

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

December 11, 2018

Call to Order and Roll Call

The 8th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Tuesday, December 11, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Senator C.B. Embry Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Senators Paul Hornback and Dennis Parrett; Representatives Phillip Pratt, Rick Rand, and Brandon Reed.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy (GOAP); Bill McCloskey, Deputy Executive Director, GOAP; and Paulette Akers, Director, Division of Conservation.

LRC Staff: Tanya Monsanto, Kelly Ludwig, Nathan Smith, Donna Barney, and Rachel Hartley.

Governor's Office of Agricultural Policy Report

Warren Beeler summarized the approved guideline revisions adopted by the Agricultural Development Board that will be effective for applications at the January meeting. All projects have legal agreements and are approved on a reimbursement basis.

There are new additions to the County Agricultural Investment Program (CAIP) including annual trainings and a prohibition on members of scoring committees receiving funds.

In response to a question from Senator Parrett, Mr. Beeler stated you cannot be a member of the scoring committee and approve funds for your own project at the county level.

Bill McCloskey described the Agricultural Development Board's projects for October under the program. Mr. McCloskey highlighted programs including CAIP, Next Generation Beginning Farmer, and Shared-use Equipment.

Requested program amendments discussed included:

- Adair County Cattlemen’s Association requested an additional \$18,000 in Adair County funds for CAIP. The board recommended approval, which would bring the program total to \$169,000.
- Adair County Cattlemen’s Association requested an additional \$3,600 in Adair County funds for the Youth Program. The board recommended approval, which would bring the program total to \$29,850.
- Hancock County Conservation District requested a change in the limit for the Youth Program maximum award from \$200 to \$1,500. The board recommended approval.

Projects discussed included:

- The Hopkins County Extension District Board was approved for up to \$215,000 in state funds and \$35,000 in Hopkins County funds for a farmers market structure as part of the Danny Peyton Outdoor Education Center and Farmers Market in Madisonville.
- David R. and Mollie S. Appelman were approved for up to \$68,502 in state funds and \$1,000 in Mason County funds to implement on-farm water management practices according to the On-Farm Water Research Development and Demonstration project guidelines.
- The LaRue County Board of Education was approved for \$60,000 in LaRue County funds to construct a greenhouse at the high school.
- Two Rivers Fisheries, Inc. requested \$100,000 in Ballard County funds and \$250,000 in state funds to construct a fertilizer processing room. The board denied the request.
- Grundy Hemp Co. LLC requested \$43,250 in state funds to construct guttered greenhouses for growing hemp plants for farmers in the 2019 growing season. The board denied the request due to the status of hemp related to the farm bill.

Mr. McCloskey also described the Agricultural Development Board’s projects for November under the program. Mr. McCloskey highlighted programs including CAIP, Next Generation Beginning Farmer, On-Farm Energy Program, and Youth Agriculture Incentives Program.

Requested program amendments discussed included:

- Buffalo Trace Area Development District, Inc. requested an additional \$21,052 in Mason County funds for CAIP. The board recommended approval, which would bring the program total to \$221,052.

Projects discussed included:

- The Kentucky Horticulture Council was approved for \$1,086,723 in state funds to continue technical assistance, education, research, market analysis, and market access for Kentucky's horticulture industry.
- Breckinridge County Fair, Inc. was approved for \$14,525 in Breckinridge County funds for facility updates to reduce energy costs.
- Western Kentucky University was approved for up to \$63,753 in multiple county funds to complete instrumentation updates to 36 sites.
- The Milkhouse Creamery, LLC was approved for up to \$50,000 in multiple county funds to construct the creamery and purchase equipment to establish a commercial kitchen in Campbellsburg.
- JSW Farm Chop Shop, Inc. requested \$502,000 in state funds to undergo equipment upgrades in its processing facility to improve safety, cleanliness, and efficiency. The board denied the request; however, the board voted to pursue a third-party audit.
- Kentucky Future Farmers of America Foundation, Inc. requested \$165,000 in state funds to hire two Agricultural Education Area Program Specialists for a period of three years. The board denied the request due to limited producer impact and the applicant having the financial ability to fund the project.

Division of Conservation

Paulette Akers stated the state cost share program started receiving tobacco settlement funds in 2000. The funds provide financial assistance to farmers at a 75 percent reimbursement rate with the assistance of local conservation districts. There are funds that are returned every year due to canceled projects or an overestimate of cost. These funds are appropriated in the next fiscal year.

There is a new online application system that will provide greater transparency and produce fewer clerical errors. Due to the delay, the deadline for applications was July instead of January. The backlog of funds will be distributed through two funding cycles with deadlines of July 31, 2019, and December 31, 2019.

The Division of Conservation partners with the Division of Water to determine priority areas. It also partners with the Natural Resources Conservation Service to manage manure run-off through the Regional Conservation Planning Project called Managing Poo.

Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.

