



ARKANSAS
STATE CHAMBER
OF COMMERCE



ASSOCIATED
INDUSTRIES OF
ARKANSAS

Business matters.

LEGISLATIVE AGENDA 2013

Arkansas State Chamber of Commerce | Associated Industries of Arkansas

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We are pleased to present the 2013 Legislative Agenda of the Arkansas State Chamber of Commerce and the Associated Industries of Arkansas, Inc., the voice of business in Arkansas. The State Chamber/AIA represents more than 1,200 businesses of all shapes and sizes from every county in Arkansas. We also work in collaboration with local chambers of commerce, local economic developers all over the state and with most business associations.

Prior to every state legislative session, the State Chamber/AIA holds meetings of its committees on governmental affairs, taxes, workers' compensation, unemployment insurance/HR, health, education and energy to identify issues of interest to the business community of Arkansas. The committees' recommendations are then reviewed by the State Chamber and AIA boards of directors before the Executive Committee's final recommendations are presented for adoption at the organizations' Annual Meeting.

In addition to the organizations' formal policy development, we also work closely with other organizations that have their own agendas that impact business. These organizations include the Arkansas Environmental Federation and the Arkansas Economic Developers. We also ask local chambers of commerce across the state to adopt as much of this agenda as possible.

Because Arkansas's legislative sessions are usually fast-paced and require quick decisions by lobbyists in the Capitol, this document will serve as a guide to formulate positions on legislation that will impact the economic climate in Arkansas. When time allows, on issues of significant importance or when conflicts of business interests arise, the State Chamber/AIA Executive Committee will provide direction.

We look forward to the opportunity to address business and industry's concerns and challenges with members of the 89th General Assembly and ask for your support in helping Arkansas businesses create more jobs, invent new products and increase productivity.

MISSIONⁱ

The mission of the Arkansas State Chamber of Commerce and Associated Industries of Arkansas, Inc. is to continually enhance the economic climate in Arkansas.

PRIORITY ISSUES

During the 89th General Assembly, the State Chamber/AIA's top priorities will be:

- Continue to lead the effort to completely exempt energy used in manufacturing from sales and use tax.
- Lead the effort to completely exempt partial replacements and repairs of manufacturing machinery and equipment from sales and use tax.
- Protect the education reforms passed in 2003-04.
- Protect the legal reforms enacted by Act 649, the Civil Justice Reform Act, of 2003.
- Protect the workers' compensation reforms enacted by Act 796 of 1993.

GENERAL ISSUES *(Listed Alphabetically)*

Economic Development

- Support the Arkansas Economic Development Commission's legislative package as endorsed by the Arkansas Economic Developers and Arkansas Chamber of Commerce Executives.
- Support other legislation that will enhance economic development in Arkansas that is recommended by the Arkansas Economic Developers.
- Support proactive legislation that will attract and keep jobs in the State of Arkansas.
- Support legislation that encourages venture capital investment in Arkansas.

Education

(P-12, Higher Education & Workforce Development)

- Support legislation that ensures the development and maintenance of a globally competitive workforce in Arkansas.
- Advocate for the continued support and equitable funding of existing institutions of higher education.
- Support legislation which identifies and addresses the needs of academically distressed schools.
- Support legislation that authorizes a strategic planning process for K-12 education.

- Support legislation which aligns school board elections with general/primary election dates.
- Support legislation that enhances the education reform measures of accountability, transparency and choice throughout our public education system, specifically including, but not limited to, both the Act 35 accountability legislation and the Omnibus Education Act.
- Support legislation and policy that protects and expands educational choice for parents and students.
- Monitor debate and influence policy discussions on how state funds are being spent on education, and support legislation that puts a priority on expenditures that yield real academic improvement.
- Encourage both the legislature and other state policy makers to evaluate our state's current school calendar, through an Interim Study on expanding the school day/ school year in Arkansas.
- Support the education-based legislative agendas of the STEM Coalition, Accelerate Arkansas and Economics Arkansas, the Arkansas Education Accountability Coalition and other similar groups as approved by the State Chamber/AIA Executive Committee.

- Endorse the relevance and importance of the Arkansas Task Force on Higher Education Remediation, Retention and Graduation Rates' ultimate goal of reaching the Southern Regional Education Board's average for Arkansas citizens holding a bachelor's degree by 2015.
- Support the coordination and continuation of productive, efficient and accountable workforce development programs.

Energy and Environmentⁱⁱ

We believe all energy policy decisions must be made based upon facts and sound economic justification. Any changes in the state's environmental policy must balance environmental concerns with economic development concerns. Arkansas's families, businesses, schools and government agencies must have access to the energy necessary to keep our economy growing. This energy must be delivered at reasonable costs in order to ensure our competitiveness. Environmental policy should recognize that Arkansas businesses must be competitive nationally and globally. At the same time, Arkansas businesses should be good stewards of the environment and the energy supply by taking a balanced approach to the use of energy efficient programs and technologies. Without this balance, consumers will bear the costs of both inefficient operations and overreaching government programs. Accordingly, the State Chamber/AIA Task Force on Energy will review and analyze environmental legislation proposed or filed in the 2013 Legislative Session and provide position recommendations to the staff and Executive Committee. Specific energy priorities include:

- Protect and promote the exploration, production and use of Arkansas's natural resources.
- Support the environmental legislative agenda developed by the Arkansas Environmental Federation (AEF) as approved by the State Chamber/AIA Executive Committee.

