

DRAFT MINUTES

**SENATE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS
HOUSE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS
MEETING JOINTLY**

Wednesday, September 20, 2017

1:30 PM

**Room 171, State Capitol
Little Rock, Arkansas**

Committee Members Present: Senators Eddie Joe Williams, Chair and Trent Garner.
Representatives Bob Ballinger, Chair; Andy Davis, Jim Dotson, Trevor Drown, Kenneth Ferguson, Justin Gonzales, and Richard Womack.

Other Legislators Present: Senators Linda Chesterfield and Jason Rapert.
Representatives Dan Douglas, Vivian Flowers, Jimmy Gazaway, David Hillman, Frederick Love, Rebecca Petty, and David Whitaker,

Senator Williams called the meeting to order. He recognized Representative Ballinger for remarks.

Representative Ballinger made a motion to approve August 10, 2017, and September 5, 2017, Meeting Minutes. Seconded by Representative Gonzales.

Continue Discussion of ISP 2017-087 – To study a potential requirement that reports of police intervention at premises licensed to serve alcohol by the drink be delivered to the appropriate regulatory authorities.

Senator Eddie Joe Williams introduced ISP 2017-087 and presented an overview of the purpose of such legislation.

Discussion of Possible Policy Solutions for Notification of Police Reports Involving an Alcohol-Licensed Establishment to Regulatory Authorities. The following persons were recognized. Issues in each discussion include:

Boyce Hamlet, Director, Alcoholic Beverage Control Enforcement, was recognized to discuss possible policy solutions. Issues included in the discussion:

- Pulling of Permits
- Growth of Agencies and data
- Performance of random audits
- Supports self-reporting

Mary Robin Casteel, Director, Alcoholic Beverage Control Division was recognized to discuss possible policy solutions. Issues included in the discussion:

- Increased fees and penalties
- Texas' grid provides clarity in respect to suspensions, fees and structure
- Self-reporting
- Liability Insurance
- Criminal charges for sales to minors

Mike Godfrey, Executive Director, Arkansas Sheriffs' Association was recognized to discuss possible policy solutions. Issues included in the discussion:

- Reporting of agent follow up issues
- Scope of requested information for reports
- Self-reporting

Gary Sipes, Executive Director, Arkansas Association of Chiefs of Police was recognized to discuss possible policy solutions. Issues included in the discussion:

- Stiffer penalties for permit holders who fail to self-report
- Clarification on reporting requirements
- Maintaining a good repor with agencies

Jack Critcher, Legislative Liaison, Arkansas Municipal League was recognized to discuss possible policy solutions. Issues included in the discussion:

- In agreement with self-reporting recommendation
- Eager to assist with efforts as needed

There being no further business, the meeting adjourned at 2:23 p.m.

DRAFT MINUTES

SENATE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS STATE AGENCIES AND GOVERNMENTAL AFFAIRS- HOUSE ELECTIONS SUBCOMMITTEE

MEETING JOINTLY

Friday, October 6, 2017

9:30 AM

413 Central Avenue
Hot Springs, Arkansas

Committee Members Present: Senators Eddie Joe Williams, Chair and Trent Garner. **Representatives** Trevor Drown, Chair; Andy Davis, and Kenneth Ferguson

Other Legislators Present: Senators Linda Chesterfield, Alan Clark, and Joyce Elliot. **Representatives** Charles Blake, David Branscum, Jim Dotson, Charlotte Douglas, Jon Eubanks, David Fielding, Vivian Flowers, Mickey Gates, Justin Gonzales, Reginald Murdock, Milton Nicks, Jr., Aaron Pilkington, and James Sorvillo

Senator Williams called the meeting to order. He recognized Representative Drown for remarks.

Secretary of State Update: Implementation of Elections-Related Legislation and Voter ID

Kelly Boyd, Chief Deputy Secretary of State, Arkansas Secretary of State's Office, was recognized. Mr. Boyd gave a brief overview of the the new campaign finance filing system, implemented as of October 1, 2017.

