



ARKANSAS
STATE CHAMBER
OF COMMERCE



ASSOCIATED
INDUSTRIES OF
ARKANSAS

Business matters.

2021 ARKANSAS LEGISLATIVE AGENDA



We are pleased to present the 2021 Legislative Agenda of the Arkansas State Chamber of Commerce and the Associated Industries of Arkansas, Inc., the voice of business in Arkansas. The State Chamber/AIA represents about 1,200 businesses of all types from every county in Arkansas and most business associations. We also work closely with local chambers of commerce and local economic developers across the state.

To help Arkansas be a better place to live, work and do business, these are our primary interests:

- Develop and maintain a capable and available workforce.
- Support long term-funding for infrastructure.
- Achieve and maintain a fair, equitable and competitive tax environment.
- Maintain our nationally competitive workers' compensation system.
- Maintain an unemployment insurance program that has a solvent trust fund and provides competitive rates to employers and reasonable benefits.
- Support efforts to reduce costs and increase efficiency of state government.
- Make Arkansas's civil justice system nationally competitive.

This agenda is a continuing document that is reviewed and advanced prior to every state legislative session through a series of State Chamber/AIA committee meetings, board review and executive committee action.

The Priority Issues section is a list of issues from which we are likely to produce legislation, support legislation or oppose specific issues. The General Issues section serves as a guide for our Governmental Affairs team as all business-related issues are reviewed and allow quick decisions, when necessary, in the fast-paced legislative sessions. Issue based committees will meet as necessary to review legislation. On issues of significant importance or when conflicts of business interests arise, the State Chamber/AIA Executive Committee will provide direction.

We proudly represent employers in each meeting of the Arkansas General Assembly to help Arkansas business and industry create more jobs, invent new products and increase productivity. Legislators are most responsive to their constituents, so grass roots contacts by employers is needed and very helpful to accomplish the goals of this agenda. Local chambers of commerce across the state are encouraged to adopt as much of this agenda as possible.

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MISSION

The Arkansas State Chamber of Commerce/Associated Industries of Arkansas is the leading voice for business at the State Capitol and serves as the primary business advocate on all issues affecting Arkansas employers. Our mission is to continually enhance the state's economic climate by promoting a pro-business, free-enterprise agenda and preventing anti-business legislation, regulations and rules.

2021 PRIORITY ISSUES

Workforce Quality and Education

- Support efforts that seek to develop, retain, expand and attract a globally competitive workforce.
- Support the prioritization of immediate Reading Readiness for all PreK-12 students, except those precluded by intellectual disability.
- Support development of a continuous learning system with competency-based pathways in K-12 education, career technical education, higher education, and the workforce.

Taxation

- Support an elective passthrough entity-level tax to enhance federal deductibility of Arkansas tax burden.
- Support creation of an independent Tax Fairness Commission for a fairer tax appeal process.
- Support expansion of the manufacturing exemption to include custom manufacturing and printing.
- Support destination sourcing of sales of property to the federal government for income tax apportionment.
- Support repeal of the income tax apportionment throwback rule tax on jobs and investment.
- Support economic development tax credit equality for nonresident investors.
- Support the public roads improvements tax credit program enhancements to usability of credits.
- Support adoption of the model Mobile Workforce Act and ending DFA's taxation of remote employees.
- Support extension of the corporate income tax return extended deadline by a month.
- Support elimination of the soft drink tax.

Transportation and Infrastructure

- The State Chamber/AIA supports providing the Arkansas Department of Transportation with sufficient revenue to maintain safe highways.
- We also support all other forms of government provisions related to transportation and infrastructure.
- Support development and expansion of rural broadband.

Unemployment Insurance

- Achieve protection for employers from increased UI rates because of their loss experience.
- Reduce the top tax brackets returning the maximum rate to its pre-2013 amount.
- Clarification of medical marijuana language in regard to confidentiality in the workplace for unemployment insurance and maybe workers' compensation.
- Expand workforce access for people leaving incarceration.
- Make the unemployment insurance program more employer friendly.
- Adopt measures that maintain a solvent trust fund, at the lowest cost to employers possible, while providing competitive benefits.

- Improve the process and provide employers more information about their accounts, particularly information needed by employers to identify fraud.

Legal Environment

- Support adoption of hate crime legislation.
- Support civil justice reform legislation that promotes a fair and nationally competitive business environment.
- Seek referral to 2022 ballot a Joint Resolution to amend the state's constitution regarding Sovereign Immunity.
- Improve the ability of commercial contracts to contain waivers of jury trial clauses.

Labor & Employment

- Oppose any and all efforts to repeal, reverse or limit in any way the Arkansas Right-to-Work law.
- Seek solutions to mitigate negative economic impact of increases in the minimum wage.
- Provide protection to employers from large and dangerous protests that prevent employees and customers from accessing a business.

Occupational Licensing

- Support reductions of unnecessary licensing and regulatory requirements.
- Oppose elimination of all license requirements.

Healthcare

Support a Medicaid Expansion plan that promotes protecting employers from skyrocketing health insurance premiums and maximizes the federal matching funds that supplement the state budget.

Energy

Maintain and protect low cost reliable electricity and natural gas rates.

GENERAL ISSUES (listed alphabetically)

Civil Justice Reform

Seek to improve the Arkansas legal climate in areas such as contribution among tortfeasors, phantom damages/collateral source rule, post-judgement interest rates, Deceptive Trade Practices Act and arbitration.

Economic Development

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

- Support legislation that encourages venture capital investment in Arkansas.
- Support the Governor's Quick Action Closing Fund.
- Ensure continued support of the Create Rebate Program.
- Support incentives for targeted industry sectors.
- Improve the competitiveness of the corporate income tax structure.
- Support rural development efforts that seek to improve housing, small business jobs, technology and health care.

Education and Workforce Quality

- Promote the core values of student focus, transparency, accountability, rewards, choice and agility in PreK - 12 public education.
- Tie Career Technical Education funding to market demand (e.g. high wage industry needs) and student results (e.g. employment, completion).
- Advocate for data-driven alignment and quality of PreK, K-12 and higher education.
- Advocate for student-focused business leaders to run and be elected to local school boards.
- Empower technical education instructors and/or adjunct faculty to be simultaneously employed by multiple educational institutions and/or the industry of his/her instruction.
- Require schools which cover the cost of student AP tests to also cover, through the same funding source and in the same frequency, the cost of a student's sitting for a national technical credential examination related to a course in which the student is enrolled.
- Oppose all threats and/or actual work stoppages by public education employees.
- Support the position that a public school district or charter may only consider recognition of a teacher's union as the exclusive bargaining agent when there is proof the union membership is 50% plus one of all teachers.
- Collaborate to advance the student-focused priorities of Arkansas Learns, Arkansas Public School Resource Center, Upskill Arkansas, Economics Arkansas, STEM Coalition, Accelerate Arkansas, Arkansas AIMS, and other aligned groups and initiatives.

Energy and Environment

- We believe all energy policy decisions must be made based on facts and sound economic justification.
- Any changes in the state's environmental policy must balance environmental concerns with economic development concerns.
- Arkansas's families, businesses, schools and government agencies must have access to the energy necessary to keep our economy growing.
 - Energy must be delivered at reasonable costs to ensure our state's competitiveness.
- Environmental policy should recognize that Arkansas businesses must be competitive nationally and globally.
- Arkansas businesses should be good stewards of the environment and the energy supply by taking a balanced approach to the use of energy-efficient programs and technologies.
 - Without this balance, industrial and commercial users will bear the costs of both inefficient operations and overreaching government programs.

- The State Chamber/AIA Task Force on Energy may review and analyze environmental legislation proposed or filed and provide position recommendations to the staff and Executive Committee.
- Protect and promote the exploration, production and use of Arkansas's natural resources.
- Support the environmental legislative agenda developed by the Arkansas Environmental Federation (AEF) as approved by the State Chamber/AIA Executive Committee *(The AEF was founded out of and continues the role as the State Chamber/AIA's environmental committee. The State Chamber/AIA Executive Vice President sits as an ex-officio member of the AEF board of directors.)*

Healthcare

- Identify and support reasonable efforts that seek to reduce employers' healthcare costs.
- Monitor health care-related legislation, determine its impact on employers and respond accordingly.
- Support legislation that stabilizes or reduces healthcare costs to employers.
- Support legislation that provides employers stable and reasonable pharmacy costs.
- Support UAMS' pursuit of the National Cancer Institute (NCI) designation for the Winthrop P. Rockefeller Cancer Institute.
- Support legislative and other efforts to address opioid and other substance use disorders and their negative impact on the workplace.
- Support multidiscipline telemedicine and digital access across the state that enhances access to health care services and reduces employers' healthcare costs.
- Support efforts to expand access to healthcare across the state.
- Support expansion of healthcare education and workforce initiatives.

Immigration

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

Labor & Employment

- Oppose legislation that requires public or private employers to withhold union dues from employee pay checks.
- Support incentives to encourage employers to consider hiring people with criminal records.
- Support Franchise law reform to protect small businesses from attacks by unions.
- Support state pre-emption of local regulation of employment conditions like wages, leave and scheduling.
- Provide trespass protection to protect employers' confidential information from unauthorized distribution.
- Oppose attempts to enact a Public Employee Collective Bargaining Act.
- Review and consider support for bills filed by ARSHRM.
- Support measures that protect employers from union card check activities.

Taxation

- Guiding Principles
 - » Oppose all measures that would shift tax burden to

- » business and industry, thereby making Arkansas less competitive for investments and jobs.
- » Oppose any erosion of tax base that does not promote economic development.
- » Support the state's three-pronged tax system of property taxes, income taxes and sales taxes.
- » Favor the current legal requirements for passage of taxes.
- Sales & Use Taxes
 - » Oppose new taxes on business services.
 - » Oppose attempts to shift tax responsibility from property and income taxes to business-to-business sales taxes, including software downloads.
 - » Support legislation to prevent double taxation pyramiding of sales tax on business inputs used to make or provide taxable products or services.
 - » Support existing sales and use tax exemptions and proposed new exemptions designed to promote business and industry in Arkansas, including:
 - Support creating a data center exemption or business computer equipment exemption.
 - Support creating a warehousing and distribution exemption.
 - Support extending the manufacturing machinery and equipment exemption to all equipment in a manufacturing facility.
 - Support exemption of consumables used in manufacturing.
 - Support converting the manufacturing electricity and natural gas reduced rate into a true exemption and expanding the types of qualifying fuels to include coal and lignite.
 - Support clarification of what is an exempt substantial replacement or modification to existing machinery used in manufacturing.
 - Support exemption of partial replacement of manufacturing machinery and equipment.
 - » Support legislation to extend the time allowed to obtain local sales and use tax refunds.
 - » Support a single point of administration and enforcement of sales and use taxes.
 - » Support creation of a sales tax exemption for workplace safety equipment and apparel (PPE).
- Income Taxes
 - » Support conformity to CARES Act tax relief (PPP loan forgiveness, retail glitch fix, etc.).
 - » Support further reductions in corporate income tax rates.
 - » Oppose adoption of any sales factor throwout rule.
 - » Remain neutral on market-based sourcing of services and intangibles.
 - » Oppose mandatory unitary combined income tax reporting.
 - » Support preferential tax treatment of capital gains / oppose elimination of capital gains exemptions.
 - » Support extension of net operating loss (NOL) carryforwards from 10 years to 20 years.
 - » Support adoption of the Model Uniform Statute for Reporting Adjustments to Federal Taxable Income and Federal Partnership Audit Adjustments.
- Property Taxes
 - » Support an income tax credit for property taxes paid on inventory, and elimination of inventory tax as soon as possible.

- » Expand the freeport exemption to include distribution centers for out-of-state products.
- » Support fair procedures for property assessment and valuation and oppose any reduction of taxpayer rights.
- » Oppose increases in homestead credit.
- Business Incentives
 - » Monitor attempts to update or repeal business incentives enacted over the years and make certain that no incentives are eliminated that are deemed necessary by specific businesses or industries.
 - » Support reforms to make incentives compliance less burdensome so long as the incentives retain their value.
 - » Support refundability of incentive tax credits when feasible.
 - » Support creation or enhancement of an incentive to attract knowledge workers.
- Taxpayer Rights
 - » Protect and expand taxpayers' rights related to the assessment and collection of taxes.
 - » Support DFA catching up on delinquent rulemaking and complying with required biennial rulemaking after each legislative session.
 - » Protect the confidentiality of taxpayer information and data.
 - » Lower overpayment and underpayment interest rates to 5% or a similar, less-distortive rate.

Term Limits

- We oppose term limits in general. But as long as term limits exist, we support whatever provides the most experienced General Assembly.
 - » We believe it is important that a majority of legislators have knowledge of the process and history.
 - Experience helps maintain the important fair balance of power between the legislative branch and the state's administrative branch of government.

Transportation

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

Unemployment Insurance

- Assure that Arkansas has competitive laws on drug testing.
- Improve DWS hearing notice and procedures.
- Assist employers in avoiding misclassifying workers.
- Improve integrity of unemployment insurance program.
- Oppose any legislation that is a detriment to a sound unemployment compensation system.

Workers' Compensation

- Protect the workers' compensation reforms enacted by Act 796 of 1993.
- Identify and support efforts to mitigate the impact on employers arising from the closing of claims by the Death and Permanent Total Disability Trust Fund.

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