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## 92nd General Assembly April 4, 2019 – Session Day 81

### 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)

### \*\*\* URGENT CALL TO ACTION \*\*\*

### CORPORATE INCOME TAX REFORM – STATE CHAMBER/AIA PRIORITY BILL

*The House will vote on **SB 576**, the corporate tax reform bill, this afternoon.*

**This bill is the #1 priority for Arkansas business in this legislative session.** It will support the Governor's overall tax package, reform several issues that we have advocated for years and move Arkansas in the right direction with our business tax climate ranking. Currently we are #46, so it is vital that we become more competitive.

**Please contact your Representatives today and urge them to vote FOR SB576 to move Arkansas forward by making us more competitive in our efforts to increase Arkansas's economic growth rate.**

**SB 576** contains major tax policy priorities we've advocated for more than a decade. If adopted, this bill will make Arkansas's corporate income taxes fairer and more competitive with other states. Details of the amended bill:

- Require Remote Sellers and Marketplace Facilitators to Collect Sales Tax
- Enforcement of existing tax obligations to pay for state and local services—not a new tax.
- Puts our in-state sellers on equal footing with out-of-state sellers instead of a 10 percent price disadvantage.
- Extend Net Operating Loss (NOL) Carryforwards to Prevent Double Taxation
- This could potentially help any business in Arkansas. Currently, past years' losses can only be offset against future years' earnings for up to five years (worst in USA).
- This will phase in an increase of the offset period to 10 years.
- Adopt Single Sales Factor (SSF) Apportionment
- Arkansas is one of a declining number of states that still use property and payroll factors to determine taxable income, effectively raising taxes on in-state businesses while giving out-of-state businesses a 50 percent tax cut.
- Arkansas businesses are currently double taxed selling into states with SSF.
- Going to SSF benefits businesses that invest in employees and property in Arkansas—particularly manufacturers, wholesalers, retailers and banks.

- Decrease the corporate income tax rate from 6.5 percent to 5.9 percent
- Modifies sales taxes paid by car washes.

## **PLEASE CONTACT YOUR REPRESENTATIVE!**

**Via Phone: Call the “In Session” Number – (501) 682-6211**

**Be sure to leave a message for your representative to “Vote FOR SB576!”**

**If you have their cell number, texting is a very effective way to communicate.**

## **\*\*\* CALLS TO ACTION \*\*\***

### **BALLOT INITIATIVE REFORM – STATE CHAMBER/AIA PRIORITY LEGISLATION**

**HJR 1008** by Rep. DeAnn Vaught and Sen. Mat Pitsch *was given a Do Pass recommendation by the House State Agencies Committee and is on this afternoon’s House Calendar.*

**HJR 1008** would repeal the 30-day signature cure period, move the filing deadline for initiatives and signatures to January 15 and set a deadline to file legal challenges on April 15, both dates in the General Election year. They also would increase the vote majority required by the Legislature to make amendment referrals from a simple majority to a three-fifths (60%) majority and increase the number of counties from which a set number of signatures are required from 15 counties to three-fifths of the counties (45).

**HJR1008** was developed by the State Chamber/AIA with the help of the attorneys who represented us in many ballot initiative challenges and in cooperation with the Arkansas Attorney General and Arkansas Secretary of State.

**Please ask your State Representative to vote FOR HJR 1008.**

### **WORKERS’ COMPENSATION – STATE CHAMBER/AIA PRIORITY BILL**

**HB 1955** by Rep. Jack Ladyman and Sen. Dave Wallace *is on the House Calendar this afternoon.* This bill addresses an issue we have worked on for about two decades. It seeks to create a priority lien for recovery of workers’ compensation payments when a third party is responsible for harm done to a person covered by workers’ compensation.

**Please ask your State Representative to vote FOR HB 1955.**

### **EMPLOYMENT LAW – STATE CHAMBER/AIA PRIORITY LEGISLATION**

**HB 1751** by Rep. Robin Lundstrum and Sen. Mat Pitsch *is on this afternoon’s Senate Calendar.* This bill addresses wage and payment requirements, including requiring the employer to pay a discharged employee within seven days of the next regular payday or pay double the wages due. Other provisions include: establishing a two-year statute of limitation, and providing that if an employer is providing wages earned via a pre-loaded debit card, the employee is entitled to at least one free withdrawal for each deposit of wages loaded onto the card. This bill is designed to provide some clarity in employment laws.