Mr. Boyd stated that all the equipment necessary to implement the new voter ID laws have been placed in the counties. The rules have all been passed by the Arkansas State Board of Election Commissioners. Mr. Boyd reported that since 2014 they have spent approximately \$300,000 on equipment. In 2017 \$50,000 was spent to replace equipment. The current maintenance contract costs are approximately \$10,000.

Mr. Boyd opened the discussion to questions from the committee. Issues discussed include:

- School board elections will now be held on primary or general election day;
- The new equipment allows the set-up of vote centers. Vote Centers make it easier for constituents to vote, it handles the vote ballot styles more efficiently. There are currently 13 counties who have vote centers;
- The potential for future redistricting in effort to reduce the number of ballot styles. The Board currently has 10 licenses for a 2011 auto bound program;
- There are currently 21 counties that utilize a combination of paper and electronic ballots.
- Possible one year sales tax exemption (state, local, and county) to purchase election equipment;
- Consideration for less voting places in regard to split precincts; and
- Extended payment option not available by vendor.

Discussion of Voter ID

Jeff Priebe, Attorney, James, Carter, & Priebe, was recognized. Mr. Priebe briefly discussed his position that the current Voter ID laws are unconstitutional. Issues included in the discussion:

- Current litigation concerning Voter ID laws;
- Spring of 2014 primary election cycle in Arkansas, 1200 people were not allowed to vote during an election with a 20% turnout;
- Enact provisions to allow citizens to cast good ballot versus provisional ballot without ID;
- Provide sworn statement with provisional ballot; and
- Disenfranchisement of particular populations (senior citizens) due to new laws.

Discussion of Arkansas Voter Access: Voter Registration and Voting Precincts

Peyton Murphy, Assistant Director of Elections, Arkansas Secretary of State's Office, was recognized. Mr. Murphy provided information on the issues included in the discussion:

- Education provided to public
- Provisional vote process
- Issues with vote centers
- Unopposed candidate issue

Doug Curtis, County Clerk, Saline County, was recognized and briefly discussed the following issues:

- Consolidation of polling places based on geographic location
- Lack of poll workers due to aging population of volunteers
- New equipment necessary due to multiple ballot styles

Discussion of the 2020 Census

Marilyn Sanders, Regional Director, United States Census Bureau, was recognized. Ms. Sanders gave an overview of the upcoming census procedures. Issues included in the discussion:

- Census Day is April 1, 2020
- Apportionment counts are to be sent to the President by December 31, 2020
- Redistricting counts are sent to the states by March 31, 2021
- Current challenges are cyber security and non-response
- Census block boundary suggestion program
- Participation in the local update of census addresses
- Census includes both citizens and non-citizens living in America
- Self-response 2020 will include computerized, telephone, and mail communication
- Educating the public to prevent fear of reporting data to the government

There being no further business, the meeting adjourned at 11:07 a.m.

DRAFT MINUTES

**SENATE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS
HOUSE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS
MEETING JOINTLY**

Tuesday, October 10, 2017

1:30 PM

**Room 171, State Capitol
Little Rock, Arkansas**

Committee Members Present: Senators Eddie Joe Williams, Chair; Trent Garner, Bart Hester, Bryan King, and Terry Rice. **Representatives** Bob Ballinger, Chair; Andy Davis, Jim Dotson, Charlotte Douglas, Kenneth Ferguson, Justin Gonzales, Michelle Gray, Kim Hendren, Douglas House, Jack Ladyman, Brandt Smith, James Sturch, and Dwight Tosh.

Other Legislators Present: Senators Alan Clark, Linda Collins- Smith, and Blake Johnson. **Representatives** Charlie Collins, Jana Della Rosa, Mickey Gates, Jeremy Gilliam, David Hillman, Johnny Rye, Danny Watson, Jeff Williams, and Carlton Wing.

Senator Williams called the meeting to order. He recognized Representative Ballinger for remarks.

