

Burley & Dark Tobacco Producer Association First Year Report - 2022

Opportunities for US leaf growers

- US & World demand is still there.
 - 5.2 trillion cigarettes consumed (1.1 billion smokers worldwide).
 - For every 1500 cigarettes 1 pound of burley is consumed.
 - Over half of the burley used in US cigarettes will be imported.
 - US-grown leaf has proven to be superior to imported leaf. Companies now acknowledge they need domestic leaf.
 - US-grown leaf meets ESG compliance.
- Current production in Kentucky sits at around \$250-300 million which is still significant to Kentucky's economy (ranks #7 in KY commodities) according to the Kentucky Department of Agriculture.
- Infrastructure.
 - Secure, long-term contracts will allow producers to improve infrastructure for future growth.
- Technologies.
 - Explore ways mechanization can reduce production costs.
- International markets.
 - China is the largest user of tobacco, but they import very little burley tobacco. BDTPA will explore opportunities to gain access to that market, and others, in conjunction with other tobacco associations, to achieve best prices and economics of scale in shipping.

Challenges facing the industry

- Yield trends.
 - BDTPA is actively engaged with university researchers and plant breeders to improve yields through new and improved varieties, improved crop practices such as fertilization, weed and disease control as well as improved housing and curing techniques.
- Labor.
 - BDTPA is working closely with industry leaders, labor groups and elected officials to improve legislative rules governing H-2A to make the program more accessible and affordable for growers.
- Loss of revenue.
 - BDTPA continues to work with tobacco companies to improve market opportunities for growers.

- Aging tobacco infrastructure.
 - BDTPA has been working with companies to address market conditions and improve profitability to allow producers to make infrastructure updates.
- Age of producers.
 - The average age of a tobacco producer is currently around age 64. BDTPA is working on ways to increase interest among potential young or beginning tobacco farmers. Association leadership has worked with Kentucky Farm Bureau. About 20 of the 87 registrants who attended BDTPA'S first Annual Meeting in Bowling Green were young farmers.

Objectives of the Association

- Develop a true grower organization, unified with one voice.
 - Create an up-to-date database of active growers (in process and list is growing).
 - Work with industry partners to address legislative and regulatory issues
 - Work with processors to improve pricing and contracts issues.
- Develop resources for growers to utilize.
 - Work with university research and seed companies to bring better yielding varieties for producers to utilize.
 - Work with crop input companies and regulatory oversight agencies to bring new products to market that will help producer yields and profitability.
- Communicate industry news and trends to growers in a timely fashion.
- Quarterly newsletters with industry news and product updates.
 - Build a strong foundation for growers to continue.
 - Be a unified voice for producers on issues impacting the industry.
 - Work with companies to improve profitability and advocate for growers.
 - Help improve knowledge and profitability of growers by working on key issues.
 - Field days and educational events.
 - Newsletters.
 - Grower meetings.
 - Coordinating events with GAP Connections.
 - Coordinate events with industry partners.
 - Eventually bring the Council for Burley Tobacco into BDTPA to handle check-off dollars.

First Year Accomplishments

- BDTPA Board of Directors (all uncompensated volunteers).
 - **Class 1 Board Members** (term expiring 2026).
 - Al Pedigo
 - Penny Greathouse
 - Darrell Varner

- **Class 2 Board Members** (term expiring 2024).
 - Leroy Cannon
 - David R. Demarcus, II
 - Mark Turner
 - Berkley Mark
- **Class 3 Board Members** (term expiring 2025).
 - Clay Darnell
 - Dale Seay
 - Bradley Shearn
 - Jason Wade
- **Officers** (elected at 2023 Annual Meeting).
 - President Al Pedigo
 - Vice President Darrell Varner
 - Secretary Penny Greathouse
 - Treasurer Jason Wade
- Board met quarterly in 2022 to plan and organize Association activities, develop policy positions on issues, and plan 2023 Annual meeting.
- Effective budget use and oversight by Board.
 - Checks and balances to oversee finances and financial disbursements (expenses).
 - Each section of the budget has a specific coding number to track funds.
- Executive Director.
 - Joe Cain began work on Sept. 1, 2022, paid \$5,000/month.
 - UK College of Agriculture BS in Agriculture 1980.
 - University of Kentucky Cooperative Extension Service (Extension) 1980-88.
 - Southern States Cooperative Senior Agronomist 1988-2005.
 - Agribusiness Association of Kentucky (ABAK) Board 1980-2005, Executive Committee 2000-2005, President 2003-2005.
 - Kentucky Farm Bureau (KFB) Director of National Affairs and Commodity Division Director 2005-2022.
- First Annual Meeting (January 19, 2023 in Bowling Green, KY).
 - Held in conjunction with Kentucky Commodity Conference.
 - Conducted educational conferences beneficial to producers.
 - Registration for the meeting included 87 producers and industry representatives.
 - Business was conducted including election of directors and officers.
 - The 2024 Annual Meeting site has been secured, with plans for an expanded agenda.
- BDTPA will hold a Summer Meeting/Field Day in the dark tobacco region (south-central Kentucky or north-central Tennessee).

