

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, March 18, 2016

The Arkansas Legislative Council met at 9:00 a.m., Friday, March 18, 2016, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair David L. Branscum 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 Branscum referred the members to the minutes of the February 19, 2016 meeting (Exhibit C) of the Legislative Council and asked if there was a motion to approve the minutes. **Co-Chair Bill Sample moved that the minutes of the February 19, 2016 Legislative Council meeting be adopted. The motion was seconded and passed by voice vote.**

Presentation of Revenue Report

Co-Chair Branscum recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the February 2016 revenue report prepared by the Bureau of Legislative Research (Exhibit D). Mr. Wilson reported that after eight (8) months of this fiscal year, gross revenue collections are currently \$10.2 million ahead of the same period last year and the growth rate is three-tenths of one percent (0.3%) while net general revenues available for distribution are \$74.4 million ahead of the same period last year for a growth rate of two point two percent (2.2%) with refunds accounting for the difference in the growth rates. Mr. Wilson reported that the graph indicates revenues at January 31, 2016 were about \$98 million ahead of the official forecast, but on February 1, 2016 the official forecast was revised. The graph shows that revenues at the end of February 2016 are about \$32 million ahead of the revised forecast, which is basically due to refunds not flowing out as much as expected.

Mr. Wilson reported that the spreadsheet shows a growth rate of three point eight percent (3.8%) for gross receipts and a negative two point three percent (-2.3%) for income tax collections. This concluded the presentation of the February 2016 revenue report and Mr. Wilson responded to a question.

Introduction of Edward Armstrong

Co-Chair Branscum recognized Larry Walther, Director of the Arkansas Department of Finance and Administration, who introduced Edward Armstrong as the new Administrator of the Department of Finance and Administration Office of State Procurement. The committee responded with applause.

Report of the Executive Subcommittee

Co-Chair Branscum recognized Co-Chair Bill Sample to present the report of the Executive Subcommittee. Co-Chair Sample reported that the Executive Subcommittee met on March 17, 2016 and approved four (4) emergency rules by the Arkansas Department of Education and also viewed a slide presentation on Smart 911 by Mullenix & Associates.

Co-Chair Sample reported that the Executive Subcommittee discussed the meetings of Legislative Council subcommittees during the 2016 Fiscal Session and that these subcommittees will meet under the Joint Budget Committee. Co-Chair Sample reported that the Executive Subcommittee recommends that the Joint Budget Committee form a Rules and Regulations Subcommittee and appoint members as authorized by law. Co-Chair Sample stated the Executive Subcommittee would take up any emergencies during the fiscal session. This concluded the report and there were no questions.

Co-Chair Sample moved that the report of the Executive Subcommittee be adopted. The motion was seconded and passed by voice vote.

Report of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Branscum recognized Representative Andy Davis to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Davis reported that the Administrative Rules and Regulations Subcommittee met on March 15, 2016 and reviewed and approved all the rules on the agenda. This concluded the report and there were no questions.

Representative Andy Davis moved that the report of the Subcommittee on Administrative Rules and Regulations be adopted. The motion was seconded and passed by voice vote.

Claims Review Subcommittee

Co-Chair Branscum recognized Senator Jeremy Hutchinson to present the report of the Claims Review Subcommittee (Exhibit F.3). Senator Hutchinson reported that the Claims Review Subcommittee met on March 14, 2016 and makes the following recommendations to the Legislative Council: Affirm the reissuance of three (3) warrants and one (1) unpaid bill; affirm the settlement agreement between APAC-Tennessee, Inc. and the Arkansas Highway and Transportation Department; reverse the Claims Commission ruling in two (2) claims appealed by the responder; affirm the Claims Commission ruling in one (1) claim appealed by the responder; and affirm the Claims Commission denial of twenty-seven (27) claims by inmates. This concluded the report and there were no questions.

Senator Jeremy Hutchinson moved that the report of the Claims Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Branscum 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 March 15, 2016, and approved the following requests: (1) request for release of set-aside funding in the amount of \$9.9 million for the Arkansas State Police for A-1 upgrades; (2) an appropriation transfer request for the Arkansas Department of Education; and (3) a reallocation of resources request for the Department of Human Services that is detailed in Attachment 1 to the report. Representative Meeks reported that the miscellaneous federal grant appropriation request from Department of Education-Child Nutrition listed as item D.1 was held during the meeting, but the hold has since been released as the issues were resolved. Representative Meeks reported that all other agenda items were reviewed. This concluded the report and there were no questions.