Purposed Policy Solutions for Notification of Police Reports Involving As Alcohol-Licensed Establishment to Regulatory Authorities [EXHIBIT C]

Ms. Mary Robin Casteel, Director, Alcoholic Beverage Control Division (ABCD) was recognized, she gave a brief overview of the potential legislation that proposes changes to the structure of penalties. The legislation incorporates the ability to suspend permits in addition to the current fines. Ms. Casteel provided a matrix from the state of Texas as a possible guideline to developing penalties in Arkansas. There is no current self-reporting policy. Under the proposed legislation, the establishment must report an offense within five days.

Discussion of ISP 2017-086 – To study the process for awarding homestead property tax credits, including the mechanisms in place to guarantee that a citizen owning multiple parcels of land receive only one tax credit. [EXHIBIT D]

Sponsor Senator Eddie Joe Williams introduced ISP 2017-086. This proposal will study the 700,000 parcels across the state in effort to prevent the credit of \$350 from being used multiple times by one citizen.

Discussion of the Process for Awarding Homestead Property Tax Credits

Paul Gehring, Revenue Assistant Commissioner Policy & Legal, Department of Finance & Administration was recognized, he gave an overview of the history of the current homestead credit. He also explained the process for awarding the homestead property tax credit. Issues included in the discussion:

- Property Tax relief trust fund
- Half cent sales tax
- Amendment 79
- Uniform practice amongst counties
- Certification of homestead properties
- Multi- State duplicate claims

Debbie Asbury, Former Director of Assessment Coordination Department, was recognized, she provided the assessment coordination frequently asked questions. The information provided includes the Attorney General's opinion and also includes the Florida and Louisiana rules as a point of reference. Ms. Asbury opened the floor for additional questions. Issues included in the discussion:

- Multi-State duplicate claims
- Michigan process for finding duplicate claims
- Responsibility of the state to create system
- Possibility of adding reporting requirement to income tax report
- Coordination of primary residence with voter registration address

Cory Scott addressed the committee to discuss the comprehensive database of multiple counties which allows the assessors to identify duplicates within the Arkansas Game & Fish, County Assessor, County Collector, and Voter registration.

There being no further business, the meeting adjourned at 3:19 p.m.

DRAFT MINUTES

SENATE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS HOUSE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS MEETING JOINTLY

Thursday, October 26, 2017

1:30 PM

Historic Dyess Colony, 110 Center Drive
Dyess, Arkansas

Committee Members Present: Senator Trent Garner. **Representatives** Bob Ballinger, Chair; Jack Ladyman, Vice-Chair; Jim Dotson, Charlotte V. Douglas, Justin Gonzales, Douglas House, Brandt Smith, James Sturch, and Dwight Tosh. **Other Legislators Present:** **Representatives** Jana Della Rosa, and Johnny Rye

Representative Ladyman called the meeting to order and thanked everyone in attendance. He recognized Representative Ballinger for remarks.

Presentation of Economic and Educational Impact of Arkansas State University's Heritage Sites

Ms. Ruth Hawkins, Executive Director, Arkansas State University Heritage Sites, came before the committee with a presentation on the Heritage sites in the Arkansas Delta. There are currently 18 new tourism-related business in the region. These sites have served as an economic catalyst for the area. She gave an overview of the Hemingway-Pfeiffer Museum, Southern Tenant Farmers Museum, Lakeport Plantation and the Historic Dyess Colony- Johnny Cash Boyhood Home. As a result, 10 million dollars is earned annually in direct tourism-related income and 100 new tourism related jobs.

Presentation of Heritage Tourism in Arkansas

Ms. Rebecca Burkes, Deputy Director, Department of Arkansas Heritage, was recognized. She gave a brief overview of the historic, cultural, and natural tourism sites in Arkansas. Ms. Burkes presented a brief slideshow of photographs of the following: Old State House Museum, Mosaic Templars, Delta Cultural Center, Bethell Heritage Home, Historic Arkansas Museum, Trapnall Hall, and the Jacob Wolf House. Ms. Burkes stated that the Department of Arkansas Heritage is responsible for protecting Arkansas' original landscape. There are currently 71 natural heritage sites encompassing 77,000 acres of land that are assessable to the public.

