

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 8th Meeting of the 2019 Interim

November 6, 2019

Call to Order and Roll Call

The 8th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, November 6, 2019, at 1:00 PM, in Room 154 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; Senator Dennis Parrett; Representatives Kim King, Phillip Pratt, Rick Rand, Brandon Reed, and Dean Schamore.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy (GOAP); Bill McCloskey, Deputy Executive Director, GOAP; and Paulette Akers, Director, Division of Conservation, Department for Natural Resources, Energy and Environment Cabinet.

LRC Staff: Stefan Kasacavage, Nathan Smith, and Rachel Hartley.

Governor's Office of Agricultural Policy Report

Warren Beeler provided a brief overview of the Kentucky Agricultural Finance Corporation loan programs including: Agricultural Infrastructure, Agricultural Processing, Beginning Farmer, Diversification through Entrepreneurship in Agribusiness, and Large/Food Animal Veterinary Incentive Program (LFAVIP).

In response to a question from Senator Parrett, Mr. Beeler stated there should be stipulations to be eligible to receive funds through LFAVIP. There should be no tobacco settlements funds granted to veterinarians who only treat small animals such as dogs and cats.

There have been more than 900 loans approved for approximately \$133 million since the tobacco settlement fund was created. Based on an evaluation by the University of Kentucky, 79 percent of lenders would not have funded projects without the participation of the Kentucky Agricultural Finance Corporation.

Bill McCloskey described the Agricultural Development Board's projects for October under the program. Mr. McCloskey highlighted programs including the County Agricultural Investment Program (CAIP) and the On-Farm Energy Program.

The projects discussed included:

- Brangers Angus Farm was approved for up to \$10,000 in state funds to install a water harvesting system as part of a compost bedded pack barn.
- Bagdad Roller Mills was approved for up to \$200,000 in multiple county funds to expand its grain storage and handling equipment.
- Berea College, Grow Appalachia was approved for up to \$274,695 in state and multiple county funds to expand the Eastern Kentucky Direct Integrated Grower Support Program to offer on-farm consultations and production planning.
- The Kentucky Center for Agriculture and Rural Development was approved for up to \$900,000 in state funds over two years to deliver technical assistance and provide educational opportunities to agricultural and rural businesses.
- The City of Hazard was approved for up to \$99,500 in state funds and \$500 in Perry County funds for the construction of a farmers market pavilion.

Division of Conservation

Paulette Akers stated the state cost share program was established in 1994 and started receiving tobacco settlement funds in 2000. The funds provide financial assistance to farmers at a 75 percent reimbursement rate with the assistance of local conservation districts. There are funds that are returned every year due to canceled projects or an overestimation of cost. These funds are appropriated in the next fiscal year. The last biennial budget appropriated \$2.5 million.

The Division of Conservation is currently drafting a regulation revision that will change the funding cap of \$7,500 to \$20,000. The funding cap has not been revised since 1994 and 50 percent of projects are impacted by the current funding cap.

There being no further business, the meeting was adjourned.