

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, June 12, 2015

The Arkansas Legislative Council met at 9:00 a.m., Friday, June 12, 2015 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Bill Sample called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets.

Minutes of the Last Meeting

Co-Chair Sample referred the members to the minutes of the May 15, 2015 meeting (Exhibit C) of the Legislative Council and asked if there was a motion to approve the minutes.

Representative David Branscum moved that the minutes of the May 15, 2015 Legislative Council meeting be adopted. The motion was seconded and passed by voice vote.

Presentation of May 2015 Revenue Report

Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the monthly revenue report for May 2015 (Exhibit D). Mr. Wilson stated that the May 2015 report reflects that after eleven (11) months and after the month of May 2015, gross revenue collections are \$215.8 million ahead of the same period last year for a growth rate of three point eight percent (3.8%) while net collections are \$180.2 million ahead of last year for a growth rate of four percent (4%).

Mr. Wilson stated the graph page shows that on May 6, 2015 the official forecast was revised which put the base line at zero at that point with a \$92 million surplus. Mr. Wilson reported that one month after the revision, revenues are \$40 million ahead of the new official forecast number. Mr. Wilson referred members to the spreadsheet and stated that the month of May shows a four point three percent (4.3%) growth rate in gross receipts, the growth rate for sales tax for the year is two point four percent (2.4%), and a growth rate of five percent (5%) for income tax revenue. This concluded Mr. Wilson's report and there were no questions.

Report of the Executive Subcommittee

Co-Chair Sample recognized Co-Chair David L. Branscum to present the report of the Executive Subcommittee (Exhibit E). Representative Branscum reported that the Executive Subcommittee of the Legislative Council met on June 11, 2015 and discussed recommendations for revising the Legislative Council Rules. Representative Branscum reported that the only change to the proposed Legislative Council rules was suggested by Senator Jimmy Hickey, Jr. and

Representative Branscum asked Marty Garrity, Executive Secretary for the Legislative Council, to explain this change.

Ms. Garrity referred the members to the written copy of Senator Hickey's suggested rule change (Exhibit E Addendum) in the members packets behind the report and explained this is language that would be added to Rule 23(f). Ms. Garrity explained that the Executive Subcommittee chose to recommend this addition, which would require that all members of the Legislative Council receive an electronic copy of an emergency rule at least one (1) day prior to the rule being considered by the Executive Subcommittee.

Ms. Garrity explained that Senator Hickey made a second suggestion to add language to Rule 23(f) that is not included in the meeting packets, which would allow either chair of the Legislative Council or a majority of the members of the Legislative Council to call a special meeting of the Legislative Council within one (1) day following approval of an emergency rule to request reconsideration. Ms. Garrity explained that the Executive Subcommittee chose not to recommend the addition of this second suggestion to Rule 23(f).

Co-Chair Sample recognized Senator Hickey and he explained his reasons for his suggested changes to the Legislative Council rules. Co-Chair Sample recognized Marty Garrity to respond to questions and she explained that under the current process an emergency rule is reviewed by the Legislative Council after it has been adopted by an agency. The process for all other rules proposed by an agency is that the rule is first reviewed by the Administrative Rules and Regulations Subcommittee of the Legislative Council and some may then be referred to the subject-matter committee for a recommendation prior to adoption by the agency. Ms. Garrity explained the proposed change to the Legislative Council rules would only affect emergency rules that an agency believes must be implemented immediately and which are only in effect for one hundred twenty (120) days.

Senator Stephanie Flowers asked that she be provided a copy of the written process for review of agency rules including all of the exceptions that might exist and Ms. Garrity agreed to provide the information.

Responding to additional questions, Ms. Garrity explained the language in the Legislative Council rules is taken from Act 1258 of 2015, which provides that the Executive Subcommittee would take final action on emergency rules. She further explained that in 2013, the voters passed Ballot Issue 1, which authorized the General Assembly to have approval authority over agency rules and in the 2015 Regular Session enabling legislation was passed to set out procedures for the approval of rules. There followed discussion among the members of the committee of what constitutes an emergency and the proposed procedures for reviewing emergency rules.

