



Daily Legislative Update

92nd General Assembly

Thursday, January 17, 2019 – Session Day 4

TODAY AT THE CAPITOL

The House will convene at 10 a.m. and the Senate will convene at 11 a.m.

Primarily introductory meetings are occurring in the Committees, but a couple of Committees heard bills yesterday. When the House and Senate adjourn today, they will return on Tuesday, January 22.

Legislative Calendar: www.arkleg.state.ar.us/assembly/Pages/Home.aspx

NEW BILLS OF INTEREST

SB 115, by Sen. Bob Ballinger and Rep. France Cavanaugh, was filed yesterday. It would create an exemption to the Minimum Wage Act, including employers with fewer than 50 employees, employers that are schools or institutions of higher education and 501(3)(3) nonprofits.

We have a group of members and attorneys looking at potential minimum wage legislation. Our concerns are noted in this article by our President & CEO, Randy Zook, which was published in *Arkansas Money & Politics* earlier this month:

THE FALSE PROMISE OF MINIMUM WAGE

Arkansas has committed itself to adopt a minimum wage that will substantially exceed the federal minimum wage. By January 1, 2021, Arkansas' rate will be \$11.00 per hour while the federal minimum will be \$7.45, the rate in force in most states including all those that border us, except for Missouri. We will become a high-cost island when it comes to starting wages for many businesses.

What are the implications and likely results of this unprecedented and dramatic policy shift? Who will be affected and how? Let's first consider the impact on employers, the people who will be required to pay this new added cost. The difference between today's Arkansas minimum wage of \$8.50/hour and the soon to be required \$11.00/hour rate amounts to slightly more than \$5,000/year per employee. That's \$2.50/hour times 2,080 hrs./year – the total work hours in a year for a full-time employee. Of course, any overtime hours will cost the employer even more: \$16.50/hour.

So, with those basic facts, we can draw a couple of conclusions. One, the increased cost to employ low-skill, low-experience people will increase dramatically, over 29 percent, and in a short period. Business owners and managers will be forced to adjust to the new level, and their options are limited. They can reduce the number of employees, putting some workers on the street looking for a job. They can minimize employees' work hours, forcing a reduction in their income. They can raise the prices they charge customers, perhaps losing some of their hard-earned business and damaging their financial prospects. Or they can invest in labor-saving technologies that eliminate the higher cost of labor. Some of them will be forced to move to nearby, lower-cost states to operate. None of these are desirable outcomes, but businesses must adjust to changing rules despite the impact on valued employees and customers.

Now let's consider this misguided policy from the employees' viewpoint. Sounds terrific – a 29 percent raise for just doing what I've always done. What's not to like in that deal? Plenty, if you play out some of the effects described above. The fact is minimum wage has never been intended to be a career, family-supporting wage. It's "the first job wage," to gain some experience and learn how to work. It's the "show us you are worth more" wage. Once those basic skills and experience are acquired, an employee can expect to earn increases to reflect his or her ability to contribute and create value for customers. If those raises, in reasonable amounts and over reasonable periods, are not forthcoming, an employee may need to move on to a better-paying opportunity or gain some further education and training to become more employable and more valuable.

The fact is, the minimum wage today only applies to a small percentage of employment relationships, less than 10 percent. What's been missing in the discussions is the reality of who will be impacted – young people just starting their working careers, low-skill employees who have not yet acquired the skills and experience to command higher wages, or perhaps people employed by charitable organizations, small businesses with razor-thin profit margins employing only a few people or city/county government services as examples.

We are hearing from businesses across the state that all the above options are being considered and planned. Daycare operators, restaurant operators, city/county governments, schools and many just-starting businesses see this increase in their costs as a budget-busting existential threat that will harm their businesses and in turn our state's growing economy. Arkansas has thousands of jobs available, most of which pay well above minimum wage even at the start of employment. These higher-paying jobs, many of which offer true career opportunities, require some training or expertise, but we don't have enough people prepared to fill them.

Our real opportunity for economic growth lies in showing more people the way to these better jobs through career training programs, apprenticeships and work flexibility habits that can turn into value-adding, rewarding work experiences. The minimum wage false promise will do little if anything to advance those opportunities.

YESTERDAY AT THE CAPITOL

LEGISLATIVE RULE CHANGE

After some debate, the House passed **HR 1001** by a vote of 87 to 8. This Resolution is now the House rules for the 92nd General Assembly. **HR 1001** contains language that strikes the historic language requiring all bills to be filed on or before the 55th session day. The debate over **HR 1001** was not about the bill filing deadline. Instead, some members wanted the opportunity to discuss and debate the rules regarding Committee membership. The Speaker's preference was to get the rules adopted, then a debate about committees can occur.

SCR 1 is language for the House and Senate's Joint Rules for the 92nd General Assembly. This Resolution also contains the provision to strike the bill filing deadline. **SCR 1** has been referred to the Senate Rules Committee.

STATE CHAMBER/AIA TRACKED BILLS

The House has filed 182 bills and the Senate 119 bills. We added 9 bills to our tracking list for a total of 63 bills and resolutions.

Here's a link to the bills we added to our tracking today:

https://arkansasstatechamber-my.sharepoint.com/:w/p/khall/EeyDURZVW5hPmWti2YBBDIUB7ChJU_Uak4iwPE1TmcGDjQ?e=nliV1g

Click this link to see our complete tracking list, by category, on our website.

<https://www.arkansasstatechamber.com/governmental-affairs/legislative-tracking/>

STATE CHAMBER/AIA LEGISLATIVE RECEPTION 4:30 P.M. JANUARY 22

Please make plans to join us on January 22 for our State Chamber/AIA Legislative Reception, presented by **Cox Communications, Southland Gaming and Racing, Stephens Inc., Walmart and XTO Energy**. The reception will begin at 4:30 p.m. under the big tent in the State Chamber/AIA's north parking lot at 1200 W. Capitol Ave. in Little Rock. This event will be attended by many state legislators, constitutional officers, state officials, State Chamber/AIA member representatives, Leadership Arkansas alumni and others.

SAVE THE DATE: MAY 8-10 | 60TH WASHINGTON FLY-IN

Our 60th Annual Washington Fly-in and Congressional Dinner is set for May 8 – 10. Please make plans to join us. The Congressional Dinner will be held at 101 Constitutional Rooftop Terrace the evening of Thursday, May 9. More details will be forthcoming as they are finalized.

Thank you to the following sponsors:

Aerojet Rocketdyne, AEP-SWEPCO, Electric Cooperatives of Arkansas, Entergy Arkansas, Nabholz Construction Services, Southwest Power Pool and Walmart.

If your company or organization would like to help sponsor the Washington Fly-In & Congressional Dinner, please contact Bill Watson at bwatson@arkansasstatechamber.com or 501-802-1740.

STATE CHAMBER/AIA 2019 LEGISLATIVE AGENDA

View our 2019 Legislative Agenda by clicking this link:

<https://arkansasstatechamber-my.sharepoint.com/:b:/p/khall/EaL12Jp74lNJs5oLpIGDXw8BMAKxeaisr7hcr0VSIEIFRg?e=afChNW>

LEGISLATIVE SESSION INFORMATION

To view schedules, calendars, bill information and legislator information, visit: www.arkleg.state.ar.us.

Legislative Message Center

House of Representatives: 501-682-6211

Senate: 501-682-2902

The House and Senate now both have live streaming of their business. Links to the live stream are on their webpages.

House: <https://www.arkansashouse.org/>

Senate: <http://www.arkansas.gov/senate/>

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