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*Jerry Jackson
Mayor*

April 21, 2023

In light of recent changes to the Arkansas State Law and due to the sheer volume of calls, comments, and concerns received, the City of Harrison would like to address the blockchain technology data center (crypto-currency mining or digital asset mining business) that has been proposed in southeast Harrison.

First, we acknowledge the following concerns of the citizens of Harrison, Arkansas.

- Noise and light pollution generated from a single facility within the City.
- Electrical capacity needed for residential and other commercial properties above and beyond what is needed for a facility needing a large amount of power.
- An entity operating within the city limits that could have ties to a foreign government.

Second, the City has noted the following timeline of events in regards to the proposed facility:

- November 2022 – Property was purchased in Boone County adjacent to an Entergy owned power sub-station for a potential data center intended for crypto-currency mining. At the time, county parcel records and city mapping indicated that the property was located in un-incorporated Boone County (outside of any city limits).
- March 7th & 8th – Research identified an ordinance from 1999 (Ordinance No. 1181) that annexed the property into the City of Harrison. The annexation ordinance established zoning for the property to be I-1 Heavy Industrial.
- March 8th – The property owner and contractor for the proposed data center were notified that the property had been determined to be located within the City of Harrison's jurisdiction. The contractor agreed to cease construction activities.
- March 9th – City representatives met with the contractor and a representative of the property owner to discuss City planning and zoning requirements as well as building code requirements. Specifically, the contractor was notified that a Conditional Use Permit (and associated Public Hearing) would be required per the City's Zoning Code. Furthermore, the contractor was notified that a Large Scale Development review and approval would be required per the City's Land Development Regulations.
- March 16th – House Bill 1654 was introduced by Rep. Aaron Pilkington and Sen. Jonathan Dismang to create an act to provide sales and use tax exemptions for data centers and for other purposes.
- March 30th – House Bill 1799 was introduced by Rep. Rick McClure and Sen. Joshua Bryant to create the Arkansas Data Centers Act of 2023.
- April 4th
 - A Conditional Use Permit Application and a Large Scale Development Application for the proposed data center was submitted to the City of Harrison.
 - HB 1654 (Data Center Tax Exemption) Passed the Arkansas House 78-6.
 - HB 1799 (Arkansas Data Centers Act of 2023) Passed the Arkansas House 88-2.

- April 6th
 - HB 1654 (Data Center Tax Exemption) Passed the Arkansas Senate 32-0.
 - HB 1799 (Amended Version) Passed the Arkansas Senate Unanimously 33-0.
 - HB 1799 (Amended Version) Passed the Arkansas House 93-1.
- April 11th – City of Harrison identified HB 1799 as applicable to property in Harrison.
- April 12th – The agenda for the April 25th Planning Commission Meeting was finalized including a public hearing, condition use permit review, and large scale development review for the proposed data center.
- April 13th
 - Governor Sarah Huckabee Sanders signed HB 1654 at which time it became Act 819.
 - Governor Sarah Huckabee Sanders signed HB 1799 at which time it became Act 851.
- April 14th – Representatives from the City of Harrison Administration, Planning Commission, City Council, Fire Department, and Public Works along with other community members and press toured a facility in Newport, AR that is similar to the facility proposed in Harrison. During the tour, sound levels at the facility were tested and documented. The results of the testing will be made available to the public as the Conditional Use and Large Scale Development applications are reviewed.

Act 819 is titled “An Act to Provide Sales and Use Tax Exemptions for Data Centers; to Provide a Sales and Use Tax Exemption for Data Center Equipment, Data Center Costs, Certain Services Provided to a Data Center, and Electricity Used by a Data Center; and for Other Purposes.

Language in Act 851 (Arkansas Data Centers Act of 2023) establishes strict prohibitions on what actions local governments (cities and counties) can take regarding proposed data centers including facilities for “digital asset mining”:

- Paragraph 14-1-505(d) Act 851 states “A person may have a digital asset mining business in an area that is zoned for industrial use that has not been designated by the local government for other uses.”
- Section 14-1-505 of the Act explicitly **prohibits discrimination against digital asset mining businesses** and includes language prohibiting the following:
 - “Enact or adopt an ordinance, policy, or action that limits the sound decibels generated from home digital asset mining other than the limits set for sound pollution generally.”
 - “Impose a different requirement for a digital asset mining business that is applicable to any requirement for a data center.”
 - “Rezone an area with the intent or effect of discriminating against a digital asset mining business.”

The City continues to assess the impact of the Arkansas Data Centers Act of 2023 on our local jurisdiction over data center projects (including digital asset mining businesses). Our current assessment is that it is still within our authority to continue with both the Conditional Use Permit and Large Scale Development Permit requirements for the proposed facility.

The City is committed to addressing public concerns in accordance with adopted local ordinances, rules and regulations as well as federal and state laws, including those that have been **recently signed into law by our state legislators and the Governor of Arkansas.**

Sincerely,

Jerry Jackson,
Mayor