

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 2nd Meeting of the 2023 Interim

July 20, 2023

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Agriculture was held on Thursday, July 20, 2023, at 9:00 AM, in Room 154 of the Capitol Annex. Senator Jason Howell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jason Howell, Co-Chair; Representative Richard Heath, Co-Chair; Senators Cassie Chambers Armstrong, Gary Boswell, Matthew Deneen, Damon Thayer, Stephen West, and Mike Wilson; Representatives Mike Clines, Daniel Fister, Derrick Graham, David Hale, Kim King, Matthew Koch, Shawn McPherson, Amy Neighbors, Brandon Reed, Sarah Stalker, Cherlynn Stevenson, Nancy Tate, Walker Thomas, and James Tipton.

Guests: Representative Jason Petrie, Rebecca Hartsough, Babbage Cofounder, Jeremy Buchanan, Executive Director, Purchase Area ADD, Eric Ratliff, Executive Director, Big Sandy ADD, Billie Johnson, Executive Director, Department for Local Government, Rich Storm, Commissioner, Kentucky Department of Fish and Wildlife, Dave Dreves, Fisheries Director, Kentucky Department of Fish and Wildlife, and Chris Wooldridge, Director, Center for Economic and Entrepreneurial Development, Murray State University.

LRC Staff: Stefan Kasacavage, CSA, Kelly Ludwig, Emily Wiley, Graduate Fellow, and Susan Spoonamore, Committee Assistant.

The June 8, 2023, minutes were approved, by voice vote, upon motion of Representative McPherson and seconded by Representative Koch.

Discussion on the Implementation of 2023 Regular Session HB 9 Relating to Economic Relief for Local Communities

Co-Chair Heath defined the acronym in the Kentucky G.R.A.N.T Program as the Government Resources Accelerating Needed Transformation Program. The main objective of the Program is to seize opportunities to leverage state dollars for public projects that will revitalize rural communities. The federal government has allocated \$3 trillion in competitive grants to promote economic and workforce development, infrastructure, substance use disorders, STEM Programs, housing, etc.

Rebecca Hartsough, Babbage Cofounder, explained that the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization identified 25 areas across the United States that need economic revitalization due to job losses and downturns associated with the fossil fuel industry. The Interagency Working Group has prioritized two areas in Kentucky for funding: 21 counties in eastern Kentucky (second priority) and 20 counties in western Kentucky (sixth priority). Ms. Hartsough stated that the federal grant dollars will require matching funds. Several neighboring states, such as Indiana, Ohio, and West Virginia, have appropriated funds to assist grant applicants with matches. Seeing this policy trend, Ms. Hartsough began working with co-sponsors Representative Heath and Representative Petrie to develop 23 RS HB 9 in November 2022.

Ms. Hartsough stated that any local government, nonprofit, area development district, or a coalition of those entities can apply to the G.R.A.N.T Programs for the state match. Applicants seeking G.R.A.N.T Programs funds must be approved prior to applying for the federal grant. If approved, for the federal grant, then the Department for Local Government will enter into an agreement to release the approved funds to the applicant's project. If the project is denied at the federal level, the approved funds will be released back into the pool for which other applicants can apply.

Ms. Hartsough stated that, at the request of Representative Petrie, a group of stakeholders across Kentucky are working to efficiently implement 23 RS HB 9. Local area development districts are hosting workshops to educate local individuals on the G.R.A.N.T Program.

Billie Johnson, Executive Director for the Department for Local Government (DLG), updated the committee on the progress of the G.R.A.N.T application. The DLG is revising the scoring matrix to ensure the application is a simple process. Ms. Johnson stated that the DLG is looking forward to continuing the process and anticipates delivering numbers to the committee in the fall of 2023.

Jeremy Buchanan, Executive Director, Purchase Area ADD, stated that his area development district has been working on projects relating to port facilities in western Kentucky. As a result, infrastructure is improving as the industry develops from the improved facilities. The Purchase Area ADD currently has over \$196 million in projects, including water treatment plants, expansions of river port facilities, transportation, etc. Mr. Buchanan stated that transportation improvement projects are the most difficult for the Purchase Area ADD to provide matching funds.