Co-Chair Sample recognized Senator Hickey who asked to have the language of the second suggested change read aloud at this time and that he be allowed to make the motion at the proper time to have this language included in the proposed rules. Ms. Garrity read the second suggestion as follows: "Either chair of Legislative Council or a majority of members of Legislative Council may call a meeting to be held within one (1) day after review and approval by the Executive Subcommittee on the emergency rule to request reconsideration of the emergency rule by the Executive Subcommittee."

There followed additional discussion with members speaking for and against the additional change, and Ms. Garrity responding to further questions.

Co-Chair Sample recognized Senator Linda Chesterfield who asked whether an amendment could be considered if it was not presented to the committee in writing. Ms. Garrity responded that there is not a rule on that subject. Senator Chesterfield asked that the vote on the motion be divided. Co-Chair Sample stated that the vote will be a separate vote of the House members and the Senate members.

Co-Chair Sample recognized Representative Jim Dotson who asked about the change in Rule 7 and asked how members would be notified if not in writing. Ms. Garrity responded that notice could be given verbally during a meeting and then followed with an electronic mail notice. Representative Dotson also asked about the proposed change to Rule 9 concerning when a motion to reconsider can be taken up. Ms. Garrity explained this change was made to conform to the House and Senate Rules concerning a motion to reconsider.

Co-Chair Sample asked Senator Hickey to restate his motion. **Senator Jimmy Hickey moved that the Legislative Council Rules be adopted with the changes recommended by the Executive Subcommittee and to include additional language to Rule 23(f) to read as follows: Either chair of Legislative Council or a majority of members of Legislative Council may call a meeting to be held within one (1) day after review and approval by the Executive Subcommittee of the emergency rule to request reconsideration of the emergency rule by the Executive Subcommittee.**

Co-Chair Sample recognized Co-Chair Branscum who explained the thinking of the Executive Subcommittee for the review of emergency rules as proposed. Co-Chair Sample recognized Senator Hickey who explained his reason for proposing the additional language to the Legislative Council rules. There was no further discussion.

Co-Chair Sample asked that Co-Chair Branscum call for the vote by the House members of the Legislative Council on Senator Hickey's motion that the Legislative Council Rules be adopted with the changes recommended by the Executive Subcommittee and to include the additional language to Rule 23(f) to read as follows: Either chair of Legislative Council or a majority of members of Legislative Council may call a meeting to be held within one (1) day after review and approval by the Executive Subcommittee of the emergency rule to request reconsideration of the emergency rule by the Executive Subcommittee.

Before the vote of the House members, Co-Chair Sample recognized Senator Linda Chesterfield and asked if she wished to make a substitute motion. Senator Chesterfield responded that she did not believe a motion was necessary and asked that the House and Senate members have a separate vote on the written change and the verbal change suggested by Senator Hickey. Ms. Garrity stated that the Legislative Council rules require a separate vote on this issue. After further discussion, Co-Chair Sample stated the motion by Senator Hickey was on the floor and no other motion has been made. Co-Chair Sample recognized Senator Chesterfield for a point of order and she stated that she is correct concerning the procedures under Mason's Rules, but she would withdraw her request for a separate vote on each issue.

Co-Chair Sample recognized Senator Terry Rice who made a substitute motion that a separate vote be taken on the adoption of the Legislative Council Rules; one vote with the written changes recommended by the Executive Subcommittee and including the additional language verbally proposed by Senator Hickey; and one vote on only the written changes recommended by the Executive Subcommittee. The motion was seconded and the motion was passed by a voice vote.

Co-Chair Sample called for the vote on the motion for the adoption of the Legislative Council rules including the proposed change that provides a one-day notice to the Legislative Council prior to consideration of an emergency rule. Ms. Garrity clarified further that the first vote will be by the House members of the Legislative Council on a motion to adopt the Legislative Council Rules with the proposed change (referred to as "a") to Rule 23(f) requiring that all members of the Legislative Council receive an electronic copy of an emergency rule at least one (1) day prior to the rule being considered by the Executive Subcommittee.

