



Daily Legislative Update

91st General Assembly Fiscal Session
Thursday, February 22, 2018

AT THE CAPITOL

The Senate will convene at 11 a.m. this morning and the House at 1 p.m. this afternoon. They are expected to then be in recess until Tuesday.

The *Arkansas Legislative Digest* posted the following about the possible conclusion of the Fiscal Session:

In Wednesday's Joint Budget hearing, the chairmen announced an ambitious target date for finishing the fiscal session. As usual they encouraged members to lift their holds on bills, implying that doing so at the start of next week would allow the session to close that same week, by Friday, March 2. Certain members voiced their concern for putting a rush on the process and their doubts that the target was realistic. Unless everything falls into place with some precision, it would still seem that the week following next is the most likely timeframe for the final recess.

CANDIDATE FILING PERIOD OPENS AT NOON TODAY

Here's press statement from the Secretary of State's office:

*As is tradition, Arkansas Secretary of State Mark Martin will open the filing period in a brief ceremony and will file the first candidate. **The event will begin at 11:50 a.m., Feb. 22nd in the Second Floor Capitol Rotunda.***

Candidates for statewide constitutional offices, as well as state representative and state senate candidates may file from Noon, February 22nd, until Noon, March 1st. Independent and write-in candidates may file during this time as well.

Candidates for nonpartisan judicial offices, such as Supreme Court, Court of Appeals, circuit judge, district judge, and prosecuting attorney may file from 3:00 p.m., Feb. 22nd, until 3:00 p.m., March 1st.

We look forward to an exciting election season!

RED TAPE REDUCTION WORKING GROUP FIRST MEETING YESTERDAY

The State Chamber/AIA will host a meeting of its Licensing Group next Wednesday, Feb. 28 at 10 a.m. in the State Chamber's Bob Lamb Conference Room. This group was formed during the

2015 Legislative Session in response to legislation that had been filed that addressed occupational licenses. Next week's meeting will be to discuss the activity of the Red Tape Reduction Working Group's first meeting, which was held yesterday afternoon at the State Capitol.

If you'd like to join this group, send a message to Kenny Hall at khall@arkansasstatechamber.com

Here are excerpts from this morning's *Talk Business & Politics* article by Steve Brawner about yesterday's Red Tape Reduction Working Group's first meeting:

Gov. Asa Hutchinson encouraged his appointed Red Tape Reduction Working Group Wednesday (Feb. 21) to balance protecting public safety with removing barriers to work opportunities. He also reminded its members during their introductory meeting that others are watching what Arkansas does in this area. The working group will produce a report about the state's occupational licensing requirements this fall before the 2019 legislative session. In a brief address, Hutchinson said the group must evaluate how much risk each occupation offers the public. Surgeons require a high degree of licensure, while some professions don't need a license. Hutchinson said he had met with a contractor in Springdale who had described the barriers faced by that profession. "It wasn't any question at all that when it comes to contractors, they need to be licensed," he said. "But how many do you need to have, and is it at the right level that we have, and is there any way to make this less burdensome?" Hutchinson pointed out that licensing burdens are a point of comparison between states, saying, "This is not just something that is cooking in our minds, but it is something that is looked at nationally, and nationally there are scorecards going out, and Arkansas is not scoring very well."

Arkansas had 580 different types of occupational licenses in 2017, as listed in the Department of Workforce Services' Directory of Licensed, Certified and Registered Occupations in Arkansas. Some of those were closely related, such as the six different types of licenses handed out to teachers. Twenty licenses are Oaklawn-related, including one for jockeys and one for the clerk of scales, which is the person who weighs the jockeys.

The directory lists the number of licenses awarded in some professions. Arkansas had 1,709 actively licensed residential building contractors in 2017; 8,435 licensed professional engineers in 2016; 51,000 notary publics in 2017; and 307 professional wrestlers licensed between April 30, 2014, thru May 1, 2015. Those licenses are awarded by 86 different state entities, including various divisions within state agencies.

Rep Bruce Cozart, R-Hot Springs, the working group's co-chairman, said afterwards that he didn't believe highly-educated professionals will get a serious look. Likewise, "If it's public safety, and there's an issue that would affect safety or consumer protection, we'll probably leave those alone," he said. An example of a requirement that could be considered is the high number of training hours – 1,500 – required to be a licensed cosmetologist, Cozart said.

The group's other co-chairman, Sen. John Cooper, R-Jonesboro, said structural changes are needed. "I don't think we should consider our work done with the low-hanging fruit," he said.

