

# **INTERIM JOINT COMMITTEE ON AGRICULTURE**

## **Minutes of the 6th Meeting of the 2024 Interim**

**November 7, 2024**

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

The sixth meeting of the Interim Joint Committee on Agriculture was held on November 7, 2024, 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: Representative Richard Heath, Co-Chair; Senator Jason Howell, Co-Chair; Senators Matthew Deneen, David P. Givens, Damon Thayer, Robin L. Webb, Stephen West, Whitney Westerfield, and Mike Wilson; Representatives Josh Calloway, Mike Clines, Daniel Fister, Derrick Graham, David Hale, Mark Hart, Kim King, Matthew Koch, Shawn McPherson, Amy Neighbors, Michael Sarge Pollock, Phillip Pratt, Sarah Stalker, Nancy Tate, Walker Thomas, and James Tipton.

Guests: Jonathan Shell, Commissioner, Kentucky Department of Agriculture; Drew Graham, Executive Vice President, Kentucky Farm Bureau Federation; Larry Clark, 2nd Vice President, Kentucky Farm Bureau Federation; Niki Ellis, Executive Director, Kentucky Pork Producers; Daniel Adams, Policy Chairman, Kentucky Pork Producers Association; Jamie Guffey, Executive Director, Kentucky Poultry Federation; H.H. Barlow, Executive Director, Kentucky Dairy Development Council, and Laura Knoth, Executive Director, Kentucky Corn Growers Association and the Kentucky Small Grain Growers Association.

LRC Staff: Stefan Kasacavage, Hillary Abbott, Kelly Ludwig, and Rachel Hartley.

### **Approval of October 17, 2024 minutes**

The October 17, 2024, minutes were approved, without objection, upon motion made by Senator Howell and seconded by Representative Fister.

### **2025 Regular Session Legislative Priorities**

Jonathan Shell, Commissioner, Kentucky Department of Agriculture (KDA), stated agriculture is economic development. The KDA would like to reorganize the department to include an economic development division, allow the Raising Hope Program to become a standalone division, and consolidate the Shows and Fairs and Livestock Divisions. The KDA has also been working with hospitals on the Food is Medicine project. Commissioner Shell highlighted problems in the food distribution system from a communication and education standpoint. KDA is working on a supply chain flow chart to help communities and farmers

navigate food distribution opportunities. Commissioner Shell stated there is an ethics restriction on KDA employees' eligibility for Master Settlement Agreement funds that needs to be addressed, as it should only apply to Kentucky Office of Agricultural Policy employees. KDA would support a joint resolution establishing criteria and a program structure for an economic development fund.

In response to Representative Pollack, Commissioner Shell said 2023 marked the first time Brazil outpaced the United States in corn production. When there are trade issues, farmers are usually the first to take a financial hit. Commissioner Shell stated Kentucky needs to consume more of its grain production and KDA is hoping Kentucky can tap into the sustainable aviation fuel market.

In response to Representative McPherson, Commissioner Shell stated 51 percent of heifers are processed. The beef cow herd has declined and Kentucky will need to replenish those cows.

Drew Graham, Executive Vice President, Kentucky Farm Bureau Federation (KFB), stated KFB supports maintaining the 50 percent allocation of Master Settlement Agreement funds to the Agriculture Development Board. KFB also supports adequate funding for the Kentucky Department of Agriculture, increasing funding for the state's riverport industry, maintaining support for the Kentucky Livestock Innovation Center, continuing agricultural sales tax exemptions for production agriculture, continuing to limit revenue from property taxes to 4 percent new growth, preserving property rights of agricultural landowners and supporting efforts to keep agricultural land in production, and allowing active farmers to be eligible for agricultural tax credits for land sold from farmer to farmer. Larry Clark, 2nd Vice President, KFB, stated, from 2017 to 2022, Kentucky lost more than 500,000 acres of farmland.

In response to Senator West, Mr. Graham said he would provide research on the different sectors purchasing farmland and taking it out of agricultural production.

Senator Givens said there is a \$3 million cap on a tax credit for new farmers, which is being under-utilized. The language needs to include current farmers.

