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93rd General Assembly Thursday, Jan. 28, 2021 – Session Day 18

TODAY AT THE CAPITOL

The House and Senate will convene at 1 p.m.

LEGISLATIVE COMMITTEE MEETINGS

At 9:30 this morning, the House Education and Health committees and Senate Agriculture and City/County/Local committees met. The Senate Ethics Committee meets at 11:30 a.m. This afternoon, the House Judiciary, Tax and Transportation committees, and Senate Insurance & Commerce and State Agencies committees will meet.

To view the schedule of committee meetings, their agendas and video access, click [here](#).

NEW BILLS

SOFT DRINK TAX PHASEOUT

HB 1316 by Rep. Lanny Fite and Sen. Dave Wallace seeks to phase out the Soft Drink Tax Act by reducing the taxation rate on drinks and their components every year until 2025, when the subchapter will expire. The State Chamber/AIA supports this bill.

PROTECTING CRITICAL INFRASTRUCTURE

HB 1321 by Rep. Jimmy Gazaway lists types of enclosed areas that are considered critical infrastructure and adds those areas to criminal mischief and trespass offenses. The State Chamber/AIA supports this bill.

STATE CHAMBER/AIA PRIORITY BILLS

ELECTIVE PASS THROUGH ENTITY TAX

HB 1209 by Rep. Joe Jett is a State Chamber/AIA Priority Agenda bill. This bill will help approximately 40,000 Arkansas businesses reduce their federal taxes by an estimated \$50 million or more while generating \$4 million in state revenue. The businesses impacted are those set up as passthrough entities—the owners pay tax at the individual level on their business income. Most businesses are set up this way. Under federal law, businesses can deduct state and local taxes (“SALT”) they have paid without a cap, but the individual SALT deduction is limited to \$10,000 for individuals—this is the “SALT cap.” **HB 1209** would let passthrough businesses choose (elect) to instead pay Arkansas tax at the entity level, as a flat tax at the top rate of 5.9%, such that the Arkansas tax should be 100% deductible for federal purposes. The IRS recently blessed the validity of this approach in Notice 2020-75. Several states have already adopted such options, including Oklahoma and Louisiana, and more are expected to adopt them in the coming year. This bill awaits consideration in the House Revenue and Taxation Committee.

UNEMPLOYMENT INSURANCE EXPERIENCE FORGIVENESS

HB 1212 by Rep. Jack Ladyman and Sen. Missy Irvin is another State Chamber/AIA

Priority Agenda bill that will help employers by reducing the impact of layoffs due to COVID-19 on their unemployment insurance taxes. The bill allows benefits paid for unemployment to be noncharged to the separate account of each employer in the base period if they are a result of a declared disaster emergency. The impact has a retroactive effective date of April 4, 2020. This bill awaits consideration in the House Public Health, Welfare and Labor Committee.

BILLS WE OPPOSE

FREEDOM OF INFORMATION ACT EXPANSION

SB 195 by Sen. Dan Sullivan seeks to extend the entities subject to the Freedom of Information Act to include those whose primary purpose is providing direct support to a governmental agency or public entity financially or with labor if the support provided has a value of \$1 million or more. This bill as written is overly broad and has the potential to negatively impact many businesses that do business with government entities. The State Chamber/AIA opposes this bill.

HYBRID AUTO REGISTRATION FEE

SB 117 filed January 13 by Sen. Mark Johnson seeks to repeal the \$100 additional registration fee for hybrid vehicles. **SB 225** filed yesterday by Sen. Blake Johnson seeks to reduce the fee for registering a hybrid vehicle from \$100 to \$50. Both bills would retain the additional \$200 additional registration fee requirement for electric vehicles.

These additional fees were passed in the 2019 session as part of the highway funding package that also raised the gas tax. The revenue from the additional \$100 hybrid registration fee is currently projected to raise \$2.2 million annually. In addition to providing revenue for the highway funding package, these new registration fees were also intended to create fairness between the increased fuel taxes traditional vehicles are paying and the hybrid and electric vehicles that use the roads, too, but pay less or no fuel taxes.

The State Chamber/AIA was a major supporter of the 2019 highway package and opposes **SB 117** and **SB 225**.

HEALTHCARE

SB 99 by Sen. Cecile Bledsoe and Rep. DeAnn Vaught would require healthcare insurers to base step-therapy protocols on appropriate clinical practice guidelines or published peer-reviewed data developed by independent experts and establishes exceptions from protocols and procedures for requesting them. Based upon information we've been given about potential cost increases to health plans, the State Chamber/AIA opposes this bill. Amendment 3 is on today's Senate Calendar for adoption.

BILLS OF INTEREST

LOCAL BROADBAND

SB 74 by Sen. Ricky Hill and Rep. Brian Evans seeks to extend the definition of a government entity to include consolidated utility districts. It would authorize utility districts to provide, directly or indirectly, voice, data, broadband, video or wireless telecommunications services. This bill received a Do Pass recommendation yesterday from the House Agriculture, Forestry and Economic Development Committee and is on this afternoon's House Calendar.

STATE CHAMBER/AIA BILL TRACKING

Total Bills Filed: 559 | Bills Filed Yesterday: 35 | House 18 – Senate 17
Bills added to State Chamber/AIA Tracking: 6 | Total Tracked Bills: 171

To view the list of bills added to our tracking today, click [here](#).

To see all tracked bills saved by category, click [here](#).

LEGISLATIVE SESSION INFORMATION

To view schedules, calendars, bill information and legislator information, click [here](#).

To view the joint statement regarding Capitol access and committee attendance, click [here](#).

Legislative Message Center

House of Representatives: 501-682-6211

Senate: 501-682-2902

STATE CHAMBER/AIA INFORMATION

2021 LEGISLATIVE AGENDA

To view the State Chamber/AIA's legislative agenda, click [here](#).

BILL SCORING

Floor votes on bills that address issues in our Legislative Agenda and/or are discussed in a Daily Legislative Update are subject to being scored.

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