

MINUTES

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

December 18, 2013

The House and Senate Interim Committees on Agriculture, Forestry and Economic Development met on Wednesday, December 18, 2013, in Room B-MAC, Little Rock, Arkansas.

Committee members present: Representative Matthew Shepherd, Chair; Senator Bruce Holland, Chair; Representative Nate Steel, Vice Chair; Senators Ronald Caldwell, Stephanie Flowers, and Alan Clark; Representatives Eddie Armstrong, Scott Baltz, David Branscum, Andy Davis, Charlotte Vining Douglas, Dan Douglas, Jeremy Gillam, Lane Jean, Joe Jett, Sheilla Lampkin, Greg Leding, Homer Lenderman, Kelly Linck, Walls McCrary, Stephen Meeks, Betty Overbey, Tommy Thompson, and John Vines.

Other legislators attending: Representatives Denny Altes, Charles Armstrong, Bruce Cozart, David Fielding, David Hillman, John Hutchinson, Frederick Smith, and Butch Wilkins; Senators Bill Sample and Eddie Joe Williams.

Representative Shepherd called the meeting to order.

Consideration to approve Minutes from the October 15 and 16, 2013, Meetings (Exhibits B.1 & B.2)

Without objection, the Minutes from the October 15 and 16, 2013, meetings were approved.

Consideration to Adopt for Interim Study (Exhibit C)

Interim Study Proposal 2013-184 by Representative Greg Leding: "An Act to Require an Interim Study to Establish a Revenue-Neutral, State-Sponsored New Jobs Training Program; and for other purposes." Representative Greg Leding provided a brief explanation of the study and spoke on the need for new businesses to have access to a skilled workforce.

Kim Davis, Director, Education and Workforce Development, Northwest Arkansas Council, said the Council formed a steering committee of 30 regional businesses and civic leaders to develop a strategy for Northwest Arkansas and determined that workforce training and development was a major need in moving forward. In searching for a model workforce training program, the Council identified successful jobs training programs in Iowa, Michigan, and Missouri.

Steve Ovel, Associate Vice President, Governmental Relations, Kirkwood Community College, presented an overview of the Iowa New Jobs Training Program. The program was developed to assist businesses that are creating new positions or new jobs. If the company is expanding operations, or relocating to a new facility in the state, the program can provide funding to meet a wide variety of training and employee development needs. The available assistance ranges from highly specialized educational programs to basic skill training for new positions. Another benefit of the program is the Iowa New Jobs Tax Credit. The tax credit is available to a company that has entered into a program agreement and plans to increase its employment in Iowa by at least 10 percent. This onetime credit per qualified employee is available during the term of the approved final agreement. Highlights of the program include:

Funding Process

1. The company plans to add new positions/jobs. The Agreement of Intent (AOI) is signed to determine start date of hiring and is valid for 150 days. Complete the preliminary application. Base employment is determined.
2. A Preliminary Agreement is created to enter into the program. The projected number of new jobs generates an estimated training fund using either 1.5 percent or 3 percent of the employee's gross wage for 10 years.
3. The company hires and trains new employees. Training plan is created and documented.
4. The company has to create a minimum of five new jobs to enter into a Final Agreement with Kirkwood Community College. The final training fund is established.
5. Bonds are sold to finance the training fund. Qualified training expenses for new positions are reimbursed. The company repays the bond obligation by sending 1.5 percent or 3 percent of new employee withholding to Kirkwood with remaining withholding (3 % or 4.5 %) going to the state, ten year payback.

Valuable Program Services

- Basic adult education and job-related instruction; skill assessment and training equipment, materials and supplies
- Training services of a community college or another educational institution
- Testing and evaluation of employees; customized or general instruction at a training facility selected by the employer
- Reimbursement of training travel costs for employees; college tuition, books and fees; training services of an approved private trainer

Grant Tennille, Director, Arkansas Economic Development Commission, briefed the committees on funding methods provided by AEDC for new or expanding businesses in Arkansas. Mr. Tennille said while the Iowa New Jobs Training Program is an interesting model that has some real benefits, Arkansas has incentive programs in place now such as the Create Rebate Program that provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. He stated the Commission needs more money for skill-specific training and he would be willing to tweak programs such as the Create Rebate Program so that rebate payments don't leave the state when a business is located in another state or country. Mr. Tennille said he would like to focus on the incentives currently offered by AEDC before jumping into a new program.

Randy Zook, Director, Arkansas State Chamber of Commerce, said it is important to focus on incentives since this is a deciding issue in the success and rate of growth in Arkansas's economy for at least the next ten years. He said Arkansas is behind the curve in this very important area and hopes new or tweaked programs will offer a vast improvement in workforce development efforts to create rebates. Mr. Zook suggested committee members look at the Georgia Quick Start Program that also provides workforce training to qualified businesses.

Bill Stovall, Executive Director, Arkansas Association of Two-Year Colleges (AATYC), spoke on the workforce training offered by AATYC that includes education or training beyond high school. Mr. Stovall said that community colleges must have creative financiers to meet the demand to provide workforce training programs in their local areas. He also spoke on the equity funding formula and said he applauded committee members in their efforts to find new programs that will provide additional funding for workforce training programs throughout the state.

Upon motion by Representative Tommy Thompson, and second by Representative Charlotte Vining Douglas, Interim Study Proposal 2013-184 was adopted.

Review of the Arkansas Livestock and Poultry Commission's (ALPC) Laboratory/Regulatory Fee Schedule, referred by the Administrative Rules and Regulations Subcommittee of the Arkansas Legislative Council (Exhibit D)

Preston Scroggin, Director; Fred Wiedower, Deputy Director; and Dr. Brandon Doss, Assistant State Veterinarian, ALPC, spoke on the proposed changes to the laboratory/regulatory fee schedule. The proposed fee structure has remained unchanged since 2008 and the cost of supplies and materials needed to perform diagnostic testing has increased dramatically.

Without objection, the proposed changes to ALPC's laboratory/regulatory fee schedule stand reviewed.

Review of the Arkansas Department of Environmental Quality's (ADEQ) Changes to Regulation No. 15 of the Arkansas Pollution Control and Ecology Commission (Exhibit E)

Ryan Benefield, Deputy Director; and Jim Stephens, Mining Division Chief, ADEQ, briefed the committees on the proposed changes to Regulation No. 15 (Arkansas Open-Cut Land Reclamation Regulation). The primary purpose of the proposed changes is to incorporate changes to the Arkansas Water and Air Pollution Control Act. ADEQ proposes to just reference A.C.A § 8-4-230 rather than to repeat the language verbatim as had been done in the past version of the regulation.

Without objection, the proposed changes to ADEQ's Regulation No. 15 stand reviewed.

With no further business, the meeting adjourned at 3:25 p.m.