



Daily Legislative Update

Thursday, February 26, 2015

46th Day of 90th General Assembly

STATE CHAMBER/AIA PRIORITY BILLS

TAXES

TAXPAYER FAIRNESS

SB 490 by Sen. Bill Sample and Rep. Ken Bragg seeks to eliminate requiring taxpayers to pay taxes before they can challenge a tax ruling, lessen the burden of proof for taxpayers, adjust application of statute of limitations, create transparency in DFA rulings, move the corporate income tax filing date to one month after IRS filing and other provisions. It is on the Senate Revenue and Taxation Committee agenda. We plan to remove a provision to lower the interest rate charged on delinquent taxes due to state revenue and budget concerns. We'll 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 is in the Senate Revenue and Taxation Committee and testimony will be taken next Wednesday, March 4. 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 Sales and Use Tax Permit from the Arkansas Department of Finance and Administration. DFA has presented an option for us to consider on the Direct Pay Sales and Use Tax Permit that we are evaluating.

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. We are investigating concerns raised by State Auditor staff. It is on the Senate State Agencies and Governmental Affairs Committee agenda.

UNEMPLOYMENT INSURANCE

Our Unemployment Insurance bill is still in drafting. We are anxious to see it filed. It will be sponsored by Rep. Lane Jean and Senators Jim Hendren and Bart Hester. The bill seeks 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

Senate convenes 11:00 a.m.

House convenes 1:30 p.m.

JOINT

7:30 AM Room B, MAC [JBC-PERSONNEL](#) [Agenda](#) 

9:00 AM Room A, MAC [JOINT BUDGET COMMITTEE](#) [Agenda](#) 

9:30 AM Room 171 [JOINT COMMITTEE ON CONSTITUTIONAL AMENDMENTS](#) [Agenda](#)

HOUSE

10:00 AM Room 130 [PUBLIC HEALTH, WELFARE AND LABOR COMMITTEE- HOUSE](#) [Agenda](#)

10:00 AM Room 149 [JUDICIARY COMMITTEE- HOUSE](#) [Agenda](#)

10:00 AM Room 138 [EDUCATION COMMITTEE- HOUSE](#) [Agenda](#)

SENATE

10:00 AM OSC [STATE AGENCIES & GOVT'L AFFAIRS-SENATE](#) [Agenda](#)

10:00 AM Room 309 [AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT - SENATE](#) [Agenda](#)

10:00 AM Room 272 [CITY, COUNTY & LOCAL AFFAIRS COMMITTEE - SENATE](#)

[Agenda](#)

10:00 AM Room 171 [INSURANCE & COMMERCE - SENATE](#)

[Agenda](#)

FIREFIGHTER DEATH BENEFIT

HB 1274 was amended and received a Do Pass recommendation from the House State Agencies and Governmental Affairs Committee yesterday. The bill would provide a \$150,000 award for certain public employees killed in the line of duty and for firefighters with specific guidelines for eligibility. As originally filed, the bill created a presumption that certain cancers were work-related. The amendment modifies the language of the presumption and sets forth a review panel. We have not yet received an analysis from employment attorneys about this bill as amended. It is on the House Calendar for a vote this afternoon.

PROJECT LABOR AGREEMENTS

SB 426 by Sen. Jon Woods and Rep. Bruce Cozart would prohibit public agency construction contracts from containing terms or bid specifications that encourage or discourage potential contractors from entering into collective bargaining agreements. It received a Do Pass recommendation from the Senate Public Health, Welfare and Labor Committee yesterday. [The State Chamber/AIA supports this bill.](#)

Project Labor Agreements (PLA) were established decades ago to help trade unions cooperate when a significant percentage of the private construction workforce was unionized. Today PLAs are nothing more than wasteful market recovery programs for unions that need to rebuild their membership.

Government required PLA's give favor to contractors that agree to use organized labor. If a PLA is required on government-funded or assisted projects in Arkansas, this would make it nearly impossible for the 97.4 percent of the construction workforce in the state to compete on an equal basis for construction projects. Common PLA provisions increase construction costs by reducing competition from qualified merit shop contractors. As a result, PLAs are known to increase costs by as much as 20 percent.

In 2005, Governor Mike Huckabee issued an executive order banning PLA mandates on state and state-funded construction projects. This made Arkansas one of the first states to take action on this issue. This order is still in place today. It protects taxpayers and the construction industry. SB 426 seeks to codify into statute the executive order to ensure that fair and open competition for taxpayer-funded construction remains the law of the land in Arkansas.

Since 2010, 17 states have banned PLA mandates through either executive order or enacting statutes. A total of 21 states ban PLAs.

CONSTITUTIONAL AMENDMENT PROPOSALS

An organizational meeting of the Joint Committee on Constitutional Amendments will take place this morning at 9:30 a.m. in Room 171 in the State Capitol.

The House State Agencies Committee was scheduled to meet yesterday afternoon to start consideration of House Joint Resolutions that propose amendments to the state's constitution. The legislature can refer up to three such proposals to the 2016 General Election Ballot. We do not have a report on any committee action. The bills that were scheduled to be considered included:

HJR 1012 by Rep. Nate Bell would authorize the General Assembly to enact laws declaring a lone candidate for office to be elected without appearing on the election ballot. The State Chamber supports this resolution.

HJR 1002 by Rep. Dan Douglass would eliminate the Fiscal Sessions. The State Chamber supports this resolution.

HJR 1008 by Rep. Mickey Gates would repeal the requirement that public notices be printed in newspapers and allows the General Assembly to set the manner in which required public notices will be published. The State Chamber opposes this resolution.

HJR 1021 by Rep. Greg Leding would exempt from personal property tax that property consumed in the normal daily operations of a business. The State Chamber supports this resolution.

HJR 1007 by Rep. Mark Lowery requires voters to present valid government-issued ID before receiving a ballot. The State Chamber has no position on this resolution.

Amendments have been filed to HJR 1027, SJR 2 and SJR 5.

HJR 1027 by Rep. Jack Ladyman, as filed, would increase the terms of circuit clerks and county judges from two to four years. The State Chamber supports this resolution.

SJR 2 by Sen. Alan Clark and Rep. Kim Hammer, as filed, would limit legislators to serving five terms in the House and three terms in the Senate but no more than 16 years of combined service. The State Chamber does not favor this proposal because of the term limit changes (service limited to 16 years in either chamber) adopted by voters in 2014.

SJR 5 by Sen. Bryan King, as filed, would increase from two to four years the terms of elected county officials. The State Chamber supports this resolution

EMISSIONS PLAN FOR POWER PLANTS

SB 183 by Sen. Eddie Joe Williams, which has been amended four times, received a Do Pass recommendation from the Senate Committee on Public Health, Welfare and Labor. As filed, this

bill required a state implementation plan for carbon dioxide reductions and limited rate increases for electric users. It is on this morning's Senate Calendar.

BILLS OF INTEREST

GUNS ON EMPLOYER'S PROPERTY

SB 492 by Sen. Jimmy Hickey and Rep. DeAnn Vaught was defeated in the Senate Judiciary Committee yesterday. The bill would authorize employees with concealed carry permits (CHCL) to keep a handgun locked and stored out of site in a vehicle on the employer's property, but not in company cars. Sen. Hickey has the option to bring the measure before the committee for another vote.

SB 573 by Sen. Alan Clark would prohibit a private employer from prohibiting or attempting to prevent an employee who is a concealed-carry licensee from having a handgun in his or her private vehicle on the employer's parking lot. The bill is on the Senate Judiciary Committee agenda.

Passage of a "parking lot" bill is a high priority for the National Rifle Association (NRA). The State Chamber/AIA opposes both of these bills because we believe the business owner's private property rights should supersede the individual's lawful right to possess a firearm.

HIGHWAY BILL

HB 1346 by Rep. Dan Douglas has been pulled from the House calendar. HB 1346 would allocate monthly any sales and use tax revenue from various sources above \$2.2 billion to various entities for highways and roads improvements. Rep. Douglas continues to meet with interested parties and discussions regarding the bill are ongoing.

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.

The State Chamber/AIA and the coalition members listed below believe the bill as filed was much too broad and "throws the baby out with the bath water" in an attempt to address individual claims of overreaching government regulation.

