



Daily Legislative Update

91st General Assembly

Monday, January 16, 2017 – Day 8

TODAY AT THE CAPITOL

The General Assembly is in recess until tomorrow.

To view today's schedules, committee agenda's, bills and other information related to the Session visit: www.arkleg.state.ar.us.

STATE CHAMBER/AIA LEGISLATIVE RECEPTION TOMORROW

We hope you can join us tomorrow for our Annual Legislative Reception. It will begin at 4:30 p.m. and continue until 6:30 p.m., under the big tent in our north parking lot at 1200 W. Capitol Ave. in Little Rock.

All members of the General Assembly, Constitutional officers and many state officials have been invited to attend. This is an excellent opportunity for our members to connect with their State Legislators.

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GOVERNOR'S TAX CUT PACKAGE

Two identical House and Senate bills were filed last Wednesday that are the foundation of Gov. Asa Hutchinson's \$50.5 million tax cut proposal. If adopted, the bills would also set up a Blue Ribbon panel that will study ways to overhaul the state's tax code.

SB 115, by Sen. Jim Hendren, R-Gravette, and HB 1159, filed by Rep. Mathew Pitsch, R-Fort Smith, are identical bills that are the Governor's tax cut proposal to reduce the tax burden for the bulk of the state's lowest wage earners making less than \$21,000 a year.

These bills are expected to be considered in the Senate Tax Committee on Wednesday and the House Tax Committee on Thursday.

If adopted, the governor's tax cut plan would take effect in January 2019. The task force would include 16 members of the legislature or their designees and would begin holding scheduled meetings within 30 days after sine die adjournment of the 2017 session.

The legislative work group would be tasked to file a preliminary report with the Governor, House Speaker and President Pro Tempore on the task force's activities, findings and recommendations by the end of 2017. A final draft of the task force recommendations must be completed by Sept. 1, 2018.

First unveiled by the governor on Dec. 13, Hutchinson's plan will cut taxes for an estimated 657,000 Arkansans who earn between zero and \$20,999 annually will get a total tax cut of more than \$46 million. Of that total, which is roughly 44 percent of the state's population, nearly 120,000 taxpayers in the lowest bracket between \$0 and \$4,299 will be taken off the tax rolls completely.

Those who make between \$4,300 and \$8,399 will see a reduction in their tax rate from 2.4 percent to 2 percent, which will amount to a revenue reduction of \$7.5 million. Those taxpayers will see annual savings of \$34 if taxed at the full rate at the high end of the bracket. Wage earners making between \$8,400 and \$12,599 will see their earnings cut to a tax rate of 3 percent, down from the current 3.4 percent. That would take a \$5.6 million piece out of the state's total tax revenue. Those taxpayers would see annual savings of \$51 if taxed at the full rate at the high end of the bracket.

The last low-wage tax bracket, those earnings between \$12,600 and \$20,999, will see their tax rate reduced by one percent from 4.4 percent to 3.4 percent if the Governor's plan is approved by the legislature. That will lower the state's revenue collections by \$10.9 million annually. Those taxpayers would see annual savings of \$211 if taxed at the full rate at the high end of the bracket.

An additional \$4.3 million will go toward bridging the lower income brackets with the middle-income brackets to prevent the "cliff effect," state budget officials said.

Early in the 2015 session, legislators adopted Governor Hutchinson's plan for a \$102 million tax cut that lowered the state's middle income tax bracket from 6 percent to 5 percent. In his "State of the State" address on Tuesday, Hutchinson called on lawmakers to enact the second tier of his tax cut plan that he said will reduce the tax burden for more than 90 percent of Arkansas taxpayers.

Also, in the “State of the State” address, the Governor pledged to continue down the path of lowering the income tax rate for all Arkansans. He agrees with legislators who want a more comprehensive tax reform package. Forming the Blue Ribbon tax study group is part of the Governor’s plan for a broader tax cut.

STATE CHAMBER/AIA TRACKED BILLS

The House has filed 166 bills and the Senate 126 bills. We’ve added 18 bills to our tracking and are now tracking 69 bills.

To view a list of bills added to our tracking yesterday, click [here](#).

Our entire list of tracked bills are posted on our website by category, which you can access by clicking [here](#).

EQUAL PAY BILL

HB 1021, by Rep. Fred Love, D-Little Rock, is on tomorrow’s agenda in the House Public Health, Welfare and Labor Committee. Employers will want to look at this bill, which could cause a negative influence on hiring, position changes etc. Here’s the *Legislative Digest Summary* of the bill:

- Expands the statutes intended to prevent pay discrimination on the basis of gender alone by requiring that non-gender based factors in pay differentials apply only if the employer demonstrates that the factor is not in any way based on or derived from a gender-based differential, and that such factors do not apply if an employee demonstrates that an alternative business practice exists that would serve the same business purpose without producing a differential in compensation
- requires employees to return the lesser of the two amounts recovered in situations where they recover wages in both a federal and a state complaint against an employer for gender-based wage discrimination
- allows employees to file complaints with the Department of Labor and allows the Department of Labor to supervise the payment of wages to the employee or to commence and prosecute a civil action against the employer on the behalf of the employee, unless the employee requests otherwise
- establishes statutes of limitations and privacy protections in such civil complaints.

LEGISLATIVE SESSION INFORMATION AND MESSAGE CENTER

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

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