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### State Chamber Directors

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### AIA Directors

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The State Chamber/AIA's governmental affairs work in 2005 focused on the 85th Arkansas General Assembly, which met for 94 days from January 10 until April 13. We had a successful session overall and accomplished our top priorities for the session by protecting the education reform and tort reform legislation passed in the 84th General Assembly.

Legislators set a new record by filing 3,327 bills and resolutions. We tracked 698, which was a 75 percent increase in our bill tracking over 1999, the first year that term limits impacted the House of Representatives.

We view education as economic development of our State's most important resource.

Consequently, we maintained our role as the leading advocate for education reform in Arkansas.

This required diligent efforts to protect the reforms passed by the 84th General Assembly. The State Chamber/AIA successfully led efforts to defeat bills that would: have eliminated the requirement that all school districts must teach a minimum of four Advanced Placement courses at the high school level; provided a back door out of mandatory curriculum requirements that would allow districts to teach less than the required 38 minimum units; cut professional development and in-service training for teachers; diluted the new requirement that every school have access to teachers certified in art and music; provided more flexibility to and fewer sanctions for school districts that file data and reports late, and watered down the omnibus Quality Education Act.

Our education reform efforts continued after the session through our continued participation in the Lake View case. We filed two amicus briefs. One was filed before hearings were held by specially appointed masters, and the second was filed with the full state Supreme Court that urged the Court to let the reforms passed by the 84th General Assembly have more time to develop before requiring more money to be thrown at the system.

An expected effort to weaken tort reform measures passed by the 84th General Assembly never materialized. A couple of bills were filed, but were immediately placed on hold after State Chamber/AIA and other pro-tort reform interests suggested additional reform measures might be filed. This success was supported by diligent work in the 2004 election year to block efforts to elect more anti-tort reform legislators.

Protecting the Workers' Compensation reform of 1993 is a priority for the State Chamber/AIA in every session. Our Workers' Compensation Committee provided direction as we successfully negotiated agreed legislation with the AFL-CIO and passed all four bills. Labor gained minor changes to the definition of hearing loss and neck and back injury cases, while management got a needed fix in the use of certificates of non-coverage. We also blocked efforts to drastically reduce the salaries of Workers' Compensation Commissioners and to remove the at-will employment status of administrative law judges.

The tax increases passed by the 84th General Assembly created a much welcomed anti-tax atmosphere for the members of the 85th. We successfully urged the repeal of a temporary income tax surcharge. The State Chamber/AIA also led the effort that blocked an attempt to pass unitary combined income tax reporting that would have crippled home-based corporations.

Unemployment insurance, which years ago was the source of much legislation with costly impacts on business, remained under control through the State Chamber/AIA's participation in the state's Unemployment Insurance Advisory Council. This group developed agreed legislation that was refined, approved and successfully pushed to passage by the State Chamber/AIA's Unemployment Insurance Committee.

The State Chamber/AIA led efforts to allow local elections that could authorize additional electronic games of skill at horse or greyhound racing parks. We also helped pass legislation that requires legislative review of any bill or interim study that proposes a mandated health insurance benefit or service and sets up an Advisory Commission on Mandated Health Benefits. Additionally, we pushed the State Department of Economic Development's legislative package that was adopted, and helped pass needed legislation to prevent raiding of the Landfill Post-Closure Trust Fund. We also helped block dangerous bills dealing with deceptive trade, environmental laws and minimum wage laws.

In summary, we upheld our mission of enhancing the economic climate in Arkansas by continuing to be the leading advocate for the business community and one of the most effective lobbying groups in the state.
The possibility of this bill being filed created tension between pro-tort reform and anti-tort reform groups. Speaker Stovall assembled a meeting of all interested parties early in the session in an attempt to diffuse a situation that could have resulted in a rash of bill filings by pro-tort reform and anti-tort reform groups. The tobacco industry eventually filed the bill and managed to get the measure passed without support of business interests and with opposition by those against tort reform.

An interesting by-product was the beginning of a dialogue begun between the Committee to Save Arkansas Jobs/State Chamber-AIA and the trial lawyers association. This dialogue helped suppress action on Rep. Verkamp’s three anti-tort reform bills mentioned above. It is possible this dialogue could continue into future sessions much like we have between the State Chamber/AIA and the AFL-CIO on workers’ compensation and unemployment insurance issues.

Since the close of the 2003 session, anti-tort reform groups had been talking about the need for insurance reform legislation. SB 233 (now Act 1697) by Sen. Bob Johnson (D-Morrilton) was a preemptive attack by the pro-tort reform group that moved cleanly out of the Senate. The anti-tort reform group held the bill in the House Judiciary Committee while HB 2075 by Rep. Chris Thomason (D-Hope) was crafted. (SB 228 by Sen. Irma Brown was filed the same day as SB 233 but was never acted upon.) Eventually, a compromise was reached and some of the provisions of HB 2075 were merged into SB 233, which led to the adoption of SB 233 in the House with only one dissenting vote.

Except for HB 2637, we made very little mention, if any at all, of the rest of the tort reform bills described above in our daily updates. Occasionally issues are so volatile that grass roots contacts might actually hurt. Tort reform was certainly an issue that we managed more effectively without making our actions known. Nick Thompson of the Mitchell Williams law firm in Little Rock, and Morrill Harriman, executive director of the Poultry Federation, did terrific work for us on this issue.

Education Reform

Thankfully, very few attempts were made to weaken the major education reforms passed in the 84th General Assembly. Most of this session’s education focus was on funding of educational facilities and the general education funding for the next biennium. There were also a few measures that improved education laws.

SB 1130 (now Act 2005) by Sen. Steve Bryles (D-Blytheville) is a bill the State Chamber/AIA supported that improves charter school laws.

HB 2530 (now Act 1672) by Rep. Leroy Dangaeu (D-Wynne) is a bill that State Chamber/AIA Education Committee Chair, Stacy Pittman, testified in support of and helped pass. It renames the director of the State Department of Education as the commissioner and reorganizes the Department into four new divisions and a central administration as of July 1, 2005. It also adds the Division of Academic Facilities and Transportation and the Division of Accountability to the Department effective July 1, 2007.

HB 2520 by Rep. Bill Abernathy (D-Mena) was strongly opposed by the State Chamber/AIA. It would have greatly weakened the recently passed reform requiring schools to offer 38 units each year. It was set for a special order of business in the House Education Committee but was never considered.

Tax Issues

SSTP

Another issue that we worked on heavily in the background was modification to the Arkansas Streamlined Sales Tax Project (SSTP). We started discussions on this issue last fall in State Chamber/AIA Tax Committee meetings.

Our committee identified two critical problems with the SSTP law regardless of its effective date: sourcing and the elimination of local sales tax caps. The committee discussed the following potential solutions:

1) Creating a tax credit/rebate that would offset the dramatic increase in sales taxes caused by the loss of local caps;
2) Exemptions for the amount of the now uncapped sales taxes;
3) Delay enactment of the Arkansas SSTP law: The committee formed a working group to further develop solutions and attempt implementation.

Going into the session, we knew that the state Department of Finance and Administration (DFA) was interested in an earlier implementation date and if Arkansas were one of the first 10 states to pass SSTP legislation, the state would get a seat at the national table.

We also knew that getting Sen. Jim Hill (D-Nashville), sponsor of the original SSTP legislation and the most experienced member of the Senate, to support our concerns would be vital to resolving this issue. We felt sure that Sen. Hill would listen to the business community’s concerns as well as to DFA’s concerns. This meant that a grassroots effort could disrupt the process. Therefore, beginning last November and continuing through final passage of SB 1173 (now Act 2008), Mike Parker of the Dover Dixon Horne law firm and Morrill Harriman, executive director of
the Arkansas Poultry Federation and a former Senator, served as our negotiators with DFA. Initially, we thought we could get an agreement on a rebate and definition of a single transaction. But a national SSTP meeting in Atlanta resulted in confusion at the national level and it became obvious that trying to find solutions for problems that might be different in the future was futile. Therefore, we agreed with DFA to delay implementation of the Arkansas SSTP laws until July 1, 2007.

**Unitary Combined Income Tax Reporting**

During the 2003 legislative session, Rep. Phil Jackson (R-Berryville) ran a bill on unitary combined income tax reporting. Although it was defeated, everyone expected him to bring the issue up during the 2005 session while he was serving as chairman of the House Revenue and Taxation Committee.

Jackson kept the issue active in the interim and the State Chamber/AIA brought in experts to speak about the issue at our annual meeting last October. The State Chamber/AIA Tax Committee considered the unitary combined corporate income tax reporting issue in meetings last fall and adopted the position to oppose such a change in Arkansas tax law. Some of the key reasons the committee voted to oppose the unitary tax issue were: It would create corporate tax winners and tax losers; there was no guarantee of a revenue gain for the state; it would put the greatest stress on home-based Arkansas corporations – some of which could decide to relocate their home offices out of Arkansas; it would close the door on attracting any business to choose Arkansas as its home office location, and it would not shift the tax burden from small to large businesses because most small businesses do not pay C-Corp. income taxes.

Jackson finally filed his bill, HB 2686, on March 7, which was the last day of bill filing, but the bill was only a “shell” bill. On February 28, a professor from New York City addressed a joint meeting of the Revenue and Taxation Committees. He discussed radical changes in tax philosophy with which a vast majority of the Arkansas business community disagreed. The State Chamber/AIA brought in Jim Eads, a native Arkansan and president of the New Mexico Tax Institute, and Doug Lindholm, president of the Council on State Taxation, to speak at a joint meeting of the House and Senate Tax Committees on March 8.

HB 2686 was brought up in the House Revenue and Taxation Committee on April 5. It was immediately amended as Jackson presented the bill. When it was time for public debate, the committee limited it to one minute per side and then defeated the bill on a voice vote – a culmination of the State Chamber/AIA-led lobbying effort that began last fall.

**Income Tax Surcharge**

SB 38 (now Act 63) by Sen. Percy Malone (D-Arkadelphia) and Rep. Chris Thyer (D-Jonesboro) repealed the three percent income tax surcharge, which was a priority issue of the State Chamber/AIA Tax Committee.

**Food Tax Repeal**

For 40 years, the State Chamber/AIA was a key part of groups that successfully blocked attempts to repeal the sales tax on food because it would eventually create a tax shift to business and those it was intended to help – the poor.

SB 277 (now Act 647) by Sen. Terry Smith (D-Hot Springs) was a scheme that quickly became a runaway train. Due to term limits, few legislators had been through the legislative and ballot battles over this issue.

