



Daily Legislative Update
92nd General Assembly
Wednesday, February 20, 2019 – Session Day 38

TODAY AT THE CAPITOL

The Senate will convene at 1 p.m. and the House at 1:30 p.m.
Legislative Calendar: www.arkleg.state.ar.us

- BILLS WE SUPPORT

BALLOT INITIATIVE REFORM

SB 346 and HB 1489 by Mathew Pitsch and Rep. DeAnn Vaught are identical measures filed yesterday and have been assigned to their respective State Agencies Committees. We worked with the sponsors and others to develop these bills, which are designed to complement the changes proposed in **SJR 10** and **HJR 1008**.

SB 346 and HB 1489 seek to require the State Board of Election Commissioners, rather than the Attorney General, to determine whether a submitted ballot title and popular name are sufficient. These bills also amend the signature approval process by the Secretary of State. Finally, the bills clean up requirements on signature gatherers.

SJR 10 and HJR 1008 by Sen. Mathew Pitsch and Rep. DeAnn Vaught are identical measures that we helped develop. They seek to amend the constitution to revise the process for ballot petitions. It repeals the 30 day signature cure period, moves the filing deadline for initiatives and signatures to January 15 and sets an April 15 deadline to file legal challenges, both dates in the General Election year. It also increases the vote majority required by the Legislature to make amendment referrals from a simple majority to a 3/5ths (60%) majority and increases the number of counties from which a set number of signatures are required from 15 counties to 3/5ths of the counties (45).

HB 1489 is up for consideration in the House State Agencies Committee today and **SJR 10** will be considered in the Senate State Agencies Committee Thursday or next Tuesday.

HIGHWAY FUNDING

SB 336 by Sen. Terry Rice and Rep. Mike Holcomb, **SJR 14** by Sen. Lance Eads and Rep. Jeff Wardlaw and **HJR 1018** by Rep. Jeff Wardlaw and Sen. Lance Eads are the Governor's plan for highway funding. **SB 336** is on this morning's agenda in the Senate Revenue & Taxation Committee. An amendment to **SJR 14** was filed yesterday.

SB 336 seeks to levy an indexed wholesale tax on motor fuel and places revenue from that and other sources in the State Highway Fund for maintenance of streets, highways and bridges. It also adds annual fees of \$100 and \$200, respectively, to hybrid and electric vehicle registration

and transfers casino tax revenues in excess of \$31,200,000 annually with a minimum of \$35,000,000, to the State Highway Fund.

SJR 14 and HJR 1018 seek to amend the constitution to continue the one-half percent sales tax that provides additional funding for four-lane highways, county roads and city streets.

Funding for highways is a State Chamber/AIA priority issue, we fully support SB 336, HJR 1018 and SJR 14.

- **BILLS WE OPPOSE**

DECEPTIVE TRADE PRACTICES

HB 1462 by Rep. Jimmy Gazaway is on today's agenda in the House Insurance & Commerce Committee. It provides that a person has a cause of action for actual damages or injury resulting from deceptive trade practices and may recover those damages and attorney's fees. It also removes the definition of actual financial loss as used for deceptive trade practices. This bill seeks to repeal a bill we filed in 2017. Please ask you Representative to vote NO on HB 1462.

YESTERDAY AT THE CAPITOL - BILLS WE SUPPORT

UNEMPLOYMENT INSURANCE – STATE CHAMBER/AIA PRIORITY BILL

SB 298 by Sen. Kim Hammer and Rep. Robin Lundstrum was passed in the Senate by a vote of 34 to 0. It has been assigned to the House Public Health, Welfare and Labor Committee. This bill was developed by the Department of Workforce Services (DWS) and addresses one of our Priority Issues in the 2019 Session.

SB 298 adjusts the amount of wages paid by employers that is subject to the unemployment insurance tax, by calculating adjusted amounts according to unemployment statistics and the fund balance of the unemployment insurance trust fund. If it was in effect today, the wage base would drop from \$10,000 to \$8,000. It is possible, that by the time the law goes into effect, the wage base could be reduced to \$7,000, which is the federally enforced minimum.

