

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

August 15, 2024

Call to Order and Roll Call

The 4th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on August 15, 2024, at 2:00 PM in Room 129 of the Capitol Annex. Representative Myron Dossett, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Myron Dossett Co-Chair; Senator Robin L. Webb; Representatives Kim King, Shawn McPherson, Phillip Pratt, and Rachel Roarx.

Guests: Brandon Reed, Executive Director, Kentucky Office of Agricultural Policy (KOAP); Bill McCloskey, Deputy Executive Director, KOAP; Jay Nelson, Director, Division of Conservation, Energy and Environment Cabinet.

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

Report on the projects considered for funding by the Agricultural Development Board

Brandon Reed provided a summary of Commissioner of Agriculture Shell's activities at the Kentucky State Fair.

For July, the Kentucky Agricultural Development Board (KADB) approved \$3.5 million in funds and the Kentucky Agricultural Finance Corporation (KAFC) approved \$1.5 million in funds.

Bill McCloskey highlighted the following projects approved by the KADB:

- Clark County Fiscal Court was approved for \$7,250 in Clark County funds to make upgrades to the county's dead animal composting facility.
- Orlinda Melon Company was approved for multi-county funds and for matching state funds with an option for a Kentucky Agricultural Development Fund (KADF) participation loan, not to exceed a total amount of \$84,968. The funds will assist in the purchase and installation of a cooler for produce.

- Loretta Grain, LLC was approved for \$750,000 in the form of a KADF participation loan to add additional grain storage at the Danville grain elevator facility.

In response to Representative King, Mr. Reed stated the contest for the biggest pumpkin is the most watched at the Kentucky State Fair. The winner is usually over 1,000 pounds.

In response to Representative Dossett, Mr. Reed stated the next agricultural development regional meeting will be in Morehead on September 9, 2024.

Presentation from the Division of Conservation on the Usage of Tobacco Settlement Funds

Jay Nelson stated the state cost-share program was established in 1994 and 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 overestimation of costs. These funds are appropriated the next fiscal year.

In fiscal year 2024, \$11,364,981 in funding was requested by 876 individuals. Of those requests, 319 individuals were approved for \$3,870,784. The remaining unobligated funding for fiscal year 2024 is \$3,572,035. Annually, approximately one-third of total funding requests are approved. The cut off for fiscal year 2025 funding requests will be November 15, 2024.

In response to Representative Roarx, Mr. Nelson stated that prior to the Master Settlement funding the cost-share program was funded through the general fund.

In response to Representative McPherson, Mr. Nelson expressed uncertainty regarding the legality of putting unobligated funds into a money market account.

In response to Senator Webb, Mr. Nelson stated there are more applications from central Kentucky than eastern Kentucky. Senator Webb stated there should be a strategy to spread awareness about the cost-share program.

Adjournment

There being no further business, the meeting was adjourned.