

MINUTES

**HOUSE & SENATE INTERIM COMMITTEES ON AGRICULTURE,
FORESTRY & ECONOMIC DEVELOPMENT AND
JOINT ENERGY**

October 16, 2013

The House and Senate Interim Committees on Agriculture, Forestry and Economic Development met with the Joint Energy Committee on Wednesday, October 16, 2013, at the El Dorado Convention Center, 311 South West Avenue, in El Dorado, Arkansas.

Committee members present: Representatives Matthew Shepherd, Chair; Nate Steel, Vice Chair, Agriculture, Forestry & Economic Development; John Baine, Dan Douglas, Homer Lenderman, Stephen Magie, Stephen Meeks, and Sue Scott.

Other legislators attending: Representative Ken Bragg.

Representative Shepherd called the meeting to order.

Moderators for Panel Discussions

Dr. Corbin Lampkin, Chancellor, Southern Arkansas University Tech and Randy Young, Executive Director, Arkansas Natural Resources Commission (ANRC), introduced the following speakers:

Red River Navigation Project

Former State Senator Wayne Dowd, presented an overview and history of the Red River Navigation Project. The Arkansas Red River Commission was created in 1972 to lobby congress for funds to make improvements to the river and represents four states: Arkansas, Texas, Louisiana, and Oklahoma. Senator Dowd stated the Commission will ask the state legislature for a minimum of \$1.1 million at the next fiscal session to provide additional funds for the Red River Navigation feasibility study by the United States Army Corp of Engineers (USACE), and for operating expenses for the Commission's office.

Arkansas-Louisiana Discussions of Red River Flow at the Stateline

Cynthia Phelps, General Counsel, ANRC, presented a report on the Red River flows at the Stateline. Ms. Phelps said water in the interstate streams is insufficient during dry summer months to meet agricultural irrigation requirements in Arkansas and Louisiana. The USACE is exploring the feasibility of augmenting flows in rivers, bayous, and ditches in Southeast Arkansas with a portion of the excess water from the Arkansas River. The Boeuf Tensas Irrigation Project (BTIP) would increase water for agriculture as well as provide benefits such as ecosystem restoration, sustainability, flood risk management, and energy savings. The project is still in the study phase, and due to new funding limitations by the federal government on feasibility studies, Arkansas will have to commit additional resources to finish the project, or it will be de-authorized. The USACE has requested an additional \$1,000,000 in non-Federal funds.

Arkansas State Water Plan

Deanna Ray, Assistant General Counsel, ANRC, spoke on the Arkansas State Water Plan, and provided the following information:

- The amount of available surface water in the state has not changed significantly since 1990, but groundwater has been steadily depleted
- The state receives 43-69 inches of rainfall annually, has more than 600,000 acres of lakes, and uses over 11 billion gallons of water per day
- Water uses are estimated to increase 13% by 2050
- Twenty-seven percent of Arkansas's water demands are met using surface water, and 73% by groundwater.

Ms. Ray said the updated water plan will include recommendations; however, any new regulations will be subject to public comment and review by the state legislature. The plan will be presented to ANRC in November 2014, and will include the following steps:

- Calculation and forecast of current and future demands and assessment of available water supply through 2050
- Identification of issues and challenges
- Cooperation with stakeholders and the public to create a portfolio of water supply and management actions

Forestry/Timber Industry Presentation

Aubra Anthony, Jr., President and CEO, Anthony Forest Products Company, said his company was started in 1916, and currently has 260 employees across the country, including 180 in the local area. The company operates a lumber producing mill in Urbana, Arkansas; wood chip mills in Louisiana and Texas; laminating plants in El Dorado, Washington, and Georgia; and jointly owns a manufacturing plant in Canada. In 2006, housing starts dropped to depression-era levels, falling from 2 million per year to 500,000 per year. Mr. Anthony feels recovery is several years away; however, he predicted housing starts of 1.5 million by 2015. He also spoke on the environmental effects of using wood and the Paper Check-off program:

Innovation Research

- Mid/high-rise wood buildings are technically feasible
- Wood based high rise buildings utilizing wood based structures appear to be cost competitive to conventional reinforced concrete buildings
- Mid and high-rise structures that utilize wood can drastically reduce their carbon footprints

Paper Check-off

- The paper and paper-based packaging check-off program is a new and distinct effort that promotes the broad category of paper and paper-based packaging products
- The objective is to improve public perception, maintain and grow sales of paper-based packaging, and stop the decline of printing and writing.

Ray Dillon, President and CEO, Deltic Timber Corporation, said the Deltic Timber Corporation is an Arkansas company with operations located primarily in Arkansas and north Louisiana. The company owns 459,600 acres of timberland and operates two sawmills. They also operate manufacturing facilities in Ola and Waldo, and own the Medium Density Fiberboard (MDF) plant in El Dorado. He noted the country is growing more trees today than 100 years ago and said while there is plenty of supply, there is not as much demand because of housing starts and less wood-sawing facilities. Mr. Dillon reiterated much of what Mr. Anthony stated in his presentation about housing starts, research, and the economy, and said growing environmental concerns are a potential boon for the timber industry. Both presenters spoke on how the industry has had to remarket itself as environmentally safe and how wood products reduce carbon dioxide levels and leave a smaller carbon footprint than some other building materials.

Mr. Anthony and Mr. Dillon encouraged legislators to be mindful of taking a balanced approach to any growth that affects the environment and the economy.

With no further business, the meeting adjourned at 11:30 a.m.