

## **Governor's Commission on Family Farms**

### **Meeting Minutes**

**March 26, 2003**

**The Governor's Commission on Family Farms met on Wednesday, March 26, 2003 in the Paul P. Borden Conference Room of the Kentucky Higher Assistance Authority Building in Frankfort, Kentucky.**

#### **Members Present:**

Bill Atkins; Janet Johnson; Faye Kourthaus; Charles Miller; Dr. Robert Sparks; Ms. Mattie Mack; Ira Linville designee for Commissioner Billy Ray Smith; Steve Moore; Jim Naive; Bonnie Tanner; Susan Goddard designee for Secretary Allen Rose; Jeff Hall; Bruce Harper designee for John-Mark Hack

#### **Members Absent:**

John Berry; James Kirby Hancock; Susan Harkins; Sylvia Lovely; Kenneth Mattingly; John Medley; William Brandon Reed; Denise Hoffman; Marc Johnson; David Kash; Al Pedigo; Dr. Jennifer Marsh; Luther Mason; Shiela McCord; Louie Rivers

#### **Governor's Office of Agricultural Policy Staff Present:**

Joel Neaveill; Bruce Harper; Edith Fultz

#### **Guest:**

DeVon Hankins; Biff Baker; Bryan Alvey

#### **Welcome and Opening Remarks:**

Bill Atkins - Called the meeting to order, welcomed the guests and asked for introductions. The guests introduced themselves. Ms. Atkins asked for roll call.

Bill Atkins - Asked for a motion to approve the minutes of the February 12, 2003 meeting. Dr. Robert Sparks moved to approve; Jim Naive seconded the motion. The motion passed unanimously; the minutes were approved

#### **State Budget in Review:**

Joel Neaveill – Told us that the tobacco settlement money came through intact with the exception of a couple of budget reductions: \$1.1 Million of Tobacco Settlement Funds this year and \$5 million out of next years' budget for rural water line extension services. County funds were intact. All of the reductions came from the state portion.

All in all, this is a pretty good result for Kentucky Agriculture.

Ira Linville – Told us that the Kentucky Department of Agriculture did get enough in the budget to bond the \$1.6 million a year for the next two years for animal shelters. We also gained \$250 thousand in the dead animal disposal. That increased this fund to \$450 thousand a year. It also established some limits on how much state money could go into this fund. The PACE program stayed ok. Overall from a budget standpoint the Kentucky Department of Agriculture is going to be ok this year and with some adjustments will be ok next year. We gained \$50 thousand for mosquito eradication. Joel Neaveill - told us that the bill to extend the bonding authority of the Agricultural Finance Corporation was passed over, so it still limits the loans to \$50 thousand or less. This postpones the idea of recruiting agricultural related businesses into Kentucky. Ira Linville – added that the \$9 million Agricultural Conservation Cost Share Program stayed in. Steve Moore asked how is the dead animal program is going to work. Mr. Linville responded that the Kentucky Department of Agriculture has run a grant program for that for the last five years and they work either through the Extension Council, Conservation District or the Fiscal Courts. The way this \$250 thousand is written in, is to the Fiscal Courts. They are going to have to work out an agreement with the other groups to do that in establishing a 50/50 match up to \$20 thousand. We have a program in place to do that, it is just a matter of changing the number in it on cost share and it is ready to go. Jeff Hall asked if the Governor has appointed new board members for the Agricultural Finance Corporation, if they are now active and if they are going to work to try to get the legislation changed next session. Mr. Neaveill responded, yes.

Bryan Alvey – Gave the report on Farm Bureau. He commented about HB 541 and told us that there were a lot of trade-offs and unfortunately 541 didn't get included. He told us that we consider ourselves very lucky to have kept the Phase I money as other states put that money in their general funds. Our message to the legislature was that our program is a long-term investment. Along with the Phase I money, we had a couple of truck bills, we got the usage tax exempted, but the registration did go up on all trucks. Agriculture only has to pay 40%. The House and Senate overrode a veto on 467. This bill has to do with fines for weight limits on trucks. It doesn't fine you for one axel being overweight and another one underweight. He also told us that the dog retrieval bill was killed. He commented about the possibility of tax reform next year. If there is tax reform we don't have a lot to gain, we have to be careful about losing exemptions. Our hardest fight next year may be for the Phase I money. 390 Passed late yesterday. The Master Settlement Agreement where non participating members have to participate in the agreement. The Illinois Tool Works Bill was attached to that. This offered tax relief. The Governor is against this part of 390. It looks like he can line item this out of 390. Ms. Atkins asked if anything was done about the oversight committee. Mr. Alvey responded that 321 passed which establishes parity on the committee. He told us that the problem is they can't override that if the Governor veto's it. If that Bill stays intact the Senate will appoint their 611 Oversight Committee. He told us that the Oversight Committee will review the

programs and Phase I money the Agricultural Development Board is spending and make recommendations. There was some group discussion and explanation.

