



Daily Legislative Update

Tuesday, February 24, 2015

44th Day of 90th General Assembly

STATE CHAMBER/AIA PRIORITY BILLS

TAXES

TAXPAYER FAIRNESS

SB 490 by Sen. Bill Sample, which was filed yesterday, is the third piece of our tax package. Rep. Ken Bragg is the House sponsor. The bill addresses issues such as pay to play, burden of proof, statutes of limitation and transparency. As filed, the bill contains a provision to lower the interest rate charged on delinquent taxes. Due to revenue concerns about lowering the interest rate, we plan to amend the bill and remove the interest rate reduction portion. We will then file the interest rate reduction as a separate bill.

MANUFACTURING REPAIR AND REPLACEMENT PARTS SALES TAX EXEMPTION SB

332 by Sen. Jake Files and Rep. Joe Jett remains on the Senate Revenue and Taxation Committee agenda. The bill seeks a further and complete reduction in the sales taxes paid by manufacturers on their repair and replacement parts. It would eliminate all but the constitutional sales taxes from 4.875 percent to 2.5 percent on July 1, 2015 and to zero on July 1, 2016. SB 332 would also eliminate the requirement that those seeking to take advantage of this tax exemption must have a direct pay sale and use tax permit from the Arkansas Department of Finance and Administration.

PROHIBIT CONTINGENT FEE AUDITS

SB 470 by Sen. Ronald Caldwell would prohibit state agencies and political subdivisions from engaging auditors or appraisers on a contingency fee basis. It is on the Senate State Agencies and Governmental Affairs Committee agenda.

UNEMPLOYMENT INSURANCE

Our Unemployment Insurance bill has been drafted and a couple technical corrections are being made. We expect it to be filed this week. It will be sponsored by Rep. Lane Jean and Senators Jim Hendren and Bart Hester. The bill will seek to reduce the expenses of the Arkansas Unemployment Insurance Trust Fund to help it attain and maintain solvency.

WORKERS' COMPENSATION


Our bill on Workers' Compensation is in the hands of lead sponsor Rep. Matthew Shepherd and will be co-sponsored by Sen. John Cooper. We are awaiting a draft that will be reviewed by our committee leadership and plan to have it filed next week. The bill offers a solution to the unfunded liability of the Workers' Compensation Commission's Death and Permanent Disability Trust Fund and would restore subrogation to workers' compensation cases.

TODAY AT THE CAPITOL

House convenes 1:30 p.m.

Senate convenes 1:30 p.m.

JOINT

8:00 AM	Room B, MAC	JBC-PERSONNEL	Agenda	
9:00 AM	Room A, MAC	JOINT BUDGET COMMITTEE	Agenda	

HOUSE

10:00 AM	Room B, MAC	PUBLIC TRANSPORTATION- HOUSE	Agenda
10:00 AM	Room 130	PUBLIC HEALTH, WELFARE AND LABOR COMMITTEE- HOUSE	Agenda
10:00 AM	Room 151	REVENUE & TAXATION- HOUSE	Agenda
10:00 AM	Room 149	JUDICIARY COMMITTEE- HOUSE	Agenda
10:00 AM	Room 138	EDUCATION COMMITTEE- HOUSE	Agenda

SENATE

10:00 AM	Room 309	AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT - SENATE	Agenda
10:00 AM	OSC	STATE AGENCIES & GOVT'L AFFAIRS-SENATE	Agenda
10:00 AM	Room 171	INSURANCE & COMMERCE - SENATE	Agenda

HIGHWAY BILL

HB 1346 by Rep. Dan Douglas was not debated in the House yesterday. It remains on today's House calendar. This bill would allocate monthly any sales and use tax revenue from various sources above \$2.2 billion to various entities for highway and road improvements.

BILLS OF INTEREST

GUNS ON EMPLOYERS' PROPERTY

SB 492 by Sen. Jimmy Hickey and Rep. DeAnn Vaught would prohibit most private employers from creating a policy that disallows concealed-carry permittees to keep a properly stored handgun in a vehicle on the employer's property.

OCCUPATIONAL AND PROFESSIONAL LICENSING

HB 1158 by Rep. Richard Womack would "allow a person to engage in a lawful occupation free from unnecessary regulation." The bill received a Do Pass recommendation from the House Public Health, Welfare and Labor Committee on February 12 and was passed over on the House Calendar February 17. It is not currently on the House Calendar. We understand a significant amendment is being developed.

