

MINUTES

Senate Committee on Agriculture, Forestry, and Economic Development
House Committee on Agriculture, Forestry, and Economic Development
Meeting Jointly

Monday, August 17, 2020

10:00 AM

Room A-MAC, Little Rock, Arkansas

Committee Members Present: Senators John Cooper, Co-Chair; Ricky Hill, Vice Chair; Bruce Maloch, Matthew Pitsch, and David Wallace; Representatives Dan Douglas, Co-Chair; David Hillman, Vice Chair; Rick Beck, Mary Bentley, Stan Berry, Ken Bragg, Harlan Breaux, Marsh Davis, Vivian Flowers, Jack Fortner, Steve Hollowell, Joe Jett, Ron McNair, Stephen Meeks, Dan Sullivan, Jeff Wardlaw, and Carlton Wing

Other Members Present: Senators Ronald Caldwell, Linda Chesterfield, Jonathan Dismang, Kim Hammer, Bart Hester, and Bill Sample; Representatives Fred Allen, Cameron Cooper, Cindy Crawford, Denise Ennett, Jon Eubanks, Kenneth Ferguson, Justin Gonzales, Jack Ladyman, Frederick Love, Roger Lynch, Austin McCollum, Tippi McCullough, Rebecca Petty, Marcus Richmond, Johnny Rye, Jamie Scott, and Keith Slape

Senator Cooper called the meeting to order.

Consideration to Approve Meeting Minutes of May 12, 2020 [Exhibit C]

Without objection, the Minutes of the May 12, 2020, meeting were approved.

Update Regarding Bayou Meto and Grand Prairie Water Management Projects [Exhibits D1, D2, D3]

Edward Swaim, Executive Director, Bayou Meto Water Management District (District), and Laudies Brantley, Jr., President, Board of Directors, provided an update on the Bayou Meto Water project. Arkansas uses 80% of its water for row crop irrigation (85% from the ground). The District petitioned the court to amend the original improvement plan (2001) to allow for an increase in landowner assessments. The current assessment has a maximum of \$5 per acre, with an average of \$1 per acre. The District requested the court approve a maximum increase of \$42 per acre which would allow them to borrow money to deliver water to more than 90,000 acres within the next six or seven years. Rates will be established when final costs and cost apportionment are developed. The project's total cost is \$762 million with \$495.3 million coming from the federal government and \$266.7 million from state/other sources. Mr. Swaim and Mr. Brantley asked the committees to approve a tax credit from the existing water conservation tax credit program in order to lower the assessment to \$30 per acre.

Bill Bevis, former legislator/retired farmer, Lonoke County, said the increased assessment would cut his rental income in half on acreage that he and his brother own. He stated his neighboring landowners are also opposed to the increased assessment as it would have a terrible effect on their income. Mr. Bevis said the assessment funds were never intended to fund the water project, but were meant to pay bills not covered by federal funds.

Dan Hooks, President; David Feilke, Vice President; and Lynn Sickel, Immediate Past President; Grand Prairie Water Management District Board, provided an overview of the White River Irrigation District. There are 300,000 acres within the area and 250,000 are 100% irrigated. The reservoirs are farmer constructed/owned using state tax credits from the EQIP/MRBI with \$60 million invested. The primary source of funding includes: NRCS-\$28 million; \$20 million requested in federal funds; Corp of Engineers-\$10 million pump station; 30% local match is required-WRID will request loans to provide the match; and farmer payback is required. Mr. Hooks said their goal is to become sustainable by delivering affordable water and asked members to support the Arkansas Agriculture Department in their efforts to provide the loans.

Wes Ward, Secretary; and Megan Perkins, Project Coordinator; Department of Agriculture (Department), stated both irrigation projects are important to the state and a priority to the governor as well as the Department. The governor has appointed Ms. Perkins as the project coordinator and asked that they play a more active role in addressing each project and to make sure all of the needed partners are brought in so they can move forward to completion.

