

AR Senate Approves Steel Mill Proposal

Michael Stratford, Associated Press

LITTLE ROCK, Ark. (AP) — The Arkansas Senate on Tuesday approved Gov. Mike Beebe's proposal to provide Big River Steel with \$125 million in state financing to help build a new steel mill in northeastern Arkansas.

Without any discussion on the chamber floor, the Senate approved a bill authorizing the plan, which Beebe has called one of the largest economic projects ventures in Arkansas history.

The legislation authorizes Arkansas to issue bonds to provide a loan and pay some construction costs of a \$1.1 billion steel facility in Osceola. Big River Steel has promised to create at least 525 permanent jobs with an average wage of \$75,000.

Lawmakers still must pass a separate budget bill in order to grant final approval to Beebe's proposal. That measure will require a three-fourths majority in both chambers to pass. The Senate's 26-6 vote Tuesday was one vote shy of that required supermajority. A House panel is expected to vote on the project on Wednesday.

Support for the project, which Beebe first alluded to in a speech in January, has grown in the past week, as House Speaker Davy Carter and Senate President Michael Lamoureux both Republicans, announced they would back it.

The Arkansas State Chamber of Commerce on Tuesday also endorsed the incentives, saying it was important for the state to help develop business, "particularly in areas that are struggling economically."

"This type of project is a rare opportunity for the state to create a significant number of high-paying jobs," said Randy Zook, the group's president, adding that "Every business deal carries risks, but these are reasonable risks."

But some conservatives have opposed the project, saying they object to the size of the incentive package and having the government help fund a new private company.

The Arkansas chapter of Americans for Prosperity emailed lawmakers last month saying the project "puts Arkansas tax dollars at risk and increases the state's outstanding debt obligations."

Nucor Steel, which operates two steel plants near the site where Big River Steel wants to develop, has opposed the plan, arguing the industry can't absorb another mill. Nucor officials have said that the addition of another steel mill in their region could force them to scale back their Arkansas workforce.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Big River Steel is being led by former Nucor executive John Correnti.

Sam Commella, vice president and general manager of Nucor Steel Arkansas, urged lawmakers not to approve state financing to help support a newly formed company that he said had "overpromised and is certain to under-deliver."

"We're not afraid to compete against another private company. However, I'm telling you unequivocally the proposed Big River Steel mill will have a negative impact on mills currently in Arkansas," he said.

Commella pointed to a report from consultants hired by the Legislature that identified some risk that the steel mill wouldn't have enough demand for its products.

Two consulting firms provided mixed reviews of the proposal last month. Consultants from HIS Global Insight told lawmakers that it was a close call as to whether the state would see a positive return on the money it's proposing to spend on the project. Another analysis from Regional Economic Models Inc., indicated the mill would most likely provide a positive economic benefit — such as jobs — even though the costs of the incentives could negatively impact the state budget in some years.

Correnti told lawmakers he was confident that the mill's products would be able to find a market, noting that Arkansas imports steel from elsewhere.

Aside from the \$125 million in financing that requires legislative approval, the Beebe administration is also luring Big River Steel with tax breaks and up to \$10 million in funding to help train workers for the mill.

Sen. Alan Clark, R-Lonsdale, told the Senate Agriculture, Forestry and Economic Development Committee on Tuesday that he wanted economic development officials to limit training funding to help only Arkansas residents. Osceola is along the Mississippi River, just across the border from Tennessee.

Correnti responded that he would be OK with such a restriction, but Arkansas Economic Development Director Grant Tennille said he feared that it could lead to neighboring states taking retaliatory measures.

"As a matter of policy, I don't think it's a good idea," Tennille said. "I don't know that we want every Arkansans who lives in West Memphis (Ark.) and drives across the bridge to work at FedEx to have to pay their own training. I think the state of Tennessee is probably taking care of that."

Source URL (retrieved on 08/30/2014 - 3:56pm):

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