The State Chamber/AIA worked with more than two dozen associations to quickly form a coalition that had major concerns with this bill last week. The coalition members understand that there are always overreaches in government administration and the licensing operation in Arkansas is no exception. To that extent, it is not the business community's intent to stand in the way of responsible free-market and regulatory reforms. However, this bill is much too broad and "throws the baby out with the bath water." A better policy approach would be to identify those occupations with rules that are indeed punitive or anti-competitive and address them individually. This bill, as currently written, makes no attempt to determine which, if any, of the current licensing requirements are not needed to protect the public; it simply throws all of them into question.

The State Chamber/AIA would be delighted to host a meeting of the coalition with the bill's supporters to discuss concerns about the bill's intent.

The Arkansas Automobile Dealerships Association and Middleton Heat & Air have now joined the Arkansas State Chamber of Commerce, Associated Industries of Arkansas, Inc., Associated General Contractors of America, Associated Builders & Contractors, American Council of Engineering Companies of Arkansas, Arkansas Education Association, Arkansas Home Builders Association, Arkansas HVACR Association, Arkansas Society of Professional Surveyors, Arkansas Society of CPAs, Arkansas Society of Professional Engineers, Arkansas Speech-Language-Hearing Association, Brown Engineers, LLC, Cross, Gunter, Witherspoon and Galchus, P.C., Garver USA, McMillan, McCorkle, Curry & Bennington, LLP, Snyder Environmental, Wholesale Beer Distributors Association, Arkansas Optometric Association, Arkansas Fire Sprinkler Association, Arkansas State Dental Association, American Institute of Architects-Arkansas Chapter, Nabholz Construction, Arkansas Bar Association, AFCO Steel, Pack Engineering, Inc., Arkansas Realtors Association, Little Rock REALTORS® Association, McGoodwin, Williams and Yates, Inc., Arkansas Environmental Federation, Arkansas Pest Management Association, Arkansas Chapter of Appraisal Institute, Greater Hot Springs Chamber of Commerce, Little Rock Regional Chamber of Commerce, Fayetteville Chamber of Commerce, Rogers-Lowell Area Chamber of Commerce and Southland Racing and Gaming in this coalition.

If your business or organization would like to join this coalition, please email Kenny Hall at khall@arkansasstatechamber.com

HUMAN RESOURCES ISSUES

Rep. Greg Leding has some bills that we have been reporting about in previous updates. Rep. Leding advised over the weekend that he has amendments coming for three bills we have been watching closely and asked about our views on a fourth.

Initial discussions yesterday with some of our members indicated that the expected amendments will NOT relieve all of businesses' concerns about most of these bills. When we get the amendments, they will be shared and studied.

The bills where concerns are likely to remain after amendments are:

HB 1275 provides tax credits of up to \$4,000 per employee per year for employers who provide family and medical leave to employees, providing that under the \$4,000 limit, the credit shall be equal to 25 percent of the wages paid to the employee while on leave.

HB1276 requires employers with more than four employees to provide a detailed pay stub to each of their employees on at least a monthly basis. Although a few other states have similar provisions, we are getting many questions about what this bill's language actually means.

HB 1277 requires employers, in a dispute with an employee, to pay all wages that the employer concedes are due to the employee without condition. This bill also requires an employer to pay employees on their last day of work. An amendment is being put together to make the payment requirement for employees that have left employment to be made at the next pay period. It appears this will not solve business concerns.

Until we see the amendment, we will not be able to fully determine a position on **HB 1274** that would provide a \$150,000 award for certain public employees killed in the line of duty for firefighters who are employed for 10 years, are at least 68 and are killed by certain diseases know to be more common among firefighters. Rep. Leding said he has worked out a compromise with some folks that removes the presumptive language. Our primary concern was with the presumptive language that could set a precedent for other applications.

NET OPERATING LOSS CARRY FORWARD

HB 1431 by Rep. Micah Neal seeks to extend the state's income tax's net operating loss (NOL) carry-forward provisions. The federal government allows businesses 20 years to offset future gains against past losses. Arkansas is in the bottom 10 in the country on the length of time allowed for NOL offset. This bill seeks to add an additional one year annually to a maximum of 10 years by 2020. Ten years would still leave Arkansas in the bottom 10 nationally but would certainly be an improvement. This is an issue of priority for the State Chamber/AIA's Tax Committee. We planned to file a bill that sought an extension to 15 years with a one-year look back but the estimated cost was more than the legislature could afford in light of the current budget status. Rep. Neal came forward with this option and we agreed to join.

