

EXHIBIT B1

MINUTES

SENATE AND HOUSE INTERIM COMMITTEES ON AGRICULTURE, FORESTRY, AND ECONOMIC DEVELOPMENT

Meeting Jointly
Wednesday, May 24, 2017

The Senate and House Interim Committees on Agriculture, Forestry, and Economic Development met jointly on Wednesday, May 24, 2017, at 10:00 a.m., Hot Springs Convention Center, Room 209, Hot Springs, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair; and David Wallace. Representatives Dan Douglas, Chair; Rick Beck, Mary Bentley, Ken Bragg, David Branscum, Karilyn Brown, Bruce Cozart, Jack Fortner, Lane Jean, Mark McElroy, Ron McNair, Mathew Pitsch, Matthew Shepherd, Dan Sullivan, and David Whitaker.

Other legislators present: Senators Alan Clark, Linda Collins-Smith, Lance Eads, Joyce Elliott, Stephanie Flowers, Missy Irvin, and Larry Teague. Representatives Charles Blake, LeAnne Burch, Jim Dotson, Trevor Drown, Jon Eubanks, Kenneth Ferguson, Mickey Gates, Jeremy Gillam, Ken Henderson, Joe Jett, Jack Ladyman, Fredrick Love, Roger Lynch, Reginald Murdock, Clint Penzo, Laurie Rushing, Johnny Rye, Brandt Smith, James Sorvillo, Danny Watson, Jeff Williams, and Carlton Wing.

Representative Douglas called the meeting to order.

CONSIDERATION TO APPROVE MEETING MINUTES [Exhibit B]

Senator Caldwell made a motion to approve the meeting minutes of December 15, 2017. The motion was seconded by Representative Cozart, and without objection, the motion carried.

CONSIDERATION OF A MOTION TO AUTHORIZE CHAIRS TO APPROVE SPECIAL EXPENSES INCURRED BY THE SENATE AND HOUSE AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT COMMITTEES [Exhibit C]

Representative McElroy made a motion to grant authority to approve special expenses to the chairs of the Agriculture, Forestry and Economic Development Committees. The motion was seconded by Representative McNair, and without objection, the motion carried.

UPDATE ON ARKANSAS AGRICULTURE

Mr. Wes Ward, Secretary of Agriculture, Arkansas Agriculture Department (AAD), was recognized and provided a brief update on Arkansas agriculture. He stated agriculture is Arkansas's number one industry and has a tremendous impact on the state. Approximately 30% of Arkansas's production is exports, which ranks Arkansas 13th in the nation in exports. Arkansas's agriculture is significantly influenced by federal government policies. Notably, under the new president's budget, significant cuts were made to the United States Department of Agriculture's (USDA) budget. Arkansas's agriculture will not be as competitive as it should if research and development is not adequately funded. He also stated recent flooding is another challenge to Arkansas agriculture.

UPDATE ON LOCAL FOOD PROGRAMS [Exhibit E1]

Dr. Rick Cartwright, Interim Associate Vice President for Agriculture - Extension and Director, Cooperative Extension, University of Arkansas System (U of A System), was recognized. He stated the land grant university system which the U of A Division of Agriculture represents, is a long held system in the United States. It targets three missions that include research solutions, extension, and teaching. Additional funding is needed for missions. Grants for the extension service is covering approximately 25% of expenses.

Dr. Ron Rainey, Professor and Extension Economist, Division of Agriculture, University of Arkansas System, was recognized and presented a PowerPoint presentation titled, “Local Food Systems Trends & Opportunities” [Exhibit E1]. He stated consumers continue to seek convenience and different value propositions. Regarding direct-to-consumer (DTC) sales, farms increased by 6.2% and sales increased by 32% between 2002 and 2007. Additionally, farms increased 6.9%, with no change in sales between 2007 and 2012. Arkansas DTC farms increased by 16%, but sales dropped 28% between 2007 and 2012. Recent activity suggests dramatic increases in this area. The three key local food systems areas are farmers markets, food hubs, and farm to school.

Dr. Rainey also made the committee aware of the Arkansas MarketMaker program, which is a free online direct marketing tool, virtual food system for fishermen, farmers, processors, distributors and wholesalers. This programs has the following benefits:

- Helps producers and businesses identify potential markets
- Helps business owners connect with other members of the food supply chain
- Helps consumers find fresh and locally grown food

Dr. Jackie Lee, Associate Professor and Integrated Pest Management Extension Specialist, University of Arkansas, was recognized and presented a PowerPoint presentation titled, “Horticulture Program” [Exhibit E2]. She stated the importance of specialty crop production in Arkansas diversifies the economy. Fruit and nut production generates \$16 million annually and vegetable production has increased to \$35 million. Moreover, organic production has steadily increased. There is a lot of interest from growers to increase specialty crop production due to the decreased prices in row crops. Moreover, there is a need for targeted research and education programs for specialty crop producers. Some of the current issues that affect specialty crop production include: pest problems, outdated production techniques, inexperienced growers, lack of associations, reluctance to diversity, herbicide drift, and lack of infrastructure.

UPDATE ON RECENT FLOODING IN ARKANSAS

Dr. Victor Ford, Interim Associate Director, Agriculture and Natural Resources, and Dr. Jarrod Hardke, Associate Professor and Extension Rice Specialist, Division of Agriculture, University of Arkansas, were recognized and presented a PowerPoint presentation titled, “Estimated Impact of Rain, Floods on Arkansas Cropland” [Exhibit F1]. According to Dr. Hardke, the flooding of 2011, totaled \$300 million in losses. This year, it is expected that over 180,000 acres of planted rice will be lost. Notably, for the first time since 1983, Arkansas could potentially end up with less than 1 million acres of rice. Mr. Ward added to-date that the recent flooding will result in approximately \$175 million in damages.

There being no further business, the meeting adjourned at 11:17 p.m.