



STATE CHAMBER/AIA BILL TRACKING

Friday, January 23, 2009
8th Day of the 87th General Assembly

YESTERDAY AT THE CAPITOL

SB 77 by Sen. Sue Madison and Rep. Pam Adcock passed the Senate without opposition yesterday. It will next be considered by the House Judiciary Committee, where Chairman Rep. Steve Harrelson has set its consideration as a special order of business next Tuesday. The proposal would make aggravated cruelty to cats, dogs and horses a felony on first offense. This bill was brokered by Attorney General Dustin McDaniel, who worked many months to bring together opposing groups. The State Chamber/AIA joins the Arkansas Farm Bureau, The Poultry Federation, The Cattlemen’s Association, the Game & Fish Commission, the Humane Society of the United States, the Pulaski County Humane Society and many others in supporting this bill.

ISSUES

WORKERS’ COMPENSATION

The negotiated agreement between the State Chamber/AIA and the AFL-CIO was executed yesterday and copies of the joint statement, signed by Alan Hughes, President of the AFL-CIO, and Kenny Hall, Executive Vice-President of the State Chamber/AIA, were provided to all members of the General Assembly. The agreement contains four parts: 1) clarifies (without making any changes) responsibility for permanent partial disability or permanent total disability claims made on or after January 1, 2008; 2) provides the Contractors Licensing Board authority to revoke a certificate of license of any contractor licensed under Arkansas Code Annotated Section 17-25-308 for failure to maintain workers’ compensation coverage; 3) authorizes the commission to move permanent total disability claims currently in the second injury fund to the Death and Permanent Total Disability Trust Fund and authorizes such claims occurring on or after January 1, 2010 to also be paid by the Death and Permanent Total Trust Fund after the employers’ responsibility is complete, and 4) cancels the offset provisions for benefits an employee receives from a group policy for disability if the injured worker has paid for the policy.

STATE CHAMBER/AIA BILL TRACKING

To date, the House has filed 162 bills and the Senate has filed 141 bills.
The State Chamber/AIA is tracking 91 bills and resolutions.

New bills added to State Chamber/AIA tracking today:

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| <u>HB 1161</u> | <u>Smith, L.</u> <u>Johnson, D.</u> | Creates the offense of fraudulent filing of a uniform commercial code financing statement, a Class A misdemeanor for the first offense, Class C felony for a subsequent offense and provides for civil causes of action. |
| <u>SB 124</u> | <u>Hendren</u> | Prohibits the use of open bed vehicles or trailers hauling sand, gravel or rock from using paved public streets or highways unless the load is secured with a cover; deletes provision for use of open beds with six inches of freeboard around the load. |

Finance and Administration in managing the vehicle insurance database for purposes of revocation and reinstatement of vehicle registrations for noncompliance with insurance requirements.

SB 126

Johnson, D.

Requires that credit be allowed for sales or use taxes paid to other states on purchases of motor vehicles and semitrailers that are bought elsewhere but first registered by the purchaser in Arkansas.

SB 133

Smith, T.
Patterson

Revises various provisions of the Public Accountancy Act; Various Revisions)

ISSUES

PACKAGING MATERIALS EXEMPTION

HB 1084 by Rep. Lindsley Smith would limit the use of the sale for resale exemption for packaging materials sold to a manufacturer, to packaging made of biodegradable or recyclable materials. The State Chamber/AIA is opposed to this bill and encourages all members who use this exemption to review the bill and your use of packaging materials. You should also let your legislators know your opinion about the bill. HB 1084 is on the House Revenue and Tax Committee's agenda and will be considered as soon as the Department of Finance and Administration completes a revenue impact statement.

Thursday, January 22, 2009
7th Day of the 87th General Assembly

YESTERDAY AT THE CAPITOL

SB 77 by Sen. Sue Madison and Rep. Pam Adcock was given a do pass recommendation yesterday by the Senate Judiciary Committee. The proposal would make aggravated cruelty to cats, dogs and horses a felony on first offense. It will next be considered by the full Senate where 20 of the 35 members are co-sponsors. This bill was brokered by Attorney General Dustin McDaniel, who worked many months to bring together opposing groups. The State Chamber/AIA joins the Arkansas Farm Bureau, The Poultry Federation, The Cattlemen's Association, the Game & Fish Commission, the Humane Society of the United States, the Pulaski County Humane Society and many others in supporting this bill.

ISSUES

PACKAGING MATERIALS EXEMPTION

HB 1084 by Rep. Lindsley Smith would limit the use of the sale for resale exemption for packaging materials sold to a manufacturer, to packaging made of biodegradable or recyclable materials. If your business uses this current exemption, you should take a close look at this bill and your use of packaging materials. HB 1084 is on the House Revenue and Tax Committee's agenda.

WORKERS' COMPENSATION

The wording of the agreement between Labor and Management that we announced in yesterday's *Daily Update* was reviewed yesterday and we hope to have it signed today or tomorrow. As soon as the document is signed, a copy will be provided to all members of the legislature and a bill will be drafted that contains the content of the agreement.

STATE CHAMBER/AIA BILL TRACKING

To date the House has filed 150 bills and the Senate has filed 121 bills.
The State Chamber/AIA is tracking 86 bills and resolutions.