Representative David Branscum moved that the Legislative Council Rules be adopted with the changes recommended by the Executive Subcommittee including the additional language to Rule 23(f) requiring that all members of the Legislative Council receive an electronic copy of an emergency rule at least one (1) day prior to the rule being considered by the Executive Subcommittee. The motion was passed by voice vote of the House members.

Co-Chair Sample moved that the Legislative Council Rules be adopted with the changes recommended by the Executive Subcommittee including the additional language to Rule 23(f) requiring that all members of the Legislative Council receive an electronic copy of an emergency rule at least one (1) day prior to the rule being considered by the Executive Subcommittee. The motion was passed by voice vote of the Senate members.

Ms. Garrity explained that the next vote will be to include in the Legislative Council Rules the additional language to Rule 23(f) proposed verbally by Senator Hickey (referred to as "b"), which provides that either chair of Legislative Council or a majority of members of Legislative Council may call a meeting to be held within one (1) day after review and approval by the Executive Subcommittee of the emergency rule to request reconsideration of the emergency rule by the Executive Subcommittee.

Co-Chair Branscum called for a vote by the House members on the motion to include in the Legislative Council Rules the additional language to Rule 23(f) proposed verbally by Senator Hickey, which provides that either chair of Legislative Council or a majority of members of Legislative Council may call a meeting to be held within one (1) day after review and approval by the Executive Subcommittee of the emergency rule to request reconsideration of the emergency rule by the Executive Subcommittee. The motion passed by voice vote of the House members.

Co-Chair Sample called for a vote by the Senate members on the motion to include in the Legislative Council Rules the additional language to Rule 23(f) proposed verbally by Senator Hickey, which provides that either chair of Legislative Council or a majority of

members of Legislative Council may call a meeting to be held within one (1) day after review and approval by the Executive Subcommittee of the emergency rule to request reconsideration of the emergency rule by the Executive Subcommittee. The motion failed to pass by voice vote of the Senate members. Upon the request for a roll call vote on the motion, Co-Chair Sample called for a roll call of the Senate members and the motion passed with ten (10) "yes" votes and seven (7) "no" votes.

Co-Chair Sample recognized Co-Chair Branscum to continue with the report of the Executive Subcommittee. Co-Chair Branscum reported that the Executive Subcommittee also passed a motion to recommend that the July 2015 meeting be cancelled and that actions of the Legislative Council subcommittees that would normally be reviewed at the July meeting of the Legislative Council will be considered final and shall be reported to the Legislative Council during its meeting scheduled for the month of August 2015.

Co-chair Sample recognized Representative David Meeks who asked if the July 2015 meeting of the Legislative Council conflicts with national legislative conferences and why cancel the meeting if there is no conflict. Ms. Garrity responded that the Legislative Council meetings are held the third Friday of each month, except on rare occasions such as is today's meeting, and that the third Friday that month is July 17, 2015. Ms. Garrity explained that the Southern Legislative Conference (SLC) begins the following Sunday on July 19, 2015, and some members have SLC committee meetings on Saturday, July 18, 2015, and therefore, Friday, July 17, 2015, is considered a travel day.

Representative Greg Leding moved that the report of the Executive Subcommittee be adopted. The motion was seconded and passed by a voice vote.

Reports of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Sample referred members to the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1) and recognized Representative Andy Davis to present the report. Representative Davis reported that the Administrative Rules and Regulations Subcommittee met on June 10, 2015 and reviewed without objection all rules on the agenda, including rules that were deferred from the May meeting. Representative Davis reported that four (4) rules submitted by the Department of Education were withdrawn at the request of the department. Representative Davis explained that three (3) of these rules (listed as items 3a., 3.b, and 3.c on page 3 of the report) will be revised and resubmitted and that one rule (listed as item 3.d on page 3 of the report) is awaiting review by the Governor's Office. This concluded the report and there were no questions.

Senator Joyce Elliott moved that the report of the Subcommittee on Administrative Rules and Regulations be adopted. The motion was seconded and was passed by voice vote.

