

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 620

Short Title: Create Tobacco Commission.

(Public)

Sponsors: Representatives Baker, Russell (Primary Sponsors); Davis, Sexton, Mitchell, Culp, and Preston.

Referred to: Rules, Calendar and Operations of the House.

March 25, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE THE TOBACCO GROWERS AND ALLOTMENT HOLDERS
3 COMMISSION AND TO PROVIDE FOR PAYMENTS TO TOBACCO GROWERS
4 AND ALLOTMENT HOLDERS.

5 The General Assembly of North Carolina enacts:

6 Section 1. Chapter 106 of the General Statutes is amended by adding the
7 following new Article to read:

8 **"ARTICLE 70.**

9 **"TOBACCO GROWERS AND ALLOTMENT HOLDERS COMMISSION.**

10 **"§ 106-830. Creation of Commission.**

11 There is hereby created the Tobacco Growers and Allotment Holders Commission.
12 The Commission shall administer the monies in the Tobacco Growers and Allotment
13 Holders Trust Fund to indemnify tobacco growers and allotment holders from the adverse
14 economic effects of the Master Settlement Agreement. The Commission shall be located
15 for administrative purposes within the Department of Agriculture and Consumer Services
16 but shall exercise its power independently of the Department. The Commission may hire
17 necessary staff to implement the provisions of this Article. The actual expenses of the
18 Commission incurred in the performance of its duties in administering this Article shall
19 be borne by the Fund.

"§ 106-831. Definitions.

As used in this Article:

- (1) 'Commission' means the Tobacco Growers and Allotment Holders Commission.
- (2) 'Fund' means the Tobacco Growers and Allotment Holders Trust Fund.
- (3) 'Master Settlement Agreement' means the tobacco litigation settlement agreement between tobacco manufacturers and the states, as ratified in North Carolina through a consent decree in the action State of North Carolina v. Philip Morris, et al., 98 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County.

"§ 106-832. Membership.

(a) The Commission shall be comprised of 13 members. Each member shall serve a four-year term. No member may serve more than two consecutive four-year terms. Each member must be a North Carolina resident. The members shall be appointed as follows:

- (1) Six flue-cured tobacco growers, two of whom are appointed by the Governor, two of whom are appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and two of whom are appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (2) Two burley tobacco growers, one of whom is appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives and one of whom is appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (3) Four members appointed at large, all of whom are knowledgeable of the dynamics of rural and/or urban economies of tobacco-dependent regions. Two of these at-large members shall be appointed by the Governor, one shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and one shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (4) The Commissioner of Agriculture, ex officio.

(b) In making appointments, the appointing authorities shall consider nominees representing tobacco trade organizations and other farm organizations. The Governor shall designate the chair of the Commission, to serve at the pleasure of the Governor.

(c) Staggering of initial Commission membership. – To provide for staggering, the initial board shall be chosen as follows: one at-large appointee of the Governor, one of the flue-cured tobacco growers appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and one of the flue-cured tobacco growers appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, shall serve a one-year term; one of the flue-cured tobacco growers appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, the at-large appointee of the General Assembly

1 upon the recommendation of the Speaker, and the burley tobacco grower appointed by
2 the General Assembly upon the recommendation of the President Pro Tempore of the
3 Senate shall serve a two-year term; the at-large appointee of the General Assembly upon
4 the recommendation of the President Pro Tempore of the Senate, one flue-cured tobacco
5 grower appointed by the Governor, and the burley tobacco grower appointed by the
6 General Assembly upon the recommendation of the Speaker shall serve a three-year term;
7 one at-large appointee of the Governor, one flue-cured tobacco grower appointed by the
8 General Assembly upon the recommendation of the Speaker, and one flue-cured tobacco
9 grower appointed by the Governor shall serve four-year terms. Thereafter, all terms shall
10 be for four years. A vacancy shall be filled for the unexpired term by the appropriate
11 appointing authority.

12 **"§ 106-833. Trust Fund created.**

13 There is hereby created the Tobacco Growers and Allotment Holders Trust Fund. The
14 Trust Fund shall be credited with funds allocated or appropriated to it by the General
15 Assembly. The Trust Fund may also accept funds from other sources. Monies from the
16 Fund shall be expended as provided in G.S. 106-834.

17 **"§ 106-834. Duties; payment to tobacco growers and allotment holders.**

18 (a) The Commission shall distribute the monies in the Fund to indemnify tobacco
19 growers and allotment holders for the economic loss resulting from the decline or
20 elimination of tobacco quota or the decline in value of tobacco-related farm assets. These
21 funds shall be distributed to tobacco growers and allotment holders in addition to funds
22 that they may receive pursuant to any agreement for payment by the tobacco companies
23 directly to the growers and allotment holders (generally known as the 'Phase II'
24 agreement). However, in no event shall the amount paid to a tobacco grower or allotment
25 holder through the Master Settlement Agreement, when combined with the amount
26 received through the Phase II agreement, exceed the economic loss of the grower or
27 allotment holder that results from the decline or elimination of tobacco quota or the
28 decline in value of tobacco-related farm assets.

29 (b) The Commission shall adopt criteria for the distribution of monies in the Fund
30 pursuant to this section. The Commission may consider criteria and formulas used for
31 the distribution of funds under the Phase II agreement."

32 Section 2. This act is effective when it becomes law.