New bills added to State Chamber/AIA tracking today:

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| <u>HB 1145</u> | <u>Adcock</u> | Provides an exemption from sales tax for purchases of hearing instruments prescribed or recommended in writing by an audiologist, a medical doctor or a licensed hearing instrument dispenser. |
| <u>HB 1148</u> | <u>Hall</u> | Authorizes the Highway Commission to issue a special harvest permit for five-axle vehicles hauling agricultural and unprocessed forestry products that allows the vehicle to travel state highways with weight up to 5% over its authorized weight. |
| <u>HB 1150</u> | <u>Stewart</u> | Creates an exemption from sales tax for the sale of lawn care services to non-perpetual care cemeteries. |
| <u>SB 104</u> | <u>Glover</u> | Extends until December 31, 2015 the Highway Commission's authorization to issue grant anticipation revenue bonds under the Interstate Highway Financing Act of 2007. |
| <u>SB 112</u> | <u>Thompson</u> | Designates the office of the Attorney General as a law enforcement agency, requiring special investigators of that office to be certified law enforcement officers with statewide law enforcement jurisdiction and authority. |
| <u>SB 115</u> | <u>Glover</u> | Requires applicants to the Department of Environmental Quality for a permit to dispose of drilling fluids or other wastes associated with |

- SB 120 Malone, P. Authorizes the State Board of Pharmacy to impose civil penalties against unlicensed persons practicing or providing goods requiring licensure; clarifies provisions applying to pharmacists and pharmacies related to practitioner-patient relationship and more
- SB 121 Thompson Increases the permit fees for sales of alcoholic beverages; provides for temporary issuance of temporary sales permits; sets requirements for a local Sunday sales referendum; repeals 3-9-4, regarding Sunday sales of alcoholic beverages.

Monday, January 21, 2009
6th Day of the 87th General Assembly

ISSUES

ANIMAL CRUELTY

SB 77 by Sen. Sue Madison and Rep. Pam Adcock is on the agenda to be considered as a special order of business in the Senate Judiciary committee this morning. SB 77 will make aggravated cruelty to a dog, cat or horse a Class D felony on the first offense. When the bill becomes law, offenders will face a fine of up to \$10,000 and up to six years in prison. The bill also has an enhanced penalty for those who torture animals in the presence of a child. Only certified law enforcement will be allowed to make arrests in animal cruelty cases. SB 77 specifically exempts animal husbandry and other accepted practices. One amendment is expected in the Senate committee.

WORKERS' COMPENSATION

The State Chamber/AIA began negotiations with the AFL-CIO last January on workers' compensation issues for this session. We are pleased to announce that an agreement was reached before the first of the year. The wording of the agreement is expected to be finalized this week. As soon as the document is signed, a copy will be provided to all members of the legislature and a bill will be drafted that contains the content of the agreement.

STATE CHAMBER/AIA BILL TRACKING

To date, the House has filed 131 bills and the Senate has filed 102 bills.
The State Chamber/AIA is tracking 78 bills and resolutions.

New bills added to State Chamber/AIA tracking today:

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| <u>HB 1036</u> | <u>Ingram</u> | Allows restaurants to sell liquor on Sunday if located in a city with a "large-attendance facility" that has pari-mutuel wagering and is authorized to sell liquor on Sunday. |
| <u>HB 1119</u> | <u>Kerr</u> | Prohibits minors from using cell phones or other wireless devices while driving, and requires drivers between the ages of 18 and 21 to use a hands-free device. |
| <u>HB 1131</u> | <u>Ragland</u> <u>Smith, T.</u> | Repeals the Energy Conservation Endorsement Act of 1977 (ACA 23-3-4); repeals the Arkansas Clean Energy Act (ACA 23-18-7). |
| <u>SB 17</u> | <u>Jeffress, J.</u> | Excludes bail bond agents compensated on a commission basis from the definition of "employment" under the Department of Workforce Services Law. |
| <u>SB 88</u> | <u>Glover</u> | Reduces the sales tax on food and food ingredients from 2.875% to 1.875%, effective July 1, 2009. |
| <u>SB 90</u> | <u>Wilkins, H.</u> | Levies a five percent excise tax on the sale of liquor and wine by a distributor or manufacturer to a retailer, with the proceeds divided among the Drug and Alcohol Prevention and Treatment Fund, domestic abuse services, and others. |
| <u>SB 94</u> | <u>Joint Budget</u> | Appropriates funds to the Workers Compensation Commission for operations. |
| <u>SB 95</u> | <u>Baker, G.</u> | Creates a sales tax exemption for sales to the Arkansas Floodplain Management Association. |
| <u>SB 96</u> | <u>Baker, G.</u> | Creates a sales tax exemption for sales to a nonprofit company |

ISSUES

HB 1084 by Rep. Lindsley Smith is a bill many businesses are concerned about. It would limit the use of the sale for resale exemption for packaging materials sold to a manufacturer, to packaging made of biodegradable or recyclable materials. If your business uses this current exemption, you should take a close look at this bill and your use of packaging materials. HB 1084 has been referred to the House Revenue and Tax Committee.

January 15th, 2009

To date, the House has filed 105 bills and the Senate has filed 86 bills.
The State Chamber/AIA is tracking 67 bills and resolutions.

