRODUCERS 3 AND TOBACCO WAREHOUSE OWNERS.

4 Notwithstanding any other provision of this Act, a
5 participating tobacco producer, tobacco-related growers
6 association, or tobacco warehouse owner or employee may
7 not be subject to liability in any Federal or State court
8 for any cause of action resulting from the failure of any
9 tobacco product manufacturer, distributor, or retailer to
10 comply with the National Tobacco Policy and Youth
11 Smoking Reduction Act.

○