Devon Hankins talked about House Bill 391, which was sponsored primarily by Representative Charlie Hoffman and Representative Joe Barrows. This Bill is about marketing home-based processed foods. One component of the bill is to help those who have attempted to diversify. The Bill directs the Health Services Cabinet to modify its regulations to take into account some of the special needs of our agriculture entrepreneurs who are processing foods on a smaller scale and recognize that they have specific needs that need to be addressed. The other component of the Bill is about allowing those folks who currently produce jams, jellies and dry baked goods that are non-hazardous food items to produce these in their homes and legally sell them on the market. They are limited to farmers markets, roadside stands and on-farm operations. The markets are limited to limit risk on a large scale. One of the important aspects of this bill is that, for those people who want to produce acidified and acid modified food products such as sauces and pickles, they are required by federal code to attend processing schools. These schools are very expensive, out of Kentucky and last about a week. We worked with University of Kentucky Extension and the Health Services Cabinet to develop these schools here in Kentucky so that we can provide them here. They have a pilot program starting June 30, 2003. Ms. Hankins explained that they will develop the components of this program and they have until August to implement it. There were some questions and answers from the group on the specifics of hazardous versus non-hazardous products and other issues related to these schools. Bill Atkins requested a report on this Bill available. Ms. Hankins responded, telling us she will provide a small summary of what the Bill does. Jim Naïve asked about meat products. Ms. Hankins told us that meat and dairy products was not added at this time and explained further.

Charles Miller asked Mr. Neaveill to elaborate on the Senate's reluctance to give the authority to the Agricultural Finance Corporation. Mr. Neaveill responded telling us that he doesn't have any information on that issue.

Jim Naïve offered a thought about Phase I and suggested that the agriculture community to begin to work on that and do something like a white paper on what has already happened with some dollar signs about the increases in producer incomes for goats, grapes, or whatever.

Mattie Mack questioned Bryan Alvey on the buyout and what is going to happen to the farmer who doesn't participate in the buyout. She also commented about the disaster relief being .5cents per pound. Mr. Alvey responded on the Tobacco Buyout question and said as far as he knows there won't be any penalty for farmers who don't participate. There are two or three Bills out there on this issue. We don't know yet what form it will take. We are still in the early stages of the Buyout. Jeff Hall explained that even though it is .5cents per pound to producers it amounts to over \$50,000,000 from the Farm Service Agency. He also told us that in all the Bills being introduced there is some type of protection for tobacco to still be raised in Kentucky.

Joel Neaveill told us that in the State Budget, County Councils may use their County Funds up to 4% not to exceed \$15,000 annually for administrative expenses.

Ms. Mack offered comments about small farmer concerns on disaster relief and the Tobacco Buyout.

**Mission of Governor's Commission on Family Farms:**

Bill Atkins directed the Commission members to offer their thoughts to come up with the primary mission of the Governor's Commission on Family Farms.

Commission members offered comments and discussion the summary below is the result of the discussion.

Commit to support the improvement of the quality of life of Kentucky's farm families through:

1. Continuing commitment of Tobacco Settlement Fund for Agriculture
2. Continuing commitment of dollars to other existing programs in support of Tobacco Settlement, Kentucky Department of Agriculture, and University of Kentucky.
3. Education of the consumer of the value Kentucky farm families and Kentucky farm products to provide a better quality of life for all.
  - Food Security
  - Quality, etc. Kentucky
4. Strengthen farm family economic viability through:
  - Healthcare access affordability
  - Access to capital
  - Access to Education
  - Access to Markets
5. Building bipartisan partnership to promote Kentucky agriculture and to eliminate duplicative efforts.

We offer the Governor's Commission on Family farms as a vehicle to help achieve the above goals.

Jeff Hall made the recommendation that we send a letter from the Commission to the Gubernatorial candidates asking if they will to commit to support these five points. There was further discussion with a decision to send this letter as soon as possible.

**New Business:**

Joel Neaveill reminds us that the second annual Kentucky Opportunity Marketplace will be held at Marriott's Griffin Gate on April 21<sup>st</sup>. Bonnie Tanner suggested that we have someone exhibit at this event.

**Next Meeting:**

The next meeting date & location to be determined

**Adjourn:**

The meeting adjourned at 2:35pm