Tour of the Historic Dyess Colony and Johnny Cash Boyhood Home

Ms. Ruth Hawkins, Executive Director, Arkansas State University Heritage Sites narrated a tour of the Historic Dyes colony and Johnny Cash Boyhood Home.

Tour of Southern Tenant Farmers Museum in Tyronza, Arkansas The committee was given an overview of the history of tenant farming in Arkansas and the Southern Tenant Farmers Union.

DRAFT MINUTES

SENATE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS HOUSE COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS MEETING JOINTLY

Friday, October 27, 2017

9:00 AM

300 S. Church Street

Jonesboro, Arkansas

Committee Members Present: Senator Trent Garner. **Representatives** Bob Ballinger, Chair; Jim Dotson, Charlotte V. Douglas, Justin Gonzales, Douglas House, Jack Ladyman, Brandt Smith, James Sturch and Dwight Tosh

Other Legislators Present: Senator John Cooper and **Representative** Johnny Rye

Representative Ladyman called the meeting to order. He recognized Representative Ballinger for remarks. Mayor Harold Perrin welcomed the committee to Jonesboro and thanked the legislature for the work done during the session.

Overview of Jonesboro Police Department

Chief Rick Elliott, Police Chief, Jonesboro Police Department, was recognized. Chief Elliott gave an overview of current policies and programs used in law enforcement. Issues included in the discussion:

- Night club shooting
- Arkansas Beverage Control Reporting
- Fire Codes of Occupancy
- Current Culture of Criminal Enterprise
- Citizens Academy
- Explorer Program
- Trunk or Treat
- Community/Public Service Policing
- Tourniquet Saves Kits

Tour of the Jonesboro Mayor's Office and Jonesboro Police Department

The committee was given a tour of several divisions within the police department such as evidence processing, offender intake, cybercrimes division, and the fine payment center.

DRAFT MINUTES
HOUSE AND SENATE COMMITTEES ON STATE AGENCIES AND
GOVERNMENTAL AFFAIRS

MEETING JOINTLY

Monday, January 8, 2018
1:30 PM
Room 171, State Capitol
Little Rock, Arkansas

Committee Members Present: Senators Gary Stubblefield, Vice-Chair; Trent Garner, Missy Irvin and Terry Rice. **Representatives** Bob Ballinger, Chair; Jack Ladyman, Vice-Chair; Jim Dotson, Trevor Drown, Jon Eubanks, Kenneth Ferguson, Justin Gonzales, Kim Hendren, Douglas House, Warwick Sabin, Brandt Smith, Dwight Tosh, Jeff Wardlaw and Richard Womack.

Other Legislators Present: Senators Alan Clark, and Scott Flippo. **Representatives** Scott Baltz, Bruce Cozart, Dan Douglas, David Fielding, Vivian Flowers, Jack Fortner, Grant Hodges, Steve Hollowell, Mark Lowery, Ron McNair, Reginald Murdock, Matthew Shepherd, Danny Watson, and Jeff Williams.

Senator Stubblefield called the meeting to order.

Discussion of ISP 2017-086 – “To study the process for awarding homestead property tax credits, including the mechanisms in place to guarantee that a citizen owning multiple parcels of land receive only one tax credit.” EXHIBIT C

Mr. Bear Chaney, Director, Arkansas Assessment Coordination Department and Ms. Lindsey Bailey, Legal Counsel, Association of Arkansas Counties were recognized. They gave a brief overview of the homestead property tax credit and ways to prohibit citizens from receiving the tax credit on multiple parcels of land. Out of the six surrounding states Alabama, Mississippi, Oklahoma and Texas have homestead credit. Mississippi is the only state that has a statewide system to check for duplicate homesteads. Ms. Bailey stated she polled 30 counties representing 318,000 parcels of land claiming the credit statewide. She found 114 potential duplicates were identified. If a citizen gets caught claiming duplicate homestead tax credit they either have to pay the credit back or they must not claim the tax credit for three years. Mr. Chaney state they are currently working with the Assessor and the Association of Arkansas Counties on adopting some best practices in order to eliminate citizens from claiming duplicates homestead tax credits.