Eric Ratliff, Executive Director, Big Sandy ADD, stated that much of the coal severance dollars the Big Sandy ADD received were used to match other projects. With that revenue stream diminishing, some communities in eastern Kentucky are in desperate need of matching funds to support projects such as infrastructure, water, and sewer. The

Big Sandy ADD has identified \$164 million of water and wastewater projects needed to improve the area. Mr. Ratliff stated that it would be beneficial to receive matching funds for needed projects.

Representative Petrie stated that 23 RS HB 9 has already become law. An executive order passed in 2021 by the President of the United States provides almost \$1 trillion with a broad scope and applicability to support communities across the country. Representative Petrie encouraged applicants to visit energycommunities.gov and grantreadykentucky.org to identify possible projects. He stated that 23 RS HB 9 provides an opportunity to these two areas in Kentucky that may not have been attainable before. Representative Petrie explained that there is no obligation for repayment once communities receive their matching funds from the G.R.A.N.T Program. He stated that it will be financially beneficial to the general fund to provide a match, rather than fully funding a project. In addition, these dollars are “one-time” funds and are not intended to provide operational support. Representative Petrie stated that he and others are already looking to state budget considerations in the 2024 Regular Session to provide funding for the G.R.A.N.T Program.

Representative King asked that facilitators of the G.R.A.N.T Program be cautious of any stipulations that may come along with federal grant dollars.

In response to Senator West, Ms. Hartsough stated that communities providing its own matching funds can bypass the G.R.A.N.T Program and apply directly to the federal Program. they can proceed and not wait for a state-provided match. She stated that energycommunities.gov is a phenomenal resource to search for open grants. There are also 50 opportunities that do not require matches. Representative Petrie stated that there is no cap for federal funding received the \$1 trillion allocation.

In response to Co-chair Howell, Representative Petrie stated the G.R.A.N.T Program is prospective, which aims towards future projects. Though, statutory modifications may be made to 23 RS HB 9 before the 2024 Regular Session.

In response to Representative McPherson, Ms. Hartsough stated that the G.R.A.N.T Program facilitators anticipate the federal funding pool lasting until 2026 or 2027. Representative Petrie stated that Kentucky needs to take advantage of the small window of opportunity.

In response to Senator Boswell, Representative Petrie stated that if a county has not been identified by the federal government as a second or sixth tier priority, it can still submit a G.R.A.N.T application, but will not be considered unless it collaborates with a county that is in those identified areas. Incorporating counties that are a non-priority may affect the chances of approval at the federal level.

In response to Co-chair Howell, Representative Petrie stated that it would be beneficial to list a county identified as a second or sixth priority by the Interagency Working Group as the primary applicant for these federal grants.

In response to Senator Chambers Armstrong, Representative Petrie stated that state and federal government Programs tend to preference larger regional projects that have broader outcomes. He recommended that individuals attend upcoming training sessions to know if they will be a priority for the federal grants.

Senator Chambers Armstrong stated that, for local governments, collaboration may reduce the compliance burden regarding grant reporting.

In response to Co-chair Howell, Representative Petrie stated that collaboration with neighboring state counties is a possibility when applying for federal grants. Though, G.R.A.N.T Program dollars are not intended to go outside the state. Ms. Hartsough stated that the Interagency Working Group has established rapid response teams across the country to encourage collaboration near state borders and are considering a team near the Kentucky-West Virginia border.

In response to Representative Stalker, Representative Petrie stated that statutory requirements in 23 RS HB 9 are one-time funds and applicants should restructure their budgets if they are considering an operational Program or project.

Ms. Hartsough shared the links to energycommunities.gov and grantreadykentucky.org for applicants to utilize in the application process. Co-chair Heath stated that applicants should apply when considering a project.

Co-chair Howell commended those working with the G.R.A.N.T Program for their dedication to support opportunities for the state.

