

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

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

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

13 WHEREAS, the production of tobacco, as compared to
14 other agricultural commodities, requires a proportionally
15 larger investment of capital per unit of production due to the
16 purchase and possession of quota and the infrastructure needed
17 for production, which requires sufficient agricultural land
18 and specialized barns and production equipment, and

19 WHEREAS, the necessarily large production costs of
20 tobacco causes tobacco producers to have very large asset
21 investments and debt service requirements, which constitute a
22 disproportionately large component of the local economies of
23 tobacco-growing counties in this state, and

24 WHEREAS, in 1994 the Legislature passed, and the
25 Governor subsequently signed into law, Committee Substitute
26 for Committee Substitute for Senate Bill 2110, which became
27 chapter 94-251, Laws of Florida, and which amended the
28 Medicaid Third-Party Liability Act to effectively remove
29 defenses in tortious litigation by the state against tobacco
30 companies, and

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1 WHEREAS, the state and the tobacco companies reached a
2 settlement on August 25, 1997, in The State of Florida et al.
3 v. American Tobacco Company et al., with the tobacco companies
4 agreeing to pay the state \$11.3 billion over 25 years, and

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

9 WHEREAS, as a direct result of this litigation and
10 other governmental actions, in the 1998, 1999, and 2000
11 production years a total quota reduction of 18 percent, 17
12 percent, and 18.5 percent, respectively, occurred, leaving
13 many tobacco producers in serious financial peril from such a
14 substantial loss of production, and additional reduction is
15 anticipated in the 2001 production year, and

16 WHEREAS, while the tobacco quota holders in this state
17 still possess sufficient infrastructure and equipment to
18 produce the quota volume allocated in 1997, the loss of quota
19 since then has severely affected the value of their
20 investment, and

21 WHEREAS, other tobacco-producing states have either
22 passed or are currently considering legislation to assist
23 their tobacco quota holders with costs such as asset loss,
24 stranded investment, and income and employment opportunities,
25 and

26 WHEREAS, since the settlement agreement in The State of
27 Florida et al. v. American Tobacco Company et al., the state
28 has neglected to consider any method of assistance for tobacco
29 quota holders, and such assistance is warranted because the
30 decline in both consumption and the farmgate price of tobacco
31 is a direct result of the state's tobacco litigation, and

1 WHEREAS, the assistance to tobacco quota holders
2 provided by this act will help to ensure the stability of the
3 economies of 20 Florida counties by assisting the family farms
4 in this state that have been adversely impacted by Florida's
5 participation in the tobacco litigation, and

6 WHEREAS, this will entail efforts to transition,
7 diversify, and retool farms that have for generations produced
8 and depended on tobacco as their primary source of income, and

9 WHEREAS, there are precedents to the types of actions
10 taken by this act, NOW, THEREFORE,

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

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14 Section 1. It is the intent of the Legislature that
15 Florida's tobacco quota holders, warehouse operators, and
16 their respective workforces and communities be given
17 assistance due to the adverse economic effects of the loss of
18 tobacco quota occurring since the tobacco settlement
19 agreements, beginning in 1997. Such assistance is intended to
20 be provided for losses incurred by persons involved in tobacco
21 production because of actions brought against tobacco
22 companies by the state, beginning in 1995 with the amendment
23 of the Medicaid Third-Party Liability Act, so that the persons
24 incurring such losses may begin the process of seeking out,
25 experimenting with, and developing diverse profitable
26 enterprises and may continue to retain ownership of their land
27 and thereby ensure that farms remain productive agricultural
28 entities and provide ancillary environmental benefits. Such
29 assistance is also intended to help recipients reduce their
30 encumbered debt on stranded investment in specialized
31 equipment and assist them in maintaining adequate cash flow in

1 line with that projected for tobacco production before the
2 litigation and subsequent settlements of 1997 and 1998. It is
3 also intended to offer opportunities to quota holders and
4 other qualified recipients who may desire additional training
5 as a means of helping employees and communities make the
6 transition to alternative crops or other economic development
7 opportunities. It is also the intent of this act to provide
8 economic development assistance for the 20 tobacco-producing
9 counties affected by the state's tobacco litigation.

10 Section 2. (1) Funds appropriated to fulfill the
11 requirements of this act shall be deposited into the Florida
12 Indemnification and Community Revitalization Trust Fund. The
13 Trustees of the Florida Indemnification and Community
14 Revitalization Trust Fund shall distribute all funds deposited
15 into the trust fund as provided in this section.

16 (2) The Trustees of the Florida Indemnification and
17 Community Revitalization Trust Fund shall distribute each
18 annual appropriation, other than those appropriated for
19 purposes of subsection (3), as follows:

20 (a) An amount of \$500,000 per year for 10 years to the
21 Institute of Food and Agricultural Sciences of the University
22 of Florida to provide on-farm direct assistance to growers in
23 the tobacco-producing counties affected by the state's tobacco
24 litigation as specified in section 1.

