

MINUTES**HOUSE & SENATE INTERIM COMMITTEES ON AGRICULTURE,
FORESTRY & ECONOMIC DEVELOPMENT**

March 31, 2014

The House and Senate Interim Committees on Agriculture, Forestry and Economic Development met on Monday, March 31, 2014, in Room B-MAC, Little Rock, Arkansas.

Committee members present: Representatives Matthew Shepherd, David Branscum, Charlotte Vining Douglas, Dan Douglas, Jon Eubanks, Jeremy Gillam, Lane Jean, Homer Lenderman, Kelly Linck, Walls McCrary, Stephen Meeks, James Ratliff, Tommy Thompson, and John Vines; Senators Jonathan Dismang and Stephanie Flowers.

Other legislators attending: Representatives Charles Armstrong, Jonathan Barnett, Robert Dale, Jody Dickerson, Bill Gossage, Kim Hammer, Stephanie Malone, Mark McElroy, Micah Neal, and John Payton; Senators Linda Chesterfield and John Woods.

Representative Shepherd called the meeting to order.

Consideration to approve Minutes from the December 18, 2014, Meeting (Exhibit B)

Without objection, the Minutes from the December 18, 2013, meeting were approved.

Review of Arkansas Plant Board's Boll Weevil Eradication Rules (Exhibit C)

Darryl Little, Director, Arkansas Plant Board (APB), briefed the committees on the proposed changes to the Boll Weevil Eradication Rules. The changes include striking the June 15 deadline for reporting cotton acreage, adjusting the assessment fee in the Northeast Delta Zone to equal the fees of adjacent zones, editorial changes to clarify the recipient of assessed penalties, and deletion of the July 15 due date for billing information provided by producers to the county Farm Service Agency. Mr. Little said APB is \$3.8 million in debt for the Boll Weevil program (down from \$35 million) and plans to make a \$1 million payment by cashing in two CD's that will mature in late June. An additional payment of \$1.5 million is anticipated when assessment fees are collected this fall. APB hopes to pay off the debt next year.

Upon motion by Representative Thompson, and second by Representative Lenderman, the proposed changes stand reviewed.

Review of Arkansas Livestock and Poultry Commission's Arkansas Swine Regulations, referred by the Administrative Rules and Regulations Subcommittee of the Arkansas Legislative Council (Exhibit D)

Preston Scroggin, Director, Arkansas Livestock and Poultry Commission (ALPC), spoke on the proposed changes to the rules and regulations regarding feral swine. The purpose of the revision of the Arkansas Swine Regulations is to satisfy the requirements of Act 1104 of 2013, related to feral hogs. The proposed changes to the regulations include fencing requirements for terminal facilities, licensing, and transportation of feral hogs. He said he tried to accommodate all parties involved, however, there is no way to please everyone. In response to a question regarding the required inspection of terminal facilities, Mr. Scroggin stated he and his senior field person would personally inspect the facilities with all costs absorbed by ALPC.

Representative Tommy Thompson requested Mr. Scroggin report back to the committees in six months with a detailed report on expenses incurred by ALPC from inspecting facilities.

Phillip Swallows, Hogs Gone Wild, Inc., spoke for the proposed rules and regulations. Mr. Swallows' company offers a software program that tracks livestock and provides the origin, location, and physical information on feral swine. He believes Arkansas would benefit by using the program.

Jeremy Sullivant, President, Arkansas Dog Hunters Association (ADHA), said he would like to see the rules & regulations changed to allow an open market USDA certified kill facility. ADHA agrees there is a problem with hunters transporting and transplanting feral hogs and that is not something they support. He said dog hunting is successful and that a recently held wild hog tournament killed 87 hogs in three days. The hunt provided 3700 pounds of meat which was donated to Arkansas Hunters Feeding the Hungry. Mr. Sullivant stated if hunters are unable to transport wild hogs to recoup their expenses, they will stop hunting, and the hog population will explode in the state.

George Dixon, Owner/Operator, Choctaw Hog Hunt Ranch, Magnolia, Arkansas, said he is concerned that trappers will not profit if hogs have to be immediately transported to a terminal facility, rather than placed in a holding pen for a short period (7-10 days), until the trapper has a full load of hogs to transport.

Kendal Reeves, Cuz & Cuz Wild Hog Ranch, spoke on his concerns regarding restrictions on transporting wild hogs after dark; if inspection fees are year-to-date; and how many tags are allowed to be purchased at once.