ISSUES

ANIMAL CRUELTY

SB 77 was filed yesterday morning by Sen. Sue Madison and Rep. Pam Adcock. It was filed with 38 co-sponsors in the House and 20 co-sponsors in the Senate. The State Chamber/AIA joined a list of supporters of this bill and we attended a noon press conference hosted by Attorney General Dustin McDaniel, who announced that Governor Beebe had committed his support for the bill. The AG's office had worked for several months with a number of interest groups to craft this compromise bill. The other supporters include: The Poultry Federation, Arkansas Farm Bureau, Arkansas Pork Producers, Arkansas Game & Fish Commission, Arkansas Veterinary Medical Association, Arkansas Prosecuting Attorneys Association, Arkansas Sheriff's Association, Arkansas Association of Chiefs of Police, the Humane Society of the United States, No Chance Arkansas Rescue, All About Labs Rescue, Out of the Woods Rescue, Golden Retrievers Rescue, Pulaski County Humane Society, Saline County Humane Society, Last Chance Arkansas Rescue, Catfish Farmers of Arkansas, Rescue Wrangles and Feline Rescue and Rehome.

SB 77 will make aggravated cruelty to a dog, cat or horse a Class D felony on the first offense. When the bill becomes law, offenders will face a fine of up to \$10,000 and up to six years in prison. The bill also has an enhanced penalty for those who torture animals in the presence of a child. Only certified law enforcement will be allowed to make arrests in animal cruelty cases. SB 77 specifically exempts animal husbandry and other accepted practices.

The bill will run through the House and Senate Judiciary Committees where a majority of both committees are co-sponsors. One amendment is expected in the Senate committee. SB 77 is expected to be considered as a special order of business in the Senate Judiciary committee on Wednesday, January 21.

TECHINICAL UPDATE BILLS

Senator Sue Madison filed 17 bills today (**SB 60 through 76**) that make technical corrections to various code sections. We visited with Senator Madison last night about these bills and she informed us that she is involved in a legislative committee that reviews statutory language and these bills were the result of a series of reviews. She said the bills will not be rushed to consideration and encouraged a close review to make sure no unintended consequences would occur. We have added SB 64—workers' comp, SB 65—environment, SB 68—education, SB 69—utilitites, SB 73—taxes and SB 74—employment to our tracking and will ask our committees to review the bills carefully.

New bills added to State Chamber/AIA tracking today:

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| <u>HB 1100</u> | <u>Kerr</u> | Requires life insurance "illustrations" used to market life insurance policies be prepared by actuaries in good standing, include accurate representations of guaranteed values and be retained by the insurer after being signed by the applicant. |
| <u>SB 64</u> | <u>Madison</u> | Workers Compensation (Arkansas Code; Technical Changes and Corrections). |
| <u>SB 65</u> | <u>Madison</u> | Ecology/Pollution/Waste Management (Arkansas Code; Technical Changes and Corrections). |
| <u>SB 68</u> | <u>Madison</u> | Schools (Arkansas Code; Technical Changes and Corrections). |

- SB 74 Madison Public Employees (Arkansas Code; Technical Changes and Corrections).
- SB 77 Madison Criminal Law (Animal Cruelty; Offense Created).
Adcock
- SB 78 Wilkins, H. Public Safety (Seat Belts; Primary Law) - Law Enforcement.
Allen
- SB 80 Johnson, D. Authorizes the use of facsimile transmission or electronic mail signatures for delivery of written consent to corporations

January 14th, 2009

ISSUES

There were some interesting developments yesterday regarding the planned meeting of the **Joint Energy Committee** originally scheduled for this afternoon. The General Assembly website shows the meeting has been rescheduled and the agenda is blank. The Arkansas Legislative Digest service we use to track information about the session still lists the meeting, indicates it has been rescheduled but still contains the list of planned speakers participating in a “Minority Report from the Governor’s Commission on Global Warming.”

Arkansas Business reports that the meeting was rescheduled after House members initially planned on skipping the meeting. [Here](#) is a link to the Arkansas Business report.

The Arkansas News Bureau is reporting that an “unofficial” meeting will occur this afternoon following adjournment of the House and Senate because speakers from out of state are already in town. [Here](#) is a link to the Arkansas News Bureau report.

To date, the House has filed 99 bills and the Senate has filed 56 bills.
The State Chamber/AIA is tracking 57 bills and resolutions.

ISSUES

IMMIGRATION

HB 1093 by Rep. Bill Sample, R-Hot Springs, was filed yesterday. There is concern that the bill is very similar to an Oklahoma law adopted in 2007, which has been the target of a lawsuit supported by Oklahoma business interests. HB 1093 would make certain acts unlawful, authorize state agencies to issue identification documents to certain persons, require the determination of citizenship status for persons charged with certain offenses, require state agencies to participate in a status verification system, require state agencies to verify the lawful presence of persons applying for certain benefits, require withholding of state income tax under certain circumstances, limit benefits for postsecondary education, establish a fraudulent documents identification unit within the department of Arkansas State Police and provide guidelines for resident tuition. The State Chamber/AIA’s policy is that immigration is a federal issue and we encourage the business community to comply with all laws when hiring an employee which includes proper identification and compliance with appropriate anti-discrimination laws. All businesses with an interest in immigration laws should take a close look at this bill right away.