- Regional Partners to promote membership and address issues affecting leaf production in the region.
 - GAP Connections Quarterly Board Meetings.
 - President Al Pedigo represents the group as a GAP Board member and serves on the Executive Committee.
 - Executive Director Joe Cain serves as a GAP Board Observer.
 - Association has been active in promoting GAP certification meetings across the region in 2022 and 2023.
 - Association representatives attend GAP certification events.
 - Kentucky Department of Agriculture.
 - BDTPA Leadership routinely work with KDA officials on issues affecting tobacco: crop inputs, regulatory oversight, water issues and marketing issues.
 - KDA Commissioner of Agriculture Ryan Quarles attended and spoke at the January 19 Annual Meeting in Bowling Green.
 - Kentucky Farm Bureau.
 - Kentucky Farm Bureau has given BDTPA a \$5,000 grant.
 - BDTPA leadership attended the KFB Commodity Executive Legislative Preview meeting in Louisville in November 2022 and provided an update on the Association and legislative and regulatory issues affecting tobacco.
 - Kyle Kelly, KFB Public Affairs Director, spoke at the January 19 Association Annual Meeting.
 - Regularly work with KFB leadership and Public Affairs staff on state and federal issues affecting tobacco.
 - Worked to coordinate comments on FDA proposed menthol ban on tobacco products.
 - Worked with KFB staff on updated to tobacco policy for 2023.
 - Kentucky State Board of Agriculture.
 - President Al Pedigo serves on the Board and provides regular updates on tobacco issues.
 - Kentucky Ag Council.
 - BDTPA leadership regularly attends Council meetings.
 - Executive Director Joe Cain now serves on the Council's Board of Directors.
 - State and Federal Elected Officials.
 - BDTPA Leadership has met with US Senators Mitch McConnell and Rand Paul and US Congressmen Jamie Comer, Brett Guthrie, Hal Rogers and Andy Barr, on issues impacting tobacco production in the region. Regular communication is maintained with their staffs.
 - BDTPA Leadership maintain close contact with state senators and

representatives in Frankfort and participated in the KFB Commodity Executive Legislative Preview sessions that featured key General Assembly leadership participating in the meeting.

- Association leadership also participates in key district legislative events and drive-in's when conducted to address issues affecting regional tobacco producers.
- University of Kentucky College of Agriculture Extension Service.
 - BDTPA Leadership regularly interacts with the Extension Service and participates in tobacco events.
 - UK Tobacco Field Day.
 - Central Kentucky Tobacco Grower Meeting: Versailles on January 30, 2023
 - Green County Tobacco Grower Meeting: Greensburg on February 24, 2023.
- Kentucky commodity groups.
 - Executive Director Joe Cain works closely with all organized commodity organizations in Kentucky on common issues. Joe knows these groups through his involvement with Southern States Cooperative and Kentucky Farm Bureau.
- Agribusiness Association of Kentucky.
 - Executive Director Joe Cain works closely with Kentucky Retail Federation and ABAK Executive Director Tod Griffin on retail issues affecting input costs and delivery. Joe knows these groups from his tenure with Southern States Cooperative and Kentucky Farm Bureau.
- Kentucky Farm Service Agency.
 - Kentucky FSA Executive Director Dean Schamore spoke at the 2023 Association Annual Meeting.
 - BDTPA Leadership work closely with all Kentucky FSA offices on crop issues.
- Tobacco Companies
 - BDTPA Leadership meets regularly with key company personnel to discuss issues impacting production and profitability.
 - BDTPA Leadership have regular meetings and telephone conversations with Universal, Altria, JTI, Reynolds and Hail and Cotton.
 - BDTPA Leadership attended the 2022 Tobacco Worker Conference in Louisville and met with company representatives.
 - Meetings took place during the 2022 and 2023 Southern Farm Shows and TGANC Annual meetings with companies' representatives.

- A meeting between TGANC, Burley Stabilization, BDTPA and Universal was conducted in Nashville on December 15, 2022. Following this meeting, BDTPA Leadership met with JTI representatives.
 - BDTPA Leadership is setting up meetings with key companies at their US headquarters in 2023.
- Tobacco Expo in Springfield, TN.
 - BDTPA Board members attended the Expos in 2022 and 2023, and are promoting grower participation.
 - Presented overview of BDTPA in 2023.
- Tobacco Growers Association of North Carolina (TGANC).
 - BDTPA Leadership attended the TGANC Annual Meeting and Board of Directors Meeting in Raleigh, NC Feb. 1-3, 2023.
 - Promoted the formation on a grower coalition across multiple states to work jointly on issues affecting all types of tobacco.

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Burley and Dark Tobacco Producer Association
Income and Disbursements

Income								
Date	Source	Amount	Purpose		Type			
12/27/21	Burley Coop Settlement	\$100,000.00	First deposit from settlement		General			
01/17/23	Kentucky Farm Bureau	\$5,000.00	Support of education meetings		Education			
Total		\$105,000.00						
Expenses								
Date	Check #	Labor	Travel	Meeting	Office Supply	Legal Accounting	Misc	Type
03/08/22	2690					\$1,563.50		Legal
08/26/22	2691					\$1,537.50		Legal
10/14/22	Auto						\$3.00	Acct fee
10/20/22	9162	\$5,000.00						Labor/Joe
10/20/22	2692				\$2,299.00			Computer
10/25/22	Auto						\$20.00	Name orig
11/03/22	9163	\$5,000.00						Labor/Joe
12/08/22	1051	\$5,000.00						Labor/Joe
12/08/22	1052		\$358.21					Travel/Joe
01/06/23	1053	\$5,000.00						Labor/Joe
01/31/23	Zelle		\$253.77					Travel/Joe
02/01/23	1054	\$5,000.00						Labor/Joe
02/01/23	1055			\$2,662.29				Annual Mtg
Total by column		\$25,000.00	\$611.98	\$2,662.29	\$2,299.00	\$3,101.00	\$23.00	
Total Income		\$105,000.00						
Total Expenses		\$33,697.27						
Balance		\$71,302.73						