



ARKANSAS



**ARKANSAS**  
STATE CHAMBER  
OF COMMERCE



ASSOCIATED  
INDUSTRIES OF  
**ARKANSAS**

# *Legislative Agenda 2011*

***Business matters.***

**We are pleased to present the 2011 Legislative Agenda of the Arkansas State Chamber of Commerce and the Associated Industries of Arkansas, Inc, the voice of business in Arkansas. The State Chamber/AIA represents over 1100 businesses of all shapes and sizes from every county in Arkansas. We also work in collaboration with local chambers of commerce, local economic developers all over the state as well as with most business associations.**



**Prior to every state legislative session, the State Chamber/AIA holds meetings of its committees on governmental affairs, taxes, workers' compensation, unemployment insurance/HR, health and education to identify issues of interest to the business community of Arkansas. The committees' recommendations are then reviewed by the State Chamber and AIA boards of directors, before the Executive Committee's final recommendations are presented for adoption at the organizations' Annual Meeting.**

**In addition to the organizations' formal policy development, we also work closely with other organizations that have their own agendas that impact business. These organizations include the Arkansas Environmental Federation and the Employers Healthcare Coalition.**

**Because Arkansas's legislative sessions are usually fast paced and require quick decisions by lobbyists in the Capitol this document will serve as a guide to formulate positions on legislation that will impact the economic climate in Arkansas. When time allows, on issues of significant importance or when a conflict of business interests arise, the State Chamber/AIA Executive Committee will provide direction.**

**We look forward to the opportunity to address business and industry's concerns and challenges with members of the 88th General Assembly and ask for your support in helping Arkansas businesses create more jobs, invent new products and increase productivity.**

# Mission<sup>1</sup>

The mission of the Arkansas State Chamber of Commerce and Associated Industries of Arkansas, Inc is to continually enhance the economic climate in Arkansas.

## Priority Issues

During the 88<sup>th</sup> General Assembly the State Chamber/AIA's top priorities will be:

Adopt a plan to return the state's unemployment insurance trust fund to solvency

Lead the effort to pass a complete sales tax exemption for energy used in industry and manufacturing.

Reduce or eliminate the capital gains tax

Protect the education reforms passed in 2003-04.

Protect the legal reforms enacted by Act 649, the Civil Justice Reform Act, of 2003.

Protect the workers' compensation reforms enacted by Act 796 of 1993

Maintain the Electoral College to elect the President of the United States of America

## General Issues *(Listed Alphabetically)*

### **ECONOMIC DEVELOPMENT**

Support the Arkansas Economic Development Commission's legislative package as endorsed by the Arkansas Economic Developers and Arkansas Chamber of Commerce Executives.

Support other legislation that will enhance economic development in Arkansas that is recommended by the Arkansas Economic Developers.

Support proactive legislation that will attract and keep jobs in the State of Arkansas.

Support legislation that encourages venture capital investment in Arkansas.

### **EDUCATION** *(P-12, Higher Education & Workforce Development)*

Support legislation that preserves and/or enhances the education reform measures of accountability, transparency and choice throughout our public education system, specifically including, but not limited to, both the Act 35 accountability legislation and the Omnibus Education Act.

Support legislation that improves education in Arkansas through the development and implementation of increased rigor, relevance and relationships in the Arkansas public school educational experience, including support for Arkansas's move to the more rigorous Common Core standards.

Support legislation that aids the recruitment and retention of high quality teachers in the state's education system including but not limited to pay for performance systems.

Support statewide formative assessment practices that give administrators, teachers and students feedback on the effectiveness of classroom instruction.

Support the creation, implementation and/or expansion of a high quality curriculum delivery system, including distance learning and expanded virtual school opportunities for Arkansas students.

Support legislation and policy that protects and expands educational choice for parents and students.

Monitor debate and influence policy discussions on how state funds are being spent on education and support legislation that puts a priority on expenditures that yield real academic improvement.

Support state-wide formative assessment utilization that give administrators, teachers and students feedback on the effectiveness of classroom instruction and encourage appropriate adjustment of classroom practice.

Encourage both the legislature and other state policy makers to evaluate our state's current school calendar, through an Interim Study on expanding the school day/school year in Arkansas.

Support the education based legislative agendas of the STEM Coalition, Accelerate Arkansas and Economics Arkansas, the Arkansas Education Accountability Coalition and other similar groups as approved by the State Chamber/AIA Executive Committee.

Endorse the relevance and importance of the Arkansas Task Force on Higher Education Remediation, Retention and Graduation Rates' ultimate goal of reaching the Southern Regional Education Board's average for Arkansas citizens holding a bachelor's degree by 2015.

Support increased relevance and greater accountability of higher education in Arkansas to address the state's economic development needs.

Support the continuation, expansion and coordination of productive, efficient and accountable workforce development programs.