New bills added to State Chamber/AIA tracking today:

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| HB 1093 | Sample | Requires government agencies, schools, other organizations and employers to issue their I.D. documents only to legal residents; prohibits illegal aliens from scholarships and in-state tuition; creates a Class D felony for harboring an illegal alien |
| HB 1097 | Stewart | Allows persons with concealed handgun permits to possess a handgun on parking lots of public facilities and universities, provided the handgun remains secured in a motor vehicle. |
| SB 53 | Smith, T. | Changes the four-year term of office for the Insurance Commissioner to coincide with the term of office of the Governor. |

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

January 13th, 2009

New bills added to State Chamber/AIA tracking today:

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| <u>HB 1059</u> | <u>Pennartz</u> | Creates an income tax credit for 20% of up to the first \$2 million of rehabilitation expenses for central business improvement districts, limiting the total state expenditure in a fiscal year to \$20 million. |
| <u>HB 1060</u> | <u>Pennartz</u> | Creates an income tax credit for 20% of up to the first \$2 million of rehabilitation expenses for central business improvement districts, limiting the total state expenditure in a fiscal year to \$20 million. |
| <u>HB 1084</u> | <u>Smith, L.</u> | Provides that the sales tax exemption for the sale of packaging materials to manufacturers only applies to biodegradable or recycled packaging materials. |
| <u>SB 33</u> | <u>Thompson</u> <u>Harrelson</u> | Removes the prohibition against citing unpublished decisions of the Court of Appeals as precedent. |
| <u>SB 49</u> | <u>Key</u> | Revises the state income tax form to provide a means for taxpayers to designate that certain amounts of their tax refund be deposited in their Tax Deferred Tuition Savings Program account. |
| <u>SJR 3</u> | <u>Faris</u> | Proposes an amendment to the Constitution declaring the constitutional right to hunt, fish, trap, and harvest game, subject only to reasonable regulations of the AG&FC. |

January 12th, 2009

ISSUES OF INTEREST

CLIMATE CHANGE

JOINT COMMITTEE ON ENERGY MEETING

The General Assembly's Joint Committee on Energy will meet upon adjournment of both chambers on Wednesday, January 14 in room 171 in the State Capitol. The primary agenda item is the presentation of a minority report from the Governor's Commission on Global Warming. Here is a list of people who will make presentations at this meeting:

1. Richard Ford, PhD, University of Arkansas at Little Rock, Global Warming Commission Member
2. Robert Ferguson, President, Science and Public Policy Institute, Washington, D.C.
3. Roy Spencer, PhD, University of Alabama in Huntsville
4. Paul C. Knappenberger, New Hope Environmental Services, Charlottesville, Virginia
5. Christopher Horner, Counsel, Cooler Heads Coalition and Senior Fellow, Washington, D.C.

COLUMNIST INVESTIGATES GLOBAL WARMING COMMISSION

David Sanders, a columnist for the Arkansas News Bureau has produced a series of four articles about the Governor's Commission on Global Warming. Here are links to each article:

December 31, 2008-- [Climate commission an expensive scheme](http://arkansasnews.com/?p=18603)
<http://arkansasnews.com/?p=18603>

January 4, 2009-- [More on the governor's climate change commission](http://arkansasnews.com/?p=19011)
<http://arkansasnews.com/?p=19011>

January 7, 2009-- [Global Warming Commission stifles debate](http://arkansasnews.com/?p=19462)
<http://arkansasnews.com/?p=19462>

January 11, 2009-- [Lawmakers should question Global Warming Commission](http://arkansasnews.com/?p=19852)
<http://arkansasnews.com/?p=19852>

STATE CHAMBER/AIA BILL TRACKING

As of close of business on Friday, January 9, 2009, the House has filed 58 bills and the Senate has filed 32 bills.

The State Chamber/AIA is tracking 49 bills and resolutions.

The complete list of pre-filed bills being tracked by the State Chamber/AIA:

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| <u>HB 1002</u> <u>Wills</u> | Creates the Arkansas Scholarship Lottery Act, stating the intent to establish, operate and regulate state lotteries as authorized by the Arkansas Constitution. (incomplete bill) |
| <u>HB 1005</u> <u>Abernathy</u> | Changes "miscellaneous funds" for purposes of calculating foundation funding from the average received for previous five years to the previous year's amount multiplied by the ratio of the uniform tax rate to the district's total millage rate. |
| <u>HB 1006</u> <u>Abernathy</u> | Requires the minimum salary of full-time classified school district |

