

Visit our Website



93rd General Assembly Friday, March 5, 2021 – Session Day 54

***** CALL TO ACTION *****

***FEDERAL INCOME TAX SAVINGS FOR PASSTHROUGH ENTITIES**

Please ask your State Representative to support HB 1209. This bill is expected to be considered on the House floor Tuesday afternoon, March 9. It will require a 75% majority vote to pass.

HB 1209 by Rep. Joe Jett 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.

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%, which would allow the Arkansas taxes paid to 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 received a Do Pass recommendation from the House Revenue and Taxation Committee on March 4.

This is a State Chamber/AIA Priority Agenda bill we support.

TODAY AT THE CAPITOL

The House and Senate are in recess until 1 p.m. Monday, March 8.

YESTERDAY AT THE CAPITOL

***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.

Received a Do Pass recommendation from the House Judiciary Committee. This bill should be considered on the House floor early next week.

HB 1321 is a State Chamber/AIA Priority bill we support.

ARHOME – NEW MEDICAID EXPANSION PROGRAM*

SB 410 by Sen. Missy Irvin and Rep. Michelle Gray seeks to create the Arkansas Health and Opportunity for Me Act of 2021 (ARHOME), replacing the Arkansas Works Program for expanded Medicaid coverage. It creates incentives for individuals to gain qualified health insurance premium assistance.

Received a Do Pass recommendation from the Senate Insurance and Commerce

*Committee and should be considered on the Senate floor next week.
The State Chamber/AIA supports SB 410.*

** State Chamber/AIA Priority Agenda Bill | ^See Status Report link below for full bill summaries.*

NEW BILLS

COUNTY ASSESSORS USE OF INDEPENDENT CONTRACTORS

HB 1639 by Rep. Jack Fortner would authorize county assessors to enter upon and personally inspect property and extend that authority to employees and independent contractors of the county assessor's office.

This bill has been assigned to the House City, County & Local Committee.

PARTISIAN LOCAL ELECTIONS

HB 1655 by Rep. Jim Dotson would require an organized political party to conduct a party primary for a political subdivision of the state upon request of the subdivision.

This bill has been assigned to the House State Agencies Committee.

SCHOOL BOARD ELECTIONS

SB 472 by Sen. Jane English would set school board member terms at four years and set special school election dates for districts with average daily membership over 10,000 on the date of the preferential primary election or general election. It also provides that if an entire school district board of directors is elected during the same school election, the members will initially draw lots for two-year or four-year terms so that an equal number of positions are filled in each subsequent election and that in districts with average daily membership under 10,000, the election will be held in even-numbered years on the date of the preferential primary or general election, or on the date of the annual school election.

The bill has been assigned to the Senate Education Committee.

CHANGES TO ADFA

SB 471 by Sen. Dan Sullivan seeks to change the board composition and appointment process of the Arkansas Development Finance Authority. It would require housing-related tax credits to be awarded equally among the four congressional districts each year. It would add a member to the Board of Directors of the Arkansas Development Finance Authority, making it a 12-person board, and change the method of appointment, now requiring an equal number of appointments from the Governor, President Pro Tempore of the Senate, and the Speaker of the House. It also provides that if there are not enough applications in a given congressional district to use the amount of tax credits allocated to that district for that year, the unused credits will be carried forward to use in that district for one year before being allocated to any other district and that application for tax credits will be awarded to the highest-scoring applicant in each congressional district according to the scoring criteria in the authority's most recent Qualified Allocation Plan.

This bill has been assigned to the Senate Insurance & Commerce Committee.

SB 475 by Sen. Dan Sullivan would change the board composition and appointment process of the Arkansas Development Finance Authority and require housing-related tax credits to be awarded equally among the four congressional districts each year. It would add a member to the Board of Directors of the Arkansas Development Finance Authority, making it a 12-person board, and changes the method of appointment, now requiring an equal number of appointments from the Governor, President Pro Tempore of the Senate, and the Speaker of the House. It also provides that if there are not enough applications in a given congressional district to use the amount of tax credits allocated to that district for that year, the unused credits will be carried forward to use in that district for one year before being allocated to any other district and that application for tax credits will be awarded to the highest-scoring applicant in each congressional district, according to the scoring criteria in the authority's most recent Qualified Allocation Plan. The bill includes temporary language requiring the President Pro Tempore to appoint a public member within 30 days of enactment; current members may serve out their terms, and any vacancy thereafter will be filled according to the above procedures.

This bill has been assigned to the Senate Insurance & Commerce Committee.

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

NEXT WEEK AT THE CAPITOL

*CREATION OF INDEPENDENT TAX APPEALS COMMISSION^

HB 1468 by Rep. Joe Jett and Sen. Blake Johnson would create the Independent Tax Appeals Commission within the Department of the Inspector General to resolve disputes between taxpayers and the Department of Finance and Administration.

This bill is expected to be considered on March 9 in the House Revenue & Taxation Committee.

This is a State Chamber/AIA Priority bill, which we support.