Mr. Scroggin replied that inspection fees will be effective beginning the date of inspection and tags are readily available for any amount. He said the consortium of agencies that worked on the proposed regulations all agreed not to allow the transportation of hogs at night due to the possibility of illegal hunting/transport.

Joe Wagner, Arkansas Dog Hunters Association, said the proposed regulations are tying his hands--last year he caught 240 head with traps and dogs. This year he only caught 80 or so because he didn't want to break the law by transporting the hogs, since permits are being sold to a select few. Mr. Wagner said he can't afford to drive a long distance to sell the hogs.

Jerry Masters, Executive Vice President, Arkansas Pork Producers, said the reason for the proposed changes is to protect agriculture since the diseases carried by feral swine can be devastating to commercial hog production. He also spoke on the Porcine Epidemic Diarrhea Virus (PEDV), which has spread through 27 states and killed 5 million pigs in the past year. The disease is not yet in Arkansas, however, one of the main ways it is spread is through feces when transporting the hogs to the marketplace. Mr. Masters said if PEDV is contracted by feral swine, he is not sure it could be controlled.

Butch Calhoun, Secretary, Arkansas Department of Agriculture, said he is speaking on behalf of the \$17 billion agricultural industry which supports the proposed regulations. He said Chicot county suffered \$250,000 in damages last year caused by feral swine. Mr. Calhoun stated the department has worked on the regulations for the past year, as well as holding public hearings. He feels the state should move forward with the proposed regulations and make any needed changes in the 2015 session.

Upon motion by Representative Ratliff, and second by Representative Thompson, the proposed changes stand reviewed.

Presentation on the Mulberry Edamame Processing Plant

Raymond Chung, President, American Vegetable Soybean (AVS) & Edamame Incorporated, provided a presentation on the edamame processing plant in Mulberry, Arkansas. Mr. Chung worked with city and state agencies, and other interested parties to locate the plant in Arkansas and said he did so because of efficient government and the state's eco system. The 33,000 square foot plant was completed in 2102 and received additional funding in 2013 to expand the processing space by 50%. The plant is the first in the United States to produce edamame and is the largest grower and processor in the United States, with a market size of \$175-200 million, and growing at 10% per year--Americans consumed between 25,000 to 30,000 tons in 2012. AVS contracts on an annual basis with local growers across the state, including Searcy and Lonoke, to grow organic edamame. Mr. Chung stated that growers make a significant premium over conventional soybeans which allows a higher profit; AVS assists the growers by providing seeds and harvesting which is a \$300-\$350 per acre input cost. The gross profit is usually a few hundred dollars per acre over conventional soybeans. AVS would like to expand production to meet demand.

Gary Baxter, Mayor, Mulberry, Arkansas, said the city is delighted to have AVS and that it has brought other industry to Mulberry. The rise in economic development includes housing and school increases and many private properties are being rezoned to commercial. The city recently held an edamame festival and had an attendance of 2500-3000 people. Mayor Baxter said AVS has been a tremendous agriculture boon for the state of Arkansas.

Dr. Jeremy Ross, University of Arkansas Extension, said when the extension service first started researching the process of growing edamame on a large scale production, they found there was no research information available in the United States. Dr. Ross said there is a different process for growing edamame than with soybeans--the plants must be kept cleaner and the crop has to be blemish free. The extension service just completed their second year of research and has received a grant from the Arkansas Soybean Promotion Board to continue for another year.

Representative Charlotte Vining Douglas said she appreciates the partnership with AVS, not only for bringing jobs to Mulberry, but for helping to save their schools. She said there has been a significant growth in enrollment in the school system—an increase from below 350 students to well above 350. Representative Douglas hopes the plant will bring more people to the city for continued growth. She noted that Representative Dan Douglas has asked a representative from Walmart to come to Mulberry talk about AVS products.

With no further business, the meeting adjourned at 11:50 a.m.

MINUTES
HOUSE COMMITTEE ON PUBLIC TRANSPORTATION
HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
APRIL 21, 2014

House Interim Committees on Public Transportation and Agriculture, Forestry and Economic Development met Monday, April 21, 2014 at 11:45 a.m. in Rogers, Arkansas.

Committee members in attendance: *Representatives* Jonathan Barnett, Chair; Public Transportation, Matthew Shepherd, Chair, Agriculture, Forestry and Economic Development; Eddie Armstrong, Charles Armstrong, David Branscum, John Catlett, Jim Dotson, Dan Douglas, Jon Eubanks, Jeremy Gillam, David Hillman, Mike Holcomb, Lane Jean, Greg Leding, Kelley Linck, Stephanie Malone, Walls McCrary, Betty Overbey, John Payton, Nate Steel, Tommy Thompson, and Jon Vines.