- HB 1007 Abernathy Authorizes higher education institutions to compensate non-classified employees at retirement for unused sick leave.
- HB 1009 Green Makes the requirement that at least three copies of municipal ordinances related to zoning and construction be available to the public in the clerk's office applicable only if there is no electronic form of the code available to the public.
- HB 1013 Kidd Prohibits the use of handheld cellular telephones while driving. (Paul's Law)
- HB 1016 Greenberg Authorizes county election commissioners to participate in campaigns for general elections, specifying that the prohibition against campaigning for persons who appear on their county's ballot only applies to primary and runoff elections.
- HB 1017 Greenberg Repeals the requirement that health insurance policies cover the expense of in vitro fertilization.
- HB 1019 Greenberg Requires all statements appearing on radio, TV or the web intended to influence the vote of electors for which consideration is paid to clearly state that it is a paid political message and to identify the true sponsor of the statement.
- HB 1020 Lea Changes the schedule of the fiscal session of the General Assembly from even-numbered years to odd-numbered years, so that regular sessions will convene in even-numbered years.
- HB 1021 Woods Repeals provisions for the February presidential preferential primary elections, effectively restoring it to the third week in May.
- HB 1026 Smith, G. Increases the number of Oil and Gas Commission members who must be experienced in oil and gas development from four to six.
- HB 1028 Woods Clarifies language relating to municipal authority to secure priority clean-up liens on properties that are in violation of local codes.
- HB 1031 Allen
Wilkins,
H. Requires all health benefit plans to include coverage of prostate cancer screening for men over forty; requires coverage include at least one prostate-specific antigen blood test and a digital rectal examination per year.
- HB 1032 Martin Revises regulation of charitable bingo, removing the one-cent tax on bingo faces, removing the licensing requirements for distributors and manufacturers of bingo equipment, deleting authority of Revenue Division to hire inspectors, more.
- HB 1034 Cook
Broadway Creates the School Leadership Coordinating Council to recommend a system to coordinate and monitor leadership development efforts, assist in developing model evaluation tools for school boards and assist stakeholders in school support efforts.
- HB 1035 Nickels Requires homesteads used as a taxpayer's principal place of residence bought after 1/1/2001 by persons disabled or 65 years or older be assessed for property tax at the lower of the value when purchased or a later lower assessed value.
- HB 1037 Creekmore
Broadway Amends the Consumer Report Security Freeze Act to allow consumers who are not victims of identity theft to place a freeze on consumer reporting; reduces the maximum fee and the time periods allowed for executing/suspending the freeze.
- HB 1042 Shelby Authorizes city boards of directors to appoint persons who reside outside the city to the positions of city treasurer, city clerk, city marshal

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| <u>HB 1045</u> | <u>Ragland</u> <u>Smith, T.</u> | Clarifies definition of a disability required to qualify for an income tax credit for supporting a child with a disability; defines permanent total disability as loss of use of both: hands, arms, legs, or eyes. |
| <u>HB 1048</u> | <u>Woods</u> | Authorizes municipal sewer entities to request termination of water service for customers who are delinquent in paying for solid waste services. |
| <u>HB 1053</u> | <u>Greenberg</u> | Requires all expenditures of state funds by any office, department, agency, division, bureau, commission or board of the state be maintained in a publicly searchable database. |
| <u>HB 1054</u> | <u>Hobbs</u> | Moves the earliest possible date public schools can begin the school year from August 19 to August 12. |
| <u>HB 1055</u> | <u>Hobbs</u> | Creates a sales tax exemption for goods and services sold to churches and charitable organizations that provide a community service to the public, such as free food, clothing, shelter, day care, literacy training, etc. |
| <u>HB 1056</u> | <u>Hobbs</u> | Creates a sales tax exemption for proceeds from a rebate on a motor vehicle. |
| <u>HJR1001</u> | <u>Greenberg</u> | Changes legislative procedures for the first three days of special sessions, deleting requirement the bill be read on three different days, in each house, so that a bill may be filed and become law in one day. |
| <u>SB 2</u> | <u>Glover</u> | Repeals the gross receipts tax levied on mini-warehouse and self-storage rental services. |
| <u>SB 4</u> | <u>Altes</u> | Creates a sales and use tax exemption for the Disabled American Veterans Organization. |
| <u>SB 5</u> | <u>Altes</u> | Creates a sales and use tax exemption for all utilities used by manufacturers in the manufacturing process. |
| <u>SB 6</u> | <u>Altes</u> | Creates a sales and use tax exemption for farm equipment and machinery repair parts. |
| <u>SB 7</u> | <u>Altes</u> | Creates a sales and use tax exemption for the retail sale of systems and components that use a renewable resource as a source of energy or that offset the consumption of traditional energy. |
| <u>SB 8</u> | <u>Altes</u> | Creates an income tax credit for purchases of systems and components that use a renewable resource as a source of energy or that offset the consumption of traditional energy. |
| <u>SB 9</u> | <u>Altes</u> | Creates the Arkansas Historic Structures Rehabilitation Tax Credit Act, providing an income tax credit for 25% of the rehabilitation expense incurred by the owner of an eligible property. |
| <u>SB 10</u> | <u>Altes</u> | Provides that any tax, fee, or other item levied and collected for deposit into a special fund or designated as special revenue shall be considered as general revenues. |
| <u>SB 11</u> | <u>Altes</u> | Creates an income tax credit for 25 percent of expenses related to tuition, book fees, and laboratory fees, when the expenses exceed \$300 and are incurred by a dependent in grades K-12. |
| <u>SB 12</u> | <u>Altes</u> | Creates a back-to-school sales tax holiday for clothing purchases on the first Saturday in August of each year. |
| <u>SB 13</u> | <u>Altes</u> | Creates an income tax credit of \$1,000 for taxpayers who have a child under four years of age and whose spouse is unemployed and not a full-time student (stay-at-home parent). |

certification process of the National Board for Professional Teaching Standards must complete the certification within three years or repay the amount contributed.