In response to Senator Howell, Mr. Graham said he was not aware of any tax credit or incentive for a beginning farmer who rents agriculture property.

In response to Representative Stalker, Mr. Graham said he did not know how much of the \$3 million was being utilized. Representative Stalker asked that the information be provided to committee staff.

In response to Senator Deneen, Mr. Graham said the inheritance tax does affect the

preservation of farmlands.

In response to Representative Tipton, Mr. Graham said KFB contributed matching funds to states affected by storms and hurricanes. Mr. Clark said Georgia actually lost more farmland than North Carolina.

Senator Wilson noted only four countries have prime farmland, including the United States. He asked what could be done to control the sale of prime farmland in Kentucky. Mr. Graham said that it comes down to how much a property is worth. KFB is continually working to find solutions.

Niki Ellis, Executive Director, Kentucky Pork Producers (KPP), highlighted several case studies KPP is closely tracking. Kentucky has lost approximately 200 hog farmers over the last few years. The biggest reason for the loss was California's Proposition 12, which included space requirements for those selling pork to California. She said farmers lost their ability to market their hogs. Daniel Adams, Policy Chairman, KPP, said animal extremists are pushing legislation to require sprinkler systems in all barns. KPP uses International Fire Code Standards and is considering legislation to protect livestock producers.

In response to Senator Howell, Ms. Ellis stated the National Fire Protection Association (NFPA) says livestock barns have ventilation systems and, if sprinkler systems malfunction, it would shut down the ventilation systems which could result in severe animal welfare concerns. If sprinkler systems are installed, there is a significant risk of biosecurity. There is a greater risk of inspectors carrying germs from barn to barn.

Jamie Guffey, Executive Director, Kentucky Poultry Federation, stated Kentucky is still number one in poultry production but for the last few years, growth in the industry has been stagnant. The Kentucky Poultry Association recommends that the State Veterinarian or the Commissioner of Agriculture be permitted to request the Department of Transportation to waive the number of driver hours in emergency situations. The federation would also support recruitment efforts for egg processing facilities. Laura Knoth, Executive Director of the Kentucky Corn Growers Association and the Kentucky Small Grain Growers Association, stated Kentucky continues are the most productive corn producers in the world.

In response to Senator Howell, Mr. Guffey said Kentucky is seeing more free-range birds. The poultry industry is seeing more pastured raised birds and organic birds, while maintaining the number of poultry houses.

In response to Representative McPherson, Ms. Knoth said the outgoing President of Mexico instituted a policy to refuse Genetically Modified Organism (GMO) corn. The United States

Grains Council is working with the new President to change that policy.

In response to Senator Givens, Mr. Guffey said he was aware of companies offering better and different contracts to new poultry farmers and new or existing poultry houses willing to build a new poultry house. The companies want to expand but costs and interest rates prohibit poultry farmers from expanding without the upfront money. He could not speak as to why money was not being offered to legacy poultry farmers.

H.H. Barlow, Executive Director, Kentucky Dairy Development Council, stated, in 2023, Kentucky had 340 dairy farms. He stated Kentucky is only providing half of the milk that it takes to supply the processing plants in Kentucky. The two primary ways to grow the dairy industry are to increase herd size and to recruit new dairy operations. Kentucky is poised to attract new development because of its water supply, climate, cheap energy, abundant feed supply, and proximity to consumers. California dairies have expressed interest in relocating to Kentucky. The dairies interested in moving to Kentucky are not corporate dairies, but are family owned. A new 5,000 cow dairy would cost around \$60 million for infrastructure only. Mr. Barlow said creating economic incentives, streamlining the permitting process, and all relevant agencies working together, would help attract new dairies.

In response to Senator Givens, Mr. Barlow said Tennessee does not have the infrastructure Kentucky has, with only two processing plants. He stated most of the milk harvested in the United States is done by Hispanic labor.

Representative Tipton asked Mr. Barlow to provide specific information on what the delays have been for new dairies wanting to locate in Kentucky. Mr. Barlow said the Division of Water was the problem for losing one big dairy. There is property available for new dairies in several counties across the state.

### **Adjournment**

With no further business, the meeting adjourned.