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92nd General Assembly April 9, 2019 – Session Day 86

TODAY AT THE CAPITOL

The Senate will convene at 1 p.m. and the House at 1:30 p.m.
Legislative Calendar: www.arkleg.state.ar.us
It is very likely the session will adjourn tomorrow.

WORKFORCE DEVELOPMENT – STATE CHAMBER/AIA PRIORITY LEGISLATION

SB 522 by Sen. Jane English *is on this morning's Senate Education Committee Agenda to concur a House amendment.* The bill seeks to increase industry involvement in workforce training by amending the duties of the Career Education and Workforce Development Board and rename it as the Office of Skills Development and the Career Education and Workforce Development Board. It also would authorize a voting member of the board to establish a subcommittee that is made up of members relevant to the specific industry in order to better develop recommendations. Finally, it would add one representative from the Department of Human Services, the Department of Correction, and the Arkansas Economic Developers and Chamber of Commerce Executives (AEDCE) as nonvoting members. **We developed and support this bill.**

LOW READING ASSESSMENT LEVELS

SB 603 by Sen. Alan Clark *is on this morning's Senate Education Committee Agenda to concur in a House amendment.* It seeks to create personnel reporting requirements for schools based on low reading assessment levels. The amendment addresses concerns of the bill's critics. **We support this bill.**

PRE-JUDGMENT AND POST-JUDGMENT INTEREST RATES – STATE CHAMBER/AIA PRIORITY LEGISLATION

SB 544 by Sen. Missy Irvin, Rep. Doug House and others *is on this afternoon's Senate Calendar to concur in a House amendment.* It would change the pre-judgment and post-judgment interest rates from 10 percent per annum to the Federal Reserve primary credit rate in effect on the date on which the judgment is entered plus 2 percent. It would also set the rate for an action on a contract at the rate provided by the contract unless it is less than the above rate. **We support this bill.**

BLOCKCHAIN TECHNOLOGY

HB 1944 by Rep. Stephen Meeks and Sen. Joyce Elliott *was given a Do Pass recommendation yesterday by the Senate Committee on Transportation, Technology and Legislative Affairs and is on this afternoon's Senate Calendar.* It provides that a signature, record or contract that is secured through blockchain technology is considered to be in electronic form and to be an electronic signature or record. It also defines a smart contract and declares smart contracts to be legally effective. **We support this bill.**

YESTERDAY AT THE CAPITOL

BALLOT INITIATIVE REFORM – STATE CHAMBER/AIA PRIORITY LEGISLATION

HJR 1008 by Rep. DeAnn Vaught and Sen. Mat Pitsch was adopted by the Senate yesterday afternoon 25 to 10. The successful vote makes **HJR 1008** the third measure referred to the 2020 General Election Ballot by this General Assembly. If approved in the 2020 General Election, it will repeal the 30-day signature cure period, move the filing deadline for initiatives and signatures to January 15 and set a deadline to file legal challenges on April 15, both dates in the General Election year. They also would increase the vote majority required by the Legislature to make amendment referrals from a simple majority to a three-fifths (60 percent) majority and increase the number of counties from which a set number of signatures are required from 15 counties to three-fifths of the counties (45).

If you asked your legislators to support this resolution, please thank them.

CORPORATE INCOME TAX REFORM – STATE CHAMBER/AIA PRIORITY BILL

SB 576 by Sen. Bart Hester, 10 other Senators and Rep. Dan Douglas will be signed by the Governor this afternoon. The Senate concurred in a House Amendment yesterday 31 to 3.

SB 576 contains major tax policy priorities we've advocated for more than a decade. If adopted, this bill will make Arkansas's corporate income taxes fairer and more competitive with other states. Details of the amended bill:

- Require Remote Sellers and Marketplace Facilitators to Collect Sales Tax
- Enforcement of existing tax obligations to pay for state and local services—not a new tax.
- Puts our in-state sellers on equal footing with out-of-state sellers instead of a 10 percent price disadvantage.
- Extend Net Operating Loss (NOL) Carryforwards to Prevent Double Taxation
- This could potentially help any business in Arkansas. Currently, past years' losses can only be offset against future years' earnings for up to five years (worst in USA).
- This will phase in an increase of the offset period to 10 years.
- Adopt Single Sales Factor (SSF) Apportionment
- Arkansas is one of a declining number of states that still use property and payroll factors to determine taxable income, effectively raising taxes on in-state businesses while giving out-of-state businesses a 50 percent tax cut.
- Arkansas businesses are currently double-taxed selling into states with SSF.
- Going to SSF benefits businesses that invest in employees and property in Arkansas—particularly manufacturers, wholesalers, retailers and banks.
- Decrease the corporate income tax rate from 6.5 percent to 5.9 percent
- Modifies sales taxes paid by car washes.

EXPANDED HIGHER EDUCATION SERVICE AREAS – STATE CHAMBER/AIA PRIORITY LEGISLATION

SB 659 by Sen. Jane English and Rep. Bruce Cozart was approved by the House yesterday afternoon 90 to 3. It will allow state-supported, two-year institutions of higher education to market, offer courses or provide services to any individual who resides in the state, regardless of the service area.

