

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 2nd Meeting of the 2020 Interim

July 23, 2020

Call to Order and Roll Call

The 2nd meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Thursday, July 23, 2020, at 10:30 AM, in Room 171 of the Capitol Annex. Representative Myron Dossett, 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 Dennis Parrett, and Robin L. Webb; 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; Dave Maples, Executive Vice President, Kentucky Cattlemen's Association (KCA); Becky Thompson, Director, Kentucky Beef Network; and Cary King, Vice President, Executive Committee, KCA.

LRC Staff: Nathan Smith, Kelly Ludwig, and Rachel Hartley.

Report on the projects considered for funding at the June meeting of the Agricultural Development Board

Bill McCloskey described the Agricultural Development Board's (ADB) projects for June. Mr. McCloskey highlighted programs including the County Agriculture Investment Program (CAIP), Next Generation Farmer, Shared-Use Equipment Program, and the Youth Agriculture Incentive Program (YAIP).

The requested program amendments discussed included:

- Barren County Conservation District requested an additional \$106,972 in Barren County funds for CAIP. The board recommended approval, which would bring the program total to \$386,972.

- Lee County Conservation District requested an additional \$40,300 in Lee County funds for CAIP. The board recommended approval, which would bring the program total to \$86,000.
- Washington County Cattlemen’s Association requested an additional \$103,000 in Washington County funds for CAIP. The board recommended approval, which would bring the program total to \$257,000.
- Washington County Cattlemen’s Association requested an additional \$11,000 for YAIP. The board recommended approval, which would bring the program total to \$21,350.
- Owsley County Conservation District requested an additional \$124,000 in Owsley County funds for CAIP. The board recommended approval, which would bring the program total to \$264,000.

The projects discussed included:

- Hardin County Agricultural Extension Foundation was approved for up to \$21,442 in Hardin County funds to purchase small animal livestock pens.
- Trackside Butcher Shoppe was approved for up to \$247,500 in state and county funds to obtain a Global Food Safety Initiative (GFSI) audit and to make facility improvements. The state funds are a forgivable loan and county funds are a grant.
- Jessamine County Future Farmers of America (FFA) Alumni Association was approved for \$8,000 in Jessamine County funds for a 4-H and FFA cost-share program.
- Summit Holdings was approved for up to \$149,072 in state and county funds to obtain GFSI certification and to upgrade equipment to increase capacity and processing speed.
- Baesler Farms was denied \$179,000 in state funds for a hemp processing facility expansion project based on ADB’s hemp policy.
- International Farmaceutical Extracts was denied \$3,475,000 in state funds for a hemp education and processing facility based on ADB’s hemp policy.
- Godby’s Farm and Produce was denied \$323 in state funds to add a water hydrant and drip irrigation system. The project did not meet criteria for a small scale grant.
- Keeton Farms was denied \$10,150 in Wayne County funds to replace a bin dryer with a used high capacity grain dryer. The board denied the project because the payback is greater than 25 years.

In response to a question from Representative Dossett, Warren Beeler stated the amount of rain in Christian County has contributed to very good crops this year. Last year, hemp was approved to be grown on over 30,000 acres and this year hemp is only approved for approximately 10,000 acres. There has to be enough hemp processors for the amount of hemp grown.

Kentucky Cattlemen's Association

Dave Maples testified about the Kentucky Cattlemen's Association's (KCA) long range plan that will be implemented from 2020 to 2025.

Agriculture is considered an essential business during Covid-19 by the Beshear administration. Most of the processing plants in Kentucky and the livestock markets have remained open.

The United States Department of Agriculture has implemented the Coronavirus Farm Assistance Program, which provides direct payments to farmers to offset the impact of Covid-19. In Kentucky, over 18,000 applications were received and approximately \$90 million was awarded to farmers.

Kentucky Beef Network

Becky Thompson provided an overview of the Kentucky Beef Network's (KBN) partnership with the University of Kentucky to focus on management practices, on farm learning, and training programs.

The KBN operates the Eden Shale Farm in partnership with the University of Kentucky, and it has been used as a learning center and demonstration farm since 2012. The farm has hosted producers from 96 counties in Kentucky and 20 states. The large bale feeder plans have been uploaded to the KBN website and it has been downloaded in 30 states.

Beef Solutions is a program created in 2018 to process local beef for distribution through Kroger. The ground beef is available for purchase at 159 Kroger locations within Kentucky, Tennessee, Indiana, and Illinois. In April 2020, a pre-made beef patty was made available at 120 Kroger locations within Kentucky, Tennessee, and Indiana.

In response to a question from Representative King, Ms. Thompson stated during Covid-19, KBN has made training available online and there are management webinars. Cary King stated since Covid-19, the spread between the price of fed cattle and the price of boxed beef has increased approximately 323 percent, which is the largest spread since the inception of the Mandatory Price Reporting in 2001.

In response to a question from Representative Dossett, Mr. Maples stated technology and communication are the future of agriculture in Kentucky.

There being no further business, the meeting was adjourned.