Discussion of CARES Act Effect on Agriculture and Request for CARES Act Appropriation [Exhibits E1, E2, E3]

Wes Ward, Secretary, Department of Agriculture, briefed the committees on the following grant proposal and the request for approval for equipment and an online payment system:

Grant Proposal:

Requesting \$5 million to establish a cost-share program to help local, small-scale Arkansas meat processing facilities expand processing capacity to meet increased demand due impacts of the COVID-19 pandemic.

Michael Lee, Farm Manager, Flying C Ranch, spoke in favor of the grant proposal. He said that due to the lack of meat processing facilities he was unable to meet the increased demand for beef during the pandemic. He asked the committees to approve the grant proposal in order to help safeguard the food supply for Arkansans.

Jessica Clowser Burkham, Director of Policy Development, Arkansas Farm Bureau (ARFB), expressed the support of ARFB for the CARES Act grant proposal and stated they would like to see the following changes: increase funding to \$10 million; increase cost-share reimbursement to 90/10; and funding for new construction.

The Committees recommended approval of the Department's request for appropriation to expend funding in the amount of \$5 million awarded by the Arkansas CARES Act. Furthermore, the Committees recommended that the grant award reimbursement up to 90% of the eligible expenses for noncapital improvements.

Request for Approval

To facilitate compliance with COVID-19 related public health measures, the Department is in the process of purchasing approximately \$215,436 in computer/communication equipment and online payment systems.

Representative Douglas made a motion to support the Department of Agriculture's request of \$215,436 for reimbursement of costs for computer equipment, communication equipment, and online payment systems to facilitate compliance with COVID-19 related public health measures.

Discussion of County Fair Cancellations and Vesicular Stomatitis Virus in Arkansas

Wes Ward, Secretary, and Patrick Fisk, Director of Livestock and Poultry, Department of Agriculture, discussed the impact of COVID-19 on county fairs. Large gatherings are restricted unless a written plan has been submitted to the Department of Health for approval. Currently, 20 fairs have been cancelled, 53 will have livestock events only, 23 will have a full event without a carnival (horticulture, online events, etc.), and 102 plans have been approved and more approvals are expected. Limited funding is available to help with costs associated with loss of revenue.

Dr. Randy Chick, State Veterinarian, Department of Agriculture, spoke on the Vesicular Stomatitis Virus that is currently active in horses in four Arkansas counties. It is spread by flies, gnats, etc., and is rarely transmitted to humans. Currently, there is no vaccine available and the Department has advised livestock owners to report any signs of the virus to their veterinarian and to take steps to prevent the spread of the disease.

Update Regarding Feral Hogs

This item was deferred until the next meeting.

Discussion of Dicamba Concerns and Plant Board Membership

Wes Ward, Secretary; Scott Bray, Director, Plant Industry Division; and Terry Fuller, Chairman; State Plant Board, Department of Agriculture, provided an update on Dicamba concerns. As of August 12, 2020, 472 cases were filed -- 211 are alleged Dicamba files (14 were inspector initiated); and \$1,450,000 in penalties proposed for alleged egregious violations (48 cases). Alleged violators have the option to accept a settlement agreement or request a formal/informal meeting.

At the request of members, all future monthly dicamba case status reports are to be submitted to the Agriculture Committees.

Charles Williams, Farmer, Mississippi County, and Perry Galloway, Farmer, Woodruff County, spoke unfavorably in reference to the makeup of plant board members. The voting majority are appointed directly by private industry organizations with no review or oversight by elected officials and therefore, are not accountable to the electorate. It was noted the plant board model as practiced is broken and that no other state promulgates rules and regulations on agriculture in this manner. Mr. Williams and Mr. Galloway expressed their displeasure with the State Plant Board and respectfully asked the legislature to consider how regulatory decisions are made in other states.

Representative Jett made a motion for Secretary Ward and Director Bray to update the committees on the status of Dicamba cases at a later date.

Reports Received [Exhibit I]

The 2019 Arkansas Institutional Fund Annual Report was presented to the committees as required by A.C.A. §15-5-1408 of the Venture Capital Act of 2001.

There being no further business, the meeting adjourned at 3:30 p.m.

DRAFT