

ARKANSAS STATE CHAMBER OF COMMERCE ASSOCIATED INDUSTRIES OF ARKANSAS, INC.

2009 Arkansas Legislative Agenda

October 2008

MISSION¹

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 87th General Assembly the State Chamber/AIA's top priorities will be:

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

Protect the education reforms passed in 2003-04.

Protect the legal reforms enacted by Act 649 of 2003.

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

GENERAL ISSUES (listed alphabetically)

Economic Development

Support the Arkansas Department of Economic Development's legislative package when 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)²

Support legislation that preserves and/or enhances the education reform measures supported by and consistent with the State Chamber/AIA's Position Statement on Education, specifically including, but not limited to, the Omnibus Education Act, the Act 35 Accountability legislation, including the mandatory minimum 38 unit curriculum requirement and mandatory four AP course offering requirement in every secondary school and the creation of high quality curriculum delivery systems such as distance learning and other similar classroom enhancement

programs. While we are supportive of concurrent credit opportunities we will protect and defend the requirement to provide a minimum of four Advanced Placement courses available to every Arkansas high school student.

Support legislation that would improve education in Arkansas through the development and implementation of increased rigor, relevance and relationships in the Arkansas high school experience, which are consistent with the State Chamber/AIA's previous positions on Education.

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

Monitor debate over whether the General Assembly should be able to dictate how some state funds are spent on education and support legislation that puts a priority on expenditures that yield real academic improvement such as NSLA funds spent on teacher salaries.

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

Support the establishment of an educational delivery system that has the infrastructure to ultimately remove the "opt out" provision, thereby assuring every child will be provided with the Smart Core Curriculum.

Support the education based legislative agendas of the STEM Coalition, Accelerate Arkansas and Economics Arkansas 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 greater accountability of higher education in Arkansas that serves the state's economic and workforce development needs.

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

Evaluate the recommendations of the Governor's Cabinet on Education and Workforce Development and support initiatives, such as certificates of readiness, which are recommended and approved by the State Chamber/AIA Executive Committee.

Energy and Environment³

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 2009 Legislative Session and provide position recommendations to the staff and Executive Committee.

Protect and promote the exploration and production 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 Care⁴

Encourage the development of a properly designed and equitably funded statewide trauma system. We also support efforts to improve public safety, such as primary seat belt laws, helmet laws and graduated drivers' licenses, which would reduce the instances of trauma in Arkansas.

Oppose health care mandates that would increase health care costs.

Support pharmacy benefit management as a tool to reduce health care costs.

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.

Support the health care legislative agenda developed by the Arkansas Employers Health Care Coalition (AEHC) as approved 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 supported federal government comprehensive immigration reform including security of our borders, providing for an expanded work visa program to meet the growing needs of business to find an adequate workforce and dealing strongly with criminal activity of anyone, no matter what their origin. We believe all individuals should work within the law. We believe that Arkansas welcomes diversity. We encourage the business community to comply with all laws when hiring an employee which includes proper identification and compliance with appropriate anti-discrimination laws. We believe the business community should have the necessary tools to comply with laws without significant financial burden.

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.

Seek a resolution asking our congressional delegation to oppose the proposed Employee Free Choice Act, aka, union card check legislation, which is expected to be considered in the next Congress.

Manufacturing

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

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

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

Seek to extend the period of time available to claim rebates of all excess local sales and use tax collections derived from removing the local tax caps on business purchases at the time of purchase.

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

Oppose unitary combined income tax reporting

Oppose new taxes on business services

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

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.

Support reduction and repeal of the state and federal capital gains tax rate.

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

Support continuation of current legislative system of meeting every other year.

Tort Reform

Protect the legal reforms enacted by Act 649 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 Insurance⁵

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' Compensation⁶

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

¹ 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 87th 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 governmental affairs staff provided a draft to all members of the State Chamber/AIA Board of Directors and Executive Committee.

In addition to guiding the State Chamber/AIA through the 87th 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 2009. The staff will also monitor all bills filed during the 87th 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.

² The State Chamber/AIA played and will continue to play an integral role in helping Arkansas improve its education system. We are committed to continuous improvement of our state's education delivery system to improve outcomes for our children, which is absolutely critical to our state's well being. As a result of our state's educational delivery system being declared unconstitutional in regard to both adequacy and equity due to the Lakeview Decision, the legislature passed Act 35 in 2003. This initiative, along with the subsequent Omnibus Education Act, was a combined effort of the business community, various educational constituencies and legislators from both parties to not only bring our educational delivery system into compliance from an adequacy and equity standpoint, but also for Arkansas to make an unwavering commitment to hold the educational delivery system accountable for the results it is producing. Act 35 and Omnibus has provided a framework of accountability for this state's educational delivery system that not only led our state's educational delivery system to be declared constitutional by the Arkansas Supreme Court, but has also provided a framework for remarkable progress in our state's educational delivery... moving from a ranking previous to its passage by the nationally reputable publication Education Week of 49th in overall educational delivery to a ranking of 8th in the nation in the quality of our educational delivery system. However, we have to be ever-vigilant to defend the accountability measures created by Act 35 and the Omnibus Education Act. We believe statewide school improvement has happened because Arkansas finally has strong accountability standards in place. Prior to the 2003/2004 reforms, 13% of 4th grade students read at the 4th grade level. Today 70% of our 4th graders are reading at an even higher reading standard. Accordingly, the State Chamber/AIA is committed to doing everything possible to protect and defend Act 35 and the Omnibus Education Act and aggressively respond to any and all efforts to dilute or undercut our state's educational accountability legislation.

³ 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.

⁴ The State Chamber/AIA will participate in meetings of the Arkansas Employers Healthcare Coalition (AEHC) and facilitate communication for the coalition. A super majority of the AEHC members are also members of the State Chamber/AIA.

⁵ This Council, which consists of five management, five labor and two consumer representatives, reviews ESD staff recommendations for changes to unemployment insurance laws in the state and facilitates negotiations between labor and management on the proposed changes. We appreciate the Governor's recent appointments of State Chamber/AIA recommendations for changes in the management members of the ESD Council.

⁶ 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.