

Proposal Could Kill Tobacco Industry, Says Buyer At Opening Of Auction

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Lancaster Farming Staff
PARADISE (Lancaster Co.) — If President Clinton has his way, tobacco growers could be out of business, according to Claude Martin, president of Lancaster Leaf Tobacco, who spoke before the start of opening day at Paradise Tobacco Auction on Monday.

"When Bill Clinton introduced the Health Care Package in Congress, it was a dark day for the tobacco industry in the U.S.," said Martin. The proposed tax bill, to help pay for the cost of nationwide health reform, is set to draw most of the money out of all segments of the tobacco industry, from farmers who grow it to packagers and suppliers.

Clinton has proposed a 10,000 percent increase in taxes on smokeless tobacco, said Martin. That would raise a 3-ounce pouch of chewing tobacco from about \$2.50 to more than \$5, according to a report in the October 29 New York Times. Cigar tax could go up more than 3,000 percent, according to Martin. In the Times report, taxes on snuff would soar 3,472 percent and pipe tobacco would be increased more than 1,800 percent. Pipe smokers who pay about 67.5 cents in federal tax per pound could pay more than \$13 a pound.

Cigarettes taxes could be raised about 300 percent, but small cigar taxes could rise 3,333 percent, according to the Times.

Those who wrote the proposal

are "trying to kill the tobacco business," said Martin. "It's unacceptable to you, as a farmer, to you as a consumer, to us as a processor, and to the manufacturer. It's absolutely devastating to the industry itself."

Martin urged the more than 250 tobacco growers present and the eight buyers on the floor to support the movement by various tobacco groups to stop the proposed tax increases. Right now, the Rostenkowski Commission is reviewing the proposal in a series of hearings in Congress. At the auction, a petition was available for those in the industry to sign.

"We think it is absolutely unfair and totally crazy what they're doing in Washington to you as a farmer and to us," said Martin.

He told those at the auction to lend their support in any way they can. Already, according to the Lancaster Leaf president, support has been coming in strong from Kentucky, Tennessee, and Virginia against the proposal.

"It is absolutely important that every one of us work to defeat this legislation," he said. If Washington has their way, he reminded the farmers, "you will no longer need to grow tobacco." He said thousands of jobs are at risk, including workers who make the boxes and other packaging.

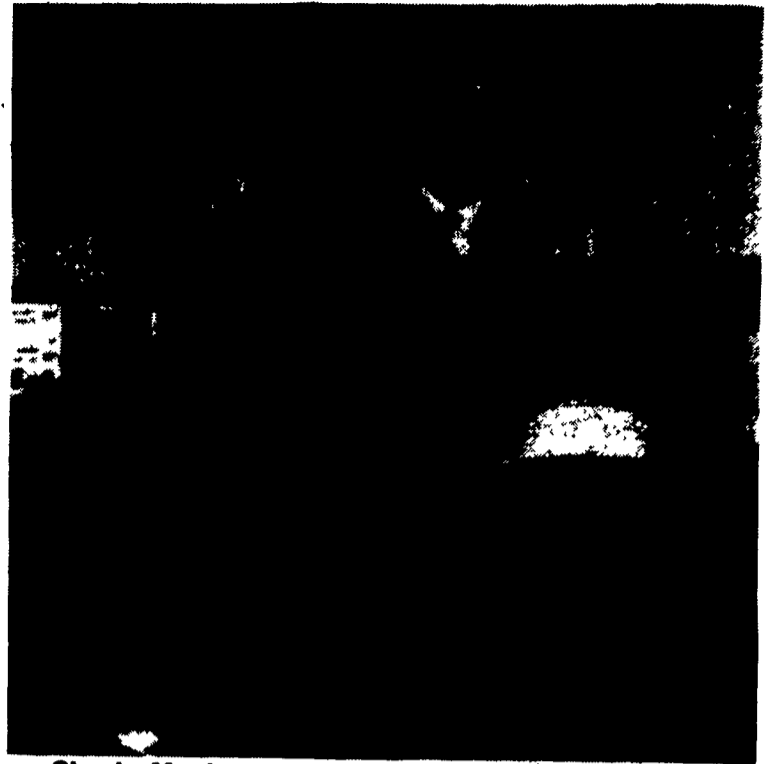
"Now think about that very seriously," he told the farmers. "You got a beautiful crop of tobacco, it brings a lot of money for you on your farm, it helps us make a liv-

ing, and we need it."

In an interview with *Lancaster Farming*, Martin urged farmers to contact their federal legislators and to "keep the enthusiasm going" throughout the next year. He urged growers to contact him in support of the tobacco industry at Lancaster Leaf Tobacco, 198 West Liberty St., Lancaster, PA 17603, (717) 394-2676.

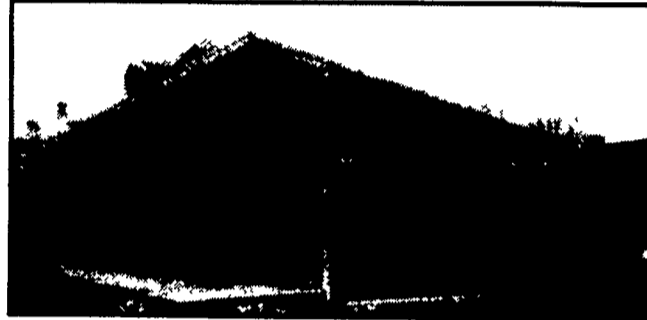
Auctioneer was Mitch "Snake" Ashby, from North Carolina. At Monday's auction, about 380,000 pounds of the Maryland 609 tobacco went on sale, with a high price of \$1.25 a pound, down from \$1.36 a pound last year and from \$1.65 a year before that. The Auction reported about \$296,000 in sales for the day. On Wednesday, 120,000 pounds were sold, about 40,000 of which went for a high of \$1.25 a pound.

The auction continues every Monday, Wednesday, and Friday until Christmas week, then resumes for a few weeks in January.



Claude Martin, president of Lancaster Leaf Tobacco, spoke about the devastating effects the federal tobacco taxes could have on the industry before the start of the auction.

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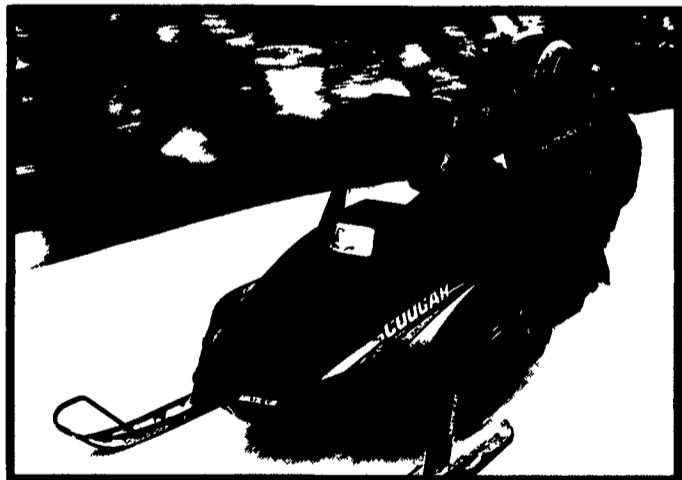
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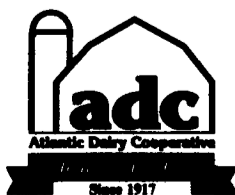
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