**Please ask your Senator to vote FOR HB 1751.**

### **WORKFORCE DEVELOPMENT – STATE CHAMBER/AIA PRIORITY LEGISLATION**

**SB 522** by Sen. Jane English *is on this afternoon’s House Calendar.* The bill

seeks to increase industry involvement in workforce training by amending the duties of the Career Education and Workforce Development Board and renames it as the Office of Skills Development and the Career Education and Workforce Development Board. It also would authorize a voting member of the board to establish a subcommittee that is made up of members relevant to the specific industry in order to better develop recommendations. Finally, it would add one representative from the Department of Human Services, the Department of Correction, and the Arkansas Economic Developers and Chamber of Commerce Executives (AEDCE) as nonvoting members.

**We developed and support this bill. Please ask your State Representative to vote FOR SB 522.**

### **PRE-JUDGMENT AND POST-JUDGMENT INTEREST RATES – STATE CHAMBER/AIA PRIORITY LEGISLATION**

**SB 544** by Sen. Missy Irvin, Rep. Doug House and others *is on this afternoon's House Calendar*. It would change the pre-judgment and post-judgment interest rates from 10 percent per annum to the Federal Reserve primary credit rate in effect on the date on which the judgment is entered plus 2 percent. It would also set the rate for an action on a contract at the rate provided by the contract unless it is less than the above rate. **We support this bill. Please ask your State Representative to vote FOR SB 544.**

### **BILLS WE SUPPORT**

#### **EXPANDED HIGHER EDUCATION SERVICE AREAS – STATE CHAMBER/AIA PRIORITY LEGISLATION**

**SB 659** by Sen. Jane English and Rep. Bruce Cozart *is on this morning's agenda in the House Education Committee*. It would allow state-supported two-year institutions of higher education to market, offer courses or provide services to any individual who resides in the state, regardless of the service area.

**We developed and support this bill.**

#### **LOW READING ASSESSMENT LEVELS**

**SB 349** by Sen. Alan Clark *is on this morning's agenda in the House Education Committee*. It seeks to create personnel reporting requirements for schools based on low reading assessment levels. The amendment addresses concerns of the bill's critics. **We support this bill.**

#### **HISTORIC REHABILITATION INCOME TAX CREDIT**

**HB 1800** by Rep. Andy Davis *is on this afternoon's Senate Calendar*. It seeks to create the Arkansas Major Historic Rehabilitation Income Tax Credit and the Arkansas Major Historic Rehabilitation Trust Fund to be issued by the Department of Arkansas Heritage. The bill would allow an income tax credit only once in a two-year period for each eligible property to be an amount of 25 percent of the total qualified rehabilitation expenses incurred to complete. It also would allow for an income tax credit on properties completed as a certified rehabilitation service after January 1, 2019 for a minimum investment of \$1.5 million and as long as it is not receiving a separate tax credit under state law on the same property. Finally, it provides a freely transferable certification of completing for properties designated as undergoing rehabilitation by the Department of Heritage. **We support this bill.**

## **BLOCKCHAIN TECHNOLOGY**

**HB 1944** by Rep. Stephen Meeks and Sen. Joyce Elliott *awaits consideration by the House Committee on Transportation, Technology and Legislative Affairs.* It provides that a signature, record or contract that is secured through blockchain technology is considered to be in electronic form and to be an electronic signature or record; defines a smart contract and declares smart contracts to be legally effective. **We support this bill.**

## **TAX REFORM**

**SB 561** by Sen. Jim Hendren *received a Do Pass Concur on House Amendment #1 yesterday in the Senate Revenue and Tax Committee and will be voted on, as amended, on the Senate floor this afternoon.* It seeks to make changes to various tax provisions and related administrative procedures, enforcement, assessment guidelines, penalties for noncompliance and certain exemptions. It would place administration of the franchise tax with the Department of Finance and Administration rather than the Secretary of State. It would also require the department to report before each regular session to the Legislative Council and the Governor on the effect of each exemption, discount, credit and deduction relating to state income, sales and use tax. **We support this bill.**