Discussion of ISP 2017-058 – “To amend the repayment provisions regarding loans made to the Department of Correction from the Budget Stabilization Trust Fund.” EXHIBIT D

Mrs. Wendy Kelley, Director, Arkansas Department of Correction was recognized to discuss Senator Eddie Joe Williams’ inquiry regarding the Arkansas Department of Correction’s Agriculture Division. Mrs. Kelley provided the committee with two banker boxes and three binders of documentation in response to a letter she received dated October 10, 2017. Members asked questions regarding the submitted information, cost per meal, and loans made to the Department of Correction

from the Budget Stabilization Trust Fund. When asked about the cost per meals Ms. Kelley stated the Department of Correction's meals cost more than the county jails because they provide inmates with three hot meals a day considering the inmates have to do physical labor compared to bagged cold meals from the county jails.

Mr. David Farabough, Farm Administrator, Arkansas Department of Correction was recognized. He stated they are currently working farming 20,000 acres of farm land. Dedicated land for farming vegetables are about 600 acres across all the units statewide. The cold storage will hold one month of food and the storage is located at the Varner Unit. When asked about the cost of sweet potatoes Mr. Farabough stated to grow sweet potatoes it cost approximately \$500-\$600 per acre. Mr. Farabough stated they are considering on purchasing items such as sweet potatoes that are readily available. They are trying to condense the items they grow.

The Committee also heard testimony from Mr. Dale Reed, Chief Deputy, Arkansas Department of Correction and Mr. Mark Cashion, Assistant Director, Arkansas Department of Correction regarding inmate work hours and work load.

There being no further business, the meeting adjourned.

DRAFT MINUTES

Litigation Reports Oversight Subcommittee
of the Arkansas Legislative Council
HOUSE AND SENATE COMMITTEES ON STATE AGENCIES AND
GOVERNMENTAL AFFAIRS

MEETING JOINTLY

Tuesday, January 30, 2018

The Litigation Reports Oversight Subcommittee of the Arkansas Legislative Council and the House and Senate Committees on State Agencies and Governmental Affairs met jointly on Tuesday, January 30, 2018, at 1:30 p.m. in Room A of the Big Mac Building, Little Rock, Arkansas.

Committee Members Present: **Senators** Will Bond, Chair; Gary Stubblefield, Vice-Chair; Trent Garner, Jimmy Hickey, Missy Irvin, Bruce Maloch, Terry Rice, and David Wallace.
Representatives Bob Ballinger, Chair; Scott Baltz, Andy Davis, Gary Deffenbaugh, Jim Dotson, Charlotte Douglas, Trevor Drown, Jon S. Eubanks, Kenneth Ferguson, Michelle Gray, Justin Gonzales, Kim Hammer, Douglas House, Josh Miller, James Sturch, Brandt Smith, Dwight Tosh, Jeff Wardlaw, and David Whitaker.

Other Legislators Present: **Senators** Ronald Caldwell, Linda Chesterfield, Linda Collins-Smith, Jonathan Dismang, Joyce Elliott, Jane English and Bill Sample.
Representatives Bob Ballinger, Chair; Scott Baltz, Andy Davis, Gary Deffenbaugh, Jim Dotson, Charlotte Douglas, Trevor Drown, Jon S. Eubanks, Kenneth Ferguson, Michelle Gray, Justin Gonzales, Kim Hammer, Douglas House, Josh Miller, James Sturch, Brandt Smith, Dwight Tosh, Jeff Wardlaw, and David Whitaker.

Representative Bob Ballinger called the meeting to order.

