

Agricultural News

By: Marden Alexander, FSA Director

Tobacco Leasing
Quotas for the 2000 crop year will be mailed on April 7, 2000. Leasing for the crop year 2000 will be April 10th through July 1st.

Tobacco Loss Assistance Program Funds

Governor Paul Patton has requested that the United States Department of Agriculture release \$121,645,774 to the Chase Manhattan Bank for distribution to Kentucky tobacco quota holders and growers. The money is Kentucky's share of the Tobacco Loss Assistance Program, funded by the Agricultural Appropriations bill passed by the U.S. Congress. It will be shared by tobacco quota holders and growers using the same formula that was used to distribute Phase II payments last year.

The Kentucky Tobacco Settlement Trust Corporation, the state entity handling Phase II payments, is also serving as the point for the distribution of the federal funds. Corporation staff indicated that growers would probably see their payments within the next six to eight weeks. Growers and quota holders who applied for Phase II funds will not have to reapply.

Oilseed Program Signup Extended

In order to be eligible, a producer must have planted or shared in the production of an eligible oilseed in 1999. Prevented planted oilseed acreage cannot be used to determine 1999 OP eligibility nor can it be used for history or actual yield purposes. 1999 OP payments may be available to producers who planted or shared in the production of the following oilseeds in 1999: soybeans, canola, crambe, flaxseed, mustard seed, rape-

seed, safflower seed, sunflower seed (oil and confectionery).

OP applications shall be submitted to the county that controls payment limitation for the producer. KCMO determined the "control" county for each producer in December 1999. Sign up has been extended but a deadline date has not been set.

Small Grains

Producers growing small grains (wheat) must report their acreage by May 31, 2000. If crop acreage is not filed timely and producer applies for a Loan Deficiency Payment, then a charge of \$26.50 will be applied for a late file.

PRP Signup

Eligible farmers whose pastures were damaged by drought in 1999 can receive payments to help them re-establish forage crops. The Pasture Recovery Program is funded at \$40 million. Established pasture is eligible where livestock are normally grazed and that was so damaged by drought that seeding is required to re-establish the forage crop. No assistance is authorized for hayland.

To be eligible for PRP, producers must meet ALL of the following guidelines: be an owner or operator of eligible land who normally grazes livestock on such land; as owner or operator, be responsible for restoring and maintaining the forage crop on the affected land for the 2-year lifespan of the contract; not have grossed annual income in excess of \$2.5 million; certify that the pasture land was so damaged or destroyed by drought in 1999 that seeding is required to reestablish the forage crop. There will be two practice types: re-seeding with seeded preparation and no seeded preparation. The Rockcastle County payment rate of \$44.00/acre was determined by the Farm Service Agency State committee to pay for the cost of seed, seeding and fertilizer, not to exceed \$2300 per person.

Signup for the program will begin March 20 and last until April 14, 2000. The deadline to complete the re-seeding after sign-up is September 30, 2000. Re-seeding conducted before filing an application for PRP assistance will not be eligible for PRP payment.

Governor and tobacco farmers speak out

In an effort to protect the small tobacco farmers, Governor Paul E. Patton spoke in favor of Senate Bill 49 with the Tobacco Farmers Protection Act at a press conference today in the Capitol Rotunda. Joining him in support was Rod Kuegel, president of the Burley Tobacco Growers Cooperative Association.

"Kentucky tobacco farmers have the skill and the talent to produce a high quality product which will always have a market," said Governor Patton.

The Governor went on to explain his endorsement of the Tobacco Farmers Protection Act, current legislation that would level the playing field in contracting between the tobacco companies and the farmers.

"Most farmers can't hire a lawyer to negotiate a fair contract," said the Governor. "This will guide them a little bit, give the farmers a standard contract to go by."

"Any large company would like to have free reign, but not in Kentucky," he added. That is why the Governor and legislators are supporting the Tobacco Farmers Protection Act. Representative Royce Adams, of Dry Ridge, amended-Senate Bill 49 with this committee substitute last Wednesday afternoon in the House Agriculture and Small Business committee meeting. SB 49 exempts tobacco farmers from taxes on the Phase II tobacco settlement money. Adams realized the need for legislation concerning contracting and amended the bill to carry legislation that would set guidelines for contracting.

"All we're trying to do is take care of the small farmer," said Adams. The House committee substitute of Senate Bill 49, known as the Tobacco Farmers Protection Act, would set up a farmer-based Commission that would develop a model contract that tobacco companies would be

encouraged to use and offer to farmers. The committee substitute confirms Kentucky's commitment to the Tobacco Price Support Program as the most efficient and best way to market tobacco. This legislation also allows for fair and equal distribution of contracts among all producers who desire to contract, regardless of the size of their tobacco base.

"This amendment will not stop contracting," said Rod Kuegel, president of the Burley Tobacco Growers Cooperative. "It will set up guide-

lines for contracting and disallow discrimination of contracting opportunities to farmers whether he has 2,000 or 20,000 pounds."

The Tobacco Farmers Protection Act protects the farmers from the grim end result. Here's what it does:

- Reaffirms the Tobacco Price Support Program as the best and most efficient means of preserving the economic health of thousands of small tobacco farmers;

- Ensures that any contracts or contracting practices protect the public interest in the continued efficient operation of the tobacco price support program;

- Establishes a commission to oversee the contracting practices in Kentucky whose mission will be to ensure fairness and equality to all participating farmers;

- Establishes a Model Contract. Allows for fair and equal distribution of contracts among all producers who desire to contract, regardless of the size of their tobacco base.

Since the introduction of contracting on February 1, 2000 by Philip Morris USA, many concerns and questions have been raised about contracting. Contracting in tobacco has the potential to eliminate thousands of small tobacco farmers. In agriculture, 30 percent of the com-

modities grown or raised in the U.S. involve contracts. In these businesses, larger producers are offered the contract. Smaller farmers have limited or no markets. They are forced out of business allowing the large to become larger and the corporations to take over farm production. Without regulation, tobacco will become the

same.

In fact, according to Dr. Will Sell of the University of Kentucky College of Agriculture, without a price support program, if growers increase to as little as 10 acres under a contracting system, over 75 percent of Kentucky's tobacco growers will go out of business.

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