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USDA pays out \$950 mil. in tobacco transition program

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The U.S. Department of Agriculture announced Monday it will begin issuing more than \$950 million in Tobacco Transition Payment Program payments to quota holders and producers. Also, quota holders and producers can enter into successor-in-interest contracts beginning Jan. 15, 2009, which would enable them to receive lump-sum payments from private entities by selling the remaining five Tobacco Transition Payment Program payments.

Approximately \$4.7 billion will have been paid to tobacco quota holders and producers with this fifth round of payments.

The Tobacco Transition Payment Program marks the end of the federal tobacco marketing quota and price support loan programs in place since the Great Depression. The Fair and Equitable Tobacco Reform Act, signed into law by President Bush in October 2004, established this program.

The Tobacco Transition Payment Program is funded by assessments on tobacco product importers and manufacturers. The program, begun in 2005, ends in 2014, and provides 10 equal annual payments to quota holders and producers.

USDA does not make lump sum Tobacco Transition Payment Program payments to quota holders and producers. However, quota holders and producers can receive lump sum payments by selling their interest to a third party through "successor-in-interest" contracts. Since 2005, third parties bought more than 169,000 Tobacco Transition Payment Program contracts worth approximately \$2.7 billion.

For more information on the Tobacco Transition Payment Program, visit <http://www.fsa.usda.gov/tobacco/Default.htm> on the USDA Farm Service Agency's Web site.