- SB 20 Altes Provides for the registration of mini-trucks for operation on roadways.
- SB 22 Altes Creates an income tax credit for 50 percent of security expenses incurred by refrigerated food businesses in taking action to prevent public access to anhydrous ammonia.
- SB 24 Altes Increases the income tax exemption for capital gains from 30 percent of net capital gain to 65 percent.
- SB 26 Smith, T. Implements state lotteries as authorized by Amendment 87 to the Arkansas Constitution.
- SB 28 Hendren Prohibits drivers under the age of 18 from using a cellular telephone to talk, text message or access the internet; specifies that a \$50.00 fine be issued for a second offense following a warning on the first offense.
- SB 29 Hendren Requires motorcycle operators and passengers to wear helmets unless they are covered by a health insurance plan that would pay expenses incurred as a result of an accident; provides for the issue of decals to drivers that prove coverage.
- SB 30 Hendren Reduces the maximum term of contract for school superintendents and assistant/deputy superintendents from three to two years; lists allowable causes for termination of contract and provides for recovery of attorney's fees arising from appeal.
- SB 31 Hendren Requires drivers to use hands-free cellular phones and specifies that a \$50.00 fine be issued for a second offense following a warning on the first offense.
- SB 32 Smith, T. Requires motor vehicle liability insurers to include the vehicle's listed lien holders as payees on claims for damage in excess of \$500.
- SJR 1 Glover A proposal to amend the Constitution to increase the terms of county officials from two to four years; adds requirement county officials must resign prior to filing as candidate for the General Assembly, unless in last year of term.
- SJR 2 Glover A proposed constitutional amendment repealing the requirement for annual legislative sessions and authorizing the appropriation of funds for two budget years.

January 9th, 2009

PRE-FILING UPDATE

Through the close of business on Wednesday, January 8, 2009, 80 bills had been pre-filed by members of the 87th General Assembly. So far, we have placed 45 of the pre-filed bills and resolutions in our tracking system.

As long as bills are filed during the session, we will provide a similar report on a daily basis. All of the bills we track can be accessed on our web site, www.arkansasstatechamber.com, where you may search for bills in a variety of ways. Click on the "Legislative Action Center" icon on our homepage for quick access to the governmental affairs section of our website. There you will find the State Chamber/AIA 2009 Legislative Agenda as well as information about the General Assembly. In addition, each *Daily Legislative Update* is posted to the website after being e-mailed to our members.

ISSUES OF INTEREST

WORKERS' COMPENSATION AND UNEMPLOYMENT INSURANCE UPDATE

The State Chamber/AIA worked throughout 2008 on workers' compensation and unemployment insurance issues. A series of private negotiations were held with AFL-CIO leaders which resulted in an agreement on workers' compensation issues. The details of the agreement are currently being finalized. Once finalized, an agreed bill will be drafted and filed. A series of formal negotiations on unemployment insurance issues did not produce an agreement on unemployment insurance issues.

The unemployment insurance issue was limited to trying to solve one problem, a rapidly declining balance in the trust fund that pays unemployment insurance claims. When management and labor could not agree, the Department of Workforce Services staff crafted a proposal to address the declining trust fund balance. The State Chamber/AIA Unemployment Insurance/HR Committee recommended that the proposal be endorsed and the State Chamber/AIA Executive Committee agreed. We expect a bill to be filed without an agreement between management and labor and the State Chamber/AIA will support the bill.

The staff's plan to shore up the trust fund is to treat employees who quit similar to those who are discharged, change the weekly calculation of benefits from using the highest quarter of earnings to the average of the two highest quarters and implement increases in the taxable wage base by \$500 effective on January 1, 2010 and another \$500 on January 1, 2011. It is our firm belief that it is in the best interest of business to make sure that the trust fund does not run short of funds. If that were to occur, the business community would have to pay the cost of borrowing money – which is going on all over the country.

HB 1037 THE CONSUMER REPORT SECURITY FREEZE ACT, which was pre-filed by Rep. Dawn Creekmore, is a bill that many of you might want to take a look at. It would allow consumers who are not victims of identity theft to place a freeze on consumer reporting, reduce the maximum fee and the time periods allowed for executing or suspending the freeze. We are told this bill is similar to a bill that passed late in the last session but was vetoed by the Governor. Banking, retail and other similar businesses should look closely at this bill, which might be brought up for consideration very early in the session.

STATE CHAMBER/AIA BILL TRACKING

As of close of business on Wednesday, January 8, 2009, the House had filed 48 bills and the Senate had filed 32 bills.