Higher Education Subcommittee

Co-Chair Sample recognized Senator Jason Rapert to present the report of the Higher Education Subcommittee. Senator Rapert reported that the Higher Education Subcommittee met on June 8, 2015 and heard an update from Dr. Brett Powell, Director of the Department of Higher Education, on performance funding, concurrent course credit, the Arkansas Academic Challenge Scholarship, and legislation enacted by the 90th General Assembly, and various administrative issues. The subcommittee also had an informative discussion with Steve Hudson, owner and managing partner of Hydro-Temp, on energy efficiency alternatives with demonstrable cost savings for colleges, universities, and other public buildings. Senator Rapert stated that this firm was involved with buildings out-of-state, which led to a first in the nation zero-net cost on utilities for a school building. This concluded the report and there were no questions.

Senator Jason Rapert moved that the report of the Subcommittee on Higher Education be adopted. The motion was seconded and passed by voice vote.

Litigation Reports Oversight Subcommittee

Co-Chair Sample recognized Senator Terry Rice to present the report of the Litigation Reports Oversight Subcommittee (Exhibit F.7). Senator Rice reported that the Litigation Reports Oversight Subcommittee met on June 10, 2015 and heard an update from David Curran, Deputy Attorney General, on new and closed cases of litigation, as well as an update from Michelle Baker and Paul Gehring, Revenue Legal Counsel for the Department of Finance and Administration, of new and closed cases of litigation. Senator Rice reported that the subcommittee reviewed a proposed settlement agreement in the amount of \$40,000, and heard an overview from John Bethel, Director of the Public Service Commission, of current public utility litigation. This concluded the report and there were no questions.

Senator Terry Rice moved that the report of the Litigation Reports Oversight Subcommittee be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Sample recognized Representative David Meeks to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Representative Meeks reported that the PEER Subcommittee met on June 9, 2015 and approved three items: an appropriation transfer request from the Department of Human Services Division of Youth Services; the continuation of the two point two percent (2.2%) deduction for the State Central Services Fund; and a reallocation of resources request from the Department of Human Services that is included in the report as Attachment 1.

Representative Meeks reported that the subcommittee had several questions concerning the contracts between the Department of Human Services Division of Medical Services and Arkansas Centers for Health Improvement, which are included in the report as item 35 on page 10 and item 36 on page 11 of Attachment 2. Representative Meeks reported that the subcommittee deferred action on these two contracts to the full Legislative Council and all other items on the report were reviewed.

Representative David Meeks moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted. The motion was seconded and passed by voice vote.

Policy-Making Subcommittee

Co-Chair Sample referred members to the report of the Policy-Making Subcommittee (Exhibit F.9) and recognized Senator Alan Clark to present the report. Senator Clark reported that the Policy-Making Subcommittee met on June 11, 2015 and heard from Margie Davis, the Chief Fiscal Officer for the Bureau of Legislative Research, who explained that it is the responsibility of the Policy-Making Subcommittee to set the initial allocations for reimbursement funds for interim committees for fiscal year 2016. The subcommittee passed a motion to recommend the allocation of funds beginning July 1, 2015 as listed in Exhibit B that is attached to the report. This concluded the report and there were no questions.

Senator Alan Clark moved that the report of the Policy-Making Subcommittee be adopted. The motion was seconded by Representative Leding and passed by voice vote.

Consideration of Contracts Referred by PEER Subcommittee

Co-Chair Sample recognized Representative David Meeks to present the two contracts referred by the PEER Subcommittee to the Legislative Council. Representative Meeks stated that these are contracts between the Department of Human Services Division of Medical Services and Arkansas Centers for Health Improvement and that most of the members' questions have been answered.

Representative David Meeks moved that the Legislative Council file as reviewed the contracts between the Department of Human Services Division of Medical Services and Arkansas Centers for Health Improvement, which are listed in Attachment 2 to the PEER Subcommittee Report as item 35 on page 10 and item 36 on page 11. The motion was seconded and passed by a voice vote.

