

EXHIBIT B

MINUTES

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

Thursday, May 26, 2016

The Senate and House Committees on Agriculture, Forestry, and Economic Development met Thursday, May 26, 2016, at 1:00 p.m., Ambassador Room, Embassy Suites NWA, Rogers, AR.

Committee members present: Senators Ronald Caldwell, Chair and Bruce Maloch. Representatives Dan Douglas, Chair; Charles Armstrong, Rick Beck, Jon Eubanks, Kim Hendren, Douglas House, Ron McNair, Stephen Meeks, Mathew Pitsch, and David Whitaker.

Other legislators present: Senators Scott Flippo, Missy Irvin, Bobby Pierce, Terry Rice, and Eddie Joe Williams. Representatives Bob Ballinger, Nate Bell, Jana Della Rosa, Jim Dotson, Lance Eads, David Fielding, Lanny Fite, Bill Gossage, Grant Hodges, Kelley Linck, George McGill, Betty Overbey, Marcus Richmond, Brandt Smith, James Sorvillo, and Dwight Tosh.

Representative Douglas called the meeting to order.

CONSIDERATION TO APPROVE MEETING MINUTES [EXHIBIT B]

Representative Whitaker made a motion to approve the March 29, 2016, meeting minutes. The motion was seconded by Representative Douglas House and without objection, the motion carried.

PANEL DISCUSSION: REGULATIONS / TAX POLICIES NEEDED TO INCREASE BUSINESS IN ARKANSAS

Representative Douglas introduced the following panelist:

- Mr. Michael Lindsey, Director, Public Affairs and Governmental Relations, Walmart
- Mr. Mike Preston, Executive Director, Arkansas Economic Development Commission (AEDC)
- Mr. Jeffrey Wood, Director of Community Relations, Tyson Foods
- Representative Lance Eads, Springdale Chamber of Commerce.

Mr. Preston was recognized and stated AEDC is working on issues that impact the recruitment of new businesses to the state, and one issue concerning companies is an adequate workforce. He stated Arkansas is at a disadvantage when competing with other southeastern states including Texas, Mississippi, Alabama, Florida, and Georgia due to Arkansas's corporate tax structure.

Representative Lance Eads was recognized and stated industry, state and municipalities can work together to fulfill the workforce needs. The Springdale Chamber of Commerce will have a study commissioned to obtain workforce data in the region.

Mr. Michael Lindsey was recognized and described two initiatives. The first initiative is “Be Pro, Be Proud,” a workforce initiative to educate and inform the public about job opportunities in the manufacturing industry. The second initiative is the “Made in the USA” initiative Walmart introduced with a goal of purchasing an additional \$250 million in American made products. Mr. Lindsey stated Walmart’s annual U.S. Manufacturing Summit will be held June 28, 2016, where buyers for Walmart will meet with potential suppliers.

Mr. Jeffrey Wood was recognized and discussed the challenges facing Tyson Foods in its effort to obtain an adequate workforce. He stated the unemployment rate in northwest Arkansas is 2.9% compared to 3.9% across the state, which causes Tyson Foods to compete for skilled workers. Currently, Tyson Foods has 128 mechanical and technical positions open statewide, and they have hired headhunters in an attempt to recruit employees from other states.

Mr. Wood stated Tyson Foods has invested \$1.1 million into numerous programs, including the Ignite Springdale program at the University of Arkansas Community College at Morrilton, the Ralph R. Willis Career and Technical Center in Logan County (RRWCTC), and the University of Arkansas System eVersity.

Senator Irvin described a software data system developed by Mississippi State University, nSPARC, which is available to Arkansas at no cost and can be used as a workforce identification system. The system combines information and data and places the data into one location in real time. It can identify individuals within a particular region in relation to the workforce needs of a business within the region. It can also specify whether an individual holds a specific type of degree or certification.

Mr. Wood introduced Mr. Logan Webster, an intern with Tyson Foods and a recent graduate of the University of Arkansas, Fayetteville. Mr. Webster stated he believes students should be made aware of the many job opportunities and innovations that exist in the manufacturing industry.

In discussing the corporate tax structure in Arkansas, Mr. Preston explained the tax formula is an apportionment formula using three factors: total property, payroll, and sales tax. The three ratios are multiplied to produce a percentage of the company’s taxable income. He stated Arkansas is one of only twelve states that use this formula. States with a single sales tax formula apportion income using only the ratio of companies in their state to its total sales. The single tax formula benefits larger companies that have a national and global presence.

There being no further business, the meeting adjourned at 2:15 p.m.