



Flue-Cured Tobacco...
SCOOP

...A newsletter from
Flue-Cured Tobacco Cooperative
Stabilization Corporation
www.ustobaccofarmer.com

Board Director Presents at ITGA

Keith Beavers, Board Director from District 5, represented Flue-Cured Tobacco Cooperative by making a presentation at the International Tobacco Growers Association, ITGA, annual meeting on October 22-24, 2006 in Verona, Italy.

Mr. Beavers addressed the group about the current operations of the Cooperative. He talked about leaf procurement, leaf processing, and sales of strip, cut rag, and puff stem tobacco products. His presentation displayed pictures of the Timberlake processing facility as well as the Fuquay-Varina storage facilities.

Mr. Beavers also heard presentations from other organizations at the annual meeting and stated that there were approximately 100 attendees. ITGA member countries include Argentina, Brazil, Bulgaria, Croatia, South Africa, Kenya, Malaysia, Malawi, Zimbabwe, Italy, Mexico, Portugal, Pakistan, China, Spain, Turkey, India, Tanzania, Uganda, Dominican Republic, and in the United States - Flue-Cured Tobacco Cooperative Stabilization, and both Burley Cooperatives.

Mr. Beavers said "it is a benefit to be a member of ITGA because tobacco growers from around the world can gather and discuss mutual issues that affect all farmers". He went on to say that US tobacco is still considered the best flavor tobacco and still sets the standard worldwide.

Mr. Beavers also stated that the main theme of the meeting seemed to be the predominance of cheap prices paid by companies for tobacco.



Keith Beavers presenting at ITGA

Leadership Group Graduates

The Flue-Cured Tobacco Cooperative leadership group came back in February for the second week of training. We had many interesting events planned for the second week of leadership group activities.

The group had some professional development training followed by a trip to Washington, DC to visit with representatives from USDA and our Congressional delegation. We met with high ranking USDA officials and discussed issues such as the farm bill, energy policy, world trade organization position on the current Doha round of discussions and current free trade agreement negotiations. The leadership group can use these new contacts to discuss important issues that affect their farm now and into the future. In addition, the leadership group made important contacts with their own Congressman to help with important issues.

The leadership group concluded the week with an introduction to the board of directors at the beginning of the February board meeting and were presented a certificate of completion and a gift of appreciation for participating in the leadership class.



2006 - 2007 Leadership Group

Flue-Cured Tobacco Cooperative Stabilization Corporation is the grower owned and supported cooperative that serves flue-cured tobacco growers in Virginia, North Carolina, South Carolina, Georgia, Alabama and Florida.

President
Albert Johnson

Vice Presidents
Kenneth Dasher
D. Lamar DeLoach
Andrew Q. Shepherd
Jimmy Pate

General Manager
Arnold Hamm

DIRECTORS

District 1	Kenneth Dasher Live Oak, Florida
District 2	D. Lamar DeLoach Statesboro, Georgia
District 3	Albert M. Johnson Galivants Ferry, South Carolina
District 4	James C. Pate Rowland, North Carolina
District 5	Keith Beavers Mt. Olive, North Carolina
District 6	Blythe H. Casey Kinston, North Carolina
District 7	Keith Parrish Benson, North Carolina
District 8	Richard J. Jenks Apex, North Carolina
District 9	Richard Renegar Harmony, North Carolina
District 10	Andrew Q. Shepherd Blackstone, Virginia
Public Director	James T. Hill, Jr. Kinston, North Carolina

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District Election Results

On January 9, 2007 at 1:30 pm, the District 3, which includes all flue-cured producing counties in South Carolina, election was held at the Big "L" Warehouse in Mullins, SC. Albert Johnson was re-elected by acclamation.

Arnold Hamm General Manager/CEO recognized the five South Carolina growers who are participating in the leadership program.

On January 30, 2007 at 2:00 pm, the District 2, which includes all flue-cured producing counties in Georgia, election meeting was held at the Holiday Inn Express in Douglas Georgia. Lamar DeLoach was re-elected by acclamation.

On January 31, 2007 at 2:00 pm, the District 1, which includes all flue-cured producing counties in Florida, election was held at the Suwannee County Agricultural Center in Live Oak Florida. Kenneth Dasher was re-elected by acclamation.

After all of the election meetings, General Manager Arnold Hamm gave a presentation updating members on Flue-Cured Tobacco Cooperative Stabilization's past year's business activities followed by a question and answer period.

Arnold Hamm then commented about the need for growers to pay especially close attention to their Non Tobacco Related Material NTRM in the tobacco. The Chinese are very concerned about the amount of foreign material in the tobacco they purchase. Flue-Cured Tobacco Cooperative will be vigilant in checking for NTRM.

Tobacco found to have excess NTRM will be addressed with the grower by a letter and a sample of the NTRM mailed to the grower. If the situation is not corrected, the second offense will have a fine of \$100.00 per bale. Even stiffer penalties will be levied if needed as far as canceling of a contract.

Mark Your Calendar!