Review Subcommittee

Co-Chair Sample referred members to the report of the Review Subcommittee (Exhibit F.10) and recognized Representative Jeff Wardlaw to present the report. Representative Wardlaw reported that the Review Subcommittee met on June 9, 2015 and reviewed all contracts on the agenda with the exception of the contract between the Department of Human Services and McKinsey and Company, Inc. (see item 35 on page 31 of the report), which was referred to the Arkansas Health Reform Legislative Task Force.

Representative Wardlaw reported that the Arkansas Health Reform Legislative Task Force heard testimony from the Department of Human Services and the Stephen Group on this contract, and the task force asked that department and the Stephen Group work together to clarify goals and improve performance measures within the next thirty (30) days of the new contract. The department was also asked to report changes in the contract to the Review Subcommittee.

Representative Wardlaw stated that the written recommendation of the Arkansas Health Reform Legislative Task Force that the contract be reviewed by the Legislative Council is attached as the last page of the Review Subcommittee report. This concluded the report and there were no questions.

Representative Jeff Wardlaw moved that the report of the Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Sample recognized Representative Lanny Fite to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Representative Fite reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on June 10, 2015 and reviewed the following: requests for grid movement from several agencies, with the exception of the request from the Department of Correction that was pulled from the report; a report from the Department of Finance and Administration detailing the approval of special entry rates for the months of April and May; provisional position reports from two and four-year institutions detailing eight (8) provisional positions for fiscal year 2015; a notification from the Department of Finance and Administration that two employees of the Massage Therapy Board have been laid off under the reduction in force (RIF) process; a request from the Insurance Department to surrender two (2) pool positions; a request for a geographical differential for residential care assistance technicians at the Human Development Center in Jonesboro; a request for three (3) positions for the University of Central Arkansas from the Higher Education Central Pool to create positions for Campus Equipment and Facility Specialist with a line item maximum of \$50,000; a request from the Disability Determination for Social Security Administration for an adjustment to the previously established adjudicator grid and labor market; the renewal of existing miscellaneous federal grant (MFG) positions and pool positions; and the establishment of grids, differential salary structures, and labor market rates for various agencies. This concluded the report and there were no questions.

Representative Lanny Fite moved that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted. The motion was seconded and passed by voice vote.

Lottery Oversight Subcommittee

Co-Chair Sample referred members to the report of the Lottery Oversight Subcommittee (Exhibit F.12) and recognized Representative Chris Richey to present the report. Representative Richey reported that the Lottery Oversight Subcommittee met on June 11, 2015 and heard an overview of the Arkansas Lottery activities and operations for the past month from the Office of the Arkansas Lottery. The subcommittee also heard an update on the Arkansas Academic Challenge Scholarship Program from the Arkansas Department of Higher Education. Representative Richey reported that the subcommittee also reviewed a contract for supplemental advertising, marketing, and media services for the Arkansas Lottery. This concluded the report and there were no questions.

Representative Chris Richey moved that the report of the Lottery Oversight Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Sample referred members to the communications listed as Exhibits H.1 through H.10 and stated that there were some communications that require action by the Legislative Council.

Arkansas Teacher Retirement System

Co-Chair Sample referred members to the request from the Arkansas Teacher Retirement System (ATRS), submitted pursuant to A.C.A. § 19-11-1302, for the Legislative Council's review of the partial equity ownership investments with the following: Long Wharf Real Estate Partners Fund V, L.P.; Torchlight Debt Opportunity Fund V, L.L.C.; Westbrook Real Estate Fund X, L.P.; AllianzGI Structured Alpha Global Equity 500 Fund, L.L.C.; and Castlake IV, L.P. Co-Chair Sample recognized George Hopkins, Executive Director of the Arkansas Teacher Retirement System (ATRS), who identified himself and explained the ATRS has submitted these five (5) investments for the review of the committee, of which three are real estate funds, one is an equity fund; and one is a private equity fund.

