

107TH CONGRESS
1ST SESSION

H. R. 1658

To eliminate the Federal quota and price support programs for Burley tobacco, to compensate quota holders for the lost quota value, to provide transition payments to producers of Burley tobacco, and to provide assistance to communities adversely affected by the elimination of the quota and price support programs.

IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2001

Mr. HILL introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To eliminate the Federal quota and price support programs for Burley tobacco, to compensate quota holders for the lost quota value, to provide transition payments to producers of Burley tobacco, and to provide assistance to communities adversely affected by the elimination of the quota and price support programs.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Burley Buy-out Act of 2001”.

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

Sec. 1. Short title; table of contents.

TITLE I—ELIMINATION OF PRICE SUPPORT AND MARKET
 QUOTAS FOR BURLEY TOBACCO

Sec. 101. Burley tobacco price support program.

Sec. 102. Burley tobacco marketing quotas.

TITLE II—COMPENSATION TO QUOTA HOLDERS AND TRANSITION
 ASSISTANCE TO PRODUCERS OF BURLEY TOBACCO

Sec. 201. Definitions.

Sec. 202. Compensation to Burley quota holders for loss of tobacco quota asset
 value.

Sec. 203. Transition payments for active Burley tobacco producers.

Sec. 204. Commodity Credit Corporation.

TITLE III—ECONOMIC ASSISTANCE FOR BURLEY TOBACCO-
 DEPENDENT COMMUNITIES

Sec. 301. Rural economic assistance grants.

Sec. 302. Commodity Credit Corporation.

3 **TITLE I—ELIMINATION OF**
 4 **PRICE SUPPORT AND MAR-**
 5 **KET QUOTAS FOR BURLEY**
 6 **TOBACCO**

7 **SEC. 101. BURLEY TOBACCO PRICE SUPPORT PROGRAM.**

8 Notwithstanding section 106 of the Agricultural Act
 9 of 1949 (7 U.S.C. 1445), beginning with the 2002 crop
 10 of Burley tobacco, the Secretary of Agriculture shall not
 11 make price support available, whether in the form of loans,
 12 payments, purchases, or other operations, for any crop of
 13 Burley tobacco.

14 **SEC. 102. BURLEY TOBACCO MARKETING QUOTAS.**

15 Notwithstanding part I of subtitle B of title III of
 16 the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311

1 et seq.), beginning with the 2002 crop of Burley tobacco,
2 the Secretary shall not proclaim a national marketing
3 quota for Burley tobacco or apportion a marketing quota
4 for Burley tobacco among States and farms.

5 **TITLE II—COMPENSATION TO**
6 **QUOTA HOLDERS AND TRAN-**
7 **SITION ASSISTANCE TO PRO-**
8 **DUCERS OF BURLEY TO-**
9 **BACCO**

10 **SEC. 201. DEFINITIONS.**

11 In this title:

12 (1) ACTIVE BURLEY TOBACCO PRODUCER.—The
13 term “active Burley tobacco producer” means a per-
14 son that was the actual producer, as determined by
15 the Secretary of Agriculture, of Burley tobacco on a
16 farm where Burley tobacco was produced pursuant
17 to a marketing quota established under the Agricul-
18 tural Adjustment Act of 1938 (7 U.S.C. 1281 et
19 seq.) for at least two of the 1999 through 2001 mar-
20 keting years.

21 (2) BURLEY QUOTA HOLDER.—The term “Bur-
22 ley quota holder” means an owner of a farm on Jan-
23 uary 1, 2002, for which a Burley tobacco farm mar-
24 keting quota was established under the Agricultural

1 Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) for
2 the 2001 marketing year.

3 (3) SECRETARY.—The term “Secretary” means
4 the Secretary of Agriculture.

5 **SEC. 202. COMPENSATION TO BURLEY QUOTA HOLDERS**
6 **FOR LOSS OF TOBACCO QUOTA ASSET VALUE.**

7 (a) COMPENSATION REQUIRED.—The Secretary shall
8 make a payment under this section to an eligible Burley
9 quota holder to compensate the Burley quota holder for
10 the lost value of the quota on account of the elimination
11 of marketing quotas for Burley tobacco under section 102.

12 (b) ELIGIBILITY.—To be eligible to receive a payment
13 under this section, a person shall submit to the Secretary
14 an application containing such information as the Sec-
15 retary may require to demonstrate to the satisfaction of
16 the Secretary that the person satisfies the definition of
17 Burley quota holder. The application shall be submitted
18 within such time, in such form, and in such manner as
19 the Secretary may require.

