



## Daily Legislative Update

Tuesday, March 31, 2015

79<sup>th</sup> Day of 90<sup>th</sup> General Assembly

### TODAY AT THE CAPITOL

Senate convenes at 1:00 p.m.

House convenes at 1:30 p.m.

***To view the most current and complete Legislative meeting schedule, go to:***

[www.arkleg.state.ar.us](http://www.arkleg.state.ar.us)

A few committees are meeting today, but most have stopped meeting other than to deal with amendment concurrences or correcting amendments. The Joint Budget Committee is not meeting today. Adjournment by Thursday is expected.

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

**Ask your legislators to support SJR 16**

### ECONOMIC DEVELOPMENT

**SJR 16** by Sen. Jon Woods and Rep. Lance Eads is an effort to improve economic development in Arkansas. Gov. Hutchinson endorsed this provision last week along with SJR 3 by Sen. Eddie Joe Williams to aid economic development efforts in Arkansas. SJR 3 would remove the historic provision that strips the Governor of his powers and duties while absent from the state.

The State Chamber/AIA supports this effort and your contacts are helping the process. Please continue to ask your legislators to support SJR 16 and SJR 3.

We incorrectly reported yesterday that there would be a joint meeting of the House and Senate State Agencies Committees. Both committees met individually and are scheduled to meet individually this morning.

The effort to gain support for SJR 16 and SJR 3 is creating much legislative negotiation. A joint meeting is still not shown on the legislative website, but we hear that a joint meeting might occur today.

SJR16 gives a common definition of Economic Development, Economic Development Infrastructure, and Economic Development Services across all three of these areas addressed in Article 12 Section 5, Amendment 82, and Amendment 62 of the Arkansas Constitution. Having this common definition takes away the different uses of these amendments and allows for any of the three to be used, together or independently.

This amendment will allow for cities and municipalities to "participate" in Economic Development Infrastructure. Article 12 Section 5 has prohibited this type of activity.

This amendment will also remove the 5 percent cap (to the state budget) on Super Project General Obligation Bonds issued under Amendment 82. This will basically remove the total cap of about \$250-plus million on these projects and allow the legislature to determine whether the incentive should be offered based on the impact of the project. There is currently only about \$30-\$40 million left available with the 5 percent limit (if projects in the pipeline come to fruition). Some recent tweaking of enabling legislation has provided for another \$60-\$65 million, giving the State about \$100 million for super projects over the next 18 months (until this amendment is passed in the November 2016 General Election).

This amendment will allow cities and municipalities to use the bonding capacity of Amendment 62 for economic development projects, as defined by the amendment. In other words, with voter approval cities can sell bonds to offer infrastructure and incentives to companies.

Finally, and most importantly, this will give a clear, legal way for 20 cities and five counties across Arkansas to spend funds already collected by existing economic development sales taxes. Currently, most of the expenditures from these funds for projects or services are constitutionally suspect.

Please email, text or call your legislators immediately and ask them to support SJR 16. Email addresses can be found at [www.arkleg.state.ar.us](http://www.arkleg.state.ar.us), or you can leave a message for your Senator by calling 501-682-2902 and your Representative by calling 501-682-6211.

## **PRIORITY BILLS**

### **CAPITAL GAINS INCOME TAX EXEMPTION**

**HB 1402** by Rep. Matthew Shepherd and Sen. Jake Files seeks to restore the capital gains tax reduction adopted in the 2013 session that was reduced at the beginning of the 2015 session. The bill received a Do Pass recommendation from the Senate Revenue and Taxation Committee yesterday. It is on today's Senate calendar. The State Chamber/AIA supports this bill.

## MANUFACTURING REPAIR AND REPLACEMENT PARTS SALES TAX EXEMPTION

**SB 332** by Sen. Jake Files and Rep. Joe Jett will provide a Limited Direct Pay Sales Tax Permit for manufacturers to claim a sales tax reduction adopted in 2013 on their repair and replacement parts. The bill passed the House yesterday by a vote of 80-3. It will now be sent to the Governor for his signature. This bill was a State Chamber/AIA priority issue.

## BILLS TO BE CONSIDERED TODAY

### EMINENT DOMAIN

**HB 1908** by Rep. Rick Beck is on today's House calendar to concur in a Senate amendment. The House Judiciary Committee concurred in the amendment yesterday. As amended, it requires a circuit court to impanel a 12-person jury to determine compensation in eminent domain cases. It also makes the state liable to the owner for court/attorney costs when the final compensation is 20 percent or more above the entity's initial assessment, changes property owner's right to "market value compensation" to "just compensation" and requires the assessment of the just compensation to be provided to the property owner or filed with the complaint for condemnation when the owner can't be located. Yesterday's amendment adds Sen. Hutchinson and Rep. Drown as co-sponsors; and provides that awards of costs, expenses, or attorney's fees under this bill in a condemnation act brought by a county or municipality are governed by the laws that authorize the condemnation action. The State Chamber/AIA has concerns about this bill.

