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## 92nd General Assembly

**Monday, February 25, 2019 – Session Day 43**

### 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](http://www.arkleg.state.ar.us)

### RESOLUTIONS OF INTEREST

**HCR 1006 AND HCR 1007** are on this afternoon's House Calendar.

**HCR 1006** by the House Management Committee will extend the regular session of the 92<sup>nd</sup> General Assembly to April 12, 2019 and provides for a recess at close of business that day.

**HCR 1007** by the House Management Committee sets a recess of the House of Representatives and the Senate at the close of business on Wednesday, March 20 and reconvene on Monday, March 25.

**\*\*\* CALL TO ACTION \*\*\***

### BALLOT INITIATIVE REFORM

**SB 346 and HB 1489** by Sen. Mathew Pitsch and Rep. DeAnn Vaught are on their respective Chamber floor Calendars this afternoon. These are identical measures that we worked with the sponsors and others to develop. These bills are designed to complement **SJR 10** and **HJR 1008** by Sen. Mathew Pitsch and Rep. DeAnn Vaught, which propose amending the constitution. We also helped develop these resolutions.

**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.

**Please ask your State Representative to vote FOR HB 1489 and your Senator to vote FOR SB 336.**

**SJR 10 and HJR 1008** are identical measures. 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 a deadline to file legal challenges on April 15, 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 three-fifths (60%) majority and increases the number of counties from which a set number of signatures are required from 15 counties to three-fifths of the counties (45).

**SJR 10** will be considered in the Senate State Agencies Committee tomorrow morning. The House State Agencies Committee is expected to start reviewing their Joint Resolutions on Wednesday afternoon.

## HIGHWAY FUNDING

**SB 336 and HB 1495** by Sen. Terry Rice and Rep. Mike Holcomb and **SJR 14 and HJR 1018** by Sen. Lance Eads and Rep. Jeff Wardlaw are Governor Hutchinson's highway funding plan.

**SB 336** was approved by the Senate yesterday by a vote of 27 to 8. **SB 336** is on tomorrow's agenda in the House Revenue & Taxation Committee.

**SB 336 and HB 1495** seek 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. **SJR 14** will be considered Tuesday morning in the Senate State Agencies Committee. The House State Agencies Committee is expected to start reviewing their Joint Resolutions next Wednesday afternoon.

Funding for highways is a State Chamber/AIA priority issue, we fully support SB 336/HB 1495 and SJR 14/HJR 1018.

## ACTIVE BILLS WE SUPPORT

### UNEMPLOYMENT INSURANCE – STATE CHAMBER/AIA PRIORITY BILL

**SB 298** by Sen. Kim Hammer and Rep. Robin Lundstrum is on today's House Calendar for final passage. 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 the estimated savings to the business community is \$55 to \$65 million.

### MOTION PICTURE INCENTIVES

**HB 1461** by Rep. Carlton Wing and Sen. Mathew Pitsch is on this afternoon's House Calendar for final passage. 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.

### ECONOMIC DEVELOPMENT

**HB 1490** by Rep. Carlton Wing and Sen. Mat Pitsch is on this afternoon's House Calendar. This bill is backed by the Arkansas Economic Development Commission and we support the bill.

This 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 SUPPORT**

### **CONCURRENT CHALLENGE SCHOLARSHIP**

**SB 343** by Sen. James Sturch awaits consideration in the Senate Education Committee. 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.

### **EDUCATION BILLS WE SUPPORT**

**HB 1412** by Rep. Jon Eubanks seeks to prohibit a school district from using public funds to pay a teacher's or classified employee's membership dues in an educational professional organization. It awaits consideration in the House Education Committee

**SB 349** by Sen. Alan Clark seeks to create personnel reporting requirements for schools based on low reading assessment levels, revising achievement gap categorical funding and making the school ineligible in year three for funding if no improvements are made. It awaits consideration in the Senate Education Committee.

**SB392** by Sen. Bob Ballinger and Rep. Jim Dotson seeks to repeal exemptions that are applied to teachers who have negotiated contracts through collective bargaining or are employed in a district consolidated into a district with a recognized negotiating organization. It awaits consideration in the Senate Education Committee.

**HB 1416** by Rep. Jim Sorvillo would remove the maximum daily membership, currently 20,000 students, for school districts that are subject to minimum area and attendance requirements. It awaits consideration in the House Education Committee

### **LICENSING AND REGULATION**

**HB 1060** by Rep. Roger Lynch would implement requirements for continuing education for heating, ventilation, air conditioning and refrigeration licensees, providing that all applications after July 1, 2020 must be accompanied by proof of completion of mandated courses. It would charge the HVACR Licensing Board with establishing the continuing education program and promulgating rules and guidelines for its administration by Dec. 31, 2019. This is an industry-supported bill.