Other legislators in attendance: *Senators* Cecile Bledsoe, Jim Hendren, and Bart Hester. Also attending, *Representatives* Duncan Baird, Les Carnine, Charlie Collins, Micah Neal, Mary Lou Slinkard, and Sue Scott.

Representative Matthew Shepherd called the meeting to order.

Review of Walmart's U.S. Manufacturing Initiative

Joe Quinn, Senior Director, Issue Management and Strategic Outreach, Walmart, discussed Walmart's efforts to bring jobs and manufacturing back from China and Asia to the U.S. He said Walmart is committed to spending an additional \$250 million in U.S. products over the next ten years. He gave an example of a company in New Jersey, Kent Bicycle, which began importing bicycles from China in the 1950s. Mr. Quinn said this company does \$200 million in annual sales and imports three million bicycles per year. Walmart worked with the Governor of South Carolina and Kent Bicycle to bring jobs back to the U.S. The company has agreed to open an assembly facility in South Carolina. In 2013, Walmart had sales totaling \$476 billion, throughout the U.S., and 140 million customers per week. He indicated their data reports show promotions of 160,000 employees annually, with 75% of its management team promoted from positions as hourly workers. He then reviewed reports for Walmart in Arkansas with:

- o 73 supercenters
- o 14 neighborhood markets
- o 7 Sam's Clubs
- o 3 Walmart Express stores
- o 11 Distribution centers
- o \$11.5 billion spent with suppliers
- o 52,000 supplier jobs
- o \$81 million spent for foundation, corporate, and associate charitable donations
- o 48,000 employees in Arkansas

Mr. Quinn said Walmart's core objectives are to grow business with existing Walmart suppliers, attract new suppliers, and work to shift existing items to U.S. production. Walmart established a U.S. Manufacturing Innovation Fund with a commitment of \$10 million. Walmart held a Domestic Manufacturing Summit in 2013 with 1,425 in attendance.

There being no further business, the meeting ended at 12:45 p.m.

MINUTES
HOUSE COMMITTEE ON PUBLIC TRANSPORTATION
HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
APRIL 22, 2014

The House Interim Committees on Public Transportation and Agriculture, Forestry and Economic Development met Tuesday, April 22, 2014 at 8:15 a.m. in Rogers, Arkansas.

Committee members in attendance: Representatives Jonathan Barnett, Chair; Public Transportation, Matthew Shepherd, Chair, Agriculture, Forestry and Economic Development; Charles Armstrong, Bob Ballinger, Charlotte Vining-Douglas, Dan Douglas, Jim Dotson, Jeremy Gillam, David Hillman, Mike Holcomb, Lane Jean, Greg Leding, Walls McCrary, Stephen Meeks, Betty Overbey, John Payton, and Tommy Thompson.

Other legislators in attendance: Senator Jim Hendren; Representatives Duncan Baird, Debra Hobbs, Charlene Fite, Stephanie Malone, Sue Scott, Mary Lou Slinkard, David Whitaker,

Representative Matthew Shepherd called the meeting to order.

Discussion of Interim Proposal 2013-184 – “An Act to Establish a Revenue Neutral New Jobs Training Program; and for other Purposes” (Exhibit B)

Representative Shepherd recognized Representative Leding, sponsor, Interim Study Proposal (ISP) 2013-184. Representative Leding told legislators the ISP will create training programs similar to existing programs in Iowa community colleges which began in 1983. He described the program in Iowa:

- 15 community colleges in Iowa were given bonding authority
- a employer presents a project to a community college to develop training for a large workforce
- the employer and community college enter an agreement to develop employee training
- a bond is issued to pay for the training
- the bond is paid through reallocation of state withholding taxes generated by newly created jobs

Grant Tennille, Director, Arkansas Economic Development Commission, discussed attracting manufacturers to Arkansas, expanding the state’s economy by employing more Arkansans, and helping businesses already located in the state to grow. The Commission has increased its focus on workforce training, which needs to be a priority to grow the economy and help recruitment efforts. Arkansas needs to focus on providing opportunities for Arkansans to learn the skills businesses need, to grow and meet market demands. Mr. Tennille said 2012 was the single largest investment year in the state of Arkansas, with companies investing in retooling to respond to the improving economy. The Commission is negotiating with existing companies to provide incentive packages to attract investments. Business and industry needs to partner with two-year institutions, to provide opportunities for Arkansans to gain the skills they need.

