

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 5th Meeting of the 2021 Interim

November 17, 2021

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, November 17, 2021, at 9:00 AM, in Room 154 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, David P. Givens, Dennis Parrett, Damon Thayer, Robin L. Webb, and Stephen West; Representatives Josh Calloway, Jonathan Dixon, Daniel Fister, Kelly Flood, Derrick Graham, Mark Hart, Mary Beth Imes, Kim King, Nima Kulkarni, Shawn McPherson, Reginald Meeks, Phillip Pratt, Felicia Rabourn, Josie Raymond, Brandon Reed, Cherlynn Stevenson, Nancy Tate, Walker Thomas, and James Tipton.

Guests: Mark Haney, President, Kentucky Farm Bureau; Drew Graham, Executive Vice President, Kentucky Farm Bureau; Ryan Quarles, Commissioner, Kentucky Department of Agriculture; H.H. Barlow, Executive Director, Kentucky Dairy Development Council; Tony Toups, Advantage Capital; Jad Dowdy, Danimer Scientific; and Senator John Schickel.

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

The October 7, 2021 minutes were approved, by voice vote, without objection, upon motion of Representative Reed and seconded by Representative Pratt.

Legislative Issues:

Mark Haney, President, Kentucky Farm Bureau (KFB), laid out KFB's policy positions regarding the following:

- Continue funding and support to expand broadband and high speed internet service availability throughout Kentucky.
- Consider legislation relating to solar farms, require oversight of entity to entity transfers, decommissioning plans, and bonding.

- Continue 50 percent allocation of Master Settlement Agreement Fund to Agricultural Development Board for the purpose of improving net farm income of individual farmers in production agriculture.
- Reform Kentucky tax code and maintain agricultural sales tax exemptions for production agriculture.
- Support the provisions of House Bill 44 (KRS 132.010), limiting revenue from property taxes to 4 percent plus new growth.
- Support adequate funding for rural secondary and county roads.
- Support adequate funding to the Kentucky Department of Agriculture.

In response to Senator Hornback, Mr. Haney said that when solar energy issues are brought up at the county level, landowners, adjoining landowners, and others want answers regarding private property rights. Regulations and oversight are critical.

Senator Hornback said that this may be a good time to start talking about a funding mechanism for the Purchase of Agricultural Conservation Easement (PACE) program to help preserve and protect valuable farm land from any broad-based projects such as solar. Senator Hornback asked if KFB would support a policy that would charge a broad-based impact fee, per acre, for all lands taken out of agriculture use. In response to Senator Hornback, Mr. Haney said that KFB does not have a policy stance on such a fee.

In response to Representative Thomas, Mr. Haney said that KFB is waiting to see the distribution plan of monies received from the federal government for broadband expansion.

Representative Pratt noted that another issue to watch for is how the Waters of the United States (WOTUS) rule will adversely impact every farmer in the United States. In addition, he stated that farmers are suffering financially from the rising cost of fertilizer and chemicals. In response, Mr. Haney stated that KFB is working in tandem with American Farm Bureau Federation in discussing the impact of the proposed WOTUS rules.

Senator West stated that solar energy will be one of the most important issues discussed during the 2022 Regular Session. At this time there are 30,000 acres slated for solar projects.

In response to Representative Tipton, Mr. Haney said that KFB was not aware of a meat processing plant proposal in Western Kentucky until the announcement was made that the company chose to locate in Missouri.

Ryan Quarles, Commissioner, Kentucky Department of Agriculture (KDA), stated that 2021 had been a good year for agriculture production. The number of show exhibitors and animals at the State Fair and the North American International Livestock Show were

up substantially. KDA submitted its legislative proposals for the 2022 Regular Session as follows:

- Support adequate funding for the Department of Agriculture’s operating budget to include staff salary increases.
- Direct American Rescue Plan Act of 2021 funds to include the following: food bank purchases of proteins for distribution, establish a grant program for food banks to purchase shelving, storage, etc., update Future Farmers of America (FFA) facilities, and allocate funding for county fair facility renovations.
- Modernize motor fuel statutes.
- Modernize amusement ride statutes.
- Encourage Congress to consider research and farm practices in drone technology legislation.

Commissioner Quarles said that approximately \$7 million had been invested in 30 meat processing plants across Kentucky. He said that Chaney’s Dairy is now selling milk to 41 Kroger stores.

Representative Graham said it was his understanding that the American Food Group processing plant proposal in Hopkinsville failed because it was not supported by the local community. Commissioner Quarles stated that the project failed because local leadership was excluded and untrue rumors were abundant. Also, the project failed to include key groups such as the Kentucky Cattlemen’s Association and KDA. Senator Webb noted that communities and local and state officials need to be educated on agricultural projects, especially those like the meat processing plant. There are many anti-agriculture groups who thrive on releasing false information to the public.

Mr. Tony Toups, Advantage Capital and Jad Dowdy, Danimer Scientific, discussed ways to increase capital for small businesses in rural Kentucky. Their recommendations were:

- Support the Kentucky Rural Jobs and Opportunity Fund; incentivizing investors and access to capital to rural businesses.
- Model language from the federal New Markets Program and Opportunity Zone legislation.

H.H. Barlow, Executive Director, Kentucky Dairy Development Council (KDDC), said that the three main goals of KDDC are to improve farmer profitability, improve the quality of milk, and encourage farmers to adopt and implement the latest technology through education and involvement opportunities. Despite losing two-thirds of dairy farms over the last 15 years, Kentucky’s dairy farmers are contributing \$175 million to the

agricultural economy. He said that over the last five years, Kentucky has lead the nation in milk production per cow. He said that there is an interest from large dairies in capturing methane from manure, but that discussion is in the beginning stage. Mr. Barlow recommended the following partnerships to help promote and recruit large dairy operations to Kentucky:

- Encourage partnerships with the Department of Agriculture, Cabinet for Economic Development, Agricultural Development Board, and industry representatives.

Representative Heath stated that the Rural Jobs and Opportunity Fund could play a role in agriculture expansion.

Representative McPherson said that the public will need to be educated on the agricultural benefits of bringing large dairies into the state. He said that one of the biggest obstacles will be the Environmental Protection Agency (EPA).

Senator West stated that there are new federal regulations coming out pertaining to methane.

Senator Schickel discussed 2022 RS: BR 490 regarding labeling requirements for fresh produce. He asked for support in requiring retail food stores to include the meteorological season, year, and state in which produce is harvested.

Senator Hornback mentioned that retail stores in Kentucky have done a great job in promoting Kentucky Proud products. Consumers are increasingly demanding to know where their food products are coming from.

Representative Heath stated that he and others are looking at drafting legislation asking for the inclusion of the Commissioner of Agriculture or Kentucky Farm Bureau in economic development projects relating to agriculture.

Meeting adjourned.