

DRAFT

Meeting Highlights: ADF and Supporting State Governmental Actions Committee

Mac Stone, Chair

Kentucky Department of Agriculture Office

3/25/09

The Chair and committee members present conducted a systematic review of the Goals, Actions and Benchmarks contained in the KAC's strategic plan. The general conclusion is that considerable momentum has already been achieved in addressing many of these items.

Goal 1

It is critical to assure that all Agricultural Development Fund (ADF) proceeds are invested with a purpose of improving the net farm income of individual farmers engaged in production agriculture.

Action 1

"Remove the debt service obligation for water and sewer projects from the ADF on a phased basis, and assign it to the State General Fund."

Status: Did not happen during the 2008 or 2009 General Assembly, and unlikely to happen.

Recommendation: Keep in place.

Goal 1 / Action 2

"Increase by 50% the total committed ADF funds to the Kentucky Agricultural Finance Corporation . . . resulting in an approximately \$40 million revolving loan fund . . .available for agricultural investments."

Status: Got \$5 m. of the \$13 m. that had been requested for this, and revolving loan fund therefore now has current balance of \$34 m. (inclusive of interest), which is moving this in a very positive direction as the revolving fund is likely to continue growing as future loans are repaid.

Recommendation: Keep in place.

Goal 1 / Action 3

"Increase the cap on the Beginning Farmer Loan and Infrastructure Loan programs from \$100,000 to \$250,000. Allow the purchase of livestock to be an eligible item under both KAFC programs."

Status: Beginning Farmer Loan was increased. Infrastructure Loan program was not increased, but this had not been considered likely. Livestock purchase has been made eligible item.

NOTE: This was an "unfunded mandate" since 1984 until the ADF was established.

Goal 1 / Action 4

"[a] Maintain the \$9 million ADF investment in environmental cost-share programs in 2009-10 budget and [b] request restoration of State General Fund support (\$1.6 million / year). [c] Future State budgets should allow the General Fund to assume a greater percentage (24% x \$9 m) each succeeding two-year budget."

Status: [a] yes, accomplished; [b] not accomplished; [c] not accomplished

Recommendation: Keep in place

Goal 1 / Action 5

“Conduct a study to analyze the economic impact of the Agricultural Development Board investments on Kentucky agriculture”

Status: Study is completed and posted on KDA website et. al.

General Recommendation: Need to recognize the significance of ADB funding of \$3.3 million for the Kentucky Proud program (Action is contained under Production Agriculture section of Strategic Plan).

Goal 2

Improve Kentucky’s competitiveness with other states by enhancing net farm income through legislation and tax law modifications.

Example Actions from Strategic Plan:

- [a] Remove sales tax on animal health pharmaceuticals
- [b] Missouri’s feeder calf tax credit program
- [c] Tax law changes affecting the equine business
- [d] Virginia’s dairy price stabilization policy
- [e] Energy policy with state incentives for producers and consumers

Status:

[a] and [b] – no action

[c] maybe **(need further research / documentation)**

[d] First step was taken via HB 153 to establish a Milk Commission; allows all stakeholders to sit together to look at issues

[e] ADB voted to add energy efficiency and production investment

Additional Status Items:

- SB 84 was passed, incenting State agencies and Government boards to purchase more Kentucky produce.
- Resolution was passed to encourage Kentucky tobacco exports.
- The ADB / GOAP is to do a study on incentives needed to bring large dairies to Kentucky.

Recommendation:

- The Example [a – e] items above were recommended for inclusion in the KAC Strategic Plan by the Cattlemen’s Association. However, we should search for new / additional items from other commodity groups to expand this list for future Strategic Plan updates. Example: weight variance adjustment that has been helpful to cattle farmers out West.
- Also, there is a sense by Committee members that additional steps may have been accomplished that we have not yet identified; we should look for these.

Goal 3

Streamline the environmental permitting process for production agriculture expansion projects and new facilities.

Action 1

“The Kentucky Agricultural Water Quality Authority (AWQA) should be given increased input and decision-making capacity in developing permitting guidelines and a reasonable length of time required for permit issuance (3-6 months).”

Status: none (see Recommendation)

Recommendation:

- Need to get further input from Steve Coleman as subject expert on this topic. Need to provide additional, clear Benchmarks with his help to guide action.
- Need to account for the fact that individual counties have different standards; a need to make the processes consistent across Kentucky.
- Look at current processes and procedures to develop an approach based on adopting best practices for “comprehensive nutrition management planning”. Develop systems to mitigate environmental problems, e.g. hog manure composting; help circumvent / reduce need for water quality permits through such strategies.

Goal 3

Ensure that Kentucky agricultural interests are strongly represented at the federal level, in order that Kentucky producers and processor can take full advantage of all Federal grants and/or funding through USDA, DoE and other Federal funding opportunities.

Action 1

“Encourage the Kentucky Department of Agriculture (KDA) to commit resources to establish a strong Washington D.C. liaison in coordination with efforts of the Kentucky Farm Bureau, Kentucky universities, other agricultural organizations and other State of Kentucky departments.”

Status:

- KAC has helped coordinate letter writing to influence new FDA regulations regarding dead animal removal and BSE.
- Dr. Will Snell of U of K College of Agriculture recently testified before House Agriculture Subcommittee on Rural Development, Biotechnology, Specialty Crops and Foreign Agriculture.

Recommendation:

- The Action statement should be reorganized or repackaged to have KAC become a convener of an effort by the named organizations and entities to examine their individual and collective approach to federal relations. A focus should be established on asking congressional field offices what the respective elected officials see as issue in agriculture, how they would like to work with Kentucky agricultural interests. KAC should help inventory the existing government affairs resources currently representing state interests at the Federal level.
- We need a new Action re: support for production agriculture to help address the dead animal disposal issue.