## **BILLS WE OPPOSE**

### **PHARMACY BENEFIT MANAGEMENT**

**SB 520** by Sen. Kim Hammer *has been re-referred to the Senate Insurance and Commerce Committee.* This bill seeks to make various changes to the regulation and licensure of PBMs, including redefining the maximum allowable cost list and adding a defined professional dispensing fee to the list. It also would require a PBM to report the following to the Insurance Commissioner on a quarterly basis: amount of rebates received, amount of rebates distributed to healthcare insurers, amount paid by the healthcare insurer for pharmacist services itemized by pharmacy, product, and goods and services, and the amount a pharmacy benefits manager paid for pharmacist services itemized by pharmacy, product, and goods and services. **We oppose this bill.**

### **FREEDOM OF INFORMATION ACT**

**SB 521** by Sen. Kim Hammer *is on today's agenda in the Senate State Agencies Committee.* It seeks to amend the Freedom of Information Act and the definition of public records contained therein to exclude identifying information of donors, potential donors, non-donors or individual donor amounts to a private foundation that receives public funds. **We oppose this bill.**

### **UNEMPLOYMENT INSURANCE**

**SB 626** by Sen. Kim Hammer *is on today's agenda in the Senate Public Health, Welfare and Labor Committee.* It seeks to increase the number of days that an employer has to respond to an initial claim of unemployment benefits before the right to respond is waived, from 10 to 15 days. This bill would create several program compliance issues that would be insurmountable. The current ten days to respond is more than sufficient. Employer have options to gain more time if needed. **We oppose this bill.**

### **CONSUMER PROTECTION**

**HB 1704** Rep. Jimmy Gazaway *is on tomorrow's agenda in the House Insurance and Commerce Committee.* It seeks to prohibit unconscionable terms in

standard-form contracts, requiring the court to limit the application of terms it finds unconscionable and refuse to enforce the contract in whole or part. The bill also would designate unconscionable terms: that resolution of legal claims take place in an inconvenient venue, a waiver of an individual's right to asset claims or seek remedies provided by a federal statute, a waiver of an individual's right to seek punitive damages as provided by law, a provision that limits the time in which an action may be brought under the standard-form contract or that waives the statute of limitations, or a requirement that an individual pay fees and costs to bring a legal claim subsequently in excess of required fees and costs to bring a claim in state or federal court. Finally it would exempt contracts to which one party is regulated by a regulatory body or officer under statutory state or federal authority, and a financial institution as defined under 23-45-102. We oppose this bill because:

- HB1704 is an effort to invalidate arbitration clauses contained in contracts; these clauses provide that a dispute is taken to arbitration, as opposed to court
- HB1704 not only seeks to invalidate those provisions, but would authorize the Attorney General to file suit against a party for simply placing an arbitration provision in a contract and obtain civil penalties that could run into the hundreds of thousands of dollars
- Arkansas adopted an arbitration act authorizing such agreements many years ago (ACA 16-108-101) and has proven to be a useful form of alternative dispute resolution
- To not only prohibit those provisions, but to go so far as to punish someone for including an arbitration provision is not conservative; it is the exact opposite and is detrimental to those who create jobs and support our economy
- HB1704 is legislation based on the “Model State Consumer and Employee Justice Enforcement Act” developed several years ago by the National Consumer Law Center based in Boston; that organization should not be setting policy in Arkansas
- Finally, the U.S. Supreme Court has ruled that state laws that discriminate against, or disfavor, arbitration provisions are preempted; as a result, HB1704 not only seeks to adopt bad policy, it seeks to adopt policy that the State cannot enforce. **We oppose this bill.**

### **INVASION OF PRIVACY**

**SB 230** by Sen. Kim Hammer *is on tomorrow'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. **We oppose this bill.**

### **DECEPTIVE TRADE PRACTICES**

**HB 1462** by Rep. Jimmy Gazaway *is on the deferred list 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. **We oppose this bill.**

### **INDEPENDENT CONTRACTOR**

**HB 1850** by Rep. Austin McCollum and Sen. Bart Hester *awaits consideration in the Senate Public Health, Welfare and Labor Committee*. The bill seeks to establish the Empower Independent Contractors Act amending the definitions of “employee,” “employer” and “employment status” on the basis of a twenty factor

test that is similar to a 20 factor test used by the IRA to determine who is considered and independent contractor.

