

MINUTES

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

Meeting Jointly
Tuesday, May 14, 2019

The Senate and House Interim Committees on Agriculture, Forestry, and Economic Development met jointly on Tuesday, May 14, 2019, at 2:00 p.m., Hot Springs Convention Center, Room 209, Hot Springs, Arkansas.

Committee Members present: Senator John Cooper, Chair. Representatives Dan Douglas, Chair; David Hillman, Vice-Chair; Rick Beck, Mary Bentley, Harlan Breaux, Les Eaves, Jack Fortner, Steve Hollowell, Ron McNair, and Dan Sullivan, and Stephen Meeks.

Other legislators present: Senators Linda Chesterfield and Representatives Craig Christiansen, Monte Hodges, Douglas House, Jack Ladyman, Fredrick Love, Reginald Murdock, Keith Slape, Dwight Tosh, and James Sorvillo.

Representative Douglas called the meeting to order and recognized members of the Rural Development Board for introductions.

CONSIDERATION TO APPROVE MEETING MINUTES [Exhibit B]

Representative Beck made a motion to approve the meeting minutes of November 29, 2018. The motion was seconded by Representative Fortner, and carried without objection.

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

Senator Cooper made a motion to grant authority to approve special expenses to the chairs of the Senator Agriculture, Forestry and Economic Development Committees. Pursuant to the motion by Senator Cooper, the motion carried without objection.

UPDATE ON BIG RIVER STEEL

Mr. Michael Preston, Executive Director, Arkansas Economic Development Commission (AEDC), was recognized and stated the past legislative session was extremely successful and important for economic development. He gave a brief update on Phase I of the Big River Steel Project, stating that there are over 630 jobs paying an average wage of \$119,000 annually and over \$1 billion has been invested thus far. Mr. Preston noted that Big River Steel is the only lead certified mill in the United States. Moreover, Big River Steel is one of two mills that can produce steel for electric and hybrid vehicles. For FY 2018-2019, there were no reports of accidents on the work site. Regarding Phase II, Big River Steel is doubling its facility capacity. Notably,

250 construction workers are on site and will peak at approximately 1,100 workers. The Phase II project is expected to be completed in 18 months. As of today, \$100,000,000 has been spent on the project. The \$476 million bond will close at the end of this month with another bond issue of \$400,000,000 from June-December. The total investment of Phase II is \$1.2 billion with an additional 500 jobs created with an annual salary of \$75,000. Regarding the tariffs issue, Mr. Preston stated Big River Steel is against the steel tariffs with China, as the company does not need the tariffs to compete in the global market. Mr. Preston noted Big River Steel will officially report their numbers to the AEDC in June.

UPDATE ON CZ-USA (FIREARMS MANUFACTURER) [Handout 1]

Mr. Michael Preston, Executive Director, Arkansas Economic Development Commission (AEDC), Mr. Clint O' Neal, Executive Vice President of Global Business, AEDC, and Ms. Katherine Holmstrom, Senior Project Manager, Business Development, AEDC, were recognized and presented a video titled, "6 Weeks of Expansions in Arkansas" and a PowerPoint presentation titled, "Project Precision Case Study" [see **Handout 1** for full report]. Mr. Preston stated 7 different projects were announced in the last 6 weeks, which resulted in over 1,400 jobs, with a capital investment of over \$285 million. He pointed out the Czech Republic firearm manufacturer selected Little Rock to do their first manufacturing project outside of their country. The project has a \$90 million investment and will create approximately 565 jobs. The CZ-USA distribution center and headquarters facility is located in Kansas City and will relocate to Little Rock in conjunction with their manufacturing facility. Mr. O' Neal explained Arkansas competed with 4 other states to win the Project Precision on October 3, 2018. The public announcement was made on Apr 23, 2019. Mr. O'Neal noted the project was very intense and competitive. Arkansas was marketed through various channels and had to address the following 6 key drivers to win the project:

- Suitable site
- Workforce
- Quality of life
- Cultural fit
- Capital and operating costs
- Time to production

Ms. Holmstrom discussed the process of obtaining the project and the site location, noting the facility will be located at the Little Rock Port Authority-South Port Site. She stated the site location is good with all the infrastructure in place. As the project manager, Ms. Holmstrom is the single point of contact for the consultant and the company. She is also responsible for coordinating the State's response with local input to relay to the aforementioned parties. Notably, the groundbreaking will be held in June, hiring and initial training will begin in September at UAPTC in Little Rock, and the plant will be operational by May 2020.

In response to a question by Representative Meeks regarding whether there is current legislation that would cause companies to cross the State off the list that legislators can work on next. Mr. Preston replied the "throwback rule", which was part of the tax bill was eliminated. This would prevent companies from coming to Arkansas.

Representative Douglas announced and reminded committee members to meet with the Bureau of Legislative Research bill drafters to work on their interim study proposal to submit to the committee.

There being no further business, the meeting adjourned at 2:40 p.m.