

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 3rd Meeting of the 2018 Interim

July 11, 2018

Call to Order and Roll Call

The 3rd meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, July 11, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Senator C.B. Embry Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Myron Dossett, Co-Chair; Senators Stephen Meredith, Dennis Parrett, and Robin L. Webb; Representatives Kim King and Brandon Reed.

Guests: Bill McCloskey, Deputy Executive Director, Governor's Office of Agricultural Policy; Dave Maples, Executive Vice President, Kentucky Cattlemen's Association; Becky Thompson, Director, Kentucky Beef Network; and Cary King, Chairman, Kentucky Beef Network.

LRC Staff: Nathan Smith, Tanya Monsanto, Kelly Ludwig, Shelby Bevins-Sullivan, and Rachel Hartley.

The June 6, 2018, minutes were approved by unanimous voice vote.

Governor's Office of Agricultural Policy Report

Bill McCloskey stated the General Assembly committed funds to the fairgrounds in Louisville and two applications have been received to make improvements.

Mr. McCloskey described the Agricultural Development Board's projects for May. Mr. McCloskey highlighted programs including the County Agricultural Investment Program (CAIP), Deceased Farm Animal Removal Program, Shared-use Equipment, and Youth Agriculture Incentives Program.

In response to a question from Senator Parrett, Mr. McCloskey stated the Youth Agriculture Incentive Program in Adair County is in its second year. The program is available to assist youth in purchasing heifers to start a cattle operation.

Requested program amendments discussed included:

- Wayne County Agriculture Development Council, Inc., requested an additional \$102,700 in Wayne County funds for CAIP. The board recommended approval, which would bring the program total to \$173,300.
- Powell County Livestock Producers Association, Inc., requested an additional \$7,000 in Powell County funds for CAIP. The board recommended approval, which would bring the program total to \$45,955.
- Lee County Conservation District requested an additional \$32,900 in Lee County funds. The board recommended approval, which would bring the program total to \$112,900.
- Owsley County Conservation District requested an additional \$107,900 in Owsley County funds for CAIP. The board recommended approval, which would bring the program total to \$212,900.

Projects discussed included:

- Seedleaf, Inc., was approved for \$2,500 in Fayette County funds for a community garden in north Lexington.
- Lincoln County Fiscal Court was approved for \$7,500 in Lincoln County funds to enhance the Lincoln County Farmers Market facility.
- Casey County Cattlemen's Association, Inc., was approved for \$8,000 in Casey County funds, as well as additional county funds matched with state funds not to exceed one-half the project costs, for panels and a sale ring for handling cattle.
- Asbury Theological Seminary was approved for \$2,500 in Jessamine County funds for its community garden.
- Warren County Conservation District was approved for \$2,500 in Warren County funds for a community garden to be developed in conjunction with the Warren County Housing Authority.
- Warren County Extension District Board was approved for \$75,000 in Warren County funds to build a commercial kitchen.
- Baesler Farms was denied its funding request to purchase hemp processing equipment due to limited producer impact and the uncertainty of the hemp status related to the Farm Bill.

In response to a question from Representative Dossett, Mr. McCloskey stated there are two projects in Christian and Hopkins County. There is a \$400,000 dairy processing project due to increased dairy prices and a \$3 million expansion of a seed cleaning business.

In response to a question from Senator Parrett, Mr. McCloskey stated the contracts with Kroger will be renegotiated to create a new market for farmers due to the closing of Dean Foods in Louisville.

Kentucky Cattlemen's Association

Dave Maples stated the Kentucky Cattlemen's Association (KCA) works with the 38,000 independent family-owned farms. The KCA formed in 1973 and has 10,668 members in all 120 counties in Kentucky. There is strong domestic demand for the members' products. Some of the challenges for KCA include cattle leaving Kentucky, fake meat, tariffs, exports, traceability, and animal rights groups.

The KCA has started Beef Solutions, LLC to process local beef product for distribution through Kroger. Two hundred cattle have been processed, and 89,015 pounds have been packaged.

Kentucky Beef Network

Becky Thompson stated the goal of the Kentucky Beef Network is to move the marketed product away from a commodity and closer to a recognized value-added product in demand by retailers. KBN uses proven, modern production practices for master cattlemen and master grazer classes, which have increased the total pounds of beef produced.

The Integrated Reproductive Management Program started four years ago and has spread throughout Kentucky. The focus of the program is to narrow the calving window so there are more pounds weaned. The result is increased revenue when marketing the calves.

The Kentucky Beef Quality and Care Assurance Program has merged with the Cattle Handling and Care Program. The program aims to raise awareness of practices that ensure proper cattle handling and welfare to keep producers safe while continuing to provide healthy beef to consumers.

The Eden Shale Farm is used as a learning center and demonstration farm by the KBN since 2012. In 2017 a fence line feeding system was installed to help producers feed their cattle more efficiently in the winter.

In response to a question from Senator Webb, Mr. Maples said that KCA handles the \$1 checkoff programs. In Kentucky, there is a federal checkoff program in which 50 cents go to the Cattlemen's Beef Board and 50 cents remain in Kentucky. There is also a state checkoff program, and the animal rights groups are coming after the state money. Ms. Thompson stated that advertising campaigns can be misleading when organizations change their names.

The next meeting of the Tobacco Settlement Agreement Fund Oversight Committee will be August 2, 2018. Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.