20 (c) BASE QUOTA LEVEL.—The Secretary shall deter-
21 mine, for each Burley quota holder whose application for
22 payment is approved by the Secretary under subsection
23 (b), the base quota level of the Burley quota holder for
24 the 1991 through 2001 marketing years. The base quota
25 level for the Burley quota holder shall be equal to the aver-

1 age Burley tobacco farm marketing quota established for
2 the 1991 through 2001 marketing years for the farm
3 owned by the Burley quota holder.

4 (d) PAYMENT.—The Secretary shall make a one-time
5 payment to an eligible Burley quota holder in an amount
6 equal to the product obtained by multiplying—

7 (1) \$8 per pound; by

8 (2) the base quota level established for the Bur-
9 ley quota holder under subsection (c).

10 (e) TIME FOR PAYMENT.—The payments required by
11 this section shall be made during fiscal year 2002.

12 **SEC. 203. TRANSITION PAYMENTS FOR ACTIVE BURLEY TO-**
13 **BACCO PRODUCERS.**

14 (a) TRANSITION PAYMENTS REQUIRED.—The Sec-
15 retary shall make transition payments under this section
16 to eligible active Burley tobacco producers to lessen the
17 financial consequences to producers of the elimination of
18 price support for Burley tobacco under section 101.

19 (b) ELIGIBILITY.—To be eligible to receive transition
20 payments under this section, a person shall submit to the
21 Secretary an application containing such information as
22 the Secretary may require to demonstrate to the satisfac-
23 tion of the Secretary that the person satisfies the defini-
24 tion of active Burley tobacco producer. The application

1 shall be submitted within such time, in such form, and
2 in such manner as the Secretary may require.

3 (c) PRODUCTION HISTORY.—The Secretary shall
4 base the transition payments made to an active Burley to-
5 bacco producer on the average quantity of Burley tobacco
6 subject to a marketing quota that was produced by the
7 producer during the 1999 through 2001 marketing years.

8 (d) PAYMENTS.—The Secretary shall make transition
9 payments to an eligible active Burley tobacco producer in
10 an aggregate amount equal to the product obtained by
11 multiplying—

12 (1) \$7.50; by

13 (2) the average quantity determined under sub-
14 section (c) for the producer.

15 (e) TIME FOR PAYMENTS.—The total amount cal-
16 culated for an active Burley tobacco producer under sub-
17 section (d) shall be paid to the producer in five equal in-
18 stallments. A payment shall be made during each of the
19 fiscal years 2002 through 2007.

20 **SEC. 204. COMMODITY CREDIT CORPORATION.**

21 The Secretary shall use the funds, facilities, and au-
22 thorities of the Commodity Credit Corporation to carry
23 out this title.

1 **TITLE III—ECONOMIC ASSIST-**
2 **ANCE FOR BURLEY TOBACCO-**
3 **DEPENDENT COMMUNITIES**

4 **SEC. 301. RURAL ECONOMIC ASSISTANCE GRANTS.**

5 (a) GRANT AUTHORITY.—During each of the fiscal
6 years 2002 through 2007, the Secretary of Agriculture
7 shall use \$50,000,000 of funds of the Commodity Credit
8 Corporation to provide grants to States in which Burley
9 tobacco is produced to assist those areas of such a State
10 that are economically dependent on the production of Bur-
11 ley tobacco.

12 (b) GRANT BASIS.—In making a grant under sub-
13 section (a) to a Burley tobacco-growing State, the Sec-
14 retary shall base the amount of the grant on the following,
15 as determined by the Secretary:

16 (1) The number of counties in the State in
17 which Burley tobacco production is a significant part
18 of the county's economy.

19 (2) The level of economic dependence of such
20 counties on Burley tobacco production.

21 (c) USE OF GRANTS BY STATES.—A State that re-
22 ceives a grant under subsection (a) shall use the grant
23 to make grants to counties or other public or private enti-
24 ties in the State to assist areas that are dependent on the
25 production of Burley tobacco, as determined by the Gov-

error. The amount of a grant paid to a county or other entity to assist an area shall be based on (as determined by the Secretary)—

(1) the ratio of gross Burley tobacco sales receipts in the area to the total farm income in the area; and

(2) the ratio of all Burley tobacco related receipts in the area to the total income in the area.

(d) USE OF GRANTS BY COUNTIES.—A county or other entity that receives a grant under subsection (c) shall use the grant in a manner determined appropriate by the county or entity (with the approval of the State) to assist Burley tobacco producers and other persons who are economically dependent on the production of Burley tobacco, including use for—

(1) on-farm diversification and alternatives to the production of tobacco and risk management; and

(2) off-farm activities such as development of non-tobacco related jobs.

SEC. 302. COMMODITY CREDIT CORPORATION.

The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title.

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