ACADEMIC FACILITIES WEALTH INDEX

SB 535 by Sen. Blake Johnson and Rep. Reginald Murdock passed in the House yesterday 75 to 11. It was amended in the House, so concurrence by the Senate is necessary. It seeks to revise the method for calculating the Academic Facilities Wealth Index for fiscal years 2024-25 and subsequent years with regard to allocation of student millage rankings. The bill was amended to address the concerns of high growth districts.

LARGE BUSINESS SECURITY BREACHES

HB 1943 by Rep. Fran Cavanaugh was approved 35 to 0 by the Senate yesterday. It would require a business to report a data security breach that affects more than 1,000 individuals to the Attorney General and add biometric data to the definition of personal information within the Personal Information Protection Act. It also:

- Provides that biometric data includes fingerprints, facial recognition analysis, retinal or iris scans, hand geometry, voiceprint analysis, and DNA.
- Provides that notification of a breach is not required if the business determines there is no reasonable likelihood that it will harm customers and provides a written notice to the Attorney General's office stating why.

This bill was amended in accordance with a request by multiple business interests.

ACTIVE BILLS WE OPPOSE

INDEPENDENT CONTRACTOR

HB 1850 by Rep. Austin McCollum and Sen. Bart Hester *is on this afternoon's Senate Calendar*. The bill seeks to establish the Empower Independent Contractors Act amending the definitions of "employee," "employer" and "employment status" on the basis of a 20-factor test that is similar to a 20-factor test used by the IRS to determine who is considered and independent contractor.

The stated goal of this bill is to create consistency in the definition of independent contractor. Unfortunately, the bill only addresses the independent contractor definitions in unemployment insurance and workers' compensation. There are additional independent contractor definitions, such as U.S. Department of Labor and EEOC and others, which will not be changed.

BILLS OF INTEREST

REVENUE STABILIZATION

HB 1876 and SB 597 is the Revenue Stabilization Act (RSA) of 2019. *It was approved yesterday by the Joint Budget Committee and will be voted on today and tomorrow in the House and Senate*. Here's a link to the RSA Schedule: <https://arkansasstatechamber-my.sharepoint.com/:b:/p/khall/Ea14tFRGLzBjL1bdP65WrkBMBXgUSx5qlhkUySpUVJNHw?e=Q6yl9c>

GOVERNMENT TRANSFORMATION

HB 1763 by Rep. Andy Davis and Sen. Bart Hester *passed in the Senate yesterday 33 to 1 and is on today's Agenda in the House State Agencies Committee for concurrence in a Senate amendment*. This is the Governor's plan to transform state government by reducing the number of agency direct reports from more than 40 to 15 new Departments that will be managed by a Secretary. Those 15 Secretaries will report directly to the Governor.

TAX APPEALS COMMISSION

SB 560 by Sen. Blake Johnson *was recalled from the House by the Senate yesterday*. This is a concept we support, but we believe needs some adjustment. The recall to the Senate may mean the bill will be sent to Interim Study. The bill seeks to create the Tax Appeals Commission, separate and apart from the Department of Finance and Administration (DFA), which shall have jurisdiction over any administrative hearing by a taxpayer who seeks administrative relief from a DFA decision. It would require the Tax Appeals Commission to provide written decisions, including statements of facts, conclusions of the law, and orders to grant relief, invoke remedies and issue orders. It also would require decisions be public in either print or electronic form, allow the Tax Appeals Commission to establish a Small Claims Division, and allow the DFA to seek judicial relief from a decision made by the Tax Appeals Commission.

PHARMACY BENEFIT MANAGEMENT

SB 520 by Sen. Kim Hammer *received a Do Pass recommendation yesterday from the House Insurance and Commerce Committee*. This bill was amended to remove the dispensing fee.

TOBACCO TAX AND EARNED INCOME TAX CREDIT

SB 571 by Sen. Jim Hendren and Rep. Lee Johnson and 16 other Senators and 39 other House members *was recalled from the House by the Senate yesterday. It is expected to be placed in Interim Study*. It seeks to reduce individual income taxes by creating an earned income tax credit and increased standard deduction to be offset by new taxes on cigarettes and e-cigarettes. The bill sets the effective date tax year beginning on January 1, 2020.

STATE CHAMBER TRACKED BILLS

Total House bills filed: 986

Total Senate bills filed: 684
Total bills and resolutions we tracked: 551

Our complete tracking list is posted on our website, by category, and can be reviewed by clicking this link: <https://www.arkansasstatechamber.com/governmental-affairs/legislative-tracking/>

LEGISLATIVE SESSION INFORMATION

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

Legislative Message Center

House of Representatives: 501-682-6211
Senate: 501-682-2902

Live Streaming from the Capitol

The House and Senate have links to live streaming of their committee meetings and floor session online.

- House: <https://www.arkansashouse.org/>
- Senate: <http://www.arkansas.gov/senate/>

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