Mr. Hopkins provided the following information in his explanation:

- (1) The investment with Long Wharf Real Estate Partners Fund V, L.P. (Exhibit H.3a) is in the amount of \$30,000,000 and is a domestic, value-added real estate fund that invests in fixer-upper properties around the United States with a return of about ten to twelve percent (10-12%) annually.
- (2) The investment with Torchlight Debt Opportunity Fund V, L.L.C. (Exhibit H.3b) is in the amount of \$25,000,000 and is a domestic real estate fund with a long-term record of doing well for the retirement system, which is designed to use skilled traders who look for debt opportunities available on the market and who buy these at a discount.
- (3) The investment with Westbrook Real Estate Fund X, L.P. (Exhibit H.3c) is in the amount of \$25,000,000, which is an opportunistic fund meaning they do more development with a little more risk. The lowest return with this fund was about nine percent (9%) per year and the highest return was twenty point six five percent (20.65%) per year, which goes back to 1997 and 2000. This fund has very good fees, and if the ATRS can close by the end of the month there will be a seven and three quarter basis-point reduction in fees. The average internal rate of return annually with this group is fourteen point six percent (14.6%).
- (4) The investment with AllianzGI Structured Alpha Global Equity 500 Fund, L.L.C. (Exhibit H.3d) is essentially an index fund of all the major stock markets of the world and the ATRS does not pay fees or management expenses. The day the ATRS entered the fund becomes the high-water mark and the ATRS does not owe the company fees whatsoever, unless the markets rise above the high-water mark, and then whatever the return is for the market index, the ATRS owes no fees unless they beat the market return.

(5) The investment with Castllake IV, L.P. (Exhibit H.3e) is a private equity fund that does some special small business purchases and builds upon them. When the ATRS looked at this initially, Castllake committed that the maximum fund size would be \$1.75 billion, but the fund size was increased just before the ATRS board meeting to \$1.9 billion. The ATRS may choose not to invest with Castllake unless the fund size can be reduced. The ATRS is negotiating with Castllake through their consultant, but at this time, it is not likely that this investment will happen.

Senator Jim Hendren asked what percentage of the ATRS revenue on an annual basis is from contributions and what percentage is from the state contributions and Mr. Hopkins agreed to send this information to Senator Hendren. Mr. Hopkins answered further questions from the committee regarding these investments.

Representative Branscum moved that the Legislative Council file as reviewed the partial equity ownership investments with Long Wharf Real Estate Partners Fund V, L.P.; Torchlight Debt Opportunity Fund V, L.L.C.; Westbrook Real Estate Fund X, L.P.; AllianzGI Structured Alpha Global Equity 500 Fund, L.L.C.; and Castllake IV, L.P., as submitted by the Arkansas Teacher Retirement System. The motion was seconded and passed by voice vote.

Arkansas Division of State Parks

Co-Chair Sample referred members to the request from the Arkansas Division of State Parks for the Legislative Council's review of the annual general revenue comparison of estimated disbursements to state parks for FY 2015 compared with anticipated expenditures for FY 2016 and actual expenditures for FY 2014, submitted pursuant to Section 20 of Act 206 of the 2014 Fiscal Session (Exhibit H.9a) and recognized Greg Butts, Director of the Division of Arkansas State Parks, and Kevin Carr, Manager of Park Administration, to explain this request. Mr. Butts introduced himself and stated the first report before the committee is a semi-annual report that reflects general revenue distributions for the fifty-two (52) state parks in the system, including the expenses for fiscal year 2014, the estimated expenses in fiscal year 2015, and the budget for fiscal year 2016. This concluded the explanation and there were no questions.

Representative Branscum moved that the Legislative Council file as reviewed the annual general revenue comparison of estimated disbursements to state parks for FY 2015 compared with anticipated expenditures for FY 2016 and actual expenditures for FY 2014, as submitted pursuant to Section 20 of Act 206 of the 2014 Fiscal Session. The motion was seconded and passed by voice vote.