We went to several leading legislators to seek their help in blocking this bill only to find that they were co-sponsors of the proposed legislation. The bill will remove the state (not local) sales tax on food when the state’s revenue from SSTP exceeds 150 percent of the revenue generated by the state tax on food for six consecutive months. Legislators saw this as a political goldmine. We saw it as bad government committing future legislatures and future revenue without any knowledge of what the needs of the state might be when this measure kicks in.

**Pass Through Entities**

SB 509 (now Act 1982) by Sen. Jim Hill (D-Jonesboro) was a bill that would providegrass roots warnings about from the time the bill was filed until it became law. As originally filed, it would have required pass through type entities (LLCs, partnerships, limited partnerships, S corps., etc.) to withhold income taxes of out-of-state owners. This would have required withholdings of taxes that were never due or passive earnings that never became cash earnings. In respect for our concerns, Hill did not run the bill until after several business interests directly affected by the bill helped craft an amendment. The amendment limits the required withholding to identified out-of-state owners who fail to pay taxes owed to the state of Arkansas.

**Loss of Deductions and Credits**

SB 446 by Sen. Paul Miller (D-Melbourne) was a bill that might have wiped out the state’s primary industrial development deductions and tax credits. The State Chamber/AIA’s opposition helped Miller decide not to run the bill.

**Attempts To Increase Taxes**

Several of the bills filed would have increased taxes. The State Chamber/AIA was on guard to battle any that came up. Fortunately, the legislature adjourned without passing any of these tax increase plans.

HB 1320 (now Act 2022) contains the Arkansas Department of Environmental Quality’s budget for the next biennium. When the revenue stabilization bill came out, it was revealed that ADEQ would lose its $3.5 million of state general revenue.

An amendment was proposed to allow ADEQ to increase user fees to make up the lost state revenue. These fee increases would have resulted in significant increases to businesses. The State Chamber/AIA joined the Arkansas Environmental Federation, Arkansas Farm Bureau, the Poultry Federation and several other business interests to oppose the fee increases.

Eventually Governor Huckabee told the ADEQ director the fee increases were tantamount to a tax increase and he would not allow it to happen. Finally ADEQ was authorized to receive a potential $2.5 million that the state could save through the merger of the state Health Department into the state Department of Human Services.

SB 147 by Sen. Jerry Bookout (D-Jonesboro) was an attempt to increase original corporate registration fees from $25 to $100 and renewal fees from $10 to $100. The State Chamber/AIA blocked this veiled attempt to increase taxes on business.

HB 2406 by Rep. Preston Scroggin (D-Vilonia) would have increased corporate filing fees. The bill was pulled down after the State Chamber/AIA expressed opposition.

HB 1419 by Rep. Johnnie Bolin (D-Crossett) would have applied the gross receipts tax to the sale of advertising space and time in newspaper, television, radio and billboards. The State Chamber/AIA and several business interests opposed the bill and it was never brought up for

(continued on page 21)
National Issues Remain Major Focus For State Chamber/AIA

The State Chamber/AIA's governmental affairs team lobbied members of Arkansas' congressional delegation on a variety of national issues this year. One of our most significant achievements was the passage of the Class Action Fairness Act of 2005. This bill will ensure a simpler, fairer, and faster legal system by helping move large, multi-state class action lawsuits from state to federal court, preventing widespread venue shopping by trial lawyers. It will also limit settlements in which class members actually lose money to pay attorneys' fees and ensure the fair and even distribution of damage awards to all plaintiffs.

Another important victory came with the passage of the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) by the U.S. Congress. The Emergency Committee for American Trade reports that “for Arkansas' manufacturers, the DR-CAFTA immediately eliminates tariffs on 80 percent of U.S. exports and eliminates all tariffs within 10 years, including the up-to-15 percent tariffs on Arkansas' exports of electrical equipment, machinery, manufactures, paper products, plastics and rubber, processed foods and transportation equipment. For Arkansas' agricultural producers, DR-CAFTA will eliminate tariffs on 50 percent of U.S. exports immediately, and most remaining duties within 15 years…” This will benefit Arkansas' rice, beef, poultry, soybeans, cotton and textile producers.

The State Chamber/AIA is committed to finding workable solutions that protect the environment, while also encouraging economic growth. For this reason, we supported the Clear Skies Act of 2005, which would enact the largest power plant emissions reduction program ever – a 70 percent cut in sulfur dioxide, nitrogen oxide, and mercury. In addition, Clear Skies would allow the nation to continue to burn coal without increasing our reliance on natural gas. Because coal is our nation's most abundant and cheapest energy source, manufacturers and businesses depend on its low cost to stay competitive. Unlike other proposals, Clear Skies would not dramatically reduce coal-based generation or force an over-reliance on natural gas, which would dramatically increase demand and result in crippling economic costs for Arkansas' businesses and consumers.

For years, the State Chamber/AIA has supported full and permanent repeal of the estate tax. This year was no exception as we lobbied Arkansas' congressional delegation to support The Death Tax Repeal Permanency Act of 2005. The estate tax, or death tax as it is also known, depletes the estates of taxpayers who have saved throughout their entire lives, often forcing successful family businesses to curtail operations, sell income-producing assets, borrow, or in extreme cases, liquidate to pay the tax. The “Economic Growth and Tax Relief Reconciliation Act of 2001,” signed into law by President Bush, gradually phases out the death tax until it is completely repealed in 2010. However, if Congress does not act, in 2011 the full death tax will again be reinstated.

This fall, the State Chamber/AIA submitted comments to the Minerals Management Service on the new Five-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2007-2012, recommending the plan provide for expanded OCS leasing, including providing flexibility for future inclusion of areas where development is currently prohibited. The U.S. cannot continue to reject opportunities to develop our domestic offshore energy resources or American consumers and businesses will suffer the consequences in terms of slower economic growth, higher energy prices, reduced competitiveness in comparison with overseas manufacturers and continued job losses.

Americans are living longer and traditional sources of retirement income are no longer adequate. The Retirement Security for Life Act of 2005 creates a tax incentive that would encourage people to choose retirement vehicles, such as life annuities, that provide a guaranteed return during retirement. Under the bill, one-half of income from life annuity payments is excluded from federal taxes. The amount of income excluded is capped at $20,000 per year; for someone in the 25 percent tax bracket, this amounts to a savings of $5,000. We support this bill that would give Americans more control over their retirement and empower them to maintain their standard of living.

We also support another legal reform measure, the Personal Responsibility in Food Consumption Act, which would prevent frivolous obesity-related lawsuits that hold food companies liable for an individual's obesity or obesity-related health ailments. The bill still allows appropriate litigation against food suppliers if they fail to comply with applicable statutory and regulatory requirements, including prohibitions on contaminated foods. Current law allows claims if food contains something that does not belong there, does not meet health or safety regulations, or when a food seller makes false promises.
Accomplishments & Activities

Significant Accomplishments Racked Up By State Chamber/AIA During The Past Year

Back Home Bash—Smashing Success
More than 400 people, including three members of the Arkansas Congressional delegation and approximately 100 Congressional delegation staff members, crowded into the Great Hall of the Clinton Presidential Center on Tuesday, August 23, for the State Chamber/AIA’s Back Home Bash.

The “Bash,” event, presented by Wal-Mart, was our 46th Annual Salute to the Arkansas Congressional Delegation and their staffs.


State Chamber/AIA Accomplishes Changes in Proposed DF&A Rule
As part of the mission of the Arkansas State Chamber of Commerce/Associated Industries of Arkansas, we are constantly on guard against legislative and regulatory issues that might inhibit the economic climate in Arkansas.

A case in point occurred recently when Mike Parker, an attorney for the Dover Dixon Horne law firm and legal counsel for the State Chamber/AIA Tax Committee, used his expertise on behalf of the State Chamber/AIA to influence changes in a new rule proposed by the Arkansas Department of Finance and Administration (DF&A) – Markup of Rule 2005-4 “Sales of Heavy Equipment – Decals” that was filed on September 20, 2005.

The rules were being developed by DF&A to implement Act 1693 of 2005, which was originally filed as HB 2972 by Rep. Bill Pritchard of Elkins. The legislation requires a decal to be placed on each piece of heavy equipment when sales or use taxes are paid as proof that the taxes have been paid. The intent of the law was to level the playing field between taxpayers who purchase equipment in Arkansas and pay the sales tax, and those who purchase equipment out-of-state and potentially avoid paying Arkansas sales taxes.

Parker filed two rounds of comments on the proposed Rule designed to: (a) eliminate the decal rules for manufacturers buying heavy equipment for use on site; and (b) eliminate the decal rules for lifts, cranes, etc. for warehouse or other inside use.

“DF&A has apparently accepted the comments, will pull the draft Rule, and reissue with our proposed changes for consideration by the Rules and Regulations Subcommittee in November,” Parker recently noted. “This will substantially reduce the burden of the new decal law and rule on manufacturers, and wholesale/retail businesses.”

“This is an excellent example of Mike Parker’s great ability, tenacity and passion in looking out for the health of Arkansas’ business community,” said State Chamber/AIA President & CEO Ron Russell.

It is also a classic example of how the State Chamber/AIA serves the business community and how vital it is for the State Chamber/AIA to have members who go above and beyond the call of duty to limit unnecessary compliance costs and penalty exposure for business and industry.

State Chamber/AIA Provides Interactive Hurricane Relief Bulletin Board Online
With the help of Atherton Hiett and Kelly Reed, two of our DINA partners from UALR’s Institute for Economic Advancement (IEA), the State Chamber/AIA website hosts an interactive Disaster Relief Bulletin Board.

This site was developed in response to the Katrina disaster. It is used for posting updates and community information about state and local preparations for potential hurricanes.

State Chamber/AIA Staff Remains Busy With Speeches, Conferences, and Activities
Members of the State Chamber/AIA staff welcome the opportunity to speak to our members and friends about issues facing the business community and the state. Some of those opportunities are highlighted below:

In Little Rock, Kenny Hall spoke to the Governor’s Conference on Waterborne Transportation about the Dominican Republic – Central America Free Trade Agreement (DR-CAFTA). The State Chamber/AIA took an active role in urging Arkansas’ Congressional Delegation to support DR-CAFTA’s implementing legislation, which President Bush signed on August 2, 2005.

Hall was invited to Dallas, Texas, to speak to the U.S. Chamber of Commerce Regional Public Affairs Meetings. Approximately 75 governmental affairs managers from various major corporations listened to his presentation concerning the 85th Arkansas General Assembly legislative highlights and 2006 key statewide elections.