Arkansas is part of an 11-state consortium that is studying occupational licensing under a [U.S.] Department of Labor grant to the National Council of State Legislatures, the National Governors Association, and the Council of State Governments. The NCSL's Suzanne Hultin said the Labor Department awarded the grant because of the growth in occupational licensing requirements during the past 50-60 years.

The three-year grant's objectives are to identify and reduce unnecessary licensing barriers and to improve licensure portability and reciprocity. Areas of emphasis include military veterans and their families, immigrants with work authorizations, individuals with criminal histories, and dislocated and long-term unemployed workers.

Hultin later told Talk Business & Politics that the NCSL does not rank states in order of licensing burdens. She said states have different industries and therefore different licensing requirements, making a comparison difficult.

GOVERNOR'S QUICK ACTION CLOSING FUND

The Quick Action Closing Fund, one of the state's important economic development tools, was challenged this week by Sen. Bryan King, R-Green Forest. King has drafted a proposed Constitutional Amendment to prohibit the state from establishing or maintaining this type of economic development fund.

Wesley Brown of *Talk Business & Politics* published a report on Wednesday's hearing. Here are excerpts from Brown's story:

Arkansas Economic Development Commission Director Mike Preston told a Senate subcommittee Tuesday (Feb. 20) that state incentives level the playing field in areas where Arkansas has a competitive disadvantage in competing for jobs in a global marketplace. Preston made his comments before members of the Senate Constitutional Issues Subcommittee, which is considering a proposed constitutional amendment to sunset surplus state monies set aside for the Governor's Quick Action Closing Fund (QACF), a discretionary fund that allows the state's chief executive to close deals with key job prospects.

"If you scrap this program, you really put Arkansas at a huge competitive disadvantage – not just with competitors around the region but on a global scale," Preston warned the Senate panel chaired by Sen. King. Preston told members of the Senate subcommittee, part of the Senate State Agencies and Governmental Affairs Committee, that money from the fund established by the legislature in 2007 has been used for everything from workforce training and infrastructure investments for roads and railroad spurs to covering costs for project site preparation and relocation to Arkansas. "It makes a difference to companies that realize we are not going to turn around and raise taxes on them, and they can come to our state and pretty much know what they are going to get," Preston said of the incentive fund that lawmakers appropriated \$30 million for at the end of the 2017 legislative session.

King said he was concerned the Hutchinson administration was overspending and not being fiscally responsible, which he said put the state in a tight budget position during the current fiscal session. He told the Senate panel later he would like to close the governor's Quick Action Fund and use it for highways or other state needs.

After King's opening remarks, however, Preston countered that the AEDC's Quick Action Fund was not material to the governor's \$5.6 billion budget. He also warned King against abolishing the program or transferring its funds to the State Highway Department, adding that it is responsible for more than 20,000 new jobs, wages averaging more than \$20 an hour, and a total economic investment of more than \$3 billion. "Our little bit of money that goes into the closing fund would be a rounding error in the (Highway Department's) budget and could get you a half-a-mile of road built," Preston told the four senators attending the late afternoon hearing.

However, Jacob Bundrick, a policy analyst at the University of Central Arkansas' Center for Research Economics (ACRE), told the panel the QACF and other incentive programs in AEDC's growing toolbox were largely ineffective, and, in some cases, hurt the state's competitiveness.

But Sens. David Wallace of Leachville and Jim Hendren of Gravette, both Republicans, questioned the study's findings, noting examples of companies that have landed in Arkansas with substantially higher-paying jobs after receiving strong incentive packages from AEDC and local economic developers. When Hendren asked Bundrick if Arkansas should be the only state in the region without economic incentives, the UCA policy analyst replied his research shows handing out corporate enticements provide no actual "clear benefits" to the state's broader economy.

Wallace, who lives in Mississippi County, told Bundrick the ACRE's research on state incentives did not square with recent projects now in the Arkansas Delta such as Big River Steel and Denso Manufacturing in Osceola, Risever in Jonesboro and Shandong Ruyi Technology in Forrest City.

"How are we going to get those types of job without incentives?" Wallace asked Bundrick. "We are experiencing growth in the Delta that we have not seen because of what we are doing now."

It is unlikely King's proposed ballot initiative will get through committee during the fiscal session or the upcoming special session planned for March or April, according to Senate and House leaders. For non-appropriation legislation to be introduced in the fiscal session, a concurrent resolution substantially describing the bill must be approved by a two-thirds vote in both chambers.

LEGISLATIVE SESSION INFORMATION

During Fiscal Sessions, this update is provided periodically based upon information of interest. To view schedules, calendars, bill information and legislator information, visit: www.arkleg.state.ar.us.

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