Shane Broadway, Director, Arkansas Department of Higher Education (ADHE), discussed workforce training in Arkansas. He said plans are being developed, which include all of the educational and development agencies, for workforce education, training and development, to be presented during the 2015 legislative session. Mr. Broadway said major challenges for high schools, colleges, and career and technical programs is funding and resources. ADHE is working is working to encourage school districts and colleges to work together to create secondary career centers. He described work being done by ADHE to identify the availability of jobs in Arkansas, existing job openings, and the type of skills required to fill the jobs. Mr. Broadway provided several graphs (Handouts 1-3) showing data collected on non-credit enrollment and training hours at two and four-year institutions, programs offered by four-year institutions, and programs offering certificates and associate degrees at two-year institutions. When this data collection is completed, ADHE will compile the information in terms of job openings and actual skills needed, then make recommendations based on the data collection.

Update on North West Arkansas Economic Development and Transportation Challenges

Representative Douglas discussed the opportunities that exist both in Arkansas and the U.S. to bring back jobs from China. He used the example of Redman and Associates, a manufacturer of injected molding products, returning jobs to Arkansas. Representative Douglas explained one of the company products, a riding toy, is bulky, and shipping it from China cost the company \$17 million annually. By eliminating the cost of shipping, the savings realized can be directed to labor costs and allow the company to remain competitive. Representative Douglas said Arkansas has a unique advantage being centrally located for companies shipping products nationwide. He said a challenge to growing the economy is learning what industry needs are. He also discussed the opening of the Panama Canal and the opportunity Arkansas has to build a manufacturing base.

Mike Malone, President, Northwest Arkansas Council was recognized. He discussed the Regional Economic Development Program the council is pursuing to build the region and advance the state. One aspect is the need to change the perception of the state's workforce talent to attract business. Mr. Malone stressed that investment in infrastructure grows jobs. Throughout the state the challenges to grow the economy include:

- building better infrastructure, highways and transit systems
- aligning workforce training with employer needs
- making airfares more competitive
- retaining diverse and young talent
- increasing the educational attainment rate
- preserving water quality
- lowering poverty rates/raising income levels
- building healthier communities
- increased cooperation between communities/regions/state

Mr. Malone then described four economic development criteria the council uses:

- ❖ recruit new industry
- ❖ grow existing industry
- ❖ support start ups and entrepreneurs
- ❖ workforce attraction and retention

Highway Projects and Funding Issues

Scott Bennett, Director, Arkansas Highway Transportation Department (AHTD) addressed the committees. Industry looks for a quality workforce, quality of life, cheap land, and accessible transportation. Over the past twenty years, the department invested \$90 million to the University of Arkansas by maintaining highways on and into the campus, providing research, contracts, and a transit system. The Department established the Center for Training Transportation Professionals, with the university's civil engineering department, and has certified 10,000 employees in the construction industry since the program began in 1989. Mr. Bennett then discussed the Interstate Rehabilitation Program and the Connecting Arkansas Program. He stated the federal highway trust fund, which funds 70% of the department's construction program, is declining and expected to hit zero by August, 2014.

The meeting adjourned at 10:00 a.m. at which time, legislators attended a ribbon cutting of the first section of the Bella Vista Bypass, the future I-49. Legislators also toured the Northwest Arkansas Regional Airport.

MINUTES
SENATE AND HOUSE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT
AND
SENATE AND HOUSE INTERIM COMMITTEES ON
CITY, COUNTY, AND LOCAL AFFAIRS

MEETING JOINTLY

JUNE 30, 2014

The Senate and House Interim Committees on Agriculture, Forestry and Economic Development, and the Senate and House Interim Committees on City, County, and Local Affairs, met Monday, June 30, 2014, in Room A-MAC, Little Rock, Arkansas.

Committee members present: Representatives Matthew Shepherd, Chair; David Fielding, Chair; Senators Bruce Holland, Chair; Missy Irvin, Chair; Representatives Nate Steel, Vice Chair; Eddie Armstrong, Vice Chair; Scott Baltz, David Branscum, John Catlett, Bruce Cozart, Charlotte Vining Douglas, Dan Douglas, Jon Eubanks, Jeremy Gillam, Fonda Hawthorne, Monte Hodges, John Hutchison, Joe Jett, Sheila Lampkin, Homer Lenderman, Walls McCrary, James McLean, Mark McElroy, Stephen Meeks, Jim Nickels, Betty Overbey, James Ratliff, and Tommy Thompson; Senators Ronald Caldwell, Stephanie Flowers, Jeremy Hutchinson, and David Wyatt.

