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## 93rd General Assembly Thursday, March 18, 2021 – Session Day 67

### TODAY AT THE CAPITOL

The House and Senate convened at 1 p.m. this afternoon.

#### Committee Meetings

7:30 a.m. – Joint Budget Committee-Administrative Rule Review Subcommittee

8:30 a.m. – Joint Budget Committee

9:30 a.m. – Senate Agriculture and City/County/Local | House Education

10:30 a.m. – Senate Transportation/Tech

2:00 p.m. – Senate State Agencies and Insurance/Commerce | House Tax, Judiciary and Health

### \*\*\* CALL TO ACTION \*\*\*

#### WORKERS' COMPENSATION – State Chamber Priority Agenda Bill

**SB 530** by Sen. Dave Wallace and Rep. Jack Ladyman seeks to decrease the amount of a workers' compensation third-party liability that an employer, carrier, or (newly added) self-insured carrier is entitled to, from two-thirds to one-half of the proceeds that remain after payment of costs. It also provides that the rights of the employer, carrier, or self-insured entity to recover benefits paid as a result of either settlement or judgment against the third party are absolute.

*This bill is expected to be considered Monday afternoon in the Senate Public Health, Welfare and Labor Committee. The State Chamber/AIA strongly supports **SB 530**.*

This is an important bill that requires a two-thirds majority to pass; your contacts are much needed.

### STATE CHAMBER/AIA PRIORITY AGENDA BILLS

To view a summary and the status of bills from the State Chamber/AIA's Priority Agenda, click [here](#).

### TODAY'S BILLS

#### UNEMPLOYMENT INSURANCE

**HB 1676** by Rep. Austin McCollum and Sen. Bart Hester would scale back the duration of unemployment compensation benefits in increments as indexed to the current unemployment rate. It would set the lower cap at 12 times the weekly benefit amount at or below 5.5 percent unemployment and sets the upper cap at 16 times the weekly benefit at more than 7 percent unemployment.

*This bill is on this afternoon's agenda in the House Public Health, Welfare and Labor*

Committee.

This is something that is being done in a few states and is intriguing to us. However, our plans are to consider something like this in the 2023 Legislative Session. DWS has a very antiquated computer system that is overwhelmed with the volume of pandemic claims and the numerous federal changes.

### **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.

*This bill is on this afternoon's agenda in the House Public Health, Welfare and Labor Committee.*

The State Chamber/AIA supports this bill.

### **FIREARMS IN VEHICLES ON BUSINESS PARKING LOTS**

**SB 555** by Sen. Alan Clark seeks to repeal and replace the subsection that prohibits employers from restricting the storage of firearms inside employees' cars in an employer parking lot. It exempts parking lots owned by the Department of Corrections or an entity contracting with a division of the department to provide work release or post-incarceration housing services. It provides that an employer has the right to prohibit firearms for the following circumstances: a person who is not an employee storing a firearm in an employee's vehicle, having a firearm if the employee is using an employer owned vehicle, the employee is the subject of an active or pending employment disciplinary proceeding, and from bringing a firearm on a parking lot if the premises is being used for residential housing.

*This bill received a Do Pass recommendation yesterday from the Senate Judiciary Committee and is on this afternoon's Senate Calendar.*

### **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 create a duty that the landlord maintain habitable premises.

*This bill received a Do Pass recommendation yesterday from the House Insurance and Committee and is on this afternoon's House Calendar to formally adopt an amendment.*

The State Chamber/AIA had concerns about this bill before it was amended. We do not have a report on the bill since it was amended.

### **CHANGES TO ADFA BOARD**

**SB 475** seeks to change the board composition and appointment process of the Arkansas Development Finance Authority and require house-related tax credits to be awarded equally among the four congressional districts each year.