Representative David Meeks moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted including the review of item D.1, the miscellaneous federal grant appropriation request from Department of Education-Child Nutrition, and excluding from the report for separate discussion and vote, item G, which is the appropriation transfer request by the Treasurer of State. The motion was seconded and passed by voice vote.

Co-Chair Branscum stated the committee would now discuss report item G on page 2 of the PEER Subcommittee report, which is the request by the Treasurer of State for an appropriation transfer of \$50,000.00 from Capital Outlay to Professional Fees and Services for legal fees. Co-Chair Branscum recognized Senator Terry Rice who asked that officials from the Office of the State Treasurer be recognized to respond to questions.

Co-Chair Branscum recognized Grant Wallace, Assistant Chief of Staff, and Ed Garner, Deputy Chief Investment Officer, with the Office of the State Treasurer. Mr. Wallace and Mr. Garner responded to several questions and comments from the committee members. During the discussion, Mr. Wallace offered to provide members with copies of an Affidavit (Handout F.8) signed by Treasurer Milligan stating that he has made all payments to his personal attorneys for defending him in the complaint filed against him with the Arkansas Ethics Commission. Co-Chair Branscum asked staff to make copies and hand out the copies to the committee members. Representative David Meeks, Co-Chair of the PEER Subcommittee, also responded to questions from the committee members.

Co-Chair Branscum asked if there were any more questions, and seeing none, he asked Senator Terry Rice if he wished to make a motion. **Senator Terry Rice moved that the Legislative Council approve the appropriation transfer of \$50,000.00 within the current budget of the State Treasurer's Office. The motion was seconded and passed by voice vote.**

Review Subcommittee

Co-Chair Branscum recognized Senator Bart Hester to present the report of the Review Subcommittee (Exhibit F.10). Senator Hester reported that the Review Subcommittee met on March 15, 2016 and reviewed methods of finance, alternative delivery construction projects, grants, and contracts. Senator Hester reported that no agenda items were held. This concluded the report and there were no questions.

Senator Bart Hester moved that the report of the Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Co-Chair Branscum recognized Senator Bart Hester who explained that yesterday another contract was received for review by the subcommittee. He asked that staff hand out copies of Contract No. 4600036892 between the Department of Information Systems and Presidio (Handout F.10) and it was given to all the committee members.

Senator Bart Hester moved that the rules be suspended to allow the committee to consider today, Contract No. 4600036892 between the Department of Information Systems and Presidio. The motion was seconded and passed by voice vote.

Senator Hester explained that the Department of Information Systems requested that the rules be suspended to allow the committee to consider a technical and general services contract between the Department of Information Systems and Presidio, which is for the yearly maintenance purchase of all the Cisco Hardware and Software used on the data network and which includes funds for the K-12 network for school transitions over the next two months. Senator Hester stated that the total amount of the amendment is \$1,021,862.72.

Co-Chair Branscum asked Senator Hester to state his motion. **Senator Bart Hester moved that the Legislative Council review and pass the Contract No. 4600036892 between the Department of Information Systems and Presidio. The motion was seconded and passed by voice vote.**

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Branscum 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 March 16, 2016 and reviewed the following reports and requests: reports from the Department of Finance and Administration (DFA) detailing the approval of special entry rates for exceptionally well-qualified candidates; labor market rates by the Chief Financial Officer through February; grid movements based on the previously-approved grid plan; provisional positions reports from the two- and four-year institutions of higher education detailing four (4) provisional positions for fiscal year 2016; reports of a reduction-in-force by the Department of Veterans Affairs of fifteen (15) employees and a reduction-in-force by the Office of Geographical Information Services (GIS) of two (2) positions and one (1) employee; review of a request for growth pool positions for the new classifications for the Director of Communications for the Department of Workforce Services; and a request for special entry rate for a candidate for the Psychological Examiner for the Department of Human Services Division of Developmental Disabilities Services at Jonesboro. 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 Branscum recognized Representative Chris Richey to present the report of the Lottery Oversight Subcommittee (Exhibit F.12). Representative Richey reported that the Lottery Oversight Subcommittee met on March 17, 2016, and heard testimony concerning the following items: the activities and operations of the Office of the Arkansas Lottery from the Department of Finance and Administration and the Office of the Arkansas Lottery. Representative Richey reported that the