*EXPANDING EXISTING SALES TAX EXEMPTION FOR PRINTING, EQUIPMENT & MACHINERY, CUSTOM MANUFACTURING^

HB 1596 by Rep. Joe Jett and Sen. Jonathan Dismang seeks to expand the existing sales and use tax manufacturing exemptions definition.

This bill has been assigned to the House Revenue & Taxation Committee and is expected to be considered on March 11.

HB 1596 is a State Chamber/AIA Priority Agenda bill that we support.

** State Chamber/AIA Priority Agenda Bill | ^See Status Report link below for full bill summaries.*

PENDING BILLS WE SUPPORT

*WORKERS COMPENSATION^

HB 1488 by Rep. Justin Gonzales and Sen. Ben Gilmore is designed to allow an employee to make a claim under workers' compensation for COVID-19 if the employee proves it is a workplace exposure. This provides protection for employers against workers' compensation claims becoming tort claims simply because the employer knows exposure to COVID-19 is possible, likely, or certain. Workers' Compensation is the exclusive remedy for workers injured on the job in Arkansas, which means that they cannot sue their employers in court for on-the-job injuries. The Arkansas Supreme Court has ruled that intentional acts by the employer are exempt from the exclusive remedy doctrine, allowing employees to sue employers in court for intentional acts.

Awaits consideration in the Senate Public Health, Welfare and Labor Committee.

HB 1488 is a State Chamber/AIA Priority bill we support.

COVID LIABILITY PROTECTION FOR HEALTHCARE WORKERS^

HB 1521 by Rep. Austin McCollum and Sen. Ben Gilmore will provide some level of protection against COVID-19 personal injury claims against healthcare workers for any damages, injuries, or death caused by or resulting from COVID-19.

Awaits consideration in the Senate Public Health, Welfare and Labor Committee.

The State Chamber/AIA supports HB 1521.

COVID LIABILITY PROTECTION FOR BUSINESSES^

HB 1487 by Rep. Justin Gonzales and Sen. Ben Gilmore will provide some level of protection against COVID-19 personal injury claims against businesses for any claims for damages, injuries, or death caused by or resulting from exposure to COVID-19.

This bill awaits consideration in the House Judiciary Committee.

The State Chamber/AIA supports this bill.

*INCOME TAX FILING DEADLINE CHANGE^

SB 420 by Sen. Jonathan Dismang and Rep. Joe Jett will set the deadline for state income tax returns following application for a federal extension to one month after the federal deadline for tax returns that have been granted federal extension.

This bill has been assigned to the Senate Revenue & Taxation Committee.

SB 420 is a State Chamber/AIA Priority Agenda bill that we support.

*PHASE OUT OF SOFT DRINK TAX

HB 1546 by Rep. Lanny Fite and Sen. David Wallace seeks to sunset the Soft Drink Tax Act by 2025 and distributes additional funds to offset the effect of phasing out the tax on the Arkansas Medicaid Program Trust Fund. Phase out begins tax year 2023. The bill

provides for transfer of funds to the Arkansas Medicaid Program Trust Fund for the fiscal year beginning July 1, 2022, \$4,108,00; 2023, \$16,022,000; for 2024, \$30,811,000; for 2025 and onward, \$39,438,000.

Testimony and member comments were heard on this bill on March 2 in the House Revenue & Taxation Committee. A vote will occur in the future.

The State Chamber/AIA supports this bill.

** State Chamber/AIA Priority Agenda Bill | ^See Status Report link below for bill summaries.*

BILLS WITH CONCERNS

We have been contacted about concerns on the following bills and in some cases about support. We would like to hear more information about each bill.

EMINENT DOMAIN – STATE AGENCIES

SB 334 by Sen. Bob Ballinger and Rep. Justin Gonzales would define abandoned property as commercial or residential property that has not been occupied or used for at least 1 year, has been cited for violations of housing, building, or fire codes that have not been remedied within 180 days from the date of citation, and has accrued at least 2 years of delinquent property taxes. It also would provide that a state agency must request an administrative warrant from a judge or magistrate to gain access to inspect a building on a property; provides that the judge may provide evidence of violation to the state agencies, of which the agency can then use as probable cause. Finally, it would allow for the owner of private property to bring a cause of action in circuit court to determine if his or her private property is lawfully being taken; provides that the burden of proof is borne by the state agency.

This bill received a Do Pass recommendation yesterday from the Senate Judiciary Committee and is on today's Senate Calendar to adopt an amendment.

EMINENT DOMAIN – LOCAL GOVERNMENTS

SB 335 by Sen. Bob Ballinger and Rep. Justin Gonzales seeks to place restrictions on the use of eminent domain by local governments and introduce numerous definitions to existing relevant laws. It would define abandoned property as commercial or residential property that has not been occupied or used for at least 1 year, has been cited for violations of housing, building, or fire codes that have not been remedied within 180 days from the date of citation, and has accrued at least 2 years of delinquent property taxes. It also would provide that a local government must request an administrative warrant from a judge or magistrate to gain access to inspect a building on a property; provides that the judge may provide evidence of violation to the local government, of which the agency can then use as probable cause. Finally it would allow the owner of private property to bring a cause of action in circuit court to determine if his or her private property is lawfully being taken; provides that the burden of proof is borne by the local government.