*This bill is on the Senate Insurance and Commerce Committee agenda this afternoon.*

### **AUTONOMOUS VEHICLES**

**HB 1562** by Rep. Austin McCollum and Sen. Lance Eads would make various changes to autonomous vehicle regulations and limit local entities' authority to impose requirements. It also would authorize on-demand driverless capable vehicle networks, which may connect a passenger or goods to a fully autonomous vehicle.

*This bill is on this afternoon's House Calendar.*

We support this bill.

### **SPECIAL ELECTION LAWS**

**SB 496** seeks to make various changes to special election laws.

*This bill is on the Senate Calendar this afternoon.*

### **YESTERDAY'S BILLS**

#### **INDEPENDENT TAX APPEALS COMMISSION-State Chamber/AIA Priority Agenda bill**

**HB 1468** by Rep. Joe Jett and Sen. Jonathan Dismang is our bill that seeks to create an Independent Tax Appeals Commission. **HB 1705** is a technical companion bill. The Department of Finance and Administration (DFA) is the state's tax collection and audit

agency. When a taxpayer challenges a ruling by DFA, they have a hearing with a DFA hearing officer. If the taxpayer appeals that decision, it goes before a panel of DFA officials. As you might guess, DFA wins over 90 percent of these appeals.

*These bills were amended yesterday and are on this afternoon's House Calendar.*

The State Chamber/AIA supports **HB 1468 & HB 1705.**

### **SHARING TAXPAYER IDENTITY TO LOCAL GOVERNMENTS**

**SB 528** by Sen. Bill Sample would require the Department of Finance and Administration to provide reports to counties and cities containing data on sales tax rebates and credits awarded for local sales and use tax rebates, and for purchased property used in construction contracts. It would require the reports to be delivered electronically on a monthly basis and to include the name of the taxpayer and the amount of the credit or rebate awarded. The effective date would be January 1, 2022.

*This bill was heard yesterday morning in the Senate Revenue & Taxation Committee, but no vote was taken.*

We understand the challenges that local governments have with credits and rebates. We have offered an alternative process that protects the taxpayers' names and provides information to local governments. We are willing to continue to discuss a solution.

The State Chamber/AIA opposes the release of taxpayers' names.

### **RIGHT TO REPAIR – MEDICAL EQUIPMENT**

**SB 332** by Sen. Missy Irvin and Rep. Jim Dotson would 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 bill received a Do Pass recommendation yesterday afternoon from the Senate Public Health, Welfare and Labor Committee.*

### **CHANGES TO MINIMUM ROYALTY PAYMENTS**

**HB 1725** by Rep. Rick Beck seeks to clarify laws relating to the minimum royalty to be paid to a royalty owner from a gas drilling unit following an integration order including lawful deductions and leases with a working interest owner. It would remove language regarding lawful deductions including federal and state taxes levied and provide that the lawful deduction is established by the commission or a court of competent jurisdiction. It also provides that if a royalty owner has a lease with a working interest owner, the interest owner will pay the difference on the amount of the one-eighth royalty required; if a working interest owner markets the working interest owner's gas through the operator, the operator will distribute the difference on the amount of one-eighth royalty required.

This bill addresses a complicated statutory royalty framework whereby oil and gas working interest owners (industry owners of oil and gas leases from landowners) and the operator of a drilling and production unit share responsibility for paying a blended minimum royalty of one-eighth from gas sold by all interest owners to each royalty owner in the unit proportionately. The bill attempts to alter the existing statute to shift more expenses to the owners of oil and gas leases, and to provide the Oil and Gas Commission with authority to determine the meaning of royalty expense deduction provisions in oil and gas leases. The existing statutory scheme has been in place since 1985.

Concerns about this bill include: (1) it attempts to allow an administrative agency to adjudicate or override the provisions in a private contract; (2) it disturbs a longstanding statutory system that has been the basis of extensive financial investment in the Arkansas natural gas industry; (3) it would create an adverse business environment for future natural gas industry investment in Arkansas; and (4) it contains serious ambiguities that would be expected to generate a large volume of litigation against the oil and gas industry.