The State Chamber/AIA is tracking 45 bills and resolutions.

| | | |
|----------------|-------------------------------|---|
| <u>HB 1026</u> | <u>Smith, G.</u> | Increases the number of Oil and Gas Commission members who must be experienced in oil and gas development from four to six. |
| <u>HB 1028</u> | <u>Woods</u> | Clarifies language relating to municipal authority to secure priority clean-up liens on properties that are in violation of local codes. |
| <u>HB 1031</u> | <u>Allen Wilkins, H.</u> | Requires all health benefit plans to include coverage of prostate cancer screening for men over forty; requires coverage include at least one prostate-specific antigen blood test and a digital rectal examination per year. |
| <u>HB 1032</u> | <u>Martin</u> | Revises regulation of charitable bingo, removing the one-cent tax on bingo faces, removing the licensing requirements for distributors and manufacturers of bingo equipment, deleting authority of Revenue Division to hire inspectors, more. |
| <u>HB 1034</u> | <u>Cook Broadway</u> | Creates the School Leadership Coordinating Council to recommend a system to coordinate and monitor leadership development efforts, assist in developing model evaluation tools for school boards and assist stakeholders in school support efforts. |
| <u>HB 1035</u> | <u>Nickels</u> | Requires homesteads used as a taxpayer's principal place of residence bought after 1/1/2001 by persons disabled or 65 years or older be assessed for property tax at the lower of the value when purchased or a later lower assessed value. |
| <u>HB 1037</u> | <u>Creekmore Broadway</u> | Amends the Consumer Report Security Freeze Act to allow consumers who are not victims of identity theft to place a freeze on consumer reporting; reduces the maximum fee and the time periods allowed for executing/suspending the freeze. |
| <u>HB 1042</u> | <u>Shelby</u> | Authorizes city boards of directors to appoint persons who reside outside the city to the positions of city treasurer, city clerk, city marshal and city recorder. |
| <u>HB 1045</u> | <u>Ragland Smith, T.</u> | Clarifies definition of a disability required to qualify for an income tax credit for supporting a child with a disability; defines permanent total disability as loss of use of both: hands, arms, legs or eyes. |
| <u>HB 1048</u> | <u>Woods</u> | Authorizes municipal sewer entities to request termination of water service for customers who are delinquent in paying for solid waste services. |
| <u>SB 28</u> | <u>Hendren</u> | Prohibits drivers under the age of 18 from using a cellular telephone to talk, text message or access the internet; specifies that a \$50.00 fine be issued for a second offense following a warning on the first offense. |
| <u>SB 29</u> | <u>Hendren</u> | Requires motorcycle operators and passengers to wear helmets unless they are covered by a health insurance plan that would pay expenses incurred as a result of an accident; provides for the issue of decals to drivers that prove coverage. |
| <u>SB 30</u> | <u>Hendren</u> | Reduces the maximum term of contract for school superintendents and assistant/deputy superintendents from three to two years; lists allowable causes for termination of contract and provides for recovery of attorney's fees arising from appeal. |

that a \$50.00 fine be issued for a second offense following a warning on the first offense.

SB 32

Smith, T.

Requires motor vehicle liability insurers to include the vehicle's listed lien holders as payees on claims for damage in excess of \$500.

Tuesday, December 16th

PRE-FILING UPDATE AND STATE CHAMBER/AIA BILL TRACKING

As of Friday December 12, 51 bills had been pre-filed. The House had filed 24 bills and the Senate 27 bills. We have placed 30 of the pre-filed bills and resolutions in our tracking system and have pasted the list below.

New bills added to State Chamber/AIA tracking:

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|----------------|------------------|---|
| <u>HB 1013</u> | <u>Kidd</u> | Prohibits the use of handheld cellular telephones while driving. |
| <u>HB 1016</u> | <u>Greenberg</u> | Authorizes county election commissioners to participate in campaigns for general elections, specifying that the prohibition against campaigning for persons who appear on their county's ballot only applies to primary and runoff elections. |
| <u>HB 1017</u> | <u>Greenberg</u> | Repeals the requirement that health insurance policies cover the expense of in-vitro fertilization. |
| <u>HB 1019</u> | <u>Greenberg</u> | Requires all statements appearing on radio, TV or the web intended to influence the vote of electors for which consideration is paid to clearly state that it is a paid political message and to identify the true sponsor of the statement. |
| <u>HB 1020</u> | <u>Lea</u> | Changes the schedule of the fiscal session of the General Assembly from even-numbered years to odd-numbered years, so that regular sessions will convene in even-numbered years. |
| <u>HB 1021</u> | <u>Woods</u> | Repeals provisions for the February presidential preferential primary elections, effectively restoring it to the third week in May. |
| <u>HJR1001</u> | <u>Greenberg</u> | Changes legislative procedures for the first three days of special sessions, deleting requirement the bill be read on three different days, in each house, so that a bill may be filed and become law in one day. |
| <u>SJR 2</u> | <u>Glover</u> | A proposed constitutional amendment repealing the requirement for annual legislative sessions and authorizing the appropriation of funds for two budget years. |

Friday, December 5th, 2008

GOVERNOR BEEBE'S PROPOSED BUDGET

Governor Beebe has released his budget proposals for the next legislative cycle including a modest cut of the grocery tax. The requested one percent reduction would drop the tax to two percent and would be another step toward fulfilling one of the Governor's campaign promises. Some legislators have voiced concern about taking another penny off the sales tax on groceries, a \$30 million cost, given the current state of the economy.

For education, the Governor proposes a 2 percent increase in per-student funding, most of which is derived from growth in local property taxes. The budget does not offer new money for teacher health insurance or school transportation. There is also no new money for higher education for improved retention and graduation rates.