A bill we had filed in 2017 reduced the wage base from \$12,000 to \$10,000. DWS reports that change produced \$43 million in annual savings to employers. Sen. Kim Hammer told the Senate yesterday the estimated savings to the business community is \$55 to \$65 million.

ECONOMIC DEVELOPMENT

SB 226 by Sen. Mat Pitsch was approved in the House yesterday by a vote of 98 to 0. This bill makes changes to the income tax credit for donations or sales of machinery and equipment to certain educational institutions. Specifically it makes provisions for cash donations for the purchase of new machinery or equipment.

SB 225 by Sen. Mat Pitsch and Rep. Carlton Wing passed in the House 92 to 0. This bill seeks to make various changes to the operations of the Arkansas Economic Development Council and Arkansas Economic Development Commission, including assistance to rural communities and agencies, support of women-owned and minority-owned businesses, etc. It would authorize the council to dissolve committees and subcommittees as needed.

OPPORTUNITY ZONES

SB 196 by Sen. Keith Ingram and Rep. Robin Lundstrum passed 97 to 0 in the House yesterday afternoon. This bill seeks to define the location of opportunity zones, for the purpose of computing Arkansas income tax liability, as a population census tract that is designated in federal law as a qualified opportunity zone as of January 1, 2019.

PENDING BILLS WE SUPPORT

CONCURRENT CHALLENGE SCHOLARSHIP

SB 343 by Sen. James Sturch is on today's Senate Calendar to adopt an amendment. It would create the Arkansas Concurrent Challenge Scholarship, establishing requirements, funding, and award amounts. It would require the student be a resident, or at least one parent to be a resident, in order to be eligible for the scholarship. It would fund the scholarship with excess funding returned to the Office of the Arkansas Lottery from the previous academic year. Also it would provide that \$20,000,000 is needed to maintain the Scholarship Shortfall Reserve Account; if less than \$250,000 is available a scholarship will not be awarded. Finally, it would provide that a student may be awarded \$125 for up to two endorsed concurrent enrollment credit courses.

MOTION PICTURE INCENTIVES

HB 1461 by Rep. Carlton Wing and Sen. Mathew Pitsch is on today's agenda in the House Rules Committee. It seeks to extend the Digital Product and Motion Picture Industry Development Act through 2029 and provides that the financial incentives are at the discretion of the Executive Director of the Economic Development Commission (AEDC). This bill is part of the AEDC's legislative package. It awaits consideration in the House Rules Committee.

ECONOMIC DEVELOPMENT

HB 1490 by Rep. Carlton Wing and Sen. Mat Pitsch is on today's agenda in the House Agriculture, Forestry & Economic Development Committee. This bill is backed by the Arkansas Economic Development Commission and we support it.

The bill is the first major review of the Consolidated Incentives Act of 2003 since it was established. The current law is unclear regarding eligibility criteria of several incentive programs, notably the targeted business and research and development credits. The purpose of amending the existing law is to encourage higher paying jobs.

Summary of bill actions:

- Make technical and grammatical corrections.
- Updates the law to reflect changes to the NAICS code in 2017.
- Amends some definitions and eligibility requirements for clarity and consistency with other incentive programs (e.g., various National Science Foundation research incentives).
- Provides enhanced payroll incentives for higher paying wages.
- Adds eligibility for air and rail transportation support activities.
- Limits eligible expenditures for research and development programs to wages and benefits paid to employees and contractors involved in research activities.
- Specifies process by which counties may upgrade one tier for sudden and severe period of economic distress in order to receive enhanced programs benefits.

