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## 93rd General Assembly Wednesday, Feb. 3, 2021 – Session Day 24

### TODAY AT THE CAPITOL

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

### LEGISLATIVE COMMITTEE MEETINGS

8:30 a.m. – Joint Budget

9:30 a.m. – House Insurance/Commerce and State Agencies | Senate Judiciary and Tax

Noon – House Rules and Joint Energy

2 p.m. – House Aging, Ag and City/County/Local | Senate Education and Health

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

### 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 yesterday by the House Public Health, Welfare and Labor Committee and is on this afternoon's House Calendar. The State Chamber/AIA supports this bill.*

#### CONTINUED BENEFICIAL USE OF STEEL MILL BYPRODUCTS

**SB 21** by Sen. David Wallace and Rep. Johnny Rye will define and exempt steel mill byproducts, which are used as items of value and known as mill scale and slag, from the definition of solid waste under the Solid Waste Management Act and the Recycling Funds Act. Currently ArDOT uses these byproducts for roads. If not exempted, the beneficial use of the byproducts would be lost. *This bill was given a Do Pass recommendation by the House Public Health, Welfare & Labor Committee yesterday and is on this afternoon's House Calendar. The State Chamber/AIA supports this bill.*

#### 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 was given a Do Pass recommendation this morning by the Senate Revenue & Taxation Committee. The State Chamber/AIA supports this bill.*

#### 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 is on this afternoon's Senate Calendar. The State Chamber/AIA opposes this bill.

## **TOMORROW AT THE CAPITOL**

### **PAYCHECK PROTECTION PROGRAM 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 (PPP), loan forgiveness and emergency grants. It excludes payments received under the Coronavirus Food Assistance Program. It sets the effective date of tax years beginning on or after January 1, 2019. *It is on the House Revenue and Taxation Committee agenda. This is a State Chamber/AIA Priority bill we support.*

## **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.*

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

## **BILLS WE SUPPORT**

### **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. It 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 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 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 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**.

### **STATE CHAMBER/AIA BILL TRACKING**

Total Bills Filed: 651 | New Bills Filed: 26 | House 15 – Senate 11  
Bills added to State Chamber/AIA Tracking: 17 | Total Tracked Bills: 218

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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