TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

September 10, 2026

Call to Order and Roll Call
The fourth meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on September 10, 2026, at 10:30 AM ET/9:30 AM CT in Room 129 of the Capitol Annex. Representative Michael Sarge Pollock, Chair, called the meeting to order, and the secretary called the roll.

Present were:
Members: Representative Michael Sarge Pollock, Chair; Senator Craig Richardson; and Representatives Myron Dossett, Daniel Fister, Erika Hancock, Kim King, Shawn McPherson, 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 (EEC); Ted Jessup, President, Kentucky Association of Conservation Districts; and Eric Allness, State Conservationist, Natural Resources Conservation Service (NRCS), United States Department of Agriculture (USDA).

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

Approval of minutes for the meeting of June 11, 2026
A motion was made by Representative Fister and seconded by Representative McPherson to approve the June 11, 2026, meeting minutes. The motion was approved by voice vote without objection.

Report on the projects considered for funding by the Agricultural Development Board
Brandon Reed, Executive Director, KOAP, provided a brief overview of activities at the Kentucky State Fair.

From June 2026 to August 2026, the Kentucky Agricultural Development Board (KADB) approved $7.9 million in funds, and the Kentucky Agricultural Finance Corporation (KAFC) approved $6.1 million in funds.

Bill McCloskey, Deputy Executive Director, KOAP, highlighted the following projects:

- The city of Middlesboro was approved for $2,903 in Bell County funds and $230,000 in state funds to construct a new farmers market pavilion.
- Need More Acres Farm, LLC was approved for $62,500 in multi-county funds and $212,671 in state funds to establish a year-round food hub.
- Central Kentucky Feed, LLC was approved for $65,000 in multi-county funds to construct a commodity shed.
- The Kentucky Department of Agriculture was approved for $62,000 in state funds to establish a statewide monitoring and education program targeting the invasive yellow-legged hornet.
- Creekside Veterinary Services, LLC was approved for $16,667 in multi-county funds and $83,333 in state funds as part of the Large and Food Animal Veterinary Incentives Program to upgrade its existing facility.
- Prime Poultry Partners, LLC was approved for $4,000 in Taylor County funds and a forgivable loan for $162,755 to purchase poultry processing equipment.

In response to Chair Pollock, Mr. McCloskey stated Prime Poultry Partners, LLC has a 9,000 square foot poultry processing facility, which is the only poultry processing facility of that scale in Kentucky.

Presentation from the Division of Conservation

Jay Nelson, Director, Division of Conservation, EEC, 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.

Mr. Nelson stated the tobacco settlement funds are declining, and he explained that since 2019 the tobacco settlement funds have been split between the state cost-share program and the conservation district direct aid fund.

Mr. Nelson provided application and approval statistics and geographic distribution maps. He noted obligated balances and the cost-share program's reliance on the federal Environmental Quality Incentives Program.

In response to Chair Pollock, Mr. Nelson stated the direct aid provided by the Division of Conservation to conservation districts comprises each district's operational budget, which can be used for budget items such as employee salaries or educational materials.

Presentation from the Kentucky Association of Conservation Districts
Mr. McCloskey emphasized the critical local partnership among conservation districts, the NRCS, and state programs, and urged continued support for direct aid programs and state cost-share programs. Mr. McCloskey highlighted the decentralized, county-level delivery model for the County Agricultural Investment Program (CAIP), and noted the administration of CAIP funding will shift to the conservation districts by 2031.

Eric Allness, State Conservationist, NRCS, USDA, highlighted the relationship between the federal farm bill, state conservation programs, and the tobacco settlement funding. The NRCS provides technical and financial assistance and that state funds fill gaps where federal funding cannot.

Ted Jessup, President, Kentucky Association of Conservation Districts, stated direct aid and state cost-share funding have declined even as districts are asked to do more. Mr. Jessup highlighted the roles of conservation districts in emergency response and promoting conservation innovations. He asked that adequate funding be provided to conservation districts to carry out these responsibilities.

Adjournment
There being no further business, the meeting was adjourned.