In addition, Hall spoke to the Arkansas Mortgage Bankers, the Arkansas Self-Insurers Association Annual Meeting and a group of International Paper employees and customers. In each speech, Hall provided a brief description of the State Chamber/AIA and an overview of the 2005 legislative session.

Speeches detailing the role of the Arkansas State Chamber of Commerce and Associated Industries of Arkansas, Inc. were given to the Boone County Leadership Group and the Harrison Leadership Group by Angela DeLille. DeLille also addressed highlights from the 2005 legislative session as well as the “hot topics” of elections, education reform and the factual details of the Highway and Higher Education Bond issues addressed during the December 13th special election.

Jeff Thatcher spoke to the Arkansas Chamber of Commerce Executives at their annual meeting in Hot Springs about his role at the State Chamber AIA, membership plans and upcoming State Chamber/AIA events.

In addition to conferences hosted by the State Chamber/AIA, members of the staff have been active participants during the past year in various other conferences as well.

In Little Rock, Ron Russell attended the Arkansas Economic Developers Annual Meeting and the Arkansas Governor’s Conference on Waterborne Transportation.

Kenny Hall traveled to Dallas, Texas, to network and gain valuable information at the U.S. Chamber of Commerce Regional Governmental Affairs Meeting. Hall also traveled to Hot Springs on two separate occasions, once to attend the Annual Meeting of the Arkansas Bar Association and again for the Arkansas Society of Association Executives Annual Meeting and Trade Show.

Angela DeLille attended the three-day Arkansas Worker’s Compensation Commission Conference in Little Rock.

Russell, Hall and DeLille also participated in “How To Win An Election” – a seminar in Little Rock that was sponsored by the Arkansas Farm Bureau and the State Chamber/AIA. The seminar was geared to candidates, their spouses and their campaign managers.

Jeff Thatcher traveled to San Destin, Florida, to meet with a group of his counterparts at the Conference of State Manufacturing Associations.

(continued on page 7)
events and announcements relating to relief or recovery efforts, as well as accessing other state-wide disaster information.

Our members have been encouraged to share their activities here as well as read about what others are doing. http://ascc.ewknorwarkansas.org/katrina/default.html

Education Reform Efforts Paying Off

The Arkansas Department of Education reported an abundance of good news relating to Arkansas public school students’ test scores.

Students in grades K-9 took the Iowa Test of Basic Skills, in which they are compared with a national sample of students in the same age range. All but one set of scores were above the 50th percentile, which is the national average, with a couple of grades scoring as high as the 68th percentile.

End-of-course exams in algebra and geometry also showed significant gains and a slight narrowing of the achievement gap between whites and African-Americans and between whites and Hispanics.

Participation in Advanced Placement courses doubled last year over the previous one. Participation in AP courses is a predictor for success in college.

These successes can be traced to the state’s reform efforts of the Second Extraordinary Session, in which the State Chamber/AIA took a leading role in the calls for reform and school accountability. First Employment Law Roundtable a Hit

Participants learned how to avoid unexpected legal pitfalls with employees during the State Chamber/AIA’s first Employment Law Roundtable. Spencer F. Robinson, Esq., of Ramsay Bridgforth Harrelson & Starling in Pine Bluff, led the two-hour discussion, which was held at The Alliance in Pine Bluff.

“The roundtable was beneficial for me. I learned several things I did not know,” one participant wrote to the State Chamber/AIA, adding, “(I’m) looking forward to joining you guys again in the future.”

Second Employment Law Roundtable a Success

How long do you keep resumes on file? What do you write in a letter turning an applicant down for a job? Mike Moore with Friday Eldredge Clark covered these issues and many more as he took participants through the steps of “hassle-free hiring” at the State Chamber/AIA’s second employment law roundtable in Little Rock.

Nearly a dozen participants gleaned helpful information during the two-hour session.

Small Business Awards Given at Luncheon in North Little Rock

Goldie and Andrew G. (A.G.) Russell III were named Small Business Persons of the Year for 2005. Russell is the founder and Goldie Russell the president of The Knife Company, Inc.

Angela DeLille

Angela DeLille is a member of the State Chamber/AIA governmental affairs team. She works on state and national legislative issues, while also working with State Chamber/AIA President & CEO Ron Russell to develop a focus on international trade.

In addition to her duties at the State Chamber/AIA, DeLille is a member of the Arkansas Society of Association Executives, as well as a member of the Arkansas Society of Professional Lobbyists, vice president of the non-profit scholarship organization Kids’ Chance and a board member of the Arkansas Environmental Federation. He is an active member and former board member of the Arkansas Society of Association Executives, as well as a member of the Arkansas Chamber of Commerce Executives, the Arkansas Bar Association and a PAC Committee Officer for the Committee to Save Arkansas Jobs.
Building Communities Just for the Kids Day Held At Venues Throughout Arkansas

Fifty-seven Arkansas schools served as host locations for their communities in a statewide discussion on Tuesday, November 15, to give parents and citizens more information about student performance data and discussing academic improvement strategies in their respective communities.

Organizers called the launch for the initiative: Building Communities Just for the Kids Day. Forty-seven school districts participated in the statewide discussion.

“Parents and citizens from around the state gathered in their respective communities to learn more about how they can get involved with the process of achieving high performing schools,” said Stacy Pittman, project director for Just for the Kids, Arkansas and chairman of the State Chamber/AIA Education Committee.

The community-based initiative, entitled Building Communities Just for the Kids, is a national pilot program for Arkansas and the first of its kind in the country. It is a partnership between Just for the Kids, Arkansas State Chamber of Commerce/Associated Industries of Arkansas, Arkansas State Parent Teacher Association, Arkansas School Boards Association, Arkansas Association of Educational Administrators, Arkansas Education Association, Arkansas Rural Education Association, Arkansans for Education Reform Foundation and the Arkansas Department of Education.

“Building Communities Just for The Kids is all about bringing educators, parents, community leaders and lawmakers together to analyze where we are, determine where we need to be and develop a plan of community cooperation that can help shape the lives of our children’s futures,” said Pittman. “When communities become informed, inspired and work together toward an agenda of improvement and success, our children have a much better chance of broadening their future opportunities.”

One of the highlights of the Building Communities Just for the Kids Day was the release of the parent consumer guide, entitled “Get Educated About Education: A Consumer Guide to Public Education,” a tool for parents and citizens to better understand the new laws - both state and federal - that determine the laws and regulations now required by school districts in Arkansas. It is available on the website www.just4kids.org.

Arkansas Parent Teacher Association president Don Johnson said “the consumer guide will give parents a more thorough understanding of how recent legislation and public policy initiatives affect their community and how they can play a key role in helping to build high-performing schools.”

“We hope that with better understanding schools and communities will work more closely to build high performing schools,” said Dan Farley, Executive Director for the Arkansas School Boards Association. “That’s good for kids, for our schools and for all of Arkansas. It is important for all Arkansas communities to understand the challenges we face and to work together to create an education system that is focused on what is best for kids.”

The national pilot program brings together a variety of key education and community stakeholders, such as parents, teachers, school board members, superintendents and members of the business community.

“This is a historic partnership for our state,” said Dr. Kellar Noggle, Executive Director of the Arkansas Association of Educational Administrators. “The goal of Building Communities Just for the Kids and the consumer guide is to bridge the communications divide between the school community and those who want to help them succeed.”

“Just for the Kids chose Arkansas for the national pilot program because of the synergy between the state leadership, educational groups and the business community,” said Pittman. “Just for the Kids encouraged us to continue our progress in improving student achievement, and we are excited about Arkansas being chosen for the national pilot program.”

The Just for the Kids website (www.just4kids.org) provides accessible, transparent data that is designed to build high performing schools. It shows how every Arkansas public school is performing on state tests in relation to five other Arkansas schools that have a comparable student population. All the data on the website for Arkansas schools is provided by Arkansas Department of Education and is presented in an easy-to-understand format.

The Texas-based Just for the Kids organization now has affiliates in 37 states. The group’s national sponsor is the National Center for Educational Accountability.

State Chamber/AIA Weighs In On Metro 2030 Long Range Transportation Plan

For over a year, the State Chamber/AIA has been involved in the Metro 2030 Long Range Transportation Plan proposed by METROPLAN, the regional planning agency for central Arkansas.

METROPLAN is comprised of central Arkansas counties, cities, the Central Arkansas Transit Authority (CATA) and the Arkansas State Highway and Transportation Department (AHTD). The federal government mandates the development of a long-range plan for federal transportation program funding.

The Metro 2030 plan directs the spending of transportation tax dollars for developing and maintaining our freeways, arterials, transit system, bike and pedestrian facilities and other travel modes.

The State Chamber/AIA was concerned that aspects of the draft plan would be a detriment to commercial development and notified local chamber executives, economic developers and State Chamber/AIA members in Pulaski, Lonoke, Saline and Faulkner counties about the plan.

Along with local representatives, State Chamber/AIA staff members attended public hearings and submitted comments during the public comment period. In addition, we worked with local chamber and business representatives to lobby the METROPLAN board until changes were made to the Metro 2030 plan that satisfied our economic development concerns.

The State Chamber/AIA would especially like to thank Jay Chesshir, Executive Director of the Metro Little Rock Alliance, who was instrumental in developing the strategies used throughout the debate.
2006 Seminar Schedule
Hot Springs, Arkansas

Beginner’s Basic
March 27, 2006
September 11, 2006

Advanced Course & Case Study
March 28, 2006
September 12, 2006

Registration:
www.salesusetax.com

Contact:

B.J. Pritchett
Pritchett Sales & Use Tax Consulting
1 Fineza Way
Hot Springs National Park, Arkansas 71909
501-922-4327 Telephone/Fax
bjpjch@ipa.net Email

Consulting:

Refund Reviews
Audit Defense
Educational Seminars
Private Sales & Use Tax Consulting
Arkansas State Chamber/AIA Annual Meeting Chock Full of Timely Information

Speeches by the two most prominent candidates for governor — Attorney General Mike Beebe and former Congressman Asa Hutchinson — as well as presentations on school funding, highways, higher education, taxes, immigration reform, international trade and disaster preparedness highlighted the recent 77th Annual Meeting of the Arkansas State Chamber of Commerce/Associated Industries of Arkansas.

The two-day meeting drew well over 100 people to the historic Arlington Resort Hotel and Spa in Hot Springs.

“I think this year was probably one of the better programs in terms of overall content that we have had in quite a while,” said Ron Russell, president and CEO of the State Chamber/AIA.

Beebe, the favorite for the Democratic nomination, kicked off the Tuesday Opening Session. Hutchinson, the lone Republican candidate for governor, spoke at the Wednesday Closing Session. In between those two speeches, a significant amount of useful information was provided to participants.

