

By the Committees on Fiscal Policy; Comprehensive Planning,
Local and Military Affairs; Agriculture and Consumer Services;
and Senator Mitchell

309-2163-00

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A bill to be entitled
An act relating to tobacco farm conversion;
providing funds to purchase stranded tobacco
farming equipment; providing for resale of
purchased equipment with restrictions;
providing for use of proceeds from resale of
equipment; providing an effective date.

WHEREAS, tobacco was one of the first export
commodities in this country, becoming established as a staple
crop as early as 1703 when over 23 million pounds were
exported, and was the major commodity exported to raise funds
to finance the American Revolution, and

WHEREAS, from its beginnings the production of tobacco
was, and continues to be, a legal enterprise in this state and
nation, and

WHEREAS, tobacco has been produced by growers in this
state every year since a federally controlled quota system was
established in 1938, and

WHEREAS, tobacco has been one of the most stable and
predictable crops for Florida farmers due to the federal quota
system, which regulates the volume of production, and the
producer-owned-and-operated Flue-Cured Stabilization
Corporation, which provides market stability at no net cost to
any taxpayer or governmental entity, and

WHEREAS, the production of tobacco, as compared to
other agricultural commodities, requires a proportionally
larger investment of capital per unit of production due to
quotas and the infrastructure needed for production, which
requires sufficient agricultural land and specialized barns
and production equipment, and

1 WHEREAS, the necessarily large production costs to
2 tobacco producers causes such producers to have very large
3 asset investments and debt-service requirements, which
4 constitute a disproportionally large component of the local
5 economies of tobacco-growing counties in this state, and

6 WHEREAS, the assistance to tobacco farmers provided by
7 this act will help to ensure the stability of the economies of
8 20 Florida counties by assisting the family farms in this
9 state which have been adversely affected by Florida's
10 participation in the tobacco litigation, and

11 WHEREAS, this assistance will entail efforts to
12 diversify and convert farms that have for generations depended
13 on tobacco for their primary source of income, and

14 WHEREAS, there are precedents to the types of
15 assistance provided by this legislation, NOW, THEREFORE,

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

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19 Section 1. (1) In order to assist Florida tobacco
20 farmers in reducing encumbered debt on stranded investment in
21 equipment, the nonrecurring sum of \$5 million is appropriated
22 from the General Revenue Fund to the Department of Agriculture
23 and Consumer Services for the purchase at fair market value of
24 equipment associated with agricultural production of tobacco
25 from persons or entities that:

26 (a) Were using such equipment for production of
27 tobacco between April 1 and October 1, 2000, on land within
28 this state; and

29 (b) Sign a binding agreement with the department to
30 cease production of tobacco in this state within 12 months
31 after execution of the agreement.

1 The department may adopt rules that, at a minimum, define and
2 describe the equipment to be purchased under this section,
3 prescribe criteria for identifying persons and entities who
4 are eligible to have such equipment purchased by the
5 department, and prescribe procedures to be followed for
6 equipment purchases. From the funds appropriated by this
7 section, the department is authorized to expend such sums as
8 are reasonable and necessary to administer the program.

9 (2) Equipment purchased by the Department of
10 Agriculture and Consumer Services under this section may be
11 resold by the Department of Management Services. However, no
12 such equipment may be sold, leased, or conveyed to or for use
13 by a person or entity who produces tobacco in this state or
14 holds a quota for production of tobacco in this state. The
15 Department of Management Services shall deposit proceeds of
16 such sale, less reasonable administrative costs, in the
17 General Inspections Trust Fund of the Department of
18 Agriculture and Consumer Services.

19 (3) The Department of Agriculture and Consumer
20 Services may use proceeds from the resale of equipment
21 purchased under this section to continue purchasing equipment
22 and to assist tobacco producers to seek out, experiment with,
23 and develop diverse profitable enterprises and retain
24 ownership of their land so that their farms can remain
25 productive agricultural entities and provide ancillary
26 environmental benefits.

27 Section 2. This act shall take effect July 1, 2000.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
CS/CS/SB 2446

Reduces the size and source of the appropriation. Appropriates \$5 million from the General Revenue Fund to the Department of Agriculture and Consumer Services the purpose of which is limited to purchasing equipment used in the production of tobacco.

Equipment used in the production of tobacco between April 1 and October 1, 2000, may be purchased at fair market value, but sellers must agree to cease production of tobacco in Florida within 12 months.

The Florida Department of Agriculture and Consumer Services may adopt rules and the Department of Management Services may resell equipment with proceeds to be used to purchase additional equipment or to assist tobacco farmers in remaining agriculturally viable.