

EXHIBIT B

APPROVED AUGUST 14, 2018

MINUTES

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

MEETING JOINTLY

Thursday, May 24, 2018

The House and Senate Interim Committees on Agriculture, Forestry, and Economic Development met jointly on Thursday, May 24, 2018, at 10:00 a.m., 3 Statehouse Plaza, Fulton Room, Statehouse Convention Center, Little Rock, Arkansas.

House Agriculture, Forestry, and Economic Development Committee members present: Senators Ronald Caldwell; Chair, John Cooper; Vice Chair, Eddie Cheatham, Blake Johnson and David Wallace. Representatives Dan Douglas, Chair; Scott Baltz, Rick Beck, Mary Bentley, Ken Bragg, Karilyn Brown, Jack Fortner, Mark McElroy, Ron McNair, Stephen Meeks, and David Whitaker,

Other legislators present: Senator Terry Rice. Representatives LeAnne Burch, David Fielding, Lanny Fite, Jack Ladyman, Reginald Murdock, Johnny Rye, Brandt Smith, and James Sorvillo.

Representative Douglas called the meeting to order. Senator Caldwell had brief comments.

CONSIDERATION TO APPROVE MEETING MINUTES [EXHIBIT B]

Representative Baltz made a motion to approve the meeting minutes of December 5, 2017. The motion was seconded by Representative McElroy and without objection, the motion carried.

REVIEW OF PROPOSED REGULATIONS ON SOIL AMENDMENT [EXHIBIT C]

Mr. Terry Walker, Director, Arkansas State Plant Board (ASPB), was recognized and gave a brief explanation of the proposed regulations soil amendment. The ASPB is formalizing the requirements for research that will be needed before a product can be considered for registration. The rule will provide specific guidelines the industry must follow to register a soil amendment. Additionally, ASPB will maintain written guidelines, research studies required and published data involving the major agricultural crops grown in Arkansas. Moreover, the rule will establish a penalty matrix to be used if/when a violation of the rule is found.

Representative McElroy made a motion to adopt the Proposed Regulations on Soil Amendment. The motion was seconded by Representative Bentley and without objection, the motion carried.

UPDATE ON BIG RIVER STEEL

Mr. Bryan Scoggins, Director, Business Finance and Mr. Bentley Story, Director, Business Development, Arkansas Economic Development Commission, were recognized. According to Mr. Scoggins, in 2014, the State issued \$125 million in general obligation bonds to support the Big River Steel (BRS) project. The bonds financed \$70 million in infrastructure and a \$50 million loan that was secured by assets of the company was paid off in September of 2017. Mr. Scoggins reported that most of the general obligation debt has been paid. Notably, BRS will create at least 525 positions with an average salary of \$75,000 annually. As of last year, BRS reported 541 positions were created with an annual income of approximately \$100,000.

Mr. Story discussed some of the impacts the steel industry has had on Mississippi county and Northeast Arkansas. Specifically, the three steel mills in the aforementioned areas are mini mill type operations, which are more effective and efficient than the older integrated mills in the upper Midwest and Pennsylvania. These mills have extremely good years projected out for 2018. In addition to the BRS project, Nucor announced two expansions within the last several months, equating to approximately 200 jobs and another half billion dollar investment. Based on the Department of Finance and Administration sales tax numbers last year, Mississippi County had a 25% increase in sales tax collections. Within Osceola, there has been a 37% increase in sales tax collections. Mr. Story reported, Arkansas State University (ASU) announced a partnership with Big River Steel to create a Steel Center of Excellence.

PRESENTATION ON ARKANSAS AGRICULTURE - ISSUES AND CONCERNS [HANDOUT 1]

Mr. Wes Ward, Secretary of Agriculture, Arkansas Agriculture Department (AAD), was recognized and presented [Handout 1], titled “Arkansas Voluntary Smoke Management Guidelines for Row Crop Burning.” There were numerous complaints regarding field and crop burning in northeast Arkansas, which traveled to urban areas. The guidelines will be instrumental in reducing the impact of smoke and assist farmers with the tools they need to make good decisions when burning stubble in the field.

Mr. Ward stated that agriculture is Arkansas’s number one industry and has a \$21 billion economic impact. He noted the following issues that are affecting Arkansas’s agriculture.

- Trade and exports are of concern for farm producers, as they have a significant impact on agriculture. Notably, 30% to 40% of Arkansas’s production is exported every year.
- In 2017, the Arkansas State Plant Board (ASPB) received 1,312 total complaints across 26 counties. Of this amount, 1,014 were dicamba complaints. So far, this year, only 8 dicamba complaints were received. The restriction of dicamba use went into effect beginning April 16 through October 31.
- Moreover, the Industrial Hemp Pilot Program was passed during the 2017 legislative session. The public comment session runs through June 15 and the ASPB will address issues regarding the pilot program on June 21.
- The feral hog population continues to grow. It is estimated that feral hogs cause \$30 billion in damage to Arkansas’s agriculture every year. According to research, 70% of the feral hog population must be terminated to maintain the status quo. Notably, the Feral Hog Eradication Task Force is working on compiling recommendations from producers, organizations, and associations to provide to the legislature for the upcoming legislative session.
- Regarding the Arkansas Livestock and Poultry Commission, AAD has partnered with the Arkansas Game and Fish Commission to address Chronic Wasting Disease. The Livestock Market Reports service and data will continue for the animal agriculture industry.

UPDATE ON THE UNIVERSITY OF ARKANSAS DIVISION OF AGRICULTURE, COOPERATIVE EXTENSION SERVICES [HANDOUTS 2, 3, and 4]

Dr. Wayne Miller, Professor, Community and Economic Development, CED, University of Arkansas (U of A), was recognized and presented [Handout 2], titled “UA Division of Agriculture Rural Development/Local Government Programs.” He discussed programs that are related to economic and rural development that included: Breakthrough Solutions, Stronger Economies Together (SET), and Arkansas Community Economic Development Alliance (ACEDA). The focus of economic and development programs is building roadway passages. In the past 20 years, there has been a decline in employment in rural areas. There is a current need for investments in public infrastructure to promote economic development in rural areas.

Dr. Mark Cochran, Vice President of Agriculture, Division of Agriculture, U of A, was recognized and presented [Handouts 3 and 4], titled “Arkansas Agriculture Profile” and “Research Summary for University of Arkansas System Board of Trustees.” He stated agriculture contributes approximately \$21.5 billion to Arkansas’ economy every year. Roughly, 1 of 6 jobs are within the agriculture sector. The big industries within Arkansas’s agriculture industry are poultry, forestry and wood products, rice and soybean.

Poultry disease issues and associated control efforts exceed 10% of the cost of production, and are often associated with significant animal welfare issues. Two things are being done to solve this economic dilemma in the poultry industry (1) imaging analysis is being conducted to identify which birds have problems and (2) investigate the biological and physiological factors which cause myopathies in commercial broilers.

Regarding the rice industry, Dr. Cochran reported the Division of Agriculture’s rice breeding program has provided a lot of the genetics that the Arkansas Rice Industry uses. This year it is estimated that approximately 380,000 - 390,000 acres will be planted from the seeds provided by the breeding program.

Representative Douglas encouraged committee members during the upcoming legislative session to look closely to determine how to fund the Division of Agriculture in an effort to continue research to help move Arkansas forward.

There being no further business, the meeting adjourned at 11:15 p.m.