



Daily Legislative Update

91st General Assembly

Monday, January 9, 2017

LEGISLATIVE SESSION BEGINS TODAY

The 91st Arkansas General Assembly will convene at noon today. Historically, the 60-day sessions are extended into early April. But with the passage of the Medical Marijuana Amendment, many laws will need to be modified and many more new laws developed – which could make this session longer than normal.

The Session will begin with the oath of office taken by 76 Republicans and 24 Democrats in the House and 26 Republicans and 9 Democrats in the Senate. Speaker Designate Rep. Jeremy Gillam, R-Judsonia, is expected to be re-elected as Speaker of the House. Then Gillam will announce Committee Chairs and Co-chairs. Sen. Jonathan Dismang, R-Searcy, has already been re-elected Senate President Pro Tem and Committee Chairs and Co-chairs were previously determined.

Governor Asa Hutchinson will make an address to a Joint Session of the House and Senate tomorrow at 10:30 a.m.

In a pre-session press briefing on January 4, Governor Hutchinson reiterated plans to push a \$50.5 million tax cut measure. In early December, the Governor said he would focus on reducing the tax burden for the bulk of the state's lowest wage earners making less than \$21,000 a year and cut income taxes paid by military veterans. To pay for the tax cut to military veterans, the Governor's proposal would remove the exclusion from income on unemployment benefits and apply the sales tax on the full cost of manufactured housing, candy and soft drinks.

In response to questions about putting off tax cuts because of weakening state revenues and potential budget challenges because of potential changes to the Affordable Care Act and the nation's Medicaid program under the incoming GOP president, Hutchinson was emphatic about support of the measure. "I don't want to see it put off. In my view, it is a minimum and conservative approach, and we ought to do it."

Speaker Designate Gillam and Senate Majority Leader Sen. Jim Hendren also spoke with reporters on January 4. They said that uncertainty surrounding the Affordable Care Act and potential federal changes to the nation's Medicaid program will make it difficult to budget and plan for the state's health care needs.

Hendren said it is likely that Arkansas Works, the Medicaid expansion program under ACA, will continue and he expects less resistance from legislative opponents. Lawmakers he's spoken to in the Senate said they don't have the same desire to debate the issue again. He also said he'd be surprised if the General Assembly has enough clarity before the end of the session from D.C. to make major changes to Arkansas Works. He foresees a special session later in the year once federal plans are clearer. Hendren added that if block grants come to the states, allowing lawmakers to spend Medicaid money at the local level, it will be time for legislators to "put up or shut up."

On tax cuts, Speaker Gillam said there are many plans floating around the Capitol beyond the Governor's call for a low-income tax cut and veterans' tax cut. Some legislators want to go further with cuts, while some are resistant to making any immediate tax cuts due to current lagging state revenues. Gillam said there are members who think doing nothing at this time may be the best policy. "Members have mentioned that," he said. "It's not a dominant prevailing mood, but it's in the mix."

Other issues that lawmakers will grapple with during the session, in addition to medical marijuana, include prison and sentencing reform, higher education funding, and referring constitutional amendments. Highway funding and Civil Justice Reform will be high on the list of issues to be considered for referral to the 2018 General Election.

STATE CHAMBER/AIA PRIORITY BILL PACKAGE

The State Chamber/AIA has developed an aggressive legislative package and plans are well underway to adopt measures related to taxes, workers' compensation, education, workforce development, employment law, unemployment insurance and civil justice reform.

STATE CHAMBER/AIA TRACKED BILLS

As of mid-day Friday, the House had pre-filed 114 bills and the Senate 84 bills. We added 47 bills to our tracking list. You can view our entire list of tracked bills by clicking [here](#).

2015 STATE CHAMBER/AIA LEGISLATIVE PROPOSAL PUTS ARKANSAS IN "TOP STATE" RANKING IN STATE TAX ADMINISTRATIVE SCORECARD

Arkansas was recognized as the "most improved" of all states in the latest Council of State Chambers (COST) State Tax Administrative Scorecard. The designation was based on Act 896 passed by the Arkansas General Assembly and signed into law by Gov. Asa Hutchinson in 2015. The language in Act 896 was developed and written by the State Chamber/AIA.

Arkansas leapt from a C- and a "bottom states" ranking to a B+ and a "top states" ranking following the enactment of Act 896 of 2015, which included several tax administration reforms. The most significant reform being the elimination of "pay to play" in circuit court by providing taxpayers the option of filing suit for relief from a final assessment or determination without paying the proposed tax, penalties or interest. Other improvements included making the statute of limitations for assessments and refunds more consistent, providing additional time for filing state corporate returns, and improving transparency by requiring publication of redacted legal opinions and administrative decisions.

The State Chamber/AIA is most appreciative of Senators Bill Sample, Larry Teague, Bart Hester, Jake Files and Jimmy Hickey; Representative Ken Bragg, other members of the Arkansas General Assembly, the Governor's Office, the State Chamber/AIA Executive Committee and membership, and Attorneys Michael O. Parker and Matt Boch of Dover Dixon Horne PLLC for their efforts in getting Act 896 of 2015 written, passed and signed into law.

STATE CHAMBER/AIA LEGISLATIVE RECEPTION

Please make plans to join us for our State Chamber/AIA Legislative Reception presented by **Arkansas Learns, Cox Communications, Southland Park Gaming and Racing** and **Stephens Inc.** The Legislative Reception will be held from 4:30 – 6:30 p.m. next Tuesday, January 17 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.

LEGISLATIVE SESSION INFORMATION

To view schedules, calendars, bill information and legislator information, click [here](#).

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