

ARKANSAS STATE CHAMBER OF COMMERCE ASSOCIATED INDUSTRIES OF ARKANSAS, INC.

2007 Arkansas Legislative Agenda

September 2006

MISSION¹

The mission of the Arkansas State Chamber of Commerce and Associated Industries of Arkansas, Inc is to continually enhance the economic climate in Arkansas.

PRIORITY ISSUES

During the 86th General Assembly the State Chamber/AIA's top priorities will be:

Lead the effort to pass a sales tax exemption for energy used in industry and manufacturing.

Seek immediate repeal of all legislation implementing the Streamlined Sales and Use Tax Agreement (SSTP), unless the legislature provides for the refund of all excess local tax collections derived from removing the local tax caps on business purchases at the time of purchase.

Support legislation that preserves and/or enhances the education reform measures supported by and consistent with the State Chamber/AIA's Position Statement on Education, specifically including, but not limited to, the Omnibus Education Act, the Act 35 Accountability legislation, including the mandatory minimum 38 unit curriculum requirement and mandatory four AP course offering requirement in every secondary school.

Protect the legal reforms enacted by Act 649 of 2003.

Protect the workers' compensation reforms enacted by Act 796 of 1993

GENERAL ISSUES (listed alphabetically)

Agri-Business

Encourage the production and utilization of bio-fuels in Arkansas.

Economic Development

Support the Arkansas Department of Economic Development's legislative package when endorsed by the Arkansas Economic Developers and Arkansas Chamber of Commerce Executives.

Support other legislation that will enhance economic development in Arkansas that is recommended by the Arkansas Economic Developers.

Support proactive legislation that will attract and keep jobs in the State of Arkansas.

Support legislation that encourages venture capital investment in Arkansas.

Education (P-12, Higher Education & Workforce Development)

In 2003 the State Chamber/AIA Executive Committee adopted a “Position Statement on Education” that remains the guiding force for education policy, which is incorporated herein by reference.

Support legislation that preserves and/or enhances the education reform measures supported by and consistent with the State Chamber/AIA’s Position Statement on Education, specifically including, but not limited to, the Omnibus Education Act, the Act 35 Accountability legislation, including the mandatory minimum 38 unit curriculum requirement and mandatory four AP course offering requirement in every secondary school.

Monitor legislation regarding education facilities and determine whether such legislation is necessary and the most efficient use of state revenue.

Support legislation that would reduce or eliminate the number of students who chose to opt-out of the Smart Core curriculum.

Monitor the Arkansas Department of Education’s high school redesign effort for opportunities to support legislation that would improve education in Arkansas through the development and implementation of increased rigor, relevance and relationships in the Arkansas high school experience and consistent with the State Chamber/AIA’s Position Statement on Education.

Support legislation that aids the recruitment and retention of quality teachers in the state’s education system including but not limited to pay for performance systems.

Monitor debate over whether the General Assembly should be able to dictate how some state funds are spent on education and support legislation that puts a priority on expenditures that yield real academic improvement such as NSLA funds spent on teacher salaries.

Support the creation of high quality curriculum delivery systems such as distance learning and other similar classroom enhancement programs in order to support a uniformly consistent delivery of appropriately rigorous and relevant course offerings across the state.

Support legislative efforts to finish the commitment to Pre-K funding to meet the needs of Arkansas’ low-income children and the development of leadership in high need school districts that have failed to launch Pre-K programs.

Support technology improvements that target financial accountability, professional development and assessment of schools and teachers.

Support the adoption of statewide formative assessment practices that give administrators, teachers and students feedback on the effectiveness of classroom instruction.

Support an efficient, productive and accountable system of higher education in Arkansas that serves the state’s economic and workforce development needs.

Support the continuation, expansion and coordination of productive, efficient and accountable workforce development programs.

Eminent Domain

The *Kelo v. New London* decision by the U.S. Supreme Court in June 2006 has precipitated activity to modify eminent domain powers as they relate to economic development in at least 30 states. The State Chamber/AIA believes the decision has no impact on Arkansas and will work to assure that Arkansas' statutes on eminent domain are not modified in a way that is detrimental to economic development in the state while at the same time continue to protect private property rights.

Energy

Protect and promote the exploration and production of oil and gas in Arkansas.

Environment²

Support the environmental legislative agenda developed by the Arkansas Environmental Federation (AEF) as approved by the State Chamber/AIA Executive Committee.

Health Care³

Support the health care legislative agenda developed by the Arkansas Employers Health Care Coalition (AEHC) as approved by the State Chamber/AIA Executive Committee.

Oppose legislation that would require businesses to pay for or provide a specified level of health care coverage to their employees.

Labor & Employment

Oppose attempts to enact a Public Employee Collective Bargaining Act.

Oppose legislation that requires public or private employers to withhold union dues from employee pay checks.

Oppose any and all attempts to repeal, reverse or limit in any way the Arkansas Right-to-Work law.

Manufacturing

Lead the effort to pass a sales tax exemption for energy used in industry and manufacturing.

Taxation

Seek immediate repeal of all legislation implementing the Streamlined Sales and Use Tax Agreement (SSTP), unless the legislature provides for the refund of all excess local tax collections derived from removing the local tax caps on business purchases at the time of purchase.

Oppose unitary combined income tax reporting

Oppose new taxes on business services

Support the public disclosure of the state Department of Finance and Administration's interpretation of tax laws while preserving the confidentiality of taxpayer information.