subcommittee also reviewed the business plan and consulting services with the Office of the Arkansas Lottery and Camelot Global. 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 Branscum referred members to the communications listed as Exhibit H.1 through Exhibit H.11 on the agenda and noted that the only item requiring action by the committee is the request, submitted pursuant to A.C.A. § 19-11-1302, by the Arkansas Public Employees Retirement System for the Legislative Council's review of the partial equity ownership investment with INVESCO Core Real Estate - U.S.A., LLC (Exhibit H.3). Co-Chair Branscum asked if there were any questions.

Co-Chair Bill Sample moved that the Legislative Council file the partial equity ownership investment with INVESCO Core Real Estate - U.S.A., LLC as reviewed. The motion was seconded and passed by voice vote.

New Interim Study Proposals and Interim Resolutions

Co-Chair Branscum referred the members to Interim Study Proposal 2015-163 (Exhibit J.1), by Representative Justin Boyd, that requests that the Arkansas Legislative Council refer to the Joint Committee on Economic and Tax Policy a request to study the implications of changing the tax code similar to that of the State of Maine to allow the limitation of purchasing certain foods and food ingredients by beneficiaries of the Supplemental Nutrition Assistance Program. Co-Chair Branscum asked if there were any questions regarding Interim Study Proposal 2015-163 and there were none.

Co-Chair Bill Sample moved that Interim Study Proposal 2015-163 be referred to the Joint Committee on Economic and Tax Policy. The motion was seconded and passed by voice vote.

Co-Chair Branscum recognized Representative Kim Hammer who stated that he respectfully requests that the co-chairs consider requesting that the State Treasurer's Office come before the committee and give a status report on the legal matter involving the State Treasurer until the matter is settled and that Treasurer Dennis Milligan appear before the committee to respond to questions from the committee. Co-Chair Branscum responded that the co-chairs would take his request under consideration for the next meeting.

Supplemental Agenda

Co-Chair Branscum referred the members to the Supplemental Agenda, on which is the Arkansas State Parks Division's request for the Legislative Council's advice concerning land acquisitions submitted pursuant to A.C.A. § 22-4-106 (Exhibit A.1). Co-Chair Branscum stated a motion to suspend the rules is needed for the committee to consider this request.

Co-Chair Bill Sample moved that the rules be suspended to consider the Arkansas State Parks Division's request for the Legislative Council's advice concerning land acquisitions submitted pursuant to A.C.A. § 22-4-106. The motion was seconded and passed by voice vote.

Co-Chair Branscum stated that representatives of the Arkansas State Parks Division were available to respond to questions. Kevin Carr, Administrative Manager, and Jeff King, Chief Planner with the Arkansas State Parks Division came forward and introduced themselves and were recognized. Mr. King explained that these property acquisitions have been approved by the Parks and Tourism Commission and the Governor's Office, and are now submitted for the approval of the Legislative Council pursuant to A.C.A. § 22-4-106. Mr. Carr and Mr. King responded to several questions and comments from the committee members.

During the discussion of the land acquisitions, the following information was requested by the Legislative Council members:

- 1) What is the budget for all of these locations?
- 2) What is the funding balance available in Amendment 75 for these types of property acquisitions?
- 3) What are the on-going maintenance costs to maintain these properties?
- 4) What is the cost for acquiring these properties?
- 5) How much additional revenues can be expected due to these employees being on site?
- 6) Where are the current park superintendents living and how far away are they from the parks?
- 7) What is your recommendation for the Legislative Council regarding providing housing for park employees as an additional benefit to the employee and would this justify reducing the employee's salary to account for this extra benefit?

Co-Chair Bill Sample moved that the request for the Legislative Council's advice concerning land acquisitions, submitted by the Arkansas State Parks Division pursuant to A.C.A. § 22-4-106 be held for consideration at the next Legislative Council meeting so that the request can be examined more thoroughly. The motion was seconded and passed by voice vote.

Adjournment

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

Respectfully submitted,

ATTEST:

Representative David L. Branscum
Co-Chair, House

Marty Garrity
Executive Secretary