This bill received a Do Pass recommendation yesterday from the Senate Judiciary Committee and is on today's Senate Calendar to adopt an amendment.

RIGHT TO REPAIR

SB 332 by Sen. Missy Irvin and Rep. Jim Dotson seeks to require the original equipment manufacturer of digital medical equipment to make available to an independent repair provider for a medical facility or an owner of digital electronic equipment documentation, parts, service tools, etc. This would become effective on January 1, 2022.

This bill has been assigned to the Senate Public Health, Welfare and Labor Committee.

SB 461 by Sen. Trent Garner seeks to require original equipment manufacturers of farm equipment to make available on reasonable terms any documentation, tools, or parts, including software updates, necessary to maintain or repair the equipment. It would prohibit an original equipment manufacturer from intentionally abandoning or disrupting embedded software on older versions of equipment through a planned change or upgrades to firmware and provide that violation of this is an unfair and deceptive act as defined by the Deceptive Trade Practices Act, stating that all authority granted to the Attorney General under the Deceptive Trade Practices Act will be available for enforcement. It excludes the following: motor vehicle and equipment manufacturers or a motor vehicle dealer that is acting in the capacity of a motor vehicle manufacturer. It would

apply to farm equipment sold or in use on or after January 1, 2022.
This bill has been assigned to the Senate Agriculture and Economic Development Committee.

SCHOOL START DATE^

HB 1237 by Rep. Mark Lowery would authorize a school district's board of directors to implement an alternate school calendar and sets regulations on both alternate and regular calendars. It would require the first day of school for any district to be not earlier than the Monday before Labor Day and remove limits on the latest day school can start. It addresses multiple specifics related to the school year, instruction hours, etc.

This bill has been assigned to the House Education Committee.

SHIELDED OUTDOOR LIGHTING ACT CHANGES^

HB 1584 by Rep. Stephen Meeks seeks to amend the Shielded Outdoor Lighting Act, renaming it the Arkansas Nighttime Environment Protection Act.

This bill has been assigned to the House Public Health, Welfare and Labor Committee.

CIVIL EVICTION PROCESS^

HB 1563 by Rep. Jimmy Gazaway would establish a civil eviction process, including provisions on notice, complaint requirements, jurisdiction, civil pleadings, etc. and prohibits certain terms and conditions in rental agreements, and also creates a duty that the landlord maintain habitable premises. *This is a 20-page bill filed on February 25 and has seen no action yet. A summary of the bill is in the Status Report linked below.*

Added to the New Bills section today because we are interested in opinions about this bill.

CONSTITUTIONAL AMENDMENT REFERRALS

The House State Agencies Committee will begin reviewing the House Joint Resolutions next week. No votes will be taken. The bills that will heard in Monday's meeting are:

HJR 1001 – authorize the legislature to call a special session.

HJR 1006 – create a petition process for a special election to recall an elected official.

HJR 1009 – would remove the State Highway Commission's authority to administer the Highway Department and create a Secretary of Transportation.

HJR 1015 – would authorize the General Assembly to prescribe legal rules by a three-fifths vote.

To view a list of all Joint Resolutions, click [here](#).

STATUS REPORT: STATE CHAMBER/AIA PRIORITY AGENDA BILLS | SUPPORTED BILLS | OPPOSED BILLS

To view a list, summary and status of all bills that are part of our Priority Agenda, bills we support, bills we oppose, and bills we're watching, click [here](#).

STATE CHAMBER/AIA BILL TRACKING

Total Bills Filed: 1134 | New Bills Filed: Senate 14 | House 22

Bills and resolutions added to State Chamber/AIA Tracking: 16 | Total Tracked: 410

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

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.

State Chamber/AIA Governmental Affairs Team

- Randy Zook, President/CEO
rzook@arkansasstatechamber.com
- Kenny Hall, Executive Vice President
khall@arkansasstatechamber.com
- Andrew Parker, Director of Governmental Affairs
aparker@arkansasstatechamber.com
- Toni Lindsey, Director of Governmental Affairs
tlindsey@arkansasstatechamber.com

State Chamber/AIA phone: (501) 372-2222

State Chamber/AIA web site: www.arkansasstatechamber.com

To unsubscribe to *Daily Legislative Updates*, please e-mail Deb Mathis at dmathis@arkansasstatechamber.com and write "Unsubscribe Daily Legislative Update" in the subject box.

The Daily Legislative Update is written by Kenny Hall, reviewed by Randy Zook, then edited and distributed by Jeff Thatcher.



1200 W. Capitol Ave., P.O. Box 3645
Little Rock, AR 72203-3645

501-372-2222
FAX 372-2722

STAY CONNECTED



Arkansas State Chamber of Commerce/Associated Industries of Arkansas
1200 W. Capitol Ave., Little Rock, AR 72201
P.O. Box 3645, Little Rock, AR 72203
501-372-2222 | arkansasstatechamber.com