**Whose $ Is It?**

**Tobacco Buyout Funds**

The “Fair and Equitable Tobacco Reform Act” of 2004 was signed 10-22-2004. The act ended the tobacco quota program and established the “Tobacco Transition Payment Program- TTPP. The TTPP began in 2005 and is to continue through 2014. These payments to tobacco quota owners and growers (farmers) are funded through assessments of approximately $10 billion on products manufactures and importers. The United States Department of Agriculture oversees the transfer of these funs to quota owners and growers under the agreement.

Using the sequestration to siphon a portion of these non-tax funds and using them for the supposed purpose of deficit reduction is counter to the intent of the 2004 act.

Tobacco states congressional delegations are lobbing USDA to head off an attempt to lump federal payments to tobacco farmers into the budget that is subject to sequestration cuts set to take effect January 15, 2014.

The TTPP should be excluded from that process, because these funds are not generated by tax revenue, but are fees from tobacco manufactures and importers. The USDA has an obligation and responsibility to honor this commitment to tobacco farmers.

These tobacco states economy and some their largest industry- ***Agriculture***will be negatively impacted.

The tobacco farmers signed these “buyout” contracts with the government in good faith. These tobacco buyout contracts included Burley, Flue-Cured and all other types of tobacco.

The 7.2% reduction equals approximately $68 million to tobacco quota owners and growers. Many farmers have figured in these funds to repay loans and business decisions based on not having tobacco crop funds for those purposes that transitioned their farming operations. The government is trying to balance the budget their but so are tobacco farmers trying to operate their farms business in a responsible manner.

The tobacco buyout ended all aspects of the federal tobacco marketing quota and price support loan programs that were established by the Agriculture Adjustment Act (AAA) in 1938. Beginning in 2005 there were no planting restrictions, no marketing cards and no price support loans.

***Total and annual Buyout payments per state***

                                        Total millions              Annual millions

North Carolina                    3,943                                394

Kentucky                            2,469                                247

Tennessee                            768                                  77

South Carolina                      725                                  72.5

Virginia                                  667                                  67

Georgia                                 612                                  61

Florida                                  120                                   12

Missouri                                 32                                     3.2

Alabama                                  5                                      .5

Maryland

These are not handouts by the government but are fees collected from the tobacco industry; manufactures and importers. The quota owners and farmers are taxed as capital gains and ordinary income, respectively, on the buyout funds received.

These buyout payments have an influence on Agriculture jobs and Agri-businesses associate with agriculture, also other jobs that agriculture creates such as marketing, transportation and others.