## **ENERGY AND ENVIRONMENT<sup>2</sup>**

We believe all energy policy decisions must be made based on facts and sound economic justification. Any changes in the state's environmental policy must balance environmental concerns with economic development concerns. Arkansas's families, businesses, schools and government agencies must have the energy necessary to keep our economy growing. Environmental policy should recognize that Arkansas businesses must be competitive nationally and globally. At the same time, Arkansas businesses should be good stewards of the environment and the energy supply by taking a balanced approach to the use of energy efficient programs and technologies. Without this balance, consumers will bear the costs of both inefficient operations and overreaching government programs. Accordingly, the State Chamber/AIA Task Force on Energy will review and analyze environmental legislation proposed or filed in the 2011 Legislative Session and provide position recommendations to the staff and Executive Committee.

Protect and promote the exploration, production and use of Arkansas's natural resources.

Support the environmental legislative agenda developed by the Arkansas Environmental Federation (AEF) as approved by the State Chamber/AIA Executive Committee.

## **HEALTH CARE**

Monitor health care related legislation and determine its impact on employers and respond accordingly.

Oppose health care mandates that would increase health care costs.

Identify reasonable efforts to address the continuing increases in health care costs to employers.

Oppose any efforts to use the Patient Protection Act (commonly referred to as Any Willing Provider) as a mechanism to limit or prohibit individual negotiations with hospitals. And, support additional legislation that clarifies the right between the hospital and the health insurer to negotiate in good faith based upon relevant factors, including but not limited to the scope of total health care services provided by a hospital.

Maintain the Arkansas Employers Health Care Coalition (AEHC) existence in order to respond to employer related issues as recommended by the State Chamber/AIA Executive Committee.

Oppose legislation that would require businesses to pay for or provide a specified level of health care coverage to their employees.

## **IMMIGRATION**

We view immigration as a federal issue and support comprehensive immigration reform

## **LABOR & EMPLOYMENT**

Oppose attempts to enact a Public Employee Collective Bargaining Act.

Oppose legislation that requires public or private employers to withhold union dues from employee pay checks.

Oppose any and all attempts to repeal, reverse or limit in any way the Arkansas Right-to-Work law.

## MANUFACTURING

Continue to lead the effort to pass a sales tax exemption for energy used in industry and manufacturing by filing two bills that address this issue:

One bill would seek to reduce the sales tax rate from its current 3.25% to 0.125% (leaving the constitutionally based 1/8<sup>th</sup> cent conservation tax) for manufacturers in NAICS codes 31-32-33 and apply to utility costs as currently defined in the reduction laws passed in 2007 and 2009.

The other bill would be the same bill we had filed in the 2007 and 2009 sessions that sought a full exemption for ALL manufacturers (as defined in those bills and not limited to NAICS codes 31-32-33) and applies to a broader range of utility costs than those already in the law eligible for a reduced sales tax rate.

Support a sales and use tax exemption for partial replacements and repairs of manufacturing machinery and equipment.

## MISCELLANEOUS

Support appropriate legislation to discourage theft of copper and other types of metals without imposing unnecessary operating costs or restrictions on business and industry.

## TAXATION

Continue to lead the effort to pass a sales tax exemption for energy used in industry and manufacturing by filing two bills that address this issue:

One bill would seek to reduce the sales tax rate from its current 3.25% to 0.125% (leaving the constitutionally based 1/8<sup>th</sup> cent conservation tax) for manufacturers in NAICS codes 31-32-33 and apply to utility costs as currently defined in the reduction laws passed in 2007 and 2009.

The other bill would be the same bill we had filed in the 2007 and 2009 sessions that sought a full exemption for ALL manufacturers (as defined in those bills and not limited to NAICS codes 31-32-33) and applies to a broader range of utility costs than those already in the law eligible for a reduced sales tax rate.

Support a sales and use tax exemption for partial replacements and repairs of manufacturing machinery and equipment.

Support reduction or repeal of the capital gains tax rate.

Limit the sales and use taxation of out-of-state services consistent with the Streamlined Sales and Use Tax Agreement.

Seek a sales and use tax exemption for partial replacements and repairs of manufacturing machinery and equipment

Oppose unitary combined income tax reporting

Oppose new taxes on business services

Support the state's three-pronged tax system of property taxes, income taxes and sales taxes.

Oppose attempts to shift tax responsibility from property and income taxes to sales taxes.

Oppose the repeal of property taxes.

Oppose attempts to shift tax responsibility to business and industry.

Monitor attempts to update or repeal business incentives enacted over the years and make certain that no incentives are eliminated that are deemed necessary by specific businesses or industries.

Support existing sales and use tax exemptions and proposed new exemptions designed to promote business and industry in Arkansas.

Support the current legal requirements for passage of taxes.

Maintain historic opposition to any erosion of tax base that does not promote economic development.