25 (b) An amount of \$1 million per year for 10 years to
26 the North Central Florida Regional Planning Council, with
27 proviso that funds be used in the tobacco-producing counties
28 affected by the state's tobacco litigation as specified in
29 section 1. These funds are to be used to develop alternative
30 industries, employment opportunities, and other economic
31 development initiatives in the designated counties. Over the

1 course of the program, not less than 50 percent of such
2 assistance must be used to enhance area agricultural
3 opportunities and any other agricultural ventures deemed
4 appropriate by the trustees, and the remaining funds may be
5 used for general economic development projects to enhance jobs
6 and the local tax base through the North Central Florida
7 Regional Planning Council or other appropriate economic
8 development agencies.

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10 Funds appropriated for distribution under this subsection
11 shall be distributed in equal amounts on March 1 each calendar
12 year for 10 years, beginning in 2001, for the purposes of and
13 in accordance with the requirements set forth in this
14 subsection.

15 (3) The Trustees of the Florida Indemnification and
16 Community Revitalization Trust Fund shall also distribute the
17 following appropriations:

18 (a) An appropriation of \$50,000 to the Department of
19 Agriculture and Consumer Services to determine the feasibility
20 of marketing stranded tobacco equipment to other
21 tobacco-producing countries. The Department of Agriculture and
22 Consumer Services shall make special efforts to expand markets
23 and develop new marketing opportunities for tobacco producers
24 making the transition to other products or ventures.

25 (b) An appropriation of \$150,000 per year for 3 years
26 to the North Central Florida Regional Planning Council to
27 assist tobacco warehouse marketing firms in their transition
28 from traditional tobacco marketing to alternative ventures.

29 (c) An appropriation of \$25 million to the Department
30 of Agriculture and Consumer Services to be used as refinancing
31 loans to tobacco farmers and quota holders. The department

1 shall, pursuant to chapter 120, Florida Statutes, adopt rules
2 and procedures for implementing the loan program under this
3 paragraph.

4 (4) It is the intent of the Legislature to hold
5 harmless Florida's share of the Phase II National Tobacco
6 Growers Settlement through the remaining 11-year schedule
7 adopted at the time of the signing of the agreement.

8 (5) Administrative and other costs incurred by the
9 trust fund shall be paid and deducted from funds available for
10 distribution under this section.

11 Section 3. (1) The Trustees of the Florida
12 Indemnification and Community Revitalization Trust Fund shall
13 be the Florida Trustees for the Phase II National Settlement
14 Fund and four additional individuals appointed as follows: one
15 by the President of the Senate, one by the Speaker of the
16 House of Representatives, one by the Commissioner of
17 Agriculture, and one by the Executive Director of the North
18 Central Florida Regional Planning Council.

19 (2)(a) The trustees shall meet and organize within 60
20 days after the effective date of this act. The trustees shall
21 adopt rules pursuant to chapter 120, Florida Statutes, to
22 provide for certification of eligible participants and
23 recipients under this act. All distributions of funds under
24 this act must be authorized by the trustees, and only
25 recipients certified by the trustees as eligible for
26 compensation under this act may receive compensation.

27 (b) All meetings of the trustees shall be public
28 meetings within the meaning of chapter 286, Florida Statutes,
29 and all records made or received by the trustees in connection
30 with their duties under this act shall be public records
31 within the meaning of chapter 119, Florida Statutes.

1 (c) The trustees shall serve without compensation but
2 shall be entitled to reimbursement for per diem and travel
3 expenses incurred in the performance of their official duties,
4 in accordance with s. 112.061, Florida Statutes.

5 (3) State agencies shall provide the trustees with any
6 information necessary to fulfill their duties under this act.
7 Enterprise Florida, Inc., the Office of Tourism, Trade, and
8 Economic Development, and other economic-development-related
9 state agencies shall maximize existing program assistance
10 opportunities for the affected area, including workforce
11 development, retraining, and business recruitment efforts. The
12 trustees may also request the assistance of the Farm Service
13 Agency of the United States Department of Agriculture.
14 Trustees shall ensure that the funds appropriated by the
15 Legislature for distribution under this act are used in
16 accordance with the intent and purposes established by this
17 act. The trustees shall prepare and submit an annual report to
18 the Auditor General, the Office of Program Policy Analysis and
19 Government Accountability, the Commissioner of Agriculture,
20 the President of the Senate, and the Speaker of the House of
21 Representatives, detailing activities of the Florida
22 Indemnification and Community Revitalization Trust Fund for
23 the most recently completed fiscal year. All costs for
24 assistance by the Farm Service Agency or outside sources shall
25 be considered administrative costs under this act.

26 Section 4. Section 196.33, Florida Statutes, is
27 created to read:

28 196.33 Tobacco barns and equipment.--Tobacco barns and
29 tobacco-farming equipment shall be exempt from the tangible
30 personal property tax through fiscal year 2010. Counties
31 affected shall be reimbursed annually upon application to the

1 Department of Revenue from the Florida Indemnification and
2 Community Revitalization Trust Fund for any loss of revenue as
3 a result of this exemption.

4 Section 5. This act shall take effect July 1, 2000, if
5 HB 421 or similar legislation creating the Florida
6 Indemnification and Community Revitalization Trust Fund is
7 adopted in the same legislative session or an extension
8 thereof and becomes law.

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