Support the extension of income tax net operating loss carry forwards to at least the regional average for states with similar income tax laws.

Support the state's three-pronged tax system of property taxes, income taxes and sales taxes.

Oppose attempts to shift tax responsibility from property and income taxes to sales taxes.

Oppose the repeal of property taxes.

Oppose attempts to shift tax responsibility to business and industry.

Monitor attempts to update or repeal business incentives enacted over the years and make certain that no incentives are eliminated that are deemed necessary by specific businesses or industries.

Support existing sales and use tax exemptions and proposed new exemptions designed to promote business and industry in Arkansas.

Support the current legal requirements for passage of taxes.

Support reduction and repeal of the state's capital gains tax rate.

Maintain historic opposition to any erosion of tax base that does not promote economic development.

Tort Reform

Protect the legal reforms enacted by Act 649 of 2003.

Monitor and oppose other legal, regulatory or consumer protection reform legislation which is adverse to business.

Transportation

The State Chamber/AIA believes that adequate transportation is vital to the economic success of the state. We will examine and support well reasoned and balanced plans to improve surface transportation as well as the development needs of the Arkansas waterways navigation system, rail and intermodal transportation.

Support passage of regional mobility authorities.

Support the use of tolling to develop new roads.

Unemployment Insurance⁴

The State Chamber/AIA Unemployment Insurance Committee will review and authorize its management representatives to negotiate with labor through the state Employment Security Department's (ESD) Council activity.

Oppose any legislation that is a detriment to a sound unemployment compensation system.

Protect the ESD trust funds.

Support legislation that will bring Arkansas' benefit payment amounts in line with surrounding states.

Workers' Compensation⁵

Protect the workers' compensation reforms enacted by Act 796 of 1993

The State Chamber/AIA Workers' Compensation Committee chairman and the State Chamber/AIA Executive Vice President will conduct negotiations with the Arkansas AFL-CIO in accordance with issues developed by the State Chamber/AIA Workers Compensation Committee.

An important part of any agreement that may be reached between the State Chamber/AIA and Arkansas AFL-CIO is that both sides will oppose all workers' compensation legislation that is not part of the agreement between the State Chamber/AIA and the Arkansas AFL-CIO.

If an agreement cannot be reached with the Arkansas AFL-CIO on workers' compensation legislation, the State Chamber/AIA will promote legislation, developed and recommended by the State Chamber/AIA Workers' Compensation Committee, that would enhance the business climate in Arkansas and oppose legislation the State Chamber/AIA Workers' Compensation Committee determines would be injurious to the Arkansas business climate.

Support legislation promoted by the Arkansas Workers Compensation Commission that is approved by the State Chamber/AIA Workers' Compensation Committee to fix funding problems in the Death & Permanent Disability Trust Fund and Second Injury Trust Fund operated by the commission.

FOOTNOTES

¹ The organizations' approach to accomplish its mission is a strong governmental affairs program. To aid the development of its governmental affairs program this Agenda was drafted for use by the organization's staff as a guide during the 86th Arkansas General Assembly. The issues contained herein were developed through a series of meetings beginning with the State Chamber/AIA issue based committees (tax, workers' comp, unemployment insurance/HR, health & education). Next the governmental affairs staff prepared a draft which was reviewed and revised by the State Chamber/AIA Legislative Affairs Committee. The State Chamber/AIA Executive Committee reviewed the Legislative Affairs Committee's recommendations and submitted a final draft to a meeting of the organizations' combined boards of directors and general membership at its annual meeting on September 26, 2006.

In addition to guiding the State Chamber/AIA through the 86th General Assembly, it is the organizations' desire that this agenda will be reviewed and considered for adoption in whole or in part by each local chamber of commerce and economic development organization in Arkansas.

The State Chamber/AIA governmental affairs staff will monitor the development of additional issues that may arise in the days before the Arkansas General Assembly convenes in January 2007. The staff will also monitor all bills filed during the 86th General Assembly and track all bills identified as having an impact on business in Arkansas. The tracked bills will be arranged into business categories and reported in the Daily Legislative Update as well as recorded on the organizations' web site.

When issues arise during the session that have not been addressed by this agenda or when issues addressed herein are modified the State Chamber/AIA governmental affairs staff will take appropriate action to protect the business climate in Arkansas. In accordance with time available, the staff will consult with the organizations' issue committees and/or Executive Committee and/or Board of Directors for guidance on specific issues.

² The State Chamber/AIA Executive Vice President sits as an ex-officio member of the Arkansas Environmental Federation's (AEF) board of directors. The AEF was originally founded as a State Chamber/AIA committee before becoming an independent organization. A majority of AEF's member companies are also members of the State Chamber/AIA. The AEF board is populated by its corporate member environmental experts and environmental consultants.

³ The State Chamber/AIA will participate in meetings of the Arkansas Employers Healthcare Coalition (AEHC) and facilitate communication for the coalition. A super majority of the AEHC members are also members of the State Chamber/AIA.

⁴ The State Chamber/AIA makes recommendations to the Governor, which are usually followed, regarding the management positions on the state Employment Security Department's (ESD) Council. This Council, which also includes labor and consumer representatives, reviews ESD staff recommendations for changes to unemployment insurance laws in the state and facilitates negotiations between labor and management on the proposed changes.

⁵ The State Chamber/AIA serves the business community as the watchdog of workers' compensation. Since 1995 the State Chamber/AIA has conducted negotiations with labor through the state AFL-CIO and reached an agreement on changes to the workers' compensation laws.