The total price tag for the state budget stands at \$4.5 billion. The budget includes an unfunded appropriation column that includes Medicaid programs, prisons and other state services totaling \$146 million. Beebe's plan is to pay for these unfunded appropriations using part of the projected \$300 million surplus as a "rainy day fund" to cover emergency needs in the budget.

The projections for state revenue have been called conservative by the Governor and the Department of Finance and Administration. Many states are experiencing severe economic troubles and Arkansas is definitely in the minority of states with a surplus. While the Governor is preparing for hard times, he says that the unfunded appropriations will likely be covered by any money above projections. However, if projections stay on target, then part of that funding could come from the "rainy day fund."

Revenue forecasts were based on three scenarios from national forecast providers Global Insight Inc. and Moody's Analytics.

PRE-FILING UPDATE AND STATE CHAMBER/AIA BILL TRACKING

Pre-filing for members of the 87th General Assembly began on Monday, November 17th. As of Friday the 30th, 35 bills had been pre-filed. The House had filed nine bills and the Senate had filed 26 bills. We have placed 22 of the pre-filed bills and resolutions in our tracking system and have pasted the list below.

New bills added to State Chamber/AIA tracking:

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|--------------------------|------------------|--|
| <u>HB</u> <u>1002</u> | <u>Wills</u> | Creates the Arkansas Scholarship Lottery Act, stating the intent to establish, operate, and regulate state lotteries as authorized by the Arkansas Constitution.(incomplete bill) |
| <u>HB</u> <u>1005</u> | <u>Abernathy</u> | Changes "miscellaneous funds" for purposes of calculating foundation funding from the average received for previous five years to the previous year's amount multiplied by the ratio of the uniform tax rate to the district's total mileage rate. |
| <u>HB</u> <u>1006</u> | <u>Abernathy</u> | Requires the minimum salary of full-time classified school district employees be increased each year by the same percentage as the teacher salary component of the per-student foundation funding is increased. |
| <u>HB</u> <u>1007</u> | <u>Abernathy</u> | Authorizes higher education institutions to compensate non-classified employees at retirement for unused sick leave. |
| <u>HB</u> <u>1009</u> | <u>Green</u> | Makes the requirement that at least three copies of municipal ordinances related to zoning and construction be available to the public in the clerk's office applicable only if there is no electronic |

| | | |
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| <u>SB 2</u> | <u>Glover</u> | Repeals the gross receipts tax levied on mini-warehouse and self-storage rental services. |
| <u>SB 4</u> | <u>Altes</u> | Creates a sales and use tax exemption for the Disabled American Veterans Organization. |
| <u>SB 5</u> | <u>Altes</u> | Creates a sales and use tax exemption for all utilities used by manufacturers in the manufacturing process. |
| <u>SB 6</u> | <u>Altes</u> | Creates a sales and use tax exemption for farm equipment and machinery repair parts. |
| <u>SB 7</u> | <u>Altes</u> | Creates a sales and use tax exemption for the retail sale of systems and components that use a renewable resource as a source of energy or that offset the consumption of traditional energy. |
| <u>SB 8</u> | <u>Altes</u> | Creates an income tax credit for purchases of systems and components that use a renewable resource as a source of energy or that offset the consumption of traditional energy. |
| <u>SB 9</u> | <u>Altes</u> | Creates the Arkansas Historic Structures Rehabilitation Tax Credit Act, providing an income tax credit for 25 percent of the rehabilitation expense incurred by the owner of an eligible property. |
| <u>SB 10</u> | <u>Altes</u> | Provides that any tax, fee, or other item levied and collected for deposit into a special fund or designated as special revenue shall be considered as general revenues. |
| <u>SB 11</u> | <u>Altes</u> | Creates an income tax credit for 25 percent of expenses related to tuition, book fees, and laboratory fees, when the expenses exceed \$300 and are incurred by a dependent in grades K-12. |
| <u>SB 12</u> | <u>Altes</u> | Creates a back-to-school sales tax holiday for clothing purchases on the first Saturday in August of each year. |
| <u>SB 13</u> | <u>Altes</u> | Creates an income tax credit of \$1,000 for taxpayers who have a child under four years of age and whose spouse is unemployed and not a full-time student (stay-at-home parent). |
| <u>SB 19</u> | <u>Altes</u> | Removes the requirement that teachers who receive state aid for the certification process of the National Board for Professional Teaching Standards must complete the certification within three years or repay the amount contributed. |
| <u>SB 20</u> | <u>Altes</u> | Provides for the registration of mini-trucks for operation on roadways. |
| <u>SB 22</u> | <u>Altes</u> | Creates an income tax credit for 50% of security expenses incurred by refrigerated food businesses in taking action to prevent public access to anhydrous ammonia. |
| <u>SB 24</u> | <u>Altes</u> | Increases the income tax exemption for capital gains from 30 percent of net capital gain to 65 percent. |
| <u>SB 26</u> | <u>Smith, T.</u> | Implements state lotteries as authorized by Amendment 87 to the Arkansas Constitution. |
| <u>SJR 1</u> | <u>Glover</u> | A proposal to amend the Constitution to increase the terms of county officials from two to four years; adds requirement county officials must resign prior to filing as candidate for the General Assembly, unless in last year of term. |