Update on the Management of Asian Carp in Kentucky

Rich Storm, Commissioner of the Kentucky Department of Fish and Wildlife Resources, stated that his department has created an industry to mitigate Asian Carp. This industry includes human and animal consumption. During his tenure, 34 million pounds of Asian Carp have been removed from waterways in Kentucky.

Dave Dreves, Fisheries Director, Kentucky Department of Fish and Wildlife Resources, stated that there are four species of carp that are ‘invasive carp’: Big Head Carp, Grass Carp, Black Carp, and Silver Carp. Silver Carp have the potential to jump out of water and injure recreational boaters and interfere with sport fish populations. These fish were initially introduced into ponds in Arkansas to control algae, then spread to the Mississippi River, and have gradually made their way to Kentucky. Invasive carp have the potential to damage the nearly \$3 billion fishing and boating industry in the state. The

Department of Fish and Wildlife Resources sells about 550,000 fishing licenses, generating \$1.2 billion. The Kentucky boating industry consists of about 1.2 million boaters, generating \$1.9 billion.

Director Dreves stated that, since 2013, Kentucky has increased its efforts to mitigate the population of invasive carp. The only viable solution to control the population growth of these fish is commercial fishing. For example, in March 2013, the Kentucky Department of Fish and Wildlife Resources hosted “Carp Madness,” which was the first ever commercial fishing competition in the state. There are 10 full-time, federally funded positions in the department that work with carp, with five positions in western Kentucky and five in Frankfort. The department’s goal is a complete eradication of invasive carp by slowing the expansion into new waters and create Programs and regulations to assist commercial fishermen to fish for Asian carp. For example, there is currently an eight cent per pound subsidy on invasive carp harvested in Kentucky and Barkley Lakes, provided by federal funds. In addition, the department has provided regulatory exceptions to fish for invasive carp.

Director Dreves stated the Kentucky Department of Fish and Wildlife, along with commercial fishermen, harvest about 10 million pounds of invasive carp per year. Since 2013, 50 million pounds of carp have been harvested statewide.

Chris Wooldridge, Director of the Center for Economic and Entrepreneurial Development at Murray State University, has collaborated with the department to assist with the market aspect of minimizing the number of invasive carp. One way to address the issue is to create demand for bait, fertilizer, and consumption. The hope is that a market approach will contain and control invasive carp, create a market incentive, and add jobs to the region.

Commissioner Storm stated that the history of invasive carp comes from private ponds in Arkansas which flooded into tributaries, creating the current issue of invasive carp in Kentucky. 23 RS HB 9 could provide support to needed infrastructure to limit the carp population.

In response to Co-Chair Howell, Director Dreves stated the department is reviewing administrative regulations to make commercial fishing more effective and appreciates the General Assembly’s support. Commissioner Storm stated that there are geographical limitations regarding transportation of carp; 23 RS HB 9 could be a solution.

In response to Senator Boswell, Commissioner Storm stated that electrofishing is only used by federal and state resource agencies and is not allowed for commercial use. Reasoning for the prohibition include the effect on nontarget species and safety of users. Bow fishing does not have a large impact on the total amount harvested.

In response to Senator Wilson, Director Dreves stated that there is a contract fishing agreement to pay fishermen federal funds to fish for invasive carp. Fishers are aware that the department's goal is to eliminate carp. Commissioner Storm stated that groups acknowledge realistic goals and the economic opportunities that come along with preventing the expansion of an invasive species. Director Woolridge stated that invasive carp will not be eradicated unless there is another invasive species brought in to consume invasive carp.

In response to Representative Fister, Director Dreves stated that the federal government has begun to use the term "invasive carp" rather than "Asian carp." The species of carp has not expanded.

In response to Representative Hale, since 2013, there have been approximately 50 million pounds of invasive carp harvested. Approximately 90 percent of this harvest comes from Kentucky and Barkley Lakes. The fish are sold for 15 to 20 cents per pound. The primary customers of invasive carp are producers of bait, fishmeal, fertilizer, and human consumption.

Representative Hale thanked the department for all its work, and encouraged Governor Beshear to provide additional support to the Fish and Wildlife Resources.

Meeting adjourned.