

# **INTERIM JOINT COMMITTEE ON AGRICULTURE**

## **Minutes of the 1st Meeting of the 2020 Interim**

**June 4, 2020**

### **Call to Order and Roll Call**

The 1st meeting of the Interim Joint Committee on Agriculture was held on Thursday, June 4, 2020, at 9:00 AM, in Room 171 of the Capitol Annex. Representative Richard Heath, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Richard Heath, Co-Chair; Senators Matt Castlen, Robby Mills, Dennis Parrett, Damon Thayer, Stephen West, and Whitney Westerfield; Representatives George Brown Jr, Kelly Flood, Joe Graviss, Mark Hart, Kim King, Matthew Koch, Phillip Pratt, Rick Rand, Brandon Reed, Rachel Roberts, Rob Rothenburger, Steven Rudy, Dean Schamore, John Sims Jr, Wilson Stone, Nancy Tate, Walker Thomas, James Tipton, and Susan Westrom.

Guests: Jamie Guffey, Kentucky Poultry Association, Commissioner Ryan Quarles, Kentucky Department of Agriculture, and Dave Maples, Kentucky Cattlemen's Association.

LRC Staff: Stefan Kasacavage, CSA, Kelly Ludwig, Nathan Smith, and Susan Spoonamore, Committee Assistant.

### **How COVID-19 has Impacted the Meat Industry**

Commissioner Ryan Quarles, Kentucky Department of Agriculture, discussed meat processing issues facing Kentucky and the United States. He said there is plenty of food in America and there are no food shortages, but there are some distribution issues. When employees at meat processing plants started testing positive for Covid-19, those plants shut down temporarily and it caused a shortage of processed meat going to distribution centers and then retail markets. Unfortunately, it also caused an immediate market reaction. Commissioner Quarles stated that over 138,000 Kentucky beef cattle farmers took an economic loss between 30 and 40 percent. The same thing happened for swine farmers, but the poultry industry seems to have fared better. He stated that the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided approximately \$19 billion in funding of which \$3 billion provided commodity buy-ups, and the remaining \$16 billion was for a first round of payments and financial incentives through the United States Department of Agriculture (USDA). He stated that, at this time, Kentucky is not back up to 100 percent in slaughter and processing capacity, but it is getting better.

Commissioner Quarles stated the Kentucky Department of Agriculture, along with the Meat Processors Union in Kentucky, requested of the Governor's Office additional personal protection equipment (PPE), additional testing for meat packing and processing plants, and additional child care benefits.

He also said that there had been an increase in local agriculture and Kentucky Proud sales, and farmers' market activity during the pandemic. There are 30 small USDA inspected meat processing plants in Kentucky, and farmers are utilizing the plants for processing their meat. Most of the plants are already booked until January, 2021. The Ag Development Board set aside \$1 million that will be dedicated to expanding meat processing plants in Kentucky.

Jamie Guffey, Kentucky Poultry Association, said that the Association's goal of feeding the world had not changed over the last three months. He stated that Kentucky farmers receive approximately \$1.2 billion in poultry sales annually. He said that there are over 900 poultry farms in Kentucky, including five broiler hatcheries, two primary breeder hatcheries, and four processing plants. He said that 20 percent of Kentucky's poultry products are sold overseas. The industry still needs more PPE, access to daycare for employees, and for restaurants to open back up.

Dave Maples, Kentucky Cattlemen's Association, said that the beef farmers are still going strong with planting crops, baling hay, and running cattle. The stockyards have been up and running, and the processing plants in Kentucky have really stepped up. The Association has been working with the KDA and Kentucky's congressional delegation. On the positive side, it is clear that consumers want beef; especially ground beef. He said beef producers would like to see more incentives offered to cow/calf producers. He said that an issue facing beef producers right now is how to sell cattle in the feed yard level. He stated that labeling is another issue since there are so many details to be ironed out. In the future, it might be important to look at developing a cow/calf program.

Chairman Heath presented, for review, a draft letter from the IJC on Agriculture members to Honorable William Barr, United States Attorney General, regarding a request for an investigation into potential anticompetitive practices by meat packers in the cattle industry. Members may sign electronically.

In response to Senator Thayer, Commissioner Quarles said that on April 22, 2020, and again in May, he, as the Commissioner of Agriculture, and the Meat Processors Union, Local 227, sent a letter to the Governor and his immediate staff, requesting more PPE, testing, and child care benefits. As of yet, there has been no response.

Senator Hornback said that the farming community and its industries will feel the effects of COVID-19 until the end of the year. As an example, he said that beef farmers

are losing around \$200 a head on every animal that they raise and sell, while the packers are profiting somewhere around \$600 a head. He said that the public needs to know if the packers are U.S. owned companies or foreign owned. He also encouraged farmers/producers who had been directly impacted by the pandemic to sign up for the Coronavirus Food Assistance Program (CFAP) through the Farm Service Agency for financial assistance.

In response to Senator Hornback's question regarding the decrease in ethanol prices, Commissioner Quarles stated that the trade war, unrelated to Covid, had already affected the ethanol market and then stay-at-home orders reduced the number of vehicles on the road. Commissioner Quarles stated that the ethanol plant in Hopkinsville managed to stay open because they started producing hand sanitizer on an industrial scale. He said that 85 percent of the beef processing plants in the United States are run by Cargill, Tyson Foods, JBS, and USA National Beef. Some are very large corporations with foreign-owned interests. Dave Maples stated that JBS and National Beef are Brazilian owned.

In response to Representative King, Commissioner Quarles stated that he and the Kentucky Attorney General sent a letter in May to Hon. William Barr, U.S. Attorney General, requesting an investigation into potential anticompetitive practices by meat packers in the cattle industry. To his knowledge, the investigation had started and there is no timeline for answers. The State Fair Board unanimously approved a draft proposal to hold the State Fair in August, but is waiting for approval from the Governor's Office.

Representative Kelly Flood said that she agreed that child care was an essential component of reopening Kentucky and hopes that it can be done safely.

Representative Mills stated that he recently toured the Tyson plant in Roberts that employed people of forty-one different nationalities. In northwest Kentucky, the Tyson plant has an economic impact of \$300 million with a payroll load of approximately \$75 million. The plant has a full sanitation crew as well as a mobile medical clinic on site. The plant operators are ready for restaurants and child care services to open back up.

In response to Representative Tipton, Commissioner Quarles said that KDA has agreed to reduce its budget and return money to the Treasury this fiscal year and are making plans for a 10 percent reduction for the next fiscal year.

Meeting adjourned.