Congress of the United States
Washington, DC 20515

November 21, 2013

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
219A Whitten Building
1400 Independence Ave SW
Washington, DC 20250

The Honorable Sylvia Burwell
Director
U.S. Office of Management and Budget
725 17th St NW
Washington, DC 20503

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

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opportunity to switch their operations to other crops and reduce their dependence on tobacco.

The TTPP 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

G.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

Sanford 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

David Price
Member of Congress

Diane Black
Member of Congress

Ted Yoho
Member of Congress

"Bobby" Scott
Member of Congress

Chuck Fleischmann
Member of Congress

Joe Wilson
Member of Congress

Todd Young
Member of Congress