### LOSER PAYS

**SB 761** by Sen. Jim Hendren and Rep. Dan Douglas failed on a roll call vote in the House Judiciary Committee yesterday. It will be considered again this morning. The bill seeks to discourage frivolous claims in Arkansas Courts. This rule essentially requires that litigation costs be assessed in favor of a party that successfully seeks dismissal of a claim that does not have a basis in fact or law. These recoverable costs include reasonable and necessary attorney fees and are capped at \$10,000.

### ETHICS

**SB 967** by Sen. Jon Woods and Rep. Warwick Sabin is legislation related to Issue 3 that was adopted by Arkansas voters at the 2014 General Election. It increases the maximum campaign contribution from \$2,000 to \$2,700 per election and sets up an automatic increase process that will occur every two years. It adds members of the judiciary to the list of elected officials that cannot receive gifts. It provides details about "planned activities" in which legislators and others can receive food and drink. Such activities must include notice to the entire group and lobbyists can only host one activity for the same group within seven days. It defines available defenses to

claims of receipt of illegal gifts and limits campaign signs on candidate vehicles to 12x12 inches. It also addresses carryover use of certain campaign materials. It will be considered today in the Senate State Agencies Committee.

## **LEGISLATIVE REVIEW**

**SB 2** by Sen. Jonathan Dismang is legislation related to Issue 1 that was adopted by Arkansas voters in the 2014 General Election. It provides for review of new administrative rules by the Rules and Regulations Subcommittee of the Legislative Council to determine their legality and conformity with legislative intent. It requires allowing public comment before the committee.

## **CONSOLIDATING STATE AGENCIES**

**SB 382** by Sen. Eddie Joe Williams and Rep. Nate Bell addresses the issue of consolidating state agencies into 10 or more principal departments. An amendment adopted last week expands the study beyond the original 10 principal departments, removes deadlines and reorganizes uncodified language that defines the scope of the study. The bill was not considered by the House yesterday and remains on today's calendar.

## **BOARDS AND COMMISSIONS**

**HB 1851** by Rep. Micah Neal amends the membership composition of various state boards, commissions and other administrative bodies. It also requires the Governor to consult with the representatives of the relevant industries before making appointments to those entities. The bill has been amended to delete proposed changes to Research and Promotion boards and make various other revisions including specifying that the Governor's many appointments are subject to confirmation by the Senate. As reported, the amendment deleted all the agriculture boards from the bill. If your organization was listed in the original draft, please review the amendment. The bill is on the Senate State Agencies and Governmental Affairs Committee agenda.

## **LICENSING AND PUBLIC REGULATION REVIEW**

**HB 1730** by Rep. Nate Bell would create a systematic review of old rules, prevent rules from becoming antiquated and require approval of old rules by the Legislative Council. The bill is being recalled from the Senate.

## **A&P TAX COLLECTION REPORTING**

**HB 1941** by Rep. Micah Neal would exempt from disclosure under the Freedom of Information Act information related to taxes collected by certain entities or industries under the Advertising and Promotion Commission Act, although the total of taxes collected may be released. The House Revenue and Taxation Committee voted yesterday to concur in a Senate amendment that deletes the reference to tax records of industries. The bill is on today's House calendar to concur in the amendment.

## **YESTERDAY AT THE CAPITOL**

### **SCHOOL FACILITIES**

**SB 847** by Sen. Alan Clark would require the Public School Academic Facilities and Transportation Division to identify underutilized public school academic facilities and consider petitions from open enrollment charter schools for use of the facilities. The bill failed to gain the approval of the House Education Committee yesterday.

### **HOLD HARMLESS CLAUSES UNENFORCEABLE**

**SB 726** by Sen. Jake Files and Rep. Reginald Murdock will be sent to the Governor for his signature after the Senate voted yesterday to concur in a House amendment. This bill is similar to legislation filed two years ago that had the construction community split and the Associated Industries of Arkansas opposed. This bill rewrites the provisions that declare a construction contract with a hold-harmless clause to be unenforceable.

## **PENDING BILLS**

### **PHARMACY BENEFIT MANAGEMENT (PBM)**

The State Chamber/AIA has historically opposed legislation that seeks to reduce the impact of PBMs. Our opposition arises from employers' concerns about elimination or reduction in pharmacy cost savings that PBMs provide to employer health plans. The State Chamber/AIA joined long list of companies that were concerned about their pharmacy costs going up and opposed this session's PBM bills. SB 688 is on the Governor's desk for signature. The State Chamber/AIA Executive Committee voted yesterday that the State Chamber/AIA should join a group of businesses in asking the Governor Hutchinson to veto SB 688.

## **STATE CHAMBER/AIA BILL TRACKING**

This session, the House filed 1007 bills and the Senate filed 1055.

The State Chamber/AIA is tracking 535 bills and resolutions.

*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.*

## **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](http://www.arkleg.state.ar.us).

To view live stream video and audio from the Arkansas House of Representatives, visit [www.arkansashouse.org](http://www.arkansashouse.org).

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