**2007 Annual Meeting
Flue-Cured Tobacco
Cooperative Stabilization
Corporation
Friday, June 8, 2007
US Flue-Cured Tobacco
Growers, Inc.
250 Crown Boulevard
Timberlake, NC
10:00 am**

2007 Marketing Centers

**Planters Warehouse
Nashville, Georgia**

**Brannen Tobacco Warehouse
Statesboro, Georgia**

**Planters Growers Golden Leaf
Lake City, South Carolina**

**Big L Warehouse
Mullins, South Carolina**

**Sampson Tobacco Warehouse
Clinton, North Carolina**

**Rogers Warehouse
Williamston, North Carolina**

**Old Belt Coop
Rural Hall, North Carolina**

**Motley's Warehouse
Danville, Virginia**

**Exchange Warehouse
South Hill, Virginia**

State Cigarette Tax Rates

State cigarette tax rates have increased dramatically in recent

years. Some state cigarette tax rates are in excess of \$2.00 per pack.

States that have enacted cigarette tax increases effective January 1, 2007 will not show on this table. The Federation of Tax Administrators anticipates having the tax rate table updated by March

1, 2007. We have included a chart listing the state cigarette tax rates effective January 1, 2006.

The Federal cigarette excise tax rate is .39 per pack and is in addition to the state tax rate shown. Also, many cities add on a city tax on cigarettes on top of state and federal taxes.

STATE EXCISE TAX RATES ON CIGARETTES

(January 1, 2006)

STATE	TAX RATE (¢ per pack)	RANK	STATE	TAX RATE (¢ per pack)	RANK
Alabama (1)	42.5	39	Nebraska	64	30
Alaska	160	7	Nevada	80	25
Arizona	118	16	New Hampshire	80	25
Arkansas (2)	59	32	New Jersey	240	2
California	87	23	New Mexico	91	22
Colorado	84	24	New York (1)	150	10
Connecticut	151	8	North Carolina (3)	30	45
Delaware	55	35	North Dakota	44	38
Florida	33.9	44	Ohio	125	13
Georgia	37	41	Oklahoma	103	18
Hawaii	140	11	Oregon	118	16
Idaho	57	33	Pennsylvania	135	12
Illinois (1)	98	21	Rhode Island	246	1
Indiana	55.5	34	South Carolina	7	51
Iowa	36	42	South Dakota	53	37
Kansas	79	27	Tennessee (1) (2)	20	48
Kentucky (2)	30	45	Texas	41	40
Louisiana	36	42	Utah	69.5	29
Maine	200	4	Vermont	119	15
Maryland	100	19	Virginia (1)	30	45
Massachusetts	151	8	Washington	202.5	3
Michigan	200	4	West Virginia	55	35
Minnesota (4)	123	14	Wisconsin	77	28
Mississippi	18	49	Wyoming	60	31
Missouri (1)	17	50	Dist. of Columbia	100	19
Montana	170	6			

U. S. Median 80.0

Source: Compiled by FTA from various sources

(1) Counties and cities may impose an additional tax on a pack of cigarettes in AL, 1¢ to 6¢; IL, 10¢ to 15¢; MO, 4¢ to 7¢; NYC \$1.50; TN, 1¢; and VA, 2¢ to 15¢.

(2) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in KY and 0.05¢ in TN. In AR, a \$1.25/1,000 cigarette fee is imposed.

(3) Tax rate is scheduled to increase to \$0.35 per pack on July 1, 2006.

(4) Plus an additional 25.5 cent sales tax is added to the wholesale price of a tax stamp (total \$1.485).

Crop Production Expenses

2006 was a year in which crop production expenses saw great increases. Since the highs in early spring and summer energy prices have decreased some but still are at historical highs. Labor price escalations in recent years have had the same effect on profitability as energy price increases. Flue-Cured Tobacco Cooperative is very aware of cost of production increases and its meaning on long term profitability to tobacco farmers.

NC State, Clemson, Virginia Tech and University of Georgia have excellent budgets that growers can use to compare their own expenses against to see how efficient they are operating.

COST ESTIMATE OF FLUE-CURED PRODUCTION IN 2007

Returns Above Variable Costs For Hand Harvested Flue Cured Tobacco, Various Yields and Contract Prices **

Yield	Average Contract Price				
	\$1.35	\$1.40	\$1.45	\$1.50	\$1.55
1,800 lbs.	-531	-441	-351	-261	-171
2,000 lbs.	-311	-211	-111	-11	89
2,200 lbs.	-91	19	129	239	349
2,400 lbs.	129	249	369	489	609
2,600 lbs.	349	479	609	739	869
2,800 lbs.	569	709	849	989	1,129

** Costs adjustments of \$50 were used for each 200 pounds fluctuation below and above 2,200 pounds.

Returns Above Variable Costs For Machine Harvested Flue Cured Tobacco, Various Yields and Contract Prices **

Yield	Average Contract Price				
	\$1.35	\$1.40	\$1.45	\$1.50	\$1.55
1,800 lbs.	-371	-281	-191	-101	-11
2,000 lbs.	-151	-51	49	14	249
2,200 lbs.	69	179	289	399	509
2,400 lbs.	289	409	529	649	769
2,600 lbs.	509	639	769	899	1,029
2,800 lbs.	729	869	1,089	1,149	1,289

** Costs adjustments of \$50 were used for each 200 pounds fluctuation below and above 2,200 pounds.

We thought it would be helpful to include a budget. This is UGA's budget and should be used for growers in Georgia and Florida only as expenses are different in different parts of the flue-cured tobacco belt. UGA officials are estimating a cost increase of 3% for 2007 flue-cured tobacco

production expenses from the 2005 crop. I would encourage growers in other states to obtain a copy of their university's budget to compare against their own.