- Reduces the percentage of out-of-state sales from 75% to 51% and increases the average wage requirement to be eligible for certain program benefits.
- Adds a tiered structure to the Tax Back Program so that the required investment necessary to receive program benefits will depend on the tier assigned to the county where project is located. (previously all projects had \$100k investment threshold).
- Adds a tiered structure that lowers payroll thresholds for the Create Rebate program from \$2M to \$1.75M in Tier 2 counties, \$1.5M in Tier 3 counties, and \$1.25 M in tier 4 counties, in exchange for an average hourly wage threshold of \$12.50 (no wage threshold under current law.)

PENDING BILLS WE OPPOSE

FOIA EXPANSION

SB 231 by Sen. Kim Hammer awaits consideration in the Senate State Agencies Committee. The bill seeks to redefine public records and the Freedom of Information Act to extend to a private entity expending a minimum of 20 percent of its time, resources and efforts in support of a government entity. It awaits consideration in the Senate State Agencies Committee. We join many entities opposed to this bill.

SPECIAL ELECTIONS

HB 1402 by Rep. Justin Gonzales and Sen. David Wallace is on today's agenda in the State Agencies Committee. It would require any special elections in years with a preferential primary election or general election to be held on those election dates. It would also require special elections in off-cycle years to be held on the Tuesday next after the first Monday in May or the Tuesday after the first Monday in November. Additional provisions include; requiring special elections be announced 75 days prior to election, provides exemptions for special elections to fill vacancies, special runoff elections, or emergency special elections, provides local boards that vote for a tax levy must be approved by voters in the next available election and makes it effective date contingent upon sufficient funding. It awaits consideration in the House State Agencies Committee.

NIGHT SKY PROTECTION

HB 1309 by Rep. Stephen Meeks awaits consideration in the House Public Health, Welfare & Labor Committee. As filed, this bill seeks to create the Nighttime Environment Protection Act to regulate outdoor night lighting fixtures. It would also establish cost and other considerations for a state agency, public corporation, county, or municipality to use public funds to operate, maintain, install, or cause to be installed, shielded outdoor lighting in new or replacement outdoor lighting fixtures. An amendment was adopted yesterday.

BILLS TO WATCH

LOCAL ZONING

SB 170 by Sen. Bart Hester and Rep. Bruce Cozart is on today's agenda in the House City, County and Local Affairs Committee. It seeks to place restrictions on counties and municipalities regarding residential building design regulations in designated locations, subject to safety codes or other state or federal laws. Many local chambers join others with concerns about the bill. Multiple amendments are under development.

INVASION OF PRIVACY

SB 230 by Sen. Kim Hammer is on today's agenda in the Senate Judiciary Committee. It seeks to create a statutory civil action for invasion of privacy, authorizing a person to bring suit for damages and injunctive relief against a person who improperly intrudes into his or her private affairs or publicizes the person in a false light. It awaits consideration in the House State Agencies Committee.

STATE CHAMBER/AIA TRACKED BILLS

House members filed 17 bills yesterday and 11 bills were filed in the Senate. The House has now filed 519 bills and the Senate 388 bills. We added 5 bills to our tracking. We are now tracking 322 bills and resolutions.

New Bills Added to Tracking Report: <https://arkansasstatechamber-my.sharepoint.com/:w:/p/khall/ETmCFtfqRjJOkFLcB1zM-hgBdTRiNh9iIS3AnVTIPWbFag?e=PAvbUK>

All bills we are tracking are posted on our website, by category, and can be reviewed by clicking this link: <https://www.arkansasstatechamber.com/governmental-affairs/legislative-tracking/>

LEGISLATIVE SESSION INFORMATION

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

Legislative Message Center

House of Representatives: 501-682-6211
Senate: 501-682-2902

State Chamber/AIA 2019 Legislative Agenda

To review our 2019 Legislative Agenda, click this link:

<https://www.arkansasstatechamber.com/wp-content/uploads/2019/01/AR-StateChamberAIA-2019-Legislative-Agenda.pdf>

Live Streaming from the Capitol

The House and Senate have links to live streaming of their committee meetings and floor session on their webpage.

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

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

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