

AR Steel Mill Proposal Gains Traction

Michael Stratford, Associated Press

LITTLE ROCK, Ark. (AP) — Gov. Mike Beebe's plan to provide \$125 million in state financing to help a new company build a steel mill in Mississippi County is gaining bipartisan support among legislators — though some conservatives still object to having the government help fund one of Arkansas' largest economic development projects.

Beebe's proposal received a significant boost last week when leaders of the Republican-controlled Legislature expressed support for Big River Steel's plan to construct a \$1.1 billion mill along the Mississippi River in Osceola.

But opponents have also emerged, and as committee votes approach this week it is not clear whether state funds will back the project. A conservative political action group and an existing steel company each have mounted campaigns against Beebe's plan.

A pair of legislators from Mississippi County — Sen. David Burnett, D-Osceola, and Rep. Monte Hodges, D-Blytheville — say Arkansas cannot afford to lose a steel mill that is expected to create at least 525 jobs paying an average annual salary of \$75,000.

"This would change lives tremendously, not just in Mississippi County, but in the surrounding areas where people will commute for these jobs," Hodges said. "There will be satellite business that spring forward because of Big River. It's going to be a ripple effect."

Senate President Michael Lamoureux, R-Russellville, and House Speaker Davy Carter, R-Cabot, said they would support the project because they were satisfied that the potential benefits outweighed the risks.

"There's always risk in anything you do, and nobody is saying this is fail-safe," Carter said. Mississippi County, he said, is on the down side of a boom-and-bust cycle.

"This is a part of the state that was thriving for a long time, and things over the past few decades have gone the other way," he said. "The rest of the state needs to keep that on their mind when we debate this."

Democrats also generally support the project, said House Minority Leader Greg Leding.

But the proposal to offer loans, subsidies, and tax breaks to a newly formed company has conservatives describing the plan as a government "hand-out" that would siphon public resources from elsewhere.

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One influential conservative group — incidentally, one with ties to one of Big River Steel's largest investors — is telling lawmakers to reject the project.

The Arkansas chapter of Americans for Prosperity — the group founded by billionaire energy executives Charles and David Koch — sent emails to lawmakers last month saying the project "puts Arkansas tax dollars at risk and increases the state's outstanding debt obligations."

Koch Industries is a major investor in the project, investing \$120 million into the project to become a 40 percent stakeholder, according to George Hopkins, executive director of the Arkansas Teacher Retirement System, which is itself planning to be a 20 percent investor in Big River Steel.

House Republican Leader Bruce Westerman said he's still undecided about the \$125 million package, which includes \$50 million as a loan.

"We're acting more like a bank when we're giving them grants to develop a site," said Westerman, R-Hot Springs. "Do I think that's the best use of government resources? Not necessarily, but I know that's the game of economic development and you might have to do that if you're going to be competitive with other states."

Nucor Steel, which operates two steel plants near Blytheville, says having another steel mill in northeast Arkansas would negatively impact their business and could force them to scale back their Arkansas workforce.

Big River Steel is being led by a former Nucor executive John Correnti. Backers of the project say that both companies will be able to prosper in the region.

"Nucor has been a very fine citizen, and I wouldn't support Big River if I didn't think they can live in harmony together," said Burnett. "Competition is generally what makes for better products, a better engine of industry."

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