November 21, 2013

The Honorable Tom Vilsack  The Honorable Sylvia Burwell
Secretary of Agriculture  Director
U.S. Department of Agriculture  U.S. Office of Management and Budget
219A Whitten Building  725 17th St NW
1400 Independence Ave SW  Washington, DC 20503
Washington, DC 20250

Dear Secretary Vilsack,

We are writing in regards to the proposed sequester cuts for Fiscal Year 2014 to the Tobacco Transition Payment Program (TTPP).

As you know, the TTPP was created through the American Jobs Creation Act of 2004 (P.L. 108-357) to help tobacco producers transition to the free market. The law terminated U.S. tobacco farm price support and domestic production controls following the 2004 crop year, and compensated producers with annual transitional payments over the course of a 10-year period. Payments began in 2005, and are not funded by taxpayers. Rather, assessments made on tobacco product manufacturers and importers generated a roughly $10 billion Tobacco Trust Fund for the compensatory payments which will conclude in 2014.

Following the enactment of this law, farmers and quota holders entered into contracts with USDA in good faith. Some producers elected to receive 10 annual payments, while others took lump-sums. These binding contracts eliminated tobacco quota and farmers no longer hold this asset. Financial institutions that securitized the payments will also be adversely affected by sequestration of TTPP. It is important to remember TTPP is industry-funded and USDA’s role is only to pass along the fees collected from tobacco companies to contract holders.

The TTPP came at a time when our farmers needed it most. In its prime, tobacco was a fundamental part of the South’s economy. The crop had not only provided a respectable income for producers since colonial times, it also helped build communities, hospitals, schools, businesses, and roads.

By the time the American Jobs Creation Act was passed into law, tobacco farmers had been hurting for some time – the crop faced many challenges including diminishing demand, escalating production costs, growing health concerns, and competition from cheaper foreign-grown tobacco. The TTPP provided a relief valve, offering farmers an
opportunity to switch their operations to other crops and reduce their dependence on tobacco.

The T TPP was a 10-year commitment to our farmers and their families to help them transition to the free market. It is different than most other federal programs in that it is not funded by taxpayers. This 10-year period is almost complete; only one final payment is due. USDA has a responsibility to honor its commitment to our farmers, and the financial institutions that securitized TTPP payments. With this in mind, and pursuant to all applicable rules and regulations, we respectfully request that USDA take the necessary steps to ensure that this user-fee funded program is not affected by FY2014 sequestration cuts.

Sincerely,

Mike McIntyre
Member of Congress

Richard Hudson
Member of Congress

Robert Hurt
Member of Congress

Howard Coble
Member of Congress

Walter Jones
Member of Congress

George Holding
Member of Congress

Renee Ellmers
Member of Congress

Andy Barr
Member of Congress

Mark Meadows
Member of Congress

Scott DesJarlais
Member of Congress

C.K. Butterfield
Member of Congress

H. Morgan Griffith
Member of Congress
Robert Pittenger  
Member of Congress

Randy Forbes  
Member of Congress

Tom Rice  
Member of Congress

Ed Whitfield  
Member of Congress

Austin Scott  
Member of Congress

Jack Kingston  
Member of Congress

Bob Goodlatte  
Member of Congress

Phil Roe  
Member of Congress

Patrick McHenry  
Member of Congress

Jeff Duncan  
Member of Congress

Samford Bishop  
Member of Congress

David Scott  
Member of Congress

John Barrow  
Member of Congress

Marsha Blackburn  
Member of Congress

Brett Guthrie  
Member of Congress

Bennie Thompson  
Member of Congress
Stephen Fincher  
Member of Congress

Diane Black  
Member of Congress

"Bobby" Scott  
Member of Congress

Joe Wilson  
Member of Congress

David Price  
Member of Congress

Ted Yoho  
Member of Congress

Chuck Fleischmann  
Member of Congress

Todd Young  
Member of Congress