Other legislators attending: Representatives John Hutchison, John Payton, Sue Scott, and Jeff Wardlaw.

Representative Shepherd called the meeting to order.

Review of Arkansas Plant Board's Boll Weevil Eradication Rules (Exhibit B)

Darryl Little, Director, Arkansas Plant Board (APB), said the proposed changes to the Boll Weevil Eradication Rules would clarify language under the ginner's penalty to read "up to \$50 per bale." Mr. Little also reported that APB is currently \$2.7 million in debt for the Boll Weevil program (down from \$35 million) and plans to make a payment of \$1 million in July. An additional payment of \$1.5 million will be made this fall when assessment fees are collected. APB hopes to pay off the debt next year.

Without objection, the proposed changes to the Arkansas Plant Board stand reviewed.

Update on the Federal Proposal by the U.S. Fish and Wildlife Service to Designate Areas of Arkansas as Critical Habitat for the Neosho Mucket and Rabbitsfoot Mussels [Exhibits C, C-1, C-2, C-3]

Jim Boggs, Field Supervisor, U.S. Fish and Wildlife Service (FWS), stated there were no substantive changes in the proposal since the November 12, 2013, meeting and that the fourth public comment period will close July 14, 2014.

Randy Veach, President, Arkansas Farm Bureau Federation (AFBF), said AFBF supports the national legislation proposed by Senator Pryor and Congressman Crawford that would amend the Endangered Species Act (ESA) to require government agencies perform a true analysis of critical habitat designations. He said a more complete and in-depth economic study should be required before indiscriminately designating critical habitat areas that will affect the lives and livelihoods of those in the affected areas. If FWS designates the Neosho Mucket and Rabbitsfoot Mussels as a critical habitat, it will affect more than 769 river miles of rivers and streams in 31 counties; 90% of which is privately owned land. AFBF believes the critical habitat designation will lead to unwarranted lawsuits and litigation against private landowners. Mr. Veach stated AFBF recognizes that the ESA is necessary for the protection of legitimately threatened and endangered species, however, its implementation through critical habitat designation should not go without considering the impact to the human species. A recent economic analysis performed by the Association of Arkansas Counties (AAC) determined the minimum cost of the habitat designation in our state would be more than \$20 million, five times the total impact FWS projected for Arkansas and eleven other states.

Chris Villines, Executive Director; and Jeff Sikes, Legislative Director; AAC, spoke on HR 4319 by Congressman Crawford and SB 2084 by Senator Pryor. HR 4319 reverses the rule passed last October by the Department of Interior that says the only cost measurement for declaring critical habitat would be an incremental approach to analyzing the economic impact of critical habitat designations; it requires the administering agencies, such as FWS, to use the cumulative, rather than the incremental approach to calculate the economic impact. SB 2084 will be re-filed to make the bills consistent with each other.

Mr. Sikes stated AAC feels there should be complete transparency when listing a particular species and that the taxpayer should be made aware of the consequences. He said FWS engendered an “ends justify the means” rationale at the very top level and are going to pass rules that have the potential for tremendous impact on private property owners. In the past month, two new rule changes proposed by FWS would allow the designation of critical habitat to be extended, not only to lands where an endangered species might be found or that might be its historical habitat, but also to lands that might support the species.

Mr. Villines said the problem goes beyond borders and that AAC is working very hard with the congressional delegation, along with other southern county associations and Farm Bureau members, to determine what the designation means to them, since 374 new species will be named in this process. He noted that substantive change to the ESA is very, very, rare for a reason.

Upon questioning by Representative Shepherd regarding the status and prospect of passage of HR 4319 and SB 2084, Mr. Sikes replied that Congressman Crawford and Representative Doc Hastings (state of Washington), Chair of the House Committee on Natural Resources, attended a meeting in Batesville this past May and are committed to the passage of HR 4319. Representative Hastings advised AAC, Farm Bureau, and other interested parties, to persuade ten southern legislators to sign on as sponsors of HR 4319, and he would do everything in his power to bring the bill to a floor vote. AAC and Farm Bureau are working with legislators in southern states in hopes of getting everyone on board with the legislation. Senators Pryor and Boozman are working together on SB 2084 to make it stronger.

When questioned about the differences in HR 4319 and SB 2084, Mr. Sikes explained the main difference was that HR 4319 not only looks at the economic impact of a designated habitat, but also at the species listing. SB 2084 only looks at the total economic impact of the actual designation of critical habitat, therefore, it will be re-filed to reflect similar language.

