

DRAFT MINUTES
LEGISLATIVE TASK FORCE ON INTERMODAL
TRANSPORTATION AND COMMERCE
Tuesday, February 18, 2014

The Legislative Task Force on Intermodal Transportation and Commerce met upon adjournment of both chambers on Tuesday, February 18, 2014, in Room B, MAC, at Little Rock, Arkansas.

Task Force members in attendance: Senators Bruce Holland, Senate Chair, and Jake Files; Representatives Jonathan Barnett, House Chair; Dan M. Douglas and John Payton; Scott Bennett, Cory Allen Cox, Gene Higginbotham, John Lipton, Lou Ann Nisbett, Mathew Pitsch, Daniel Robbins, Marty Shell and Bill Vickery

Other legislators in attendance: Senator Jason Rapert; Representatives George McGill, Terry Rice and David Whitaker

Comments from Co-Chairs of the Task Force

Representative Barnett, Co-Chair, welcomed members of the task force and called the meeting to order.

Senator Holland, Co-Chair, recognized Senator Rapert and thanked him for sponsoring the legislation that created the task force. The task force will play an important role in going forward with economic development by supporting the industry already in Arkansas. The task force will also benefit taxpayers by looking at ways to relieve highway congestion through use of rail or barge.

Representative Barnett called for the introduction of members of the task force.

Task Force Charge and Mission pursuant to Act 1430 of 2013 (Exhibit D)

Representative Barnett gave a brief overview of the Task Force Charge and Mission.

Consideration to Adopt Task Force Rules (Exhibit E)

Upon motion of Scott Bennett and a second by Mathew Pitsch, the rules were adopted.

Discussion of Issues facing Intermodal Transportation Authorities

Mathew Pitsch, Executive Director, Western Arkansas Regional Intermodal Transportation

Authority, gave a brief description of the Western Arkansas Regional Intermodal Transportation Authority. He identified the benefit of a regional intermodal transportation authority (RITA) as the coalition of people coming together to discuss transportation and infrastructure for economic development needs. He cited Act 690 of 1997 as a tremendous tool for Arkansas communities, for whom it has meant the building of infrastructure for economic development. Mr. Pitsch addressed concern for communities that lack funding revenue to establish a regional intermodal transportation authority.

John Lipton, Chairman, Southeast Arkansas Regional Intermodal Facility Authority, provided a brief history of Act 690 of 1997 and described the Southeast Arkansas Regional Intermodal Facility Authority. He advised there was a need for clarification of Act 690 of 1997, i.e., were the provisions of the act applicable not only to the authority, but also to a tenant that chooses to lease rather than purchase within the authority. Mr. Lipton addressed the loss of rural railroads in Arkansas as well as promoting expansion of the interstate, short line railroads, and interconnection to waterways.

Scott Bennett, Director, Arkansas Transportation and Highway Department (AHTD), advised AHTD is the designated rail planning agency but has no authority beyond planning. He added no one has authority to make improvements or purchase a rail line scheduled to be abandoned; thus, it has been left up to the regional intermodal authorities. He added there are states whose port authorities and railroads are under the umbrella of their state department of transportation. We are one of a few states that does not have a true

department of transportation. **Representative Barnett asked Mr. Bennett to prepare a presentation, with input from the task force, on various possibilities.**

At the request of Representative Barnett, Senator Files will review the tax free zone issue and ask the Bureau of Legislative Research for a clarification and summary of Act 690 of 1997. Representatives Payton and Douglas will then seek an Attorney General's Opinion. Mr. Lipton was also asked to assist with this request.

Obstacles and Hurdles in the formation of new Intermodal Transportation Authorities

Dr. Don Bradley, III, Executive Director, Small Business Advancement National Center, University of Central Arkansas, gave a brief description of the Central Arkansas Intermodal Authority and discussed some of the issues related to Act 690, as follows:

- question of tax exemption for businesses
- quorum courts and city councils have no authority to appoint or recommend to the county judge/mayor an appointment to a RITA – this is the biggest stumbling block
- only the county judge/mayor may appoint board members
- counties cannot exit a RITA or dissolve until everything is paid for
- need for seed money where there is proof of a viable option in the transportation area
- making it easier for public/private entities under the RITA act

Mr. Bradley suggested the state approach Walmart, the largest retailer in the world, which is building huge ships that will go through the Panama Canal. He added that the state should start including our major retailers and ask what the state can do to assist them with transportation expansion. He cited a need for a more seamless way for job creation.

Representative Douglas thanked Mr. Bradley for his insightful idea and thought process that must be explored. He discussed working closely with Walmart on some projects, adding that they have committed to \$50 billion in contracts over the next 10 years to help bring manufacturing back to the United States. There is a tremendous opportunity to do assembly here and bring in raw materials that we do not have locally. Representative Douglas cited a recent announcement regarding toy manufacturing returning to Rogers. Since then, 30 manufacturers have expressed interest in bringing their manufacturing companies back to Arkansas. He added that this is an untapped potential and agreed that the state reach out to retailers.

Representative Barnett asked Mr. Bradley to make some suggestions by working with Senator Rapert and John Lipton to bring the appropriate entities to the table for discussions. Mr. Bradley stated that the University of Arkansas has outstanding transportation departments but the state has rarely utilized the universities in feasibility studies. He discussed the Arkansas River as a major player in transportation and there is an opportunity to go back to the waterways.

Senator Rapert was recognized for comment. He stated as the Panama Canal was invoked in the conversation today, he will report that the chairmen of the Joint Energy Committee and the Oil and Natural Gas Caucus met today with the Consul General of Canada. The Consul General asked what Arkansas is doing to prepare and develop infrastructure to handle the capacity when the Panama Canal is opened. **Senator Rapert suggested that the task force invite the Consul General to come speak about the capabilities and needs and how that relates to the I-49 corridor as well as rail and river.**

Other Business

Representative Barnett announced March 12, 2014, meeting of the Transportation Committees.

Next Meeting

The next Task Force meeting will be held March 13, 2014, at 10:00 a.m., in Room B, MAC.

There being no further business, the meeting adjourned at 4:27 p.m.