Co-Chair Sample referred members to the request from the Arkansas Division of State Parks for the Legislative Council's approval of fiscal year 2016 expenditures for the Special Maintenance Program (Exhibit H.9b), submitted pursuant to Section 21 of Act 988 of the 2015 Regular Session, and recognized Greg Butts, Director of the Division of Arkansas State Parks, and John Brown, Manager of Park Operations, to explain this request. Mr. Butts explained the second report is the Special Maintenance Program expenditures and includes projects that would fall between the day-to-day operations of the state parks system and the larger capital improvement and renovation projects. Mr. Butts explained that each year Mr. Brown and the park

superintendents compile a list of the needs for the state park system, which includes 1,700 camp sites, 1,000 picnic sites, 1,100 structures of which 183 are designated historic structures, hundreds of miles of roads, and 400 miles of trails. This concluded the explanation and there were no questions.

Representative Branscum moved that the Legislative Council approve the fiscal year 2016 expenditures for the Special Maintenance Program, as submitted. The motion was seconded and passed by voice vote.

Revenue Report for May 2015

Co-Chair Sample referred members to the May 2015 Monthly Revenue Report from the Department of Finance and Administration (Exhibit H.7) and asked if the department officials would come forward to respond to a question. Co-Chair Sample recognized Tim Leathers, who introduced himself as the Deputy Director for the Department of Finance and Administration. Co-Chair Sample recognized Senator Jason Rapert who asked how ad valorem taxes are assessed on large semi-trucks and trailers and whether these must be assessed at the department rather than at the local county assessor's office. Mr. Leathers responded that these taxes are centrally assessed with the Tax Division of the Public Service Commission and the Department of Finance and Administration participates in the proof-of-payment and payment process.

Senator Rapert described a situation with one of his constituents who owns older model trucks and who failed to average the actual model year on his older trucks when he assessed, which resulted in a tax payment of approximately \$10,000 rather than \$600 a year in ad valorem taxes because the trucks were assessed as 2015 year model trucks. Senator Rapert stated that his constituent has not received any assistance from the Department of Finance and Administration and the constituent was told there is no appeals process within the department. Senator Rapert asked if it is true that there is no method of appealing this assessment. Mr. Leathers responded that this does not make sense that there would be no appeal process and the constituent may not have spoken to the proper person at the Public Service Commission. Mr. Leathers stated that if Senator Rapert would provide him with information concerning his constituent's assessment, he will follow-up on this and make sure the proper person receives the information. Senator Rapert responded that he appreciated the offer and he would provide the information to Mr. Leathers.

Co-Chair Sample recognized Senator Bryan King who asked Mr. Leathers if there is any type of larger problem within the Department of Human Services that may indicate there is a financial problem. Mr. Leathers responded that he has no direct knowledge of any overall problem that is not within the general issues of how the Department of Human Services would continue the programs in the agency that are being discussed by several legislative groups. In response to another question from Senator King, Mr. Leathers responded that with what is certified to the Department of Finance and Administration on the funding for the Department of Human Services and that he has received no reports regarding financial difficulties, that he is not aware of anything being brought up from a legislative audit. There were no further questions.

Supplemental Agenda

Interim Study Proposal 2015-139

Co-Chair Sample referred the members to Interim Study Proposal 2015-139 (Exhibit A.1) on the supplemental agenda and recognized Representative Greg Leding.

Representative Greg Leding moved that rules be suspended for the purpose of considering Interim Study Proposal 2015-139. The motion was seconded and passed by voice vote.

Representative Leding was recognized to explain Interim Study Proposal 2015-139, and he explained this is a study proposal he has been putting together for some months for the purpose of determining the causes of student debt in Arkansas and whether something can be done to help the students and their families.

Representative Greg Leding moved that Interim Study Proposal 2015-139 be referred to the Higher Education Subcommittee of the Legislative Council. The motion was seconded.

Co-Chair Sample recognized Representative Kim Hammer who asked if he could be allowed to request that something be added to the study. Representative Leding stated he would be willing to work with Representative Hammer.

Co-Chair Sample called for the vote on the motion that Interim Study Proposal 2015-139 be referred to the Higher Education Subcommittee of the Legislative Council and the motion passed by voice vote.

Adjournment

At 10:40 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Bill Sample
Co-Chair, Senate

Marty Garrity
Executive Secretary