Senator Irvin thanked the speakers for advocating on behalf of the citizens of Arkansas. She said all state agencies, along with the governor’s office and attorney general’s office, should be part of this discussion in order to understand the costs associated with a critical habitat designation as it will affect every agency, and the state budget.

In response to a question of how FWS is educating the public on critical habitat designations, Mr. Boggs advised the agency is working with state and private entities to get the word out and has also placed ads in local newspapers. He hopes public hearings, such as this one, and others being held across the state, will help raise awareness.

When asked to explain the purpose of a critical habitat designation, Mr. Boggs said the designation is mainly to alert other federal agencies of the need to consult with FWS before undertaking projects that could destroy or adversely modify a critical habitat. A critical habitat designation generally has no effect on situations not involving a federal agency, such as a private landowner undertaking a project that involves no federal funding or permit.

Representative Dan Douglas asked how committee members could help with this issue and was advised of the importance of the state legislature speaking with one voice to show how this listing/designation will adversely affect the state.

Senator Irvin spoke on the need for a grassroots effort to oppose this issue and said now is the time for Arkansans to be united. She told committee members there are many ways to reach out to their constituents: via political parties and/or grassroots organizations. She also mentioned sending letters to fellow legislators, asking for their support in opposing the critical habitat designation.

Without objection, Representative Shepherd stated that Interim Resolution 2013-006 is amended to reflect the Interim Senate Committee on City, County, and Local Affairs; the Interim House Committee on City, County, and Local Affairs; the Interim Senate Committee on Agriculture, Forestry, and Economic Development; and the Interim House Committee on Agriculture, Forestry, and Economic Development.

Upon motion by Representative Ratliff, Interim Resolution 2013-006 as amended, was adopted, and the motion carried without objection.

Scotty Keller, private citizen, Conway, said she has attended many of the public comment meetings because nothing is more important than water rights. She opposes the proposed rule changes regarding the critical habitat designation and asked why the Attorney General and the media has not been more involved in this issue.

With no further business, the meeting adjourned at 12:15 p.m.

MINUTES

SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT Meeting Jointly

Thursday, July 10, 2014

The Senate and House Committees on Agriculture, Forestry and Economic Development met jointly on Thursday, July 10, 2014, at 1:00 p.m. in the University of Arkansas Fruit Research Station, Clarksville, Arkansas.

Committee Members in Attendance: Senator Bruce Holland, Chair, Representatives Bob Ballinger, David Branscum, Charlotte Vining Douglas, Dan Douglas, Jon Eubanks, Lane Jean, Kelley Linck, Stephen Magie, Walls McCrary, Stephen Meeks, Betty Overbey, Tommy Thompson, and David Whitaker.

Other Legislators Attending: Senator Johnny Key, Representatives Nate Bell, Jim Dotson, Charlene Fite, Debra Hobbs, Stephanie Malone, Sue Scott, and Mary Slinkard.

Tour of the Fruit Research Station

Dr. John Clark, Blackberry and Peach Breeding Program, University of Arkansas System, Division of Agriculture, led a tour of the fruit research station.

Senator Bruce Holland called the meeting to order.

Overview of Programs and Services of the University of Arkansas System, Division of Agriculture

Dr. Mark Cochran, Vice President of Agriculture, University of Arkansas System, Division of Agriculture presented the services and contributions provided by the U of A Division of Agriculture's different programs, including the Cooperative Extension Service and Agricultural Experiment Station. Dr. Cochran stated it is a challenge to keep programs going with a limited budget. The Division has a diversified source of funding; however the state is its biggest investor. If there are no increases funding the Division will have to prioritize and downsize minor or non-essential programs.

Dr. Gus Lorenz, Invasive Species and Pest Management, Division of Agriculture, talked about the rumored honeybee colony collapse, allegedly caused by neonicotinoids, a class of insecticide. However, a study, by the Division, showed very little transference of neonicotinoids from the plant to the honeybee. It will be tough on growers to make profit if certain insecticides are banned.

Blair Griffin, Johnson County Cooperative Extension Agent, University of Arkansas System, spoke on Cooperative Extension programs which benefit the community. In Johnson County, the cooking school for diabetes is one of the most successful programs.

Dr. Tony Windham, Associate Vice President for Agriculture, Cooperative Extension, gave an update on the 4-H program, specifically the citizenship and leadership camp. There is a proposal to start mini grants to counties, so they will be able to apply for funding, to organize activities for kids at a local level.