Discussion of the Board of Trustees of the University of Arkansas v. Matthew Andrews
Decision [Exhibit B]

Matthew Miller, Assistant Director, Legal Division, Bureau of Legislative Research, presented an overview of sovereign immunity and the Board of Trustees of the University of Arkansas v. Andrews. He stated that Arkansas Constitution, Article 5, § 20 the State of Arkansas shall never be made defendant in any of her courts. Compared to other states Arkansas' provision is fairly unique: 24 state constitutions do not address sovereign immunity; 23 state constitutions address sovereign immunity by providing in various forms that the legislature may provide for suit against the state; and three states (Arkansas, Alabama, and West Virginia) provide that the state shall never be made a defendant in its courts. Mr. Miller presented the facts of the Andrews case: Mr. Andrews was a bookstore manager at Rich Mountain Community College (RMCC) from November 15, 2010 through May 9, 2013; When Andrews began working for RMCC he received overtime compensation in 2011 he was classified as exempt from the overtime

requirements under the federal Fair Labor Standards Act and the Arkansas Minimum Wage Act; In 2013, Andrews filed a complaint against RMCC for failing to compensate him for overtime under the Arkansas Minimum Wage Act. He sought a variety of monetary relief, including damages for unpaid overtime compensation, prejudgment interest, attorney's fees, and costs. Mr. Miller provided a history of the provision and how it has evolved over the years. He discussed the following case related to sovereign immunity: Arkansas Highway Commission v. Nelson Brothers, 191 Ark.629 (1935); Fairbanks v. Sheffield, 226 Ark. 703 (1956); Arkansas Department of Human Services v. State, 312 Ark. 481 (1993); Arkansas Department of Finance and Administration v. Staton, 325 Ark. 341 (1996); and Arkansas Department of Finance and Administration v. Tedder, 326 Ark. 495 (1996). Mr. Miller discussed some of the implication for the Arkansas State Claims Commission including: presumably actions under the Arkansas Minimum Wage Act would now fall under the Claims Commission; the Commission shall have jurisdiction only over those claims which are barred by the doctrine of sovereign immunity from being litigated in a court; the term "claim" is not defined in the commission's enabling legislation; a complaint before the commission is required to state the amount claimed; and depending on how the Andrews case impacts the commission's caseload, it may need statutory adjustments to its jurisdiction and the relief it may grant.

Alex Gray, Attorney, Steel, Wright, Gray and Hutchinson Law Firm, stated they have submitted a constitutional amendment to the Attorney General to clarify language to the state constitution. The amendment would add "unless authorized by the General Assembly". This would allow for the General Assembly to waive the rights to sovereign immunity.

Lee Rudofsky, Solicitor General, Office of the Attorney General, discussed his opinion of the Andrews decision. He does not believe the Supreme Court ruling in the case addresses the issue of sovereign immunity because the lawsuit is seeking monetary relief. However, the ruling seeks a practical way to allow lawsuits against the state but only for injunctive relief. He stated the Court is not granting immunity but interpreting the lawsuit to not be a suit against the state. Which means the question of sovereign immunity is inapplicable completely and it's the judges who get to decide.

JoAnn Maxey, General Counsel, University of Arkansas System and David Curran, Associate General Counsel, University of Arkansas System, gave a brief explanation concerning the Andrews case and agreed with Mr. Rudofsky that the ruling did not allow for monetary relief.

Possible Effect on Caseload and Staff for Arkansas State Claims Commission

Kathryn Irby, Director, Arkansas State Claims Commission, stated the Claims Commission agency handles most of the monetary claims made against the state agencies by Arkansas citizens or business. She stated the agency's caseload would grow tremendously if the high court's decision results in FOIA, illegal exaction and other monetary claims being moved to the Claims Commission.

There being no further business, the meeting adjourned.

DRAFT MINUTES

STATE AGENCIES AND GOVERNMENTAL AFFAIRS SENATE CONSTITUTIONAL ISSUES SUBCOMMITTEE

Thursday, February 1, 2018

The State Agencies and Governmental Affairs – Senate Constitutional Issues Subcommittee met on Thursday, February 1, 2018, at 1:30 p.m. in the Arkansas Old Supreme Court Room, Little Rock, Arkansas.

Committee Members Present: Senators Bryan King, Chair; Gary Stubblefield and David Wallace.

Other Legislators Present: Senators Ronald Caldwell, Jonathan Dismang, and Trent Garner.

Representatives Jim Dotson, Charlotte Douglas, Kenneth Ferguson, Kