



Daily Legislative Update

Wednesday, February 25, 2015

45th 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 tax payers, 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 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 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. It is on the Senate State Agencies and Governmental Affairs Committee agenda. We learned yesterday that there had been some miscommunication and misunderstanding regarding this bill that we are working to get resolved.

UNEMPLOYMENT INSURANCE

We are still awaiting technical corrections to be made to our Unemployment Insurance bill to be completed. We are anxious to see it filed. 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

None listed.

HOUSE

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

SENATE

10:00 AM	Room 171	JUDICIARY COMMITTEE - SENATE	Agenda
10:00 AM	Room 272	PUBLIC HEALTH, WELFARE AND LABOR COMMITTEE - SENATE	Agenda
10:00 AM	OSC	REVENUE & TAX - SENATE	Agenda
10:00 AM	Room 207	EDUCATION COMMITTEE - SENATE	Agenda
10 Minutes upon Adjournment	Room 309	TRANSPORTATION, TECHNOLOGY & LEGISLATIVE AFFAIRS - SENATE	Agenda
Upon Adjournment	Room 171	JUDICIARY COMMITTEE - SENATE	

HIGHWAY BILL

HB 1346 by Rep. Dan Douglas was passed over again on the House calendar 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.

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 is expected to be heard in the Senate Public Health, Welfare and Labor Committee this morning. [The State Chamber/AIA supports this bill.](#)

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

When a government entity requires a PLA on a construction project, the playing field is tilted in favor of 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.

The provisions commonly included in PLAs 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, and needs to be codified into statute to ensure that fair and open competition for taxpayer-funded construction stays 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

The House State Agencies Committee is scheduled to meet this afternoon following adjournment of the House 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. Today the committee will consider:

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.](#)

BILLS OF INTEREST

GUNS ON EMPLOYERS' PROPERTY

SB 492 by Sen. Jimmy Hickey and Rep. DeAnn Vaught is the "parking lot" bill that 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. This is an NRA-backed bill. It is on the Senate Judiciary Committee agenda. [The State Chamber/AIA opposes](#) this bill because we believe the business owner's private property rights should supersede the individual's lawful right to possess a firearm.

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.

The bill’s lead sponsor has agreed to meet with the State Chamber/AIA and the coalition this afternoon to discuss plans for an amendment to this bill. We are delighted that the sponsor has agreed to meet and discuss his goals and our concerns.

The Arkansas Construction Education Foundation 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 and Middleton Heat & Air 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 of which we have been reporting continue to be of concern to the business community.

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.

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.

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 the normal payroll 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 that provision.

HB 1274 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 known to be more common among firefighters. Rep. Leding has provided a proposed amendment to removes the bill's language that created a presumption that any cancer diagnosis by a firefighter was work-related. This presumption is our primary concern with this bill. We are evaluating the amendment.

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 440 bills and the Senate has filed 554 bills.

The State Chamber/AIA is tracking 238 bills and resolutions.

New bills added to State Chamber/AIA tracking today:

- [HB 1436](#) [Hodges, Grant \(R\)](#) Defers a portion of severance tax revenue to the Arkansas State Highway and Transportation Department for road and bridge repair, maintenance and grants.
- [SB 509](#) [Clark, Alan \(R\)](#) Creates a Class D felony for dissemination of electronic communication without the consent of the person who originated the communication, when the purpose is to influence a legislator's floor or committee vote.
- [SB 527](#) [Clark, Alan \(R\)](#) Requires out-of-state retailers making a sale of \$500 or more to an Arkansas resident via the Internet to notify the buyer that the purchase is subject to the Arkansas use tax and to file an annual report of such sales.
- [SB 529](#) [Burnett, David \(D\)](#) [Rushing, Laurie \(R\)](#) Provides that judgment liens on real estate are not revived or extended by acts or circumstances that may toll or renew the limitations period of the judgment.
- [SB 540](#) [Files, Jake \(R\)](#) [Pitsch, Mat \(R\)](#) Requires entities that receive funds from the state to use competitive sealed bidding for contracts to plan, design, build or repair water, wastewater or storm water drainage projects; sets standard for acceptable piping material.
- [SB 542](#) [Rapert, Jason \(R\)](#) [Douglas, Dan \(R\)](#) Requires pharmacy benefits managers to provide to individuals receiving service a report of benefits by individual claim; prescribes contents of report; prohibits a change in provider without express consent of the individual.
- [SB 554](#) [Sanders, David \(R\)](#) Defers the first 4 1/2 mills of each gas assessment levied by the Oil and Gas Commission to general revenue, with the balance of assessments collected to the Commission.

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 Thursday, February 26, 2015

JOINT

7:30 AM	Room B, MAC	JBC-PERSONNEL	Agenda 
9:00 AM	Room A, MAC	JOINT BUDGET COMMITTEE	
9:30 AM	Room 171	JOINT COMMITTEE ON CONSTITUTIONAL AMENDMENTS	Agenda

HOUSE

10:00 AM	Room B, MAC	PUBLIC TRANSPORTATION- HOUSE	Agenda
10:00 AM	Room 138	EDUCATION COMMITTEE- HOUSE	Agenda
10:00 AM	Room 149	JUDICIARY COMMITTEE- HOUSE	Agenda
10:00 AM	Room 151	REVENUE & TAXATION- HOUSE	Agenda
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10:00 AM	Room 171	INSURANCE & COMMERCE - SENATE	Agenda
10:00 AM	Room 272	CITY, COUNTY & LOCAL AFFAIRS COMMITTEE - SENATE	Agenda

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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