*This bill failed yesterday morning in the House Agriculture, Forestry and Economic Development Committee, but the committee leadership encouraged a compromise to be made. The sponsor then filed an amendment.*

We oppose this bill.

### **CLOSING OF AEDC CHINA OFFICE**

**SB 252** by Sen. Trent Garner would prohibit the Arkansas Economic Development Commission from establishing or maintaining an office in China and close any existing offices in China as of the effective date of the act.

*This bill did not receive a motion in the House Agriculture, Forestry and Economic*

*Development Committee yesterday.*  
The State Chamber/AIA opposes this bill.

## **NEW BILLS**

### **DIRECT SELLERS EXEMPT FROM EMPLOYMENT LAWS**

**SB 547** by Sen. Trent Garner and Rep. David Ray seeks to exempt a direct seller as defined in IRS code from employment laws including the Minimum Wage Act, Worker's Compensation Law, and the Division of Workforce Services Law.

*This bill has been assigned to the Senate Public Health, Welfare and Labor Committee.*  
We are investigating this bill.

### **TAX ON ELECTRONIC MONEY TRANSFERS**

**SB 545** by Sen. Trent Garner would levy a tax on electronic money transfers of \$5 per transfer plus one percent of the amount of transferred money that exceeds \$500. Uses the proceeds to fund a new Immigration Enforcement Training Grant Program. Excludes transfers of monies conducted by an entity whose deposits are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. Provides that a business that conducts electronic money transfers must remit the taxes collected to the Department of Finance and Administration. Requires one-third of the generated funds from the tax to be distributed to each of the following: Immigration Enforcement Training Grant Program Fund, Division of Arkansas State Police Fund, and the Law Enforcement Training Fund.

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

### **SALES TAX ON SOCIAL MEDIAL ADVERTISING**

**SB 558** by Sen. Trent Garner would levy a tax on social media platform advertising revenue, equal to seven percent of gross revenue for any platform with at least \$500,000 in Arkansas-based revenue, plus \$1 for each Arkansas account holder each year. It provides that 10 percent of the money generated will be deposited into the Division of Arkansas State Police Fun for the Division of Arkansas State Police to use in investigating and prosecuting of cybercrimes against children, and the remaining 90 percent will be deposited into the Arkansas Acceleration Fund to be used for rural broadband expenses by the Department of Commerce. The effective date would be the first day of the calendar quarter following the effective date of the act.

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

### **INCOME TAX CREDIT ON BROADBAND IMPROVEMENTS**

**HB 1771** by Rep. Stephen Meeks would create an income tax credit equal to 25 percent of the amount expended for installation, construction, reconstruction or erection of improvements or additions to broadband telecommunications services. It requires that the improvements result in service that has a download speed of at least 25 megabytes per second and services unincorporated areas of the state or municipalities that have a population of less than 10,000 and that the credit received may not exceed income tax due. Authorizes carryover for three years. Will be effective for tax years beginning on or after January 1, 2022.

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

**TO VIEW THE NEW BILLS ADDED TO OUR TRACKING TODAY, [CLICK HERE.](#)**

## **BILLS WE OPPOSE**

### **OCCUPATIONAL LICENSING**

**HB 1667** by Rep. Tony Furman would require all occupational licensing entities to recognize licenses from other states. A provision related to granting licenses to people coming from other states who do not have licensing has been removed by a sponsor's amendment. The bill defines "applicant" as an individual seeking an occupational or professional license.

*This bill awaits consideration in the House Public Health, Welfare and Labor Committee.*  
The State Chamber/AIA opposes this very broad bill.

## STATE CHAMBER/AIA BILL TRACKING

Total Bills Filed: 1347 | New Bills Filed: Senate 9 | House 15

Bills and resolutions added to State Chamber/AIA Tracking: 11 | Total Tracked: 498

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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