Restore the authority of administrative law judges and protect and improve the rights of taxpayers to fair, timely and impartial treatment in administrative appeals

## TORT REFORM

Protect the legal reforms enacted by Act 649, the Civil Justice Reform Act, of 2003.

Monitor and oppose other legal, regulatory or consumer protection reform legislation which is adverse to business.

## TRANSPORTATION

The State Chamber/AIA believes that adequate transportation is vital to the economic success of the state. We will examine and support well reasoned and balanced plans to improve surface transportation as well as the development needs of the Arkansas waterways navigation system, rail and intermodal transportation.

## UNEMPLOYMENT INSURANCE<sup>3</sup>

Adopt a plan to return the state's unemployment insurance trust fund to solvency

The State Chamber/AIA Unemployment Insurance Committee will review and authorize its management representatives to negotiate with labor through the state Department of Workforce Services' ESD Advisory Council.

Oppose any legislation that is a detriment to a sound unemployment compensation system.

Protect the Department of Workforce Services' Employment Security trust fund.

Support legislation that will bring Arkansas' benefit payment amounts in line with surrounding states.

## WORKERS' COMPENSATION<sup>4</sup>

Protect the workers' compensation reforms enacted by Act 796 of 1993

The State Chamber/AIA Workers' Compensation Committee chairmen and the State Chamber/AIA Executive Vice President will conduct negotiations with the Arkansas AFL-CIO in accordance with issues developed by the State Chamber/AIA Workers Compensation Committee.

An important part of any agreement that may be reached between the State Chamber/AIA and Arkansas AFL-CIO is that both sides will oppose all workers' compensation legislation that is not part of the agreement between the State Chamber/AIA and the Arkansas AFL-CIO.

If an agreement cannot be reached with the Arkansas AFL-CIO on workers' compensation legislation, the State Chamber/AIA will promote legislation, developed and recommended by the State Chamber/AIA Workers' Compensation Committee, that would enhance the business climate in Arkansas and oppose legislation the State Chamber/AIA Workers' Compensation Committee determines would be injurious to the Arkansas business climate.

## Footnotes

<sup>1</sup>The organizations' approach to accomplish its mission is a strong governmental affairs program. To aid the development of its governmental affairs program this Agenda was drafted for use by the organization's staff as a guide during the 88th Arkansas General Assembly. The issues contained herein were developed through a series of meetings of the State Chamber/AIA's issue based committees (tax, workers' comp, unemployment insurance/HR, health, education and energy task force). Next the State Chamber/AIA Governmental Affairs Committee met to review the entire document and all members of the State Chamber and AIA Boards of Directors were invited to attend. Finally, staff provided a draft to all members of the State Chamber/AIA Board of Directors and Executive Committee prior to the State Chamber/AIA Annual Meeting.

In addition to guiding the State Chamber/AIA through the 88th General Assembly, it is the organizations' desire that this agenda will be reviewed and considered for adoption in whole or in part by each local chamber of commerce and economic development organization in Arkansas.

The State Chamber/AIA governmental affairs staff will monitor the development of additional issues that may arise in the days before the Arkansas General Assembly convenes in January 2011. The staff will also monitor all bills filed during the 88th General Assembly and track all bills identified as having an impact on business in Arkansas. The tracked bills will be arranged into business categories and reported in the Daily Legislative Update as well as recorded on the organizations' web site.

When issues arise during the session that have not been addressed by this agenda or when issues addressed herein are modified the State Chamber/AIA governmental affairs staff will take appropriate action to protect the business climate in Arkansas. In accordance with time available, the staff will consult with the organizations' issue committees and/or Executive Committee and/or Board of Directors for guidance on specific issues.

<sup>2</sup>The State Chamber/AIA Executive Vice President sits as an ex-officio member of the Arkansas Environmental Federation's (AEF) board of directors. The AEF was originally founded as a State Chamber/AIA committee before becoming an independent organization. A majority of AEF's member companies are also members of the State Chamber/AIA. The AEF board is populated by its corporate member environmental experts and environmental consultants.

<sup>3</sup>This Council, which consists of five management, five labor and two consumer representatives, reviews AR Department of Workforce Services staff recommendations for changes to unemployment insurance laws in the state and facilitates negotiations between labor and management on the proposed changes.

<sup>4</sup>The State Chamber/AIA serves the business community as the watchdog of workers' compensation. Since 1995 the State Chamber/AIA has conducted negotiations with labor through the state AFL-CIO.

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**ARKANSAS**

**Arkansas State Chamber of Commerce  
Associated Industries of Arkansas**

P.O. Box 3645

1200 West Capitol Avenue

Little Rock, Arkansas 72203

Phone 501-372-2222

Fax 501-372-2722

[www.arkansasstatechamber.com](http://www.arkansasstatechamber.com)



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