The Tuesday afternoon General Session started with an update by Price Marshall, a Jonesboro attorney, on the Lake View School Funding case before the state Supreme Court.

That was followed by a discussion of the Dec. 13 ballot issue, a special election called by Gov. Mike Huckabee to extend a statewide highway construction bond program and authorize the sale of additional bonds to benefit higher education. Dan Flowers, director of the Arkansas Highway and Transportation Department, addressed the proposed road program, while David Leech, vice chairman of the state Higher Education Coordinator Board, addressed the education program.

Tuesday’s General Session ended with a panel presentation on tax issues. The panel was moderated by Tom Kennedy of Entergy Arkansas and Chairman of the State Chamber/AIA Tax Committee and featured presentations by Warren Townsend of Wal-Mart on the Streamlined Sales Tax Project (SSTP), Dr. Matthew Pellki of the University of Arkansas at Monticello on a proposed Utility Sales Tax Exemption, and Mike Parker of the Little Rock law firm of Dover Dixon Horne on State Tax Regulatory Issues.

Participants then adjourned to the confines of the Oaklawn Jockey Club for a reception sponsored by Cranford Johnson Robinson Woods and a dinner hosted and sponsored by Oaklawn Jockey Club.

Wednesday’s General Session kicked off with a panel discussion moderated by Archie Schaffer of Tyson Foods. Steve Patterson, Chief of Staff to U.S. Senator Blanche Lincoln, provided a presentation on Immigration Reform. Randel Johnson of the U.S. Chamber of Commerce addressed Labor Issues, and David Boling of the Little Rock law firm of Mitchell Williams Selig Gates & Woodyard discussed the recent Trade Visit to Japan.

Another panel discussion followed covering Disaster Awareness, Preparation and Recovery. Moderated by Hugh McDonald, President/CEO of Entergy Arkansas, the panel included presentations by McDonald, David Maxwell, Deputy Director of the Arkansas Department of Emergency Management, Robert J. Alvey, FEMA Disaster Assistance Employee and Co-Founder of Crisis and Conflict Communication and Management LLC, and John Weston, Vice President Marketing & Sales for FedEx Freight.

Arkansas Attorney General Mike Beebe used the Arkansas State Chamber of Commerce/Associated Industries of Arkansas Annual Meeting in Hot Springs to make his first public speech as a Democratic candidate for governor in 2006 since he announced his candidacy in June 2005.

Beebe told more than 100 State Chamber/AIA members, staff and others in the audience during the State Chamber/AIA Opening Day Luncheon on Tuesday, October 25 at the Arlington Resort Hotel and Spa that he wants to: keep Arkansas jobs from going overseas; find a way to aid businesses that provide health insurance for their employees; come up with unique approaches to attract major industries; improve education from preschool through college; and improve Arkansas’ highway system.

“Promoting the development of business opportunities, while bringing together public and private business sectors is a mission we must fulfill, if our state, region and country are going to continue to grow and prosper,” Beebe said. “It is essential that we all help this state and nation achieve equality and success not just economically, but socially, educationally and in so many ways.”

Arkansas has the Number 1 business climate in the South, according to Southern Business and Development magazine, Beebe said. And Business Facilities magazine said Arkansas has the lowest cost of doing business of all Southern states: “We are among the nation’s top “magnet” states, with new people moving into all parts of the Natural State.”

In 2003, Expansion Management magazine listed three Arkansas Metropolitan Statistical Areas (MSAs) among the nation’s 50 Hottest Cities - based on business environment, workforce quality, operating costs, incentive programs, worker-training programs and ease of working with local officials, Beebe said. Only four states had more cities on the list.

Arkansas is proud of the five homegrown Fortune 500 companies headquartered here: ALLTEL, Dillard’s, Murphy Oil, Tyson Foods and Wal-Mart, Beebe said. Those companies are among the 112 Fortune 500 parent firms with more than 310 facilities in Arkansas.

Many Arkansas companies are also making headlines: ActiCorporation was on Fortune’s list of 100 Best Companies to Work For in 2003.

ALLTEL, Arkansas Best, J. B. Hunt Transport, Murphy Oil, Tyson Foods and Wal-Mart were on the 2004 Forbes Platinum List of 400 companies, which listed J.B. Hunt first among transportation companies.

“Diversity of industry is evident in Arkansas, also, Beebe said. Just a few of the recent locations and expansions include: manufacturing: Hino Motors, DENSO, EAKAS, Superior Industries and Champion; food processing: Nestle (the largest location announcement in the nation in 2001), Frito-Lay, Gerber and Pinnacle Foods; aeronautics: Lockheed Martin and Raytheon; distribution: Scholastic, Infinity Intermodal and Smith Wholesale Drugs; and information technology: GC Services, ARVEST, and IntelliTrans.

Employers give favorable ratings to Arkansas workers for their work ethic, skills, productivity and low turnover rates, Beebe said. Businesses report great success in recruiting quality and reliable people.

The average cost of living for all of Arkansas’ MSAs is consistently below the national average. Businesses also enjoy low tax obligations through a variety of incentives, exemptions, credits, and refunds.

Because of its central location, Arkansas (continued on page 11)
Hutchinson: Tax Reform Will Drive Job Growth, Higher Wages

Job growth and higher wages in Arkansas will follow if the state takes a fresh approach to tax reform, Asa Hutchinson, 2006 Republican candidate for Governor, said in addressing the closing luncheon of the Arkansas State Chamber of Commerce/Associated Industries of Arkansas Annual Meeting at the Arlington Resort Hotel and Spa in Hot Springs.

Hutchinson expanded upon themes he has discussed recently, tying tax reform and technology expansion to economic development, jobs growth and higher wages in the state.

Instead of focusing on new revenues driven by new tax increases, Hutchinson said, we must look at reducing the state’s tax burden as a way to spur the economy, attract job-creating industries and boost wages. After creating a more economically vibrant environment in Arkansas, the revenue will flow from a broader and more economically healthy tax base.

“Historically, when the state needed revenue, we had a single answer – we raised taxes,” Hutchinson said. “Today, we must do as Abraham Lincoln challenged the American people to do: We must think anew and we must act anew.”

To illustrate how tax reform could lead to growth in state revenues, Hutchinson pointed to the example of New Mexico, where Democratic Gov. Bill Richardson, elected in 2002, worked with the Democratic-controlled legislature to cut the top marginal tax rate from 8.2 percent to 4.9 percent over a five-year period and reduced taxes on capital gains. The reductions resulted in economic growth that led to $216 million in new revenues in 2005.

Hutchinson also emphasized that the state must adapt to the new global economy that is driven by the information, technology and service industries. He pointed out that the state has lost some 38,000 manufacturing jobs in the last five years.

“This isn’t anybody’s fault. It is a result of the changing nature of the global economy,” Hutchinson said. “And although we in Arkansas have made some great strides, we must not be passive when it comes to moving our economy forward.”

Hutchinson pointed out that many Arkansas industries already lead in the technology field — from retail to transportation to energy exploration – and that Arkansas universities have produced some of the nation’s cutting edge technology.

“The challenge is to retain investment capital in these industries inside of Arkansas,” Hutchinson said. “Too many businesses and entrepreneurs are leaving Arkansas, or refusing to locate here, because our tax burden is too great compared to surrounding states. We must make Arkansas an attractive place to do business, and then we will enjoy more jobs, better jobs and higher paying jobs.”

Hutchinson emphasized two initial goals for tax reform related to job creation and higher wages in Arkansas:

1) Creating a more business friendly and competitive tax structure that would allow Arkansas to retain its in-state industries and small business, as well as recruit and support new industries. To that end, Hutchinson said he would support an exemption on sales taxes on utilities for Arkansas industry in order to reduce the cost of doing business and to encourage business expansion and jobs growth.

2) Encouraging the investment of capital in Arkansas to support, recruit and retain jobs in the state.

Hutchinson, a native of Gravette, is a former U.S. Attorney for the Western District of Arkansas, Member of Congress representing Arkansas’ Third District, head of the U.S. Drug Enforcement Administration and the first-ever Undersecretary of Homeland Security. Hutchinson is CEO of Hutchinson Security Strategies, a Little Rock consulting firm, and oversees the homeland security division of Venable Law Firm.

BEERE PUBLIC SPEECH
(continued from page 10)

provides a valuable transportation advantage, Beebe noted. Halfway between Canada and Mexico, the Carolinas and California, Arkansas is only a tank of gas away from one-third of the nation’s population. A billion-dollar program to improve approximately 380 miles of interstate highways will be completed in 2005.

Many retirees are finding Arkansas a great place to live, and as the baby boomers grow older, the state will continue to attract this population, Beebe said. The state ranks ninth in the U.S. in both retiree relocation and retiree income.

In the U.S. News and World Report 2005 list of America’s Best Graduate Schools, the University of Arkansas for Medical Sciences in Little Rock ranked No. 8, ahead of Yale University. The UAMS geriatric clinical care program was cited as one of the best in the nation, and the university’s primary care program was listed as No. 52. The news magazine has named the UAMS Medical Center one of America’s Best Hospitals for nine consecutive years.

UAMS is also noted for medical research, Beebe noted. Arkansas doctors have announced major discoveries in treating osteoporosis through bone regeneration. “Doctors at UAMS recently performed the first liver transplant in the state and the university’s Arkansas Cancer Research Center is internationally known in several specialty areas, such as multiple myeloma. Arkansas Children’s Hospital is the sixth largest pediatric hospital in the nation.”

The UAMS Biomedical Biotechnology Center houses the Arkansas BioVentures incubator, Beebe added, which has propelled a dozen new biotech companies into the marketplace - with another six in the pipeline and three more anticipated each year. The Genesis Incubator at the University of Arkansas in Fayetteville is another platform for successful high-tech companies.

In 2002, the University of Arkansas received $300 million from the Walton Family Foundation, the largest gift ever made to a public university, and in 2005 the UA will meet its fundraising target of $1 billion. In 2004, the UA Walton College of Business was ranked 50th among the Top 200 economic departments in the world, according to the Journal of the European Economic Association.

Of Arkansas’ 20 colleges and universities, five drew top honors from U.S. News and World Report in 2004. In 2003, three were named on the magazine’s list of the top 12 schools in the South, and two were named among the top 10 best values. Five of the 25 fastest-growing two-year colleges in the country are in Arkansas.

Education at all levels is valued in the state. Arkansas leads the nation in Environmental and Spatial Technology (EAST) Labs, a hands-on, advanced computer course that prepares students for the high-tech workplace while they work on important community service projects.

“So all of this is what’s good about the future of Arkansas’ economic climate,” Beebe said. “I know this state well, and I want to take the shining examples I’ve talked about that I’ve seen in isolated regions of Arkansas and replicate these examples from Batesville to Fayetteville, from Searcy to El Dorado, from the Delta to the Ozarks. Let’s make this truly ‘The Land of Opportunity.’

“We have so much talent in this state – so many smart, innovative, creative minds – and we just have to harness their energy and provide community partnerships between business and industry, between public and private projects that provide incentives, that create development, and that expand existing industry.”
7th Annual Meeting

AHTD Director

Flowers Details Need For Interstate Rehabilitation Bond Proposal

One of the ballot issues on tap for the scheduled December 13, 2005 election was Arkansas’ Continued Use of Bonds for Interstate Rehabilitation. Dan Flowers, the Director of the Arkansas Highway and Transportation Department addressed the subject at the State Chamber/AIA Annual Meeting in Hot Springs.

Besides the proposal for Interstate Bonds, there was a separate proposal for Higher Education bonds on the same ballot, Flowers said. However, the proposals were separate and independent and the AHTD program was for Interstates only.

The AHTD program would extend authority to issue bonds for Interstate rehabilitation with the maximum amount of bond debt remaining at $575 million. No new taxes would be levied; the existing revenue stream would be used.

Each $1 million in highway work creates 47 jobs and generates $4.5 million in economic activity for the state, Flowers said.

Back in 1999 before the current Interstate rehabilitation program was started, 63 percent of Arkansas’ Interstate highways were considered to be in poor condition, with only 21 percent considered to be in good condition and 16 percent in fair condition.

Arkansas was the first state to complete original Interstate mileage, Flowers said. The original Interstate was designed for 56,820 pounds and 10-20 percent trucks.

The current weight limit is 80,000 pounds and trucks now account for 60 percent of total traffic on some sections as the result of increases in freight movement. The old pay-as-you-go system for funding Interstate construction and rehabilitation is not sufficient.

After the 1999 Interstate Rehabilitation Program was approved, $575 million in bonds were issued to improve more than 50 percent of our Interstate system. The program was approved by voters by a four-to-one margin. The bonds were to be repaid with federal interstate maintenance funds, a state match and a 4-cent state diesel tax.

Today, six years after passage and implementation of the 1999 Interstate Rehabilitation Program, 72 percent of Arkansas roads are considered to be in good condition, 14 percent are considered fair and 14 percent are considered poor. In addition, a significant portion of the let jobs are complete on Interstates 40, 53 and 30. The Program racked up numerous awards for Work Zone Safety and Public Information and Construction Quality.

Without the continuation of the Interstate Bond Program, Flowers said that within 10 years, 52 percent of the Interstates would be in good condition, 11 percent in fair condition and 37 percent in poor condition. By 2026, without the continuation of the program, 53 percent of the Interstates would be in fair condition, 42 percent in poor condition and only 5 percent in good condition.

Without the continuation of Interstate Bonds, funds used to improve other highways may have to be redirected to Interstates and the redirection of funds could lead to significant deterioration of the Interstate system, Flowers said.

The December 13th Interstate Bond Proposal, a continuation of the existing bond authority, would require no new taxes and would allow for cities and counties to continue to share, Flowers said. The maximum bond debt would remain at $575 million with short maturity bonds of 10 to 12 years being issued.

Flowers summarized his presentation by noting that Arkansas’ interstates have gone from being among the worst in the nation to among the best. However, needs still exist and a funding mechanism is needed to maintain the current conditions. The Interstate bond proposal would provide a mechanism to maintain the progress made on our Interstates, make needed improvements in a timelier manner, create jobs and boost economic activity.

Voter Approval of Higher Education Bond Program Would Benefit Arkansas Colleges and Universities

Passage of the proposed Higher Education Bond Program by Arkansas voters in the December 13 Special Election would provide funds for Arkansas’ colleges and universities, David Leech, President of Mayflower Foods and Vice Chairman of the Arkansas Higher Education Coordinating Board, said during a presentation at the State Chamber/AIA Annual Meeting.

The bonds would be used to upgrade technology for research and instruction, finance critical maintenance and renovation needs, and build new classrooms and libraries. Colleges and universities would have immediate access to funding if the measure passed, Leech said.

With new technology and adequate facilities, colleges and universities in Arkansas would be able to attract more federal and private funds, Leech added.

Higher Education Bonds at maturity may be used for college tuition at any college or university or for any other purpose, Leech said. Investors’ income from the bonds would be exempt from both federal and state income tax whether or not the income was used for college tuition.

In 2004, Arkansas public institutions of higher education documented needs of more than $110 million in critical maintenance, which will escalate by the time bond funds are available, Leech said. There are critical needs for upgrades in: instructional technology; technology infrastructure and research technology; nursing, medical technology, engineering and education.

Since the last bond issue was passed in the 1990s, higher education institutions have experienced a 34 percent increase in enrollment.

Act 1282 of 2005, known as the “Arkansas Higher Education Technology and Facility Improvement Act of 2005,” was sponsored by Sen. Gilbert Baker and Rep. Bruce Maloch. The Act authorized the Development Finance Authority to issue higher education general obligation bonds for technology and facility improvements for state institutions of higher education; refund certain outstanding bonds; and provide for a statewide election of the issuance of bonds.

“This Higher Education Bond Proposal would not require any new taxes and would not require any additional annual debt service,” Leech emphasized.

As far as the distribution of the proposed Bond Fund, Leech said that a total of $250 million in bonds would be authorized. The breakdown for that total would be $100 million for the restructuring of existing bonds, $90 million to connect universities to eCorridor, and $50 million to be distributed to universities and $50 million to be distributed to colleges.

The eCorridor is a term coined to encompass the National LambdaRail (NLR), a high-speed, national computer network that runs over fiber-optic lines, Leech said. It will advance the research, clinical and educational goals of member institutions by providing the resources demanded by cutting-edge network research.

The university distribution breakdown (continued on page 13)
Kilgore took the case a step further by declaring that Arkansas’ system of funding public schools violated the State Constitution’s promise that “the State shall ever maintain a general, suitable and efficient system of free public schools and shall adopt all suitable means to secure to the people the advantages and opportunities of education.”

“The State Chamber/AIA was the only party that said Kilgore had it right,” Marshall said. “The system was broken and needed to be fixed. That was a watershed event in our history.”

In 2004, the Arkansas Legislature provided $400 million in funding to put into the public school system and placed a major refocus on accountability and efficiency in regard to how school districts were performing, Marshall said: “The Supreme Court said that was great,” declined the request of several parties to exercise its continuing jurisdiction over the case and released its mandate.

During the 2005 Legislative Session, the Arkansas Legislature put $20 million in early childhood education, adjusted the Teacher Crisis Fund and added an additional $400 million in general funding for schools, Marshall said. The Legislature also added new accountability measures that included consolidating some of the school districts that were not complying with the new measures into school districts that were.

“The Legislature did not abandon any accountability reforms,” Marshall said.

Despite those measures and the initial ruling by the Supreme Court that the reform measures were acceptable, the Rogers School District and more than 40 other districts in the state filed suit again soon after the 85th General Assembly adjourned in April 2005, asking the Supreme Court to reopen the case.

“The State Chamber/AIA (filed a brief and) said no,” Marshall said. “Reopening the case would be a bad precedent. What the Legislature did was good.”

However, by a 4 to 3 vote, the Supreme Court disagreed with the State Chamber/AIA’s position and reappointed the two Special Masters — David Newbern and Brad Jesson — to examine and evaluate the work of the recent General Assembly.

The Special Masters raised the following questions: Has the Legislature retreated from reform? Is there enough money for funding per student (foundation funding) for the current biennium? Did the Legislature do right on facilities funding?

“The State Chamber/AIA then filed a friend-of-the-Court brief with the Masters on some of the compliance issues: Arkansas’ obligation to make funding education the state’s priority, the state’s accountability reforms, and the efficiency/consolidation issue.

Hearings on the case were held during July, August and September, Marshall said. On October 3rd, the Special Masters filed a report finding that the Legislature had retreated, foundation funding was not adequate and facilities were not adequate. The deadline to file a response was October 24th.

As friends of the Court and steadfast supporters of education reform in Arkansas, the State Chamber/AIA filed an additional brief to assist the Court in evaluating the Masters’ new report. The brief urged the Court to reject the Special Masters’ overall conclusions. Another hearing was held on November 17th. (No decision had been rendered in regard to the last hearing when this article was being written.)

Despite the filing of that brief, Marshall said he felt that the four votes on the Court to adopt the Special Masters’ Report will hold and the Court will retain jurisdiction. What that means is that a Special Legislative Session will probably be held to address the issues raised by the Special Masters.

“The State Chamber and AIA need to maintain dialogue,” Marshall said. Article XIV of the State Constitution mandates a good system of public schools. Efficiency needs to be raised overall in regard to the number of superintendents and how the school districts are being managed. Accountability needs to be evaluated as well.”

VOTER APPROVAL

including for eCorridor would provide: $9 million for Arkansas State University at Jonesboro; $7.5 million for Arkansas Tech University at Russellville; $4 million to Henderson State University at Arkadelphia; $3.5 million to Southern Arkansas University; $63 million to the U of A System; and $13 million to the University of Central Arkansas. The college distribution is broken down among 22 separate colleges in the state.

In regard to actual projects to be funded, Leech said that the Higher Education
Streamlining the sales taxes on Internet sales would simplify sales and use tax reporting nationwide, according to Warren Townsend of Wal-Mart Stores Inc. during a Tax Issues Panel presentation during the State Chamber/AIA Annual Meeting.

The Streamlined Sales Tax Project (SSTP) actually got its start in March 2000, Townsend said. A group of Implementing States was subsequently organized in 2001. In November 2003, a Streamlined Sales Use Tax (SSUT) agreement was approved. That was subsequently amended in November 2003, November 2004 and April 2005.

Also in 2003, 2004 and 2005, definitions, uniform procedures, issue papers and technology implementation were all developed, Townsend said. Those same years, state conforming legislation was enacted. In 2004, Conforming States were organized. Certificates of Compliance were reviewed June 30 through July 1, 2005.

Full members of the Governing Board enacted on October 1, 2005 include the states of Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, North Carolina, Oklahoma, South Dakota and West Virginia, all effective on July 1, 2005, and New Jersey and North Dakota, effective on October 1, 2005.

Associate members enacted by the Governing Board on October 1, 2005 have until the dates noted: Nevada, January 1, 2006; Utah, July 1, 2006; Tennessee, July 1, 2007 and Ohio, January 1, 2008. Arkansas and Wyoming were also selected as Associate Members, but neither state has implemented an effective date yet.