A meeting with the bill's lead sponsor was postponed yesterday due to the weather. It will be rescheduled very soon.

The Arkansas Asphalt Pavement Association has 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, Southland Racing and Gaming, Arkansas Automobile Dealerships Association, Middleton Heat & Air, Arkansas Construction Education Foundation and Covenant Medical Benefits 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's bills which we have been reporting about continue to be of concern to the business community and remain on committee agendas.

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. This bill appears to create a revenue issue for the state as well as a potential for expansion of employers' leave provisions. We are looking more closely at this bill that is on the House Revenue and Taxation Committee agenda.

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. We have received questions about what many of the terms in this bill mean and how employers might satisfy the requirements. The bill is on the House Public Health, Welfare and Labor Committee agenda.

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. The sponsor plans to amend this bill to remove a requirement that an employer pay employees on their last day of work to requiring employers to pay the former employee on the next scheduled pay date. However, such an amendment does not alleviate the primary concerns from the HR community. Creating a mandatory artificial due date for paying *any* employee outside process is a problematic issue. Also, there is already a law that sets a timeline by which non-exempt employees must be paid (every two weeks). This bill's change is inconsistent with the normal payroll provision. HB 1277 is also on the House Public Health, Welfare and Labor Committee agenda.

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 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. The State Chamber/AIA supports this bill. 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. HB 1431 is on the House Revenue and Taxation Committee agenda.

STATE CHAMBER/AIA BILL TRACKING

To date, the House has filed 454 bills and the Senate has filed 619 bills.

The State Chamber/AIA is tracking 249 bills and resolutions.

New bills added to State Chamber/AIA tracking today:

HB 1441	Baine, John (D) Woods, Jon (R)	Adds freedom from discrimination because of age to the Arkansas Civil Rights Act.
HB 1448	Broadaway, Mary (D)	Statute of Limitations (Intentional Torts Exempted)
HB 1451	Douglas, Charlotte (R)	Exempts manufacturer's rebates on motor vehicles from state sales and use tax.
SB 541	Rapert, Jason (R)	Creates regulation of civil proceeding advance payment providers; prescribes deposit and use of fees and civil penalties collected by the Securities Department for services to such providers.
SB 560	Clark, Alan (R)	Exempts from sales and use tax those goods withdrawn from stock for use as a charitable gift to public schools, nonprofit churches and private individuals who have suffered loss as the result of a natural disaster.
SB 570	Sample, Bill (R)	Limits the use of the historic rehabilitation income tax credit to once each 24-month period for each eligible property.

- [SB 573](#) [Clark, Alan \(R\)](#) Prohibits a private employer from prohibiting or attempting to prevent an employee who is a concealed carry licensee from having a handgun in his or her private vehicle on the employer's parking lot.
- [SB 574](#) [Ingram, Keith \(D\)](#) Amends provisions relating to metal theft and creates a metal theft task force. (Shell bill)
- [SB 592](#) [Johnson, David \(D\)](#) [Tucker, Clarke \(D\)](#) Defines community net-metering as a facility that serves energy needs of two or more net-metering customers residing in a single community and requires electric utilities to connect to community net-metering facilities.
- [SB 600](#) [Johnson, Blake \(R\)](#) Requires the Department of Workforce Services to establish a two-year pilot program of drug testing applicants for Temporary Assistance for Needy Families benefits.
- [SB 613](#) [Irvin, Missy \(R\)](#) [House, Douglas \(R\)](#) Creates the Unpaved Roads Program to provide incentive grants and public-private partnership arrangements to assist counties in funding unpaved road projects.

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 Friday, February 27, 2015

JOINT

None listed.

HOUSE

9:00 AM	Room 151	STATE AGENCIES & GOV'T'L AFFAIRS- HOUSE	Agenda
9:00 AM	Room 149	INSURANCE & COMMERCE- HOUSE	Agenda
9:00 AM	Room 130	AGING, CHILDREN AND YOUTH, LEGISLATIVE & MILITARY AFFAIRS- HOUSE	Agenda

SENATE

None listed.

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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