## **CONSTITUTIONAL AMENDMENT RESOLUTIONS**

The Senate State Agencies Committee reviewed half of the Senate Joint Resolutions last

Thursday morning and will review the second half tomorrow morning. The House State Agencies Committee will begin reviewing the House Joint Resolutions Wednesday afternoon.

As stated above, we support Ballot Initiative Reform (**SJR 10 & HJR 1008**) and the Governor's Highway Plan (**SJR 14 and HJR 1018**). Also, in the event the General Assembly is going to refer a "tort reform" measure this session, which the State Chamber/AIA fully supports, it should be **SJR 8**.

### **TORT REFORM**

There have been three joint resolutions filed this session that address "tort reform."

**SJR 8**, if referred and adopted, will authorize the General Assembly to adopt caps on punitive and noneconomic damages. That means, in the 2021 session, the legislature will have the ability to file bills and debate various options, ranging from caps on both punitive and noneconomic, only one of them, or none at all. The State Chamber/AIA was involved in the drafting of **SJR 8** and fully supports it.

Two other identical measures were filed, **HJR 1022 and SJR 17**. These measures will authorize the General Assembly to adopt caps on punitive damages only. While the State Chamber/AIA appreciates the willingness of those sponsors to consider damage caps, a measure allowing for a cap on punitive damages only, doesn't go far enough. In order for damage caps to truly work to benefit of our economy and healthcare system, caps on noneconomic damages should also be part of the legislature's authority.

### **NEW BILL WE OPPOSE**

**SB 390** by Sen. Hammer seeks to require state agencies to deposit all cash funds into the State Treasury Money Management Trust to be invested. It also seeks to: exempt higher education institutions and payments by the Department of Education from the Public School Fund to districts, require the charges and fees be deposited into the Long Term Reserve Fund that were previously deposited into the State Treasury in a fund to benefit the Treasurer of State and designates interest earned on the Long Term Reserve Fund as special revenue. It is on tomorrow's agenda in the Senate State Agencies Committee.

We join our banking members and the Arkansas Bankers Association in opposing this bill's creation of a public bank because:

The Current Marketplace is Meeting Financial Needs

- The regulated Arkansas banking system has a long track record of meeting deposit needs and there is no evidence to the contrary.

A Public Bank is Risky Business

- The state has enough to worry about without adding banking to its responsibilities.
- Decisions can become driven by politics and capital reserves can be diverted for other political priorities.
- Funds will not be insured with the FDIC like banks. For deposits over the FDIC insurance levels, banks must pledge securities to insure them.

Schools Benefit Most with the Current System

- Will the state pay over market rate on deposits? Banks do.
- Banks directly support school infrastructure. They build gyms, football fields and contribute funds to many school infrastructure needs.
- For some hometown banks, these deposits are their biggest form of liquidity. These deposits allow banks to in turn make home loans, farm loans, small business loans and more, which in turn allows banks to invest funds into schools and the community.

### **PENDING BILLS WE OPPOSE**

#### **SPECIAL ELECTIONS**

**HB 1402** by Rep. Justin Gonzales and Sen. David Wallace is on tomorrow's agenda in the House 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. We join multiple groups opposed to this bill.

### **DECEPTIVE TRADE PRACTICES**

**HB 1462** by Rep. Jimmy Gazaway awaits consideration 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 your Representative to **vote NO on HB 1462.**

### **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.

### **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 last week. We have multiple members opposed to this bill.

### **INVASION OF PRIVACY**

**SB 230** by Sen. Kim Hammer awaits consideration 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.

### **BILL OF INTEREST**

#### **LOCAL ZONING**

**SB 170** by Sen. Bart Hester and Rep. Bruce Cozart is on Monday's House Calendar. The amendment replaced all of the original language in the bill. 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.

### **STATE CHAMBER/AIA TRACKED BILLS**

New House bills filed Friday: 2 | Total House bills filed: 554

New Senate bills filed Friday: 2 | Total Senate bills filed 399

New bills and resolutions added to our tracking: 3 | Total State Chamber/AIA tracking: 337 bills and resolutions.

New Bills Added to Tracking Report: <https://arkansasstatechamber-my.sharepoint.com/:w/p/khall/EX0lh7MJ0BtJmcRL09ITP0wBnCNjh907-s15Uf-6tyU23w?e=a1uWYw>

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](http://www.arkleg.state.ar.us).

## Legislative Message Center

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

## Live Streaming from the Capitol

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

- House: <https://www.arkansashouse.org/>
- Senate: <http://www.arkansas.gov/senate/>

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