Townsend said that to date, 44 states plus the District of Columbia have established State and Local Advisory Councils and there are currently 39 implementing states plus the District of Columbia.

Additionally, 18 conforming states were part of the Governing Board on October 1, 2005 and Nevada is to become a part of the Governing Board on January 1, 2006. Other entities involved include local governments, business communities and technology providers.

Agreement provisions for SSTP include state level administration of local taxes; common state and local tax bases within states after January 1, 2005; uniform sourcing rules that are destination based; a menu of uniform definitions; a simplified exemption administration process; rate simplification with databases, and no caps and thresholds after December 2005.

Additional agreement provisions include limited scope audits and certification standards; hold harmless provision if using databases; uniform returns; sales tax holiday definitions and guidelines; one rounding rule; state funding of technology; and amnesty.

Exempting Utility Sales Tax For Certain Manufacturers Worth Exploring, UAM Professor Says

Exempting the sales tax charged by utilities on certain manufacturers in Arkansas is an issue worth exploring because industrial electricity rates have increased by 23 percent and industrial natural gas rates have increased by 128 percent since the first quarter of 2004, according to Dr. Matthew Pelkki of the University of Arkansas-Monticello School of Forest Resources.

Pelkki appeared as part of a Tax Issues Panel at the State Chamber/AIA Annual Meeting in Hot Springs.

“Such spikes are disastrous because most industry in Arkansas is energy-intensive,” Pelkki said. Such industries include food processing, pulp and paper mills, petrochemicals, petroleum refining, transportation equipment, wood processing, iron and steel forging and farm equipment.

In the 2005 Legislative Session, House Bill 2103: An Act to Provide for the Continued Economic Development of the State of Arkansas’ Natural Resource Manufacturing Base was introduced.

“The Act, which would have been phased in over a three-year period, would have exempted natural gas, electricity and solid wood waste from sales taxes, Pelkki said. The exemption would cover sawmills and wood preservation; veneer, plywood and engineered wood products; pulp, paper and paperboard mills; converted paper product manufacturing, and lime and gypsum product manufacturing.

Compared to other neighboring states, Arkansas is 35th in electrical energy costs and 32nd in natural gas energy costs, according to data for 2000 supplied by the Arkansas Department of Economic Development (ADEED).

However, when the state’s sales tax rate of 6 percent on utilities is added into the mix, the situation becomes more complicated, Pelkki said. Currently, Missouri, Oklahoma, Texas and Tennessee have no sales tax on utilities and Louisiana’s sales tax on utilities is only 4 percent. Mississippi, with a sales tax of 7 percent on utilities, is the only neighboring state with a higher rate.

In 2004, Arkansas’ state sales tax revenue from utilities on manufacturers amounted to $55 million.

If a sales tax waiver on utilities for manufacturers were implemented, there would be a significant potential for added employment, Pelkki said. Such a reinvestment into the current manufacturing matrix could result in $243 million in increased output for the state, 1,000 new jobs and $40 million in employee compensation. However, a loss of state jobs might mean only a minor net gain. Yet such a waiver could potentially attract new industries.

Pelkki ended his presentation by urging statewide business planning to consider such a waiver.

VOTER APPROVAL

(continued from page 13)

Coordinating Board approved the distribution of funds in July. Colleges and universities determined the projects based on available funding. The Coordinating Board approved specific projects on November 4. Projects include construction of classrooms, technology upgrades and renovations to existing classroom space. Routine maintenance is ineligible.

“While bond buyers are investing in the future of their children and grandchildren, they’ll be allowing our colleges and universities to meet critical technology and facility needs,” according to Arkansas Governor Mike Huckabee, who endorsed both the Highway Bond and Higher Education Bond issues. “We want all of our institutions of higher learning in Arkansas to have cutting-edge technology. The economy of the new century demands it.”
Immigration Reform Takes Center Stage At State Chamber/AIA Annual Meeting

In a recent poll, three-fourths of American voters surveyed supported comprehensive immigration reform that combines toughness, fairness, a guest worker program and an earned path to legal residency for undocumented immigrants who are already here, Steve Patterson, Chief of Staff for U.S. Senator Blanche Lincoln, said during a panel presentation at the State Chamber/AIA Annual Meeting in Hot Springs.

Many studies have shown that enforcement alone will not work and that mass deportation of all undocumented workers is cost prohibitive, Patterson added. Thus, it’s vital to find a fair, practical way for undocumented workers to earn legal status.

Mexico and all of Central America are developing countries. Their citizens migrate northward into the United States because the same opportunities do not exist in their home countries, according to Patterson. There are other factors as well. The Mexican economy depends on the remittances of its citizens who are living in the United States.

The Federal Reserve Bank of Dallas reported that in 2003 Mexican workers sent about $13 billion to family members in Mexico, making remittance Mexico’s second most important revenue source, behind only petroleum, Patterson said.

The U.S. government has erected massive fences topped with concertina wire and installed motion detectors, ground-pressure sensors and night-to-day lighting systems along miles of border near popular urban crossing points. Thousands of new border patrol officers have been added to the government payroll.

Despite these efforts, the policy of “enforcement through deterrence” has been an utter failure, Patterson said. There is no evidence that increased technology and manpower has substantially reduced the flow of migrant crossings.

Instead, migrants have simply moved to more remote crossing areas in the desert and on desolate ranches in New Mexico, Texas and Arizona. This has increased the death rate among migrants and, according to a Princeton study, increased the cost of border enforcement even more.

Harsher enforcement policies may actually be contributing to illegal

State Trade Mission to Japan Reaps Benefits for Participants

An Arkansas delegation consisting of representatives from the Arkansas Department of Economic Development; the Arkansas State Chamber of Commerce; Associated Industries of Arkansas; the Arkansas Farm Bureau; the Forrest City, Marion, Paragould and Wynne Chambers of Commerce or Economic Development Offices; Entergy; Isbell Farms, and Mid-South Community College participated in the Arkansas Trade Mission to Japan on September 5-12, 2005, according to David Boling of Mitchell, Williams, Selig, Gates & Woodyard, PLLC during a presentation at the State Chamber/AIA Annual Meeting.

Boling said that Japan and Arkansas already had much in common with the number of Japanese facilities in the state including Nucor-Yamato in Blytheville; Tokusen in Conway; Sanyo in Forrest City; Arkansas Steel Associates of Newport, a joint venture of Sumitomo and Yamato; Hino Motors in Marion; Denso Corp. in Osceola, and Sakae Riken (EAKAS) in Wynne.

During the Arkansas Trade Mission to Japan, one of the events participants took in was the Aichi Expo/World’s Fair, which was held in Nagoya, “Japan’s Detroit,” Toyota, “whose presence was huge,” and the U.S. Pavilion, which featured an “Arkansas Weekend,” Boling said. The event also included an Arkansas Reception, which families of Japanese companies based in Arkansas or interested in Arkansas attended. Duck calls and Arkansas-grown rice were featured.

Another event was the Sakae Riken Tour, which included a tour of the plant, headquarters and technical center, said Boling. Sakae Riken, a family-owned and worldwide business, is based in Nagoya with ties to Toyota. The company is currently constructing an automobile parts facility in Wynne.

Another event the delegation participated in was a visit to Tokyo and a tour of Hino Motors there, Boling said. Tokyo is Japan’s political, economic and cultural center. Hino, a subsidiary of Toyota, is currently constructing an automobile parts facility in Marion and reportedly planning to build a truck manufacturing facility nearby. Hino is also a supplier to Toyota’s facility in San Antonio and well-known in Japan and Asia for manufacturing heavy-duty trucks.

(continued on page 16)

U.S. Chamber of Commerce Supports Immigration Reform

The U.S. Chamber of Commerce supports legislation proposed by Senators John McCain and Ted Kennedy to establish a six-year path to permanent residency for illegal aliens currently working in the United States, Randel Johnson, Vice President of Labor, Immigration and Employee Benefits for the Chamber, said during a panel presentation on Immigration Reform and Labor Issues at the State Chamber/AIA Annual Meeting in Hot Springs.

“That legislation does not call for deporting illegal aliens,” Johnson said. “Rather, they would be required to pay a fine. We are in support of permanent residency.”

However, Republicans, who hold a majority in both the U.S. Senate and the House of Representatives, are “very split on this,” Johnson said. “House Republicans are behind more enforcement. It’s gearing up to be a nasty fight. We don’t think the Senate will take up any Immigration Reform until February.”

In regard to labor issues, Johnson cautioned his audience not to count labor unions out as there is more of an effort at organizing – even though there is disarray on Capitol Hill.

“There are two union movements now and Democrats and unions are pushing for the Employee Free Choice Act – collective bargaining without a secret ballot.”

Johnson suggested that those interested in that issue go to the website: secretballotprotection.com. He also noted that California recently enacted a Paycheck Protection Act.

Other items that businesses should be aware of include FMLA Labor Reform, the Americans with Disabilities Act, the Genetic Discrimination Act and the Workplace Freedom in Religion Act, Johnson said.
done by a business, it's vital that the plan not just sit on a shelf, Maxwell said: “Make sure that they work. You need to think through everything. Anything you do in regard to investing in planning is not wasted.”

### Crisis Communication Planning For Private Industry Makes Sense, Reduces Risk

Alvey, co-founder of Crisis & Conflict Communications and a crisis communications expert, detailed his deployment to Baton Rouge immediately following Hurricane Katrina and the work that he did while there for Louisiana State University (LSU) and the largest field hospital in U.S. history.

“LSU quickly learned some basic crisis communication principles and was able to turn the corner on effective crisis communication,” Alvey said. “While we brought them up to speed fairly quickly because of their leadership and team commitment to the mission, others in South Louisiana failed on so many levels when communicating with the media, partners and the public.”

Much of the bad press and delayed response to media requests could have been avoided with some investment in a comprehensive crisis communication plan, Alvey said. Knowing your partners before the disaster and not airing complaints through the national media are two basic tenets.

“You don’t want to be handing out business cards during a disaster,” Alvey stressed to attendees. “Before a crisis, you need to know who your partners will be, what they are capable of doing, what is expected of each partner, what they perceive as critical, and how to reach them when normal lines of communication fail.”

Another weakness that was realized during the recovery effort was crisis planning by private industries, Alvey said. Given that 90 percent of a crisis response is communicating, even those who had the foresight to develop crisis plans more often than not failed to see the importance of communicating.

He provided a “grocery list” for companies and agencies to better prepare for crises:

1. Prepare a crisis plan by identifying your three worst business nightmares.
2. Identify your external partners.
3. Know your audience(s).
4. Develop a crisis communication plan based on comprehensive message mapping techniques.
5. Select and train at least three spokespersons.
6. Identify and train a crisis communication team.
7. Get to know your media.
9. Realize that the quickest path to “business as usual” is through a well-thought-out plan executed in a timely manner.

“Considerable research shows the media will usually provide a ‘grace period’ at the start of any disaster. “The behavior of so many leaders in South Louisiana in front of the cameras pretty much negated that critical period of time when spokespersons can communicate key information to target audiences.”

### STATE TRADE MISSION TO JAPAN

(continued from page 13)

in an Arkansas Reception at the Tokyo Imperial Hotel. “It’s a very famous hotel near Tokyo’s business district,” Boling said, that was designed by Frank Lloyd Wright. The reception was for Japanese companies based in Arkansas or interested in Arkansas and attended by Hino’s Chairman of the Board.

“There is significant momentum with the siting of the Denso, Hino and Sakae Riken facilities in Northeast Arkansas,” Boling said in his concluding remarks. “We have an automobile parts corridor in the making and Hino’s long-term view is to manufacture heavy-duty trucks in Marion.”

However, there are some challenges facing the state, Boling added, including workforce training, maintaining the existing momentum and taking that momentum to the next level.

---

David Maxwell
Deputy Director of the Arkansas Department of Emergency Management

Robert Alvey
Co-founder of Crisis & Conflict Communications
FedEx Freight Provides Certainty In An Uncertain World

When you’re a world class shipping operation averaging 6 million shipments per day, the difference between weathering disasters like hurricanes and struggling to get through them lies in being prepared.

Such is the case for FedEx Freight, according to John Weston, Vice President of Sales & Marketing for the Memphis-based company. Weston appeared as part of a panel presentation on Disaster Preparedness at the State Chamber/AIA Annual Meeting.

Standard operating procedures (SOPs) at FedEx Freight provide consistency and reliability, Weston said. But SOPs can work in both normal and abnormal conditions if you’re prepared.

Normal for FedEx Freight is 6 million shipments per day, Weston said. The company maintains that level of consistency via highly engineered systems, communications, information systems and contingency plans. “Information is as important as shipment delivery.”

Contingency planning covers such items as local events, technology/communication disruptions, changes in the competitive landscape, inclement weather, natural disasters and terrorist attacks, Weston said.

For FedEx, a corporate approach to dealing with disasters or potential disasters is very important. The company utilizes various approaches including flex capacity and proactive measures to overcome problems. And they rarely make the same mistake twice; they learn from experience.

“In 2004, we responded to 37 tropical storms worldwide,” Weston said. “This year, we have already responded to more than 30.”

FedEx has the world’s second largest airline: “We shipped tons of emergency supplies prior to Katrina,” Weston said.

A major lesson learned after Katrina was not to rely on cell phone or land lines for phones.

“You need satellite phones,” Weston said. “Land lines and cell phones go out. We also set up temporary housing in advance for our workers.”

When Hurricane Katrina hit, its initial impact was on Florida, Weston said. Its subsequent landfall impacted the Gulf Coast. In the aftermath of that landfall, FedEx Freight’s people, customers and facilities were all impacted.

As a result of the lessons learned from Katrina, the company was better prepared to deal with subsequent hurricanes including Rita and Wilma.

“For Hurricane Rita, we positioned our equipment better, got more customer shipments out of the storm’s path earlier and pre-positioned our people, customers and facilities.”

Even when people are faced with disasters on the magnitudes of hurricanes or terrorist attacks, Weston said it’s the job of FedEx Freight to “provide certainty in an uncertain world.”

Entergy Still Standing Despite Major Hurricane Blows

Despite seeing hundreds of its employees become homeless overnight, the loss of its corporate headquarters and the bankruptcy of a subsidiary, Entergy ads aired, more than 15,000 TV ads aired and an approximate total cost of between $1.1 billion and $1.6 billion.”

On the plus side, “we also started a Project Hope Fund that brought in $3.7 million in donations,” he added.

Having to deal with the two storms emphasizes the need for business contingency plans, McDonald said.

“What happens when your employees cannot return to their homes? What happens to your customers? What happens to your credit rating?” McDonald asked.

At the time of his appearance, 120,000 Entergy customers were still without power. But he noted it would be extremely difficult to restore power in many instances since many homes were no longer standing or had been inundated with so much water damage.

“It’s a house-by-house situation,” he said. “We’re also dealing with a backflow of billing issues.”
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FedEx Freight East (Peak)
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We want to help you help your business. Of course, we need the financial support of our membership dues, but even more we need our members to voice their concerns, serve on our policy-guiding committees and lead the way to a better business climate in Arkansas.

Here’s how to join. Fill out the application below and mail it to State Chamber/AIA (Membership), P.O. Box 3645, Little Rock, AR 72203-3645, or go to the Membership Center on our website: www.ascc-aia.org.

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GENERAL PROGRAM MEMBERSHIP ANNUAL DUES

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Arkansas AFL-CIO have negotiated changes to the workers’ compensation laws since 1995, following the reforms passed by a State Chamber/AIA led coalition in 1993. These negotiations have resulted in agreed bill(s) each session. Time and term limits have eroded the memory of just how difficult legislative sessions were before the State Chamber/AIA took control of these two issues.

Workers’ Compensation:

An agreement was reached between the State Chamber/AIA and AFL-CIO on March 7, which was the bill filing deadline. Before the agreement was completed, several workers’ compensation bills were introduced, three of which eventually became part of the agreement.

The three bills that became part of the agreement were HB 1011 by Rep. Lindsey Smith (D-Fayetteville) SB 489 and SB 941 both by Sen. Dave Bisbee (R-Rogers). The final bill, HB 2917 by Rep. Mike Burris (D-Malvern), was filed on the final day of bill filing and amended to represent the agreement.

HB 1011 (now Act 1250) made changes in compensable neck and back injuries not caused by specific accidents. We originally opposed this bill, but through negotiations we got it amended and agreed to it as one of the two bills that labor wanted.

HB 2917 (now Act 1692) was the other request from labor that made changes to the definition for objective evidence necessary to prove permanent hearing loss disability. The estimated cost factor of both bills combined is a one percent or less increase. Management needed help in fixing a problem in certain construction cases related to the use of certificates of non-coverage. SB 489 (now Act 1711) requires contractors to show proof of coverage when applying for a new or renewal contractors’ license. SB 941 (now Act 1917) prohibits the issuance of a certificate of non-coverage to a subcontractor who does not have workers’ compensation coverage.

There were six bills filed that the agreement stopped without a fight.

HB 1101 by Rep. Robert Thompson (D-Paragould) was one of two bills we were most concerned about. It would have made significant changes in the “going and coming” rule. Thompson notified us of plans to run the bill in committee before the agreement and we brought in several people to testify against the measure. But another issue took up all the time that day and Thompson eventually pulled the bill down after management and labor reached an agreement.

SB 47 by Sen. Jimmy Jeffress (D-Cross) was the other bill we were most concerned about. It would have applied attorneys’ fees to medical treatment awards. Jeffress was contacted immediately after the bill was filed and he cooperated by holding the bill until an agreement was reached. Later he formally withdrew the bill from further consideration.

HB 1174 by Rep. John Verkamp (R-Greenwood) would have done away with commission hearings on joint petitions for final settlement when all parties are represented by counsel. It received a “do pass” recommendation from the House Insurance and Commerce Committee but was defeated on the House floor by a 53 to 35 vote (all workers’ comp bills require a supermajority to pass because the original law was an initiated act).

SB 1144 by Sen. Steve Higginbothom (D-Marianna) was filed on the last day of bill filings. It would have exempted a certain group from filing initial membership financial reports. Members of the group were directed to the commission for assistance with their problem and Higginbothom agreed to honor the agreement and pull the bill from consideration.

SB 159 by Sen. Ed Wilkinson (D-Greenwood) would have allowed reinstatement of an expired certificate of non-coverage without payment of premium. Wilkinson held the bill and eventually formally withdrew it from further consideration after the agreement was reached.

HB 1688 (now Act 1436) by Rep. Chris Thyer (D-Jonesboro) was not a workers’ compensation bill, but we had concerns that its impact might apply to workers’ comp cases. Thyer honored the State Chamber/AIA’s request to amend the bill in a way to remove all doubt about its impact on workers’ comp. The bill changed the law regarding exchange of medical information in civil cases.

We also got involved in a couple of attempts to hamper the commission’s operation. SB 82 by the Joint Budget Committee was the commission’s budget for the next two years. There were two attempts to place substantive amendments on this budget bill.

First, Rep. Charles Ormond (D-Morrilton) tried to reduce the salary of workers’ compensation commissioners from just over $100,000 to $24,000. The State Chamber/AIA went after this “ludicrous” proposal hard and it was defeated.

The other attempt was by Rep. Sam Ledbetter (D-Little Rock), who wanted to change the status of administrative law judges from employees-at-will to the same standard as commissioners. The State Chamber/AIA encouraged strong grassroots opposition to this proposal and following testimony from two commissioners, the language was rejected by the joint budget committee.

SB 368 (now Act 505) by Sen. Denny (continued on page 23)
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85TH GENERAL ASSEMBLY
(continued from page 21)

Altes (R-Fort Smith) was a joint effort by the Insurance Department and Workers’ Compensation Commission to shift workers’ comp premium tax collections from the department to the commission.

Unemployment Insurance

The benefit of “agreed upon” legislation was even more apparent in the area of unemployment insurance. SB 512 by Sen. Percy Malone (D-Arkadelphia) and Rep. Doug Matayo (R-Springdale) was the bill developed by the department with the assistance of the Advisory Council. It was one of only two substantive unemployment insurance bills filed and it was easily adopted. The State Chamber/AIA Unemployment Insurance Committee reviewed and agreed to the bill’s text prior to the session.

Health Care Issues

Any Willing Provider (AWP)

This is one of about three issues in this session for which we did not achieve the desired result. Due to the diverse opinions among our membership on AWP, we did not change our position from “neutral” to “opposed” until about a week before the issue was considered in the Senate Public Health, Welfare and Labor Committee.

Extreme concerns about increasing the cost of healthcare eventually required us to take an “opposed” position to the measure that would allow patients to see any medical provider they choose. The two companion bills, SB 43 (now Act 490) and SB 44 (now Act 491) by Sen. Steve Faris (D-Malvern) flew out of the Senate committee and the Senate floor with little opposition.

