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93rd General Assembly Monday, Feb. 2, 2021 – Session Day 23

TODAY AT THE CAPITOL

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

LEGISLATIVE COMMITTEE MEETINGS

9:30 a.m. – House Education & Health | Senate City/County/Local & Transportation

11:30 a.m. – Senate Rules

Noon – Arkansas Legislative Council Executive Subcommittee

2 p.m. – House Judiciary, Tax & Transportation | Senate Insurance & Commerce & State Agencies

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

NEW BILLS

PAYCHECK PROTECTION PROGRAM (PPP) INCOME TAX EXEMPTION

HB 1361 by Rep. Les Eaves and Sen. Jonathan Dismang seeks to adopt federal statutes for the purpose of computing Arkansas income tax liability from the Paycheck Protection Program, loan forgiveness, and emergency grants. It excludes payments received under the Coronavirus Food Assistance Program. Sets effective date of tax years beginning on or after January 1, 2019. *It has been assigned to the House Revenue and Taxation Committee. This is a State Chamber/AIA Priority bill.*

TODAY AT THE CAPITOL

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 was given a Do Pass recommendation this morning by the House Public Health, Welfare and Labor Committee. The State Chamber/AIA supports this bill.*

PENDING STATE CHAMBER/AIA PRIORITY AGENDA BILLS

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. *This bill has been referred to the House Judiciary Committee. The State Chamber/AIA supports this bill.*

PASS THROUGH ENTITY TAX

HB 1209 by Rep. Joe Jett is a State Chamber/AIA Priority Agenda bill. This bill will help about 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.* The State Chamber/AIA supports this bill.

SOFT DRINK TAX PHASE OUT

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. *This bill has been assigned to the House Revenue & Taxation Committee.* The State Chamber/AIA supports this bill.

BILLS WE SUPPORT

UNEMPLOYMENT INSURANCE TAX EXEMPTION

SB 236 Sen. Jonathan Dismang and Rep. Joe Jett seeks to exempt from income tax 2020 and 2021 unemployment compensation benefits paid from federal unemployment funds or from Title IV of the Social Security Act. *This bill has been assigned to the Senate Revenue & Taxation Committee.* The State Chamber/AIA supports this bill.

EXPANSION OF EXISTING SALES TAX EXEMPTION

SB 26 by Sen. James Sturch seeks to extend the reduced sales and use tax rates for utilities used by manufacturers to the use of coal. Provides that the sale of natural gas, electricity and coal will be subject to the excise tax levied in Amendment 101. The reduction of sales and use tax rates for utilities used by manufacturers was a project we worked on for many years. This bill will apply the tax reduction more fairly. *This bill was presented in the Senate Revenue & Taxation Committee on February 1.* That committee is hearing bills but not taking votes. The State Chamber/AIA supports this bill.

BILLS WE OPPOSE

FREEDOM OF INFORMATION ACT EXPANSION

SB 195 by Sen. Dan Sullivan seeks to extend the entities subject to 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 awaits consideration in the Senate State Agencies Committee.* 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.

SB 208 by Sen. Dan Sullivan seeks to redefine a 'meeting' for the purposes of the Freedom of Information Act as a gathering of two or more persons in which any matter relating to a public entity is discussed in person, by telephone, electronically or by other means of communication. This includes private entities that are supported wholly or in part by public funds, engaged in activities that would normally be provided by governmental entities or be provided by governmental entities in the absence of the private entity. *This bill awaits consideration in the Senate State Agencies Committee.* The State Chamber/AIA opposes this bill.

HYBRID AUTO REGISTRATION FEE

SB 117 by Sen. Mark Johnson seeks to repeal the \$100 additional registration fee for hybrid vehicles. This bill was recently amended to add multiple sponsors and modify the definition of “electric vehicle.”

SB 225 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.

Both bills await consideration in the Senate Transportation, Technology & Legislative Affairs Committee.

The additional fees addressed by these bills 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 that 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 therefore 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. *This bill was given a Do Pass recommendation by the Senate Public Health, Welfare and Labor Committee on February 1.*

STATE CHAMBER/AIA BILL TRACKING

Total Bills Filed: 624 | New Bills Filed: 30 | House 20 – Senate 10
Bills added to State Chamber/AIA Tracking: 19 | Total Tracked Bills: 200

To view a list of new bills added to our tracking, 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 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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