

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 3rd Meeting of the 2021 Interim

May 18, 2021

Call to Order and Roll Call

The 3rd meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Tuesday, May 18, 2021, at 10:30 AM, in Room 129 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, Robin L. Webb, and Whitney Westerfield; Representatives George Brown Jr., Kim King, Phillip Pratt, Brandon Reed, and Rachel Roberts.

Guests: Warren Beeler, former Executive Director, Kentucky Office of Agricultural Policy (KOAP); Brian Lacefield, Executive Director, KOAP; Bill McCloskey, Deputy Executive Director, KOAP; Vic Maddox, Associate General Counsel, Kentucky Office of the Attorney General (KOAG); Carmine Iaccarino, General Counsel, KOAG; and Michael Plumley, Assistant Attorney General, KOAG.

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

The committee presented an award to Warren Beeler for his service to Kentucky.

Kentucky Office of Agricultural Policy Report

Brian Lacefield provided a brief personnel update and stated there has been no disruption of service during KOAP's transition from the Governor's Office to the Kentucky Department of Agriculture.

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

The projects discussed included:

- Jessamine County Future Farmers of America (FFA) Alumni Association was approved for up to \$8,000 in Jessamine County funds for a Jessamine County 4-H and FFA cost-share program.
- Washington County Fiscal Court was approved for up to \$6,953 in Washington County funds to purchase a dump trailer for its deceased animal removal program.

Overview and Update on the Master Settlement Agreement

Michael Plumley stated Kentucky signed the Master Settlement Agreement (MSA) in November 1998. The MSA payments are based on traditional cigarettes sold in the United States by participating manufacturers. Kentucky has received \$2.4 billion since the inception of the MSA, and payments will continue as long as traditional cigarettes are sold. After a portion of the MSA funds are used to pay debt service on rural water and sewer lines, the remaining funds are divided into three accounts: 50 percent to agricultural development, 25 percent to early childhood development, and 25 percent to health care improvement.

The potential causes of future declines in MSA funds are a reduction in sales of cigarettes by participating manufacturers and the growth of electronic cigarettes sales. Electronic cigarettes are generally not covered in the MSA and are estimated to displace a growing share of the traditional cigarette market.

In response to Senator Webb, Mr. Plumley stated electronic cigarettes are not covered by the MSA and there should be a structure similar to the MSA for electronic cigarettes.

There being no further business, the meeting was adjourned.