It was assumed that the measure’s popularity would allow success on the House floor, so the real battleground was the House Public Health, Welfare and Labor Committee. We went to bed the night before the hearing thinking we had the measure beat but votes changed during the hearing. The legislature never paid any attention to our concerns about increasing the cost of healthcare while the medical society ridiculed our arguments. Very little concern was ever discussed about the potential destruction of rural hospitals.

Pharmacy Benefits Management (PBM)

HB 2845 by Rep. Johnny Key (R-Mountain Home) would have restricted the use of PBMs in a way that concerned employers that use PBMs to reduce the cost of pharmacy benefits. The State Chamber/AIA provided grass roots information to employers about this bill, which was defeated in the House Public Health, Welfare and Labor Committee.

Legislative Review Of Mandates

HB 1877 (now Act 1926) by Rep. Johnny Key (R-Mountain Home) is a bill the State Chamber/AIA supported that will require legislative review of any bill or interim study proposing a mandated health insurance benefit or service. It also sets up an Advisory Commission on Mandated Health Benefits and proscribes review guidelines.

Miscellaneous Bills Games

Of Skill At Existing Locations

SB 999 (now Act 1151) by Sen. Bob Johnson (D-Morrilton) will authorize cities or counties, by local option election, to authorize additional forms of electronic games of skill at horse racing or greyhound racing parks in their communities. The State Chamber/AIA backed this plan.

Deceptive Trade Practices

HB 1105 by Rep. Will Bond (D-Jacksonville) would have made transactions about which the Federal Trade Commission or state regulatory agency rules are silent subject to Arkansas deceptive trade practice law. The State Chamber/AIA was very concerned about this bill and led a group of business interests to meet with staff members in the attorney general’s office that were backing the bill. Following our meeting, the bill became inactive.

Environmental Issues

SB 12 (now Act 25) by Sen. Denny Altes (R-Fort Smith) was designed to guarantee that the Landfill Post-Closure Trust Fund be spent only on the environmental projects for which that fund was created. It will stop legislative raiding of the fund and secure the fund for future environmental obligations. The State Chamber/AIA assisted the Arkansas Environmental Federation in getting this important measure passed.

SB 599 (now Act 1166) by Sen. Shawn Womack (R-Mountain Home) was a business-backed solution to a problem created by a lawsuit that threatened to shift the Arkansas Department of Environmental Quality’s (ADEQ) authority in the federal Resource Conservation & Recovery Act back to the federal Environmental Protection Agency (EPA). The State Chamber/AIA helped the Arkansas Environmental Federation pass this legislation that was much preferred over competing legislation.

SIGNIFICANT ACCOMPLISHMENTS
(continued from page 7)

A.G. Russell III is founder and Goldie Russell is president of the Knife Company, Inc., in Lowell. The company boasts three marketing catalogs, 46 employees and $16 million in annual sales.

Roby Brock, host of the weekly television show, Talk Business, offered the keynote address. Ron Russell, president and CEO of the State Chamber/AIA, and Linda Nelson, district director of the Small Business Administration in Arkansas, also made remarks congratulating the 2005 winners.

Others being honored at the luncheon were:

William R. Hogg Jr. of Metropolitan National Bank in Little Rock – 2005 Minority Small Business Champion of the Year

Boris A. Dover of First Community Bank in Batesville – 2005 Financial Services Champion of the Year

Samuel L. Holmes of SCORE in Little Rock – 2005 Veteran Small Business Champion of the Year

Bryan Martin of Martins Department Store in Warren – 2005 Family-Owned Business of the Year

Mildred Holley of the Arkansas Small Business Development Center in Little Rock – 2005 District Director Award

Lonnie Jackson of the Arkansas Small Business Development Center in Arkadelphia – 2005 District Director Award

State Chamber/AIA’s Tracking Site Up and Running

If you haven’t already, please check out our web site – www.ascc-aia.org – where we offer you one of the best places to keep up with bills important to you and your business. Under our Government Affairs section, you can link to the Legislative Tracking site. At that point, click on “Bills Being Tracked” to get to the regularly updated, fully searchable site.

The direct link to the tracking site, if you’d like to bookmark it, is http://tracking.wenowarkansas.org/default.psp.

Once at the site, you can search for any bill being tracked by the State Chamber/AIA by category, bill number or sponsor. You will be able to easily connect to a summary of the bill, the entire text of the bill, its history as it progresses through the legislative system and any comments the State Chamber/AIA has made about it.

New Program Addresses Education of Arkansas’ Children

The State Chamber/AIA is proud to serve as the state affiliate for an exciting national program designed to help communities improve educational opportunities for children.

Just for the Kids is a free web site that allows educators, parents and the public to see how their schools are doing on key performance indicators, and to see how their schools stack up with schools that have similar or more challenging populations. You can find it at www.just4kids.org.

But the web site goes further than just providing a report card. Experts in education will visit high-performing schools to determine their “best practices.” These are placed on the web site so other schools can integrate them into their own educational programs.

(continued on page 24)
SIGNIFICANT ACCOMPLISHMENTS (continued from page 23)

Related to this service is Arkansas Communities for the Kids — a two-year national pilot program to encourage and empower parents and community leaders to advocate for improved academic performance and to support schools and educators in realizing student improvement by providing access to current school data. State Chamber/AIA and Just for the Kids staff will be working with local chambers, PTAs and legislators to encourage communities to incorporate these two services into their communities.

State Chamber/AIA is committed to Just for the Kids and Communities for the Kids because, as we all know, implications for the state’s economy are enormously positive whenever education is improved. These programs come along at a time when Arkansas is making great strides to provide an equitable and adequate education to all children.

“The State Chamber/AIA played a key role in advocating for education reform during the past special session, and we strongly believe that this effort will further enhance what the state has started,” said Ron Russell, State Chamber/AIA President and CEO.

STATE CHAMBER/AIA STAFF (continued from page 7)

In addition to his responsibilities at the State Chamber/AIA, he is a former board member and active member of the Arkansas Chapter of the International Association of Business Communicators. He is also an active member of the Arkansas Chapter of the Public Relations Society of America and the Arkansas Society of Association Executives.

Deb Mathis

Deb Mathis, communications and events coordinator, is responsible for registration of participants and assisting the director of communications and events with all aspects of planning and implementation of State Chamber/AIA events and communications. She also serves as treasurer for the Arkansas Chapter of the International Association of Business Communicators.

Linda Curtis

Linda Curtis is the State Chamber/AIA financial coordinator with the responsibility for billing, payroll, accounts receivable, accounts payable and monitoring the budget. She also serves as human resource manager, keeping up with payroll records, insurance, pension, vacations, sick leave, etc.

Kelly Bowen

Kelly Bowen, administrative assistant, covers the phones and the front office area and lends administrative support to the State Chamber/AIA staff. Bowen is also a part-time student and an active American Red Cross volunteer, serving as a disaster team leader and a disaster public affairs volunteer.

IMMIGRATION REFORM (continued from page 15)

immigration into the United States, Patterson said. By making it more difficult to come into the country, we are also making it more difficult for illegal workers to return home — so they stay here longer.

Contrary to popular belief, most aliens do not cross the border illegally, but enter legally and remain after their visa expires. Patterson said. Thus, building a wall at the border, no matter how high, will not solve the problem.

The Center for American Progress estimates the cost of mass deportation to be at least $206 billion over five years. This takes into account the cost of apprehension, detention, legal processing and transportation — amounting to a total cost of $41.2 billion per year. That amount exceeds the cost of the entire Homeland Security budget — $34.2 billion — and more than doubles the annual cost of military operations in Afghanistan — $16.8 billion.

While it may appeal to some, mass deportation of undocumented workers is not a practical solution. It also threatens to undermine existing American industries.

One executive recently stated that if all undocumented workers were suddenly removed from the country, the American economy would suffer a dramatic downturn. Industries such as agriculture, construction, landscaping, janitorial, restaurant and tourism, depend on these undocumented workers. Finally, mass deportation would destabilize a Mexican economy that cannot absorb 11 million workers immediately to our south.

Legal employees are more likely to buy homes, create local savings accounts, consume goods and buy items such as insurance, cars, etc., Patterson said. Numerous studies have shown that immigrants actually create more jobs than they fill.

Most jobs for immigrants will be open in agriculture, construction, warehousing, transportation, sales, customer service, food preparation/processing, cashiers, janitors and cleaners, nurse aides, orderlies and attendants. Estimates are that more than 6 million newly trained nurses and nurses aides will be needed to care for the baby boomer population as it advances into elderly status.

President Bush recently urged Congress to adopt a temporary-worker program as he acknowledged the economic forces that drive immigration, Patterson said. American employers need more workers and our demographics show that the situation is only going to get worse.

Earned legalization is not automatic citizenship. A path to permanent residency must force undocumented workers to first register with the government and pay a substantial fine, then go to the back of the line behind those immigrants who played by the rules to get here.

Some legislation in Washington proposes a fee of as much as $2,000 per immigrant visa, Patterson said. If just one million visas were issued, that would generate $2 billion in revenue to help pay for the system. New taxpayers would also make significant contributions to our Social Security needs.

With an earned path to residency for undocumented workers who are already living here, employers can be assured that their workers have passed a criminal investigation. Employers prefer to promote from within so they prefer a system where workers have the choice to remain in the U.S.

A time limit on work in the U.S. will be difficult to enforce and discourages undocumented workers from registering. By creating a path to permanent residency, we can separate the wheat from the chaff and distinguish those who want to work from those who don’t.

Because he believes that American employers are “addicted to cheap labor,” Colorado Congressman Tom Tancredo wants to toughen enforcement on employers and inflect substantial fines when they hire undocumented workers, Patterson said. Tancredo and his supporters in Congress believe that frequent raids in plants are an efficient way to keep our nation safe, without consideration of the labor impact on those businesses.

Many bills in Congress, including Tancredo’s, require employers to conduct employment eligibility verification even though there is no federal system in place.

How America deals with the undocumented worker issue largely depends on who prevails in Congress, Patterson said. There are the Tom Tancredos who advocate increased border enforcement, repatriation of undocumented immigrants and punitive fines for employers who have undocumented workers in the U.S. On the opposite side, there is a coalition of moderate Republicans and Democrats who support an earned path to residency for those undocumented workers who are already living here, reinvigorated guest worker programs and increased border enforcement.

We have to dispel the myths such as immigrants only come to the U.S. to get public benefits, Patterson said. Immigrants contribute more than what they get. Sixty-six percent of undocumented workers pay social security taxes and 62 percent pay income taxes. They receive nothing in return.

Most immigrants would return to their country if the economy were improved.
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