Healthcare

- Monitor healthcare-related legislation and determine its impact on employers and respond accordingly.
- Identify reasonable efforts to address the continuing increases in healthcare costs to employers.

Immigration

We view immigration as a federal issue and support comprehensive immigration reform.

Labor & Employment

- Oppose attempts to enact a Public Employee Collective Bargaining Act.
- Oppose legislation that requires public or private employers to withhold union dues from employee pay checks.
- Oppose any and all attempts to repeal, reverse or limit in any way the Arkansas Right-to-Work law.

Taxation

- Continue to lead the effort to completely exempt energy used in manufacturing from sales and use tax.
- Lead the effort to completely exempt partial replacements and repairs of manufacturing machinery and equipment from sales and use tax.
- Support legislation to extend the carry-forward period for net operating losses.
- Support legislation to extend the time allowed to obtain local sales and use tax refunds.
- Support legislation to reduce property taxes on manufacturing inventories.
- Support legislation to reduce interest rates on assessments and refunds to prevailing market rates.
- Support reduction or repeal of the capital gains tax rate.
- Limit the sales and use taxation of out-of-state services consistent with the Streamlined Sales and Use Tax Agreement.
- Oppose unitary combined income tax reporting.
- Oppose new taxes on business services.
- Support the state's three-pronged tax system of property taxes, income taxes and sales taxes.
- Oppose attempts to shift tax responsibility from property and income taxes to sales taxes.
- Oppose the repeal of property taxes.
- Oppose attempts to shift tax responsibility to business and industry.
- Monitor attempts to update or repeal business incentives enacted over the years and make certain that no incentives are eliminated that are deemed necessary by specific businesses or industries.

- Support existing sales and use tax exemptions and proposed new exemptions designed to promote business and industry in Arkansas.
- Support the current legal requirements for passage of taxes.
- Maintain historic opposition to any erosion of tax base that does not promote economic development.
- Protect and improve the rights of taxpayers to fair, timely and impartial treatment in administrative appeals.

Term Limits

- Explore and develop a reasonable approach to improving term limits for the Arkansas General Assembly.

Tort Reform

- Protect the legal reforms enacted by Act 649, the Civil Justice Reform Act, of 2003.
- Monitor and oppose other legal, regulatory or consumer protection reform legislation which is adverse to business.

Transportation

The State Chamber/AIA believes that adequate transportation is vital to the economic success of the state. We will examine and support well-reasoned and balanced plans to improve surface transportation as well as the development needs of the Arkansas waterways navigation system, rail and intermodal transportation.

Unemployment Insuranceⁱⁱⁱ

- Continue plans to return the state's unemployment insurance trust fund to solvency
- The State Chamber/AIA will maintain an active presence on the Department of Workforce Services' ESD Advisory Council.
- Oppose any legislation that is a detriment to a sound unemployment compensation system.
- Protect the Department of Workforce Services' Employment Security trust fund.
- Support legislation that will bring Arkansas' benefit payment amounts in line with surrounding states.

Workers' Compensation

- Protect the workers' compensation reforms enacted by Act 796 of 1993.

ENDNOTES

¹ The organizations' approach to accomplish its mission is a strong governmental affairs program. To aid the development of its governmental affairs program, this Agenda was drafted for use by the organization's staff as a guide during the 88th Arkansas General Assembly. The issues contained herein were developed through a series of meetings of the State Chamber/AIA's issue-based committees (tax, workers' comp, unemployment insurance/HR, health, education and energy task force). Next, the State Chamber/AIA Governmental Affairs Committee met to review the entire document and all members of the State Chamber and AIA Boards of Directors were invited to attend. Finally, staff provided a draft to all members of the State Chamber/AIA Board of Directors and Executive Committee prior to the State Chamber/AIA Annual Meeting.

In addition to guiding the State Chamber/AIA through the 88th General Assembly, it is the organizations' desire that this agenda will be reviewed and considered for adoption in whole or in part by each local chamber of commerce and economic development organization in Arkansas.

The State Chamber/AIA governmental affairs staff will monitor the development of additional issues that may arise in the days before the Arkansas General Assembly convenes in January 2011. The staff will also monitor all bills filed during the 88th General Assembly and track all bills identified as having an impact on business in Arkansas. The tracked bills will be arranged into business categories and reported in the Daily Legislative Update, as well as recorded on the organizations' web site.

When issues arise during the session that have not been addressed by this agenda or when issues addressed herein are modified, the State Chamber/AIA governmental affairs staff will take appropriate action to protect the business climate in Arkansas. In accordance with time available, the staff will consult with the organizations' issue committees and/or Executive Committee and/or Board of Directors for guidance on specific issues.

² The State Chamber/AIA Executive Vice President sits as an ex-officio member of the Arkansas Environmental Federation's (AEF) board of directors. The AEF was originally founded as a State Chamber/AIA committee before becoming an independent organization. A majority of AEF's member companies are also members of the State Chamber/AIA. The AEF board is populated by its corporate-member environmental experts and environmental consultants.

³ This Council, which consists of five management, five labor and two consumer representatives, reviews Arkansas Department of Workforce Services staff recommendations for changes to unemployment insurance laws in the state and facilitates negotiations between labor and management on the proposed changes.

⁴ The State Chamber/AIA serves the business community as the watchdog of workers' compensation. Since 1995, the State Chamber/AIA has conducted negotiations with labor through the state AFL-CIO.

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