

By Representative Stansel

1 A bill to be entitled
2 An act relating to tobacco producers; providing
3 legislative intent; requiring the Department of
4 Agriculture and Consumer Services to design and
5 implement a program to provide compensation for
6 tobacco producers and tobacco quota holders;
7 requiring the department to promulgate rules;
8 specifying source of moneys; providing a
9 contingent effective date.

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11 WHEREAS, the Legislature is advised that, with the
12 exception of one year, tobacco has been produced by growers in
13 the State of Florida every year since 1938 under a federally
14 controlled quota system, and

15 WHEREAS, since 1938 and continuing to the present day,
16 the production of tobacco is a legal enterprise, and

17 WHEREAS, the production of tobacco on farms in Florida
18 has been a stable and predictably profitable crop for farmers
19 due to the federal quota system that regulates the volume of
20 production and the producer owned and operated Flue-Cured
21 Stabilization Corporation that provides market stability at no
22 net cost to any governmental entity, and

23 WHEREAS, the production of tobacco requires a large
24 investment of capital to purchase and possess the quota, as
25 well as to provide the infrastructure needed for production,
26 i.e., the agricultural land and specialized equipment, and

27 WHEREAS, the necessary encumbering of large production
28 costs by tobacco producers ensures that they have a very large
29 asset investment, and

30 WHEREAS, the State of Florida and the tobacco companies
31 reached a settlement on August 25, 1997, in the State of

1 Florida et al. v. American Tobacco Company et al., with the
2 tobacco companies agreeing to pay the State of Florida \$11.3
3 billion over 25 years, and

4 WHEREAS, based on the "Most Favored Nation Status"
5 section of the settlement, the State of Florida has increased
6 its settlement amount to \$13 billion, an increase of \$1.7
7 billion, and

8 WHEREAS, nowhere in the settlement agreement in the
9 State of Florida et al. v. American Tobacco Company et al.
10 were the producers of tobacco mentioned or was there any means
11 or method of compensation considered or provided for tobacco
12 producers because of the decline in consumption and the
13 decline in the farmgate price of tobacco, and

14 WHEREAS, the producers of tobacco in the State of
15 Florida possess sufficient infrastructure and equipment to
16 produce quota volume allocated in 1997, and

17 WHEREAS, in the 1998 and 1999 production years, a total
18 quota reduction of 35 percent of the 1997 quota has occurred,
19 leaving many producers in serious financial peril, and

20 WHEREAS, these reductions of quota are a direct result
21 of lawsuits brought by the State of Florida and other states
22 against tobacco companies, and subsequent settlements of those
23 lawsuits, and

24 WHEREAS, other tobacco-producing states have either
25 passed or are apparently formulating legislation at the
26 present time to compensate tobacco quota holders and producers
27 for asset loss, stranded investment, and margin capabilities,
28 and

29 WHEREAS, compensation of tobacco producers will help to
30 ensure that family farms that have been dependent on tobacco
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1 profits for debt service and basic income needs will remain
2 solvent, and

3 WHEREAS, there are precedents to such actions as will
4 be caused by this legislation, NOW, THEREFORE,

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6 Be It Enacted by the Legislature of the State of Florida:

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8 Section 1. It is the intent of the Legislature that
9 Florida's tobacco producers and tobacco allotment holders be
10 compensated for the economic losses and adverse economic
11 effects they have experienced as a result of the loss of
12 tobacco quotas. The Department of Agriculture and Consumer
13 Services, in consultation with the Florida Tobacco Advisory
14 Council and using information provided by the United States
15 Department of Agriculture's Farm Service Agency, shall design
16 and implement a program to provide direct and indirect
17 compensation for the benefit of Florida's tobacco producers
18 and tobacco quota holders. The Department of Agriculture and
19 Consumer Services shall adopt rules pursuant to ss. 120.54 and
20 120.536(1), Florida Statutes, to implement the legislative
21 intent of this act to compensate tobacco producers and tobacco
22 quota holders in a fair and equitable manner for lost quota.

23 Section 2. Beginning on January 1, 2000, and
24 continuing through December 31, 2004, a portion of the
25 proceeds paid to the State of Florida as a result of
26 litigation entitled the State of Florida et al. v. American
27 Tobacco Company et al., Case #95-1466AH, in the Circuit Court
28 of the Fifteenth Judicial Circuit, in and for Palm Beach
29 County, equal to 2 percent of the total amount of the Tobacco
30 Settlement shall be appropriated to the Florida Tobacco

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1 Producers Compensation Trust Fund, if created by law, to carry
2 out the intent and provisions of this act.

3 Section 3. This act shall take effect July 1, 1999, if
4 HB _____ or similar legislation is adopted in the same
5 legislative session or an extension thereof.

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8 HOUSE SUMMARY

9
10 Provides legislative intent with respect to compensation
11 of Florida tobacco producers and tobacco quota holders.
12 Requires the Department of Agriculture and Consumer
13 Services to design and implement a program to provide
14 compensation for tobacco producers and tobacco quota
15 holders. Requires the department to promulgate rules.
16 Specifies source of moneys.
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