The stated goal of this bill is to create consistency in the definition of independent contractor. Unfortunately, the bill only addresses the independent contractor definitions in unemployment insurance and workers' compensation. There are additional independent contractor definitions, such as US Department of Labor and EEOC and others, which will not be changed. We are uncomfortable with this bill.

### **ACADEMIC FACILITIES WEALTH INDEX**

**SB 535** by Sen. Blake Johnson and Rep. Reginald Murdock *is on today's agenda in the House Education Committee.* It seeks to revise the method for calculating the Academic Facilities Wealth Index for fiscal years 2024-25 and subsequent years with regard to allocation of student millage rankings. **We oppose this bill.**

### **BILLS OF INTEREST**

#### **CONSTITUTIONAL AMENDMENT REFERRAL**

**SJR 15** by Sen. Alan Clark *has been enrolled and sent to the Governor. This is the second issue referred to the 2020 General Election Ballot by this 92<sup>nd</sup> General Assembly.* If approved by voters, it will set term limits for newly elected legislators at 12 years. Current legislators can complete 16 years of service as provided in existing law. Members could return after a four year sit out.

#### **TAX DEBT COLLECTION**

**HB 1930** by Rep. Michelle Gray *failed on the House floor yesterday 32 to 49.* It sought to create a pilot program to authorize DFA to assign debt collection to a third party.

#### **TOBACCO TAX AND EARNED INCOME TAX CREDIT**

**SB 571** by Sen. Jim Hendren and Rep. Lee Johnson and 16 other Senators and 39 other House members *is on this afternoon's House Calendar for House Amendment #3.* It seeks to reduce individual income taxes by creating an earned income tax credit and increased standard deduction to be offset by new taxes on cigarettes and e-cigarettes. The bill sets the effective date tax year beginning on January 1, 2020.

#### **GOVERNMENT TRANSFORMATION**

**HB 1763** by Rep. Andy Davis and Sen. Bart Hester *has received a Do Pass as amended recommendation by the Senate State Agencies Committee. It awaits a vote on the Senate floor later this week.* This is the Governor's plan to transform state government by reducing the number of agency direct reports from more than 40 to 15 new Departments that will be managed by a Secretary. Those 15 Secretaries will report directly to the Governor.

#### **TAX APPEALS COMMISSION**

**SB 560** by Sen. Blake Johnson *awaits consideration by the House Revenue and Taxation Committee.* This is a concept we support. However, the bill needs some adjustments.

The bill seeks to create the Tax Appeals Commission, separate and apart from

the Department of Finance and Administration (DFA), which shall have jurisdiction over any administrative hearing by a taxpayer who seeks administrative relief from a DFA decision. It would require the Tax Appeals Commission to provide written decisions, including statements of facts, conclusions of the law, and orders to grant relief, invoke remedies and issue orders. It also would require decisions be public in either print or electronic form, allow the Tax Appeals Commission to establish a Small Claims Division, and allow the DFA to seek judicial relief from a decision made by the Tax Appeals Commission.

## **LARGE BUSINESS SECURITY BREACHES**

**HB 1943** by Rep. Fran Cavanaugh was *re-referred to the Senate Insurance and Commerce Committee yesterday*. It would require a business to report a data security breach that affects more than 1,000 individuals to the Attorney General; add biometric data to the definition of personal information within the Personal Information Protection Act. It also:

- Provides that biometric data includes fingerprints, facial recognition analysis, retinal or iris scans, hand geometry, voiceprint analysis, and DNA.
  - Provides that notification of a breach is not required if the business determines there is no reasonable likelihood that it will harm customers and provides a written notice to the Attorney General's office stating why.
- Several companies and associations have contacted us about this bill. This bill is being amended to make it acceptable and to address those with concerns. The AG agrees with the amendment.

## **STATE CHAMBER TRACKED BILLS**

New House bills filed yesterday: 4 | Total House bills filed: 984

New Senate bills filed yesterday: 3 | Total Senate bills filed: 682

New bills added to our tracking: 1 | Total tracked bills and resolutions: 551

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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