The Value of the University of Arkansas System, Division of Agriculture to the State of Arkansas

Jeff Pitchford, Director of Public Policy, Arkansas Farm Bureau, summed up the value of the Division of Agriculture in three ways: research, resource, and relevance. Arkansas farmers have become more efficient and productive over the decade thanks to the Division of Agriculture and its work.

Zac Taylor, Director of Marketing, Arkansas Department of Agriculture, discussed leveraging federal funds to open new markets for Arkansas farmers. The Arkansas Grown Program will bring small producers to par with medium and large producers. The Arkansas Department of Agriculture has partnered with a publishing company to produce the Farm and Food magazine, which will list all small farms in the Arkansas Grown Program, along with farmer's markets and retailers selling Arkansas produce.

Ben Noble, President, Noble Strategies Inc., spoke on behalf of the Arkansas Poultry Federation. He stated the value of the Division of Agriculture is not limited to the production side of the equation, their research on food safety and processing techniques, sustainability and nutrition, and new product development have far reaching implications to the success of not only state poultry growers, but also our processors, retailers, truckers, shippers, river ports and many more.

Arkansas Forestry Commission Surplus Equipment

Mr. Joe Fox, State Forester, Arkansas Forestry Commission, reported the Forestry Commission assists volunteer rural fire departments, in acquiring federal excess property, from the Department of Defense (DoD). The DoD recently rediscovered a previous memorandum of understanding with the Environmental Protection Agency (EPA), which disallowed transfer of equipment, not meeting emissions standards, outside the DoD. Three weeks ago, the DoD stopped distributing excess property, as it did not meet EPA standards. An agreement has been reached by the DoD and EPA, to allow the states use of equipment under a loaner program, without the title. The title program is preferred, as fire departments can convert trucks to firefighting uses and will not be forced to lose their investment by returning trucks to the DoD once their service life is over.

Representative Meeks moved to send a letter to the congressional delegation, and to Secretary of Defense Hagel, from the committees, requesting the excess property programs be reinstated as they had been, and stating that to continue, as is, would be detrimental to our state's rural fire department program. The motion was seconded and seeing no objection, the motion passed.

Senator Holland asked committee staff to draft a letter, and allow other legislators, outside the committee, to sign on.

With no further business, the meeting adjourned at 3:22 p.m.

DRAFT MINUTES

SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT

Meeting Jointly

Friday, July 11, 2014

The Senate and House Committees on Agriculture, Forestry and Economic Development met jointly on Friday, July 11, 2014, at 9:00 a.m., at Estep Farm, Coal Hill, Arkansas.

Committee Members in Attendance: Representatives Bob Ballinger, David Branscum, Dan Douglas, Kelley Linck, Stephen Magie, Walls McCrary, Stephen Meeks, Betty Overbey, Tommy Thompson, and David Whitaker.

Other Legislators in Attendance: Representatives Nate Bell, Stephanie Malone, Sue Scott, and Mary Slinkard.

Representative Meeks called the meeting to order.

Presentation and Tour of Edamame Soybean Production in The Arkansas River Valley

Mr. Blair Griffin, Johnson County Cooperative Extension Agent and Mr. Hank Chaney, Faulkner County Cooperative Extension Agent, University of Arkansas System, noted the benefits of growing Edamame in Arkansas. Edamame gives traditional cotton, wheat, and soybean farmers the opportunity to diversify their crops.

Mr. John Payne, Consultant, Arkansas Edible Soybean Company, explained the soybean verification program as a management program, working hand in hand with farmers from start to finish. He stated the University of Arkansas System was instrumental to the program.

Mr. Ray Chung, President, American Vegetable Soybean and Edamame, Inc., discussed how his family began edamame production in Arkansas. He expressed appreciation in the State's interest and local support for the program. The Arkansas Grown label will soon be affixed to all their products.

Mr. Steve Estep, Estep Farm Owner was acknowledged for accommodating the committee tour and meeting.

Update on C & H Hog Operation

Mr. Evan Teague, Director of Environmental and Regulatory Affairs, Arkansas Farm Bureau, talked about the third party petition, submitted to the Arkansas Pollution Control and Ecology Commission, regarding proposed amendments to the Commission's Regulations 5 and 6. The proposed amendments are an infringement on the right-to-farm, private property rights, are potentially contrary to existing state statutes, and lack scientific justification, as they request the proposed rulemaking be denied. He also presented the results of the EPA inspection, done on C & H Hog Farm in April.