STATE CHAMBER/AIA BILL TRACKING

To date, the House has filed 434 bills and the Senate has filed 494 bills.

The State Chamber/AIA is tracking 231 bills and resolutions.

New bills added to State Chamber/AIA tracking today:

[HB 1426](#) [Tucker, Clarke \(D\)](#) Provides paid maternity leave for state employees employed full-time and continuously employed by for at least one year by the same employer.

[HB 1427](#) [Jett, Joe \(D\)](#) Updates the Arkansas Tax-Deferred Tuition Savings Program to reference the Internal Revenue Code provisions in effect as of January 1, 2015.

[HB 1428](#) [Jett, Joe \(D\)](#) Exempts from sales and use tax the purchase of electricity, liquefied petroleum gas and natural gas used by an irrigation well or a rice well.

[HB 1429](#) [Jett, Joe \(D\)](#) Extends state tax incentives to qualified steel

manufacturers in the state.

HB 1430	Neal, Micah (R)	Allows the carry-over of net operating losses for six years beginning with tax year 2016, increasing annually to ten years beginning with tax year 2020.
HB 1431	Neal, Micah (R)	Allows the carry-over of net operating losses for six years beginning with tax year 2016, increasing to seven years beginning with tax year 2017.
HB 1433	Jett, Joe (D)	Excerpts from the definition of "public utility" persons or corporations that furnish compressed natural gas as a motor fuel to the public.
HB 1434	Ballinger, Bob (R) Stubblefield, Gary (R)	Requires a court to order the interception of a defendant's state income tax return when an unpaid victim who is due restitution petitions the court through a prosecuting attorney.
SB 487	Rapert, Jason (R) Douglas, Dan (R)	Adds pharmacy benefits managers to definition of third-party administrator for self-insured plans, multiple employer trusts or multiple employer welfare arrangements.
SB 488	Rapert, Jason (R)	Prohibits enforcement of a clause in a construction contract that makes a conflict arising under the contract subject to another state's laws or requires litigation or arbitration under the contract be conducted in another state.
SB 490	Sample, Bill (R)	Makes various changes to the administration of state taxes, including conforming due dates, eliminating prepayment conditions for appeal, adopting market interest rates, more.
SB 492	Hickey, Jimmy (R) Vaught, DeAnn (R)	Prohibits most private employers from creating a policy that disallows concealed-carry permittees to keep a properly stored handgun in a vehicle on the employer's property.

For the complete, searchable list of bills being tracked, please visit our [tracking site](#). The full text of each bill is available at the site.

TOMORROW AT THE CAPITOL

Committee Meetings for Wednesday, February 25, 2015

JOINT

9:00 AM	Room A, MAC	<u>JOINT BUDGET COMMITTEE</u>
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HOUSE

10:00 AM	Room 149	<u>INSURANCE & COMMERCE- HOUSE</u>	<u>Agenda</u>
10:00 AM	ROOM B, MAC	<u>CITY, COUNTY & LOCAL AFFAIRS COMMITTEE- HOUSE</u>	<u>Agenda</u>
10:00 AM	Room 130	<u>AGING, CHILDREN AND YOUTH, LEGISLATIVE & MILITARY AFFAIRS- HOUSE</u>	<u>Agenda</u>
10:00 AM	Room 151	<u>STATE AGENCIES & GOVT'L AFFAIRS- HOUSE</u>	<u>Agenda</u>
10:00 AM	Room 138	<u>AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT- HOUSE</u>	<u>Agenda</u>
12:00 PM	Room B, MAC	<u>HOUSE RULES</u>	<u>Agenda</u>

SENATE

10:00 AM	Room 207	<u>EDUCATION COMMITTEE - SENATE</u>	<u>Agenda</u>
10:00 AM	OSC	<u>REVENUE & TAX - SENATE</u>	<u>Agenda</u>
10:00 AM	Room 171	<u>JUDICIARY COMMITTEE - SENATE</u>	<u>Agenda</u>
10 Minutes upon Adjournment	Room B, MAC	<u>TRANSPORTATION, TECHNOLOGY & LEGISLATIVE AFFAIRS - SENATE</u>	<u>Agenda</u>

LEGISLATIVE SESSION CONTACT INFORMATION

State Senators: 501-682-2902

State Representatives: 501-682-6211

To view schedules, calendars, bill information and legislator information, visit:

www.arkleg.state.ar.us.

To view live stream video and audio from the Arkansas House of Representatives,
visit www.arkansashouse.org.

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