Mr. Randy Young, Executive Director, Arkansas Natural Resources Commission, explained the third party rule making process, in which, petitions initiated by outside parties are sent before the Commission. He encouraged the committee to look into the issue.

With no further business, the meeting adjourned at 10:03 a.m.

MINUTES

SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT Meeting Jointly

Friday, August 1, 2014

The Senate and House Committees on Agriculture, Forestry and Economic Development met at 11:00 a.m., August 1, 2014, at the Grand Prairie Center, Phillips Community College, University of Arkansas, 2709 Highway 165 South, in Stuttgart, Arkansas.

Committee members present: Representatives Nate Steel, Vice Chair; David Branscum, Charlotte Vining Douglas, Dan Douglas, Jon Eubanks, Jeremy Gillam, Lane Jean, Joe Jett, Sheilla Lampkin, Greg Leding, Homer Lenderman, Kelley Linck, Stephen Magie, Walls McCrary, Stephen Meeks, Betty Overbey, James Ratliff, Tommy Thompson, and Tommy Wren; Senators Ronald Caldwell and Stephanie Flowers.

Other members present: Representatives Jim Dotson, John Hutchison, Andrea Lea, Mark McElroy, and Sue Scott.

Representative Steel called the meeting to order.

Overview of the Rice Program of the University of Arkansas System, Division of Agriculture

Dr. Mark Cochran, Vice President for Agriculture; and Dr. Chuck Wilson, Director of the Rice Research and Extension Center, presented an overview of the rice program. Arkansas is the leading rice producing state, growing approximately 50% of the country's crop and ranks first among the six major rice producing states. Because of the large rice acreage in Arkansas, the Rice Research and Extension Center strives to be the leader in rice research, technology development, and education. The mission of the Rice Research Verification Program is to assist growers in adapting recommendations to field situations that will allow them to increase yield or reduce input costs, effectively increasing profit.

Conservation Programs in Rice and Row Crops

Debbie Moreland, Program Administrator, Arkansas Association of Conservation Districts; spoke on the value of promoting conservation in rice production through partnerships. Ms. Moreland provided a brief summary of the Mississippi River Health Basin Initiative (MRBI), which is a competitive grant process for the Natural Resource Conservation Service partners. Every dollar goes to landowners to implement conservation and includes \$320 million, over four years, for 13 states along the Mississippi River Corridor. Arkansas led all thirteen states in the number of funded projects and in total dollars for landowners in Arkansas. The Regional Conservation Partnership Program (RCPP) included \$400 million in FY15 to be administered through current NRCS programs; 538 pre-proposals were approved for full proposal development. The Arkansas Conservation Partnership (ACP) submitted an RCPP proposal with Delta Plastics and requested \$17 million for Arkansas and Mississippi farmers to implement water conservation and water quality improvement practices, including \$3 million for additional staff for training and technical assistance, and to enable farmers to design more efficient furrow irrigation with polytubing. This could result in a potential savings of 25% in irrigation water use.

Dr. Mike Daniels, UA Division of Agriculture, provided a brief report on the Discovery Farms that volunteer to help address water sustainability, monitor water use, and evaluate potential solutions. The Discovery Farms monitor runoff water quality and quantity, irrigation water management, weather, soil moisture and soil health.

Arkansas Rice Industry

Dow Brantley, Chairman, U.S.A. Rice Federation and Arkansas Rice Producers Group, said that conservation is critical to long-term sustainability and a key economic driver of the state's economy; rice is the only major crop that is 100% irrigated. Mr. Brantley provided the following industry statistics that underscore the important role of rice: Arkansas grows rice on approximately 1.3 million acres each year and is the state's second highest value commodity, as well as the top agricultural export. Arkansas rice farmers and millers contribute more than \$6 billion to the state's economy annually and account for over 25,000 jobs. Nearly 50% of the country's rice crop is exported around the world. Current markets include: Mexico, Venezuela, Haiti, Canada, Iran, Saudi Arabia, Libya, Jordan, and Colombia.

Update on the Big Creek Research Project

Dr. Andrew Sharpley, UA Division of Agriculture, presented an update on the Big Creek Research Project. He said so far, the division has conducted a LIDAR topography survey, grid soil sampling and ground penetrating radar. They have also checked the water quality, including storm and sampling of base of flow in Big Creek, along with spring samples, nutrients, sediments, bacteria, field runoff, and leaching in application fields. Next, the division will review tracers of flow pathways, trench and wells near the ponds, the biological status of Big Creek and other watersheds, and will continue to monitor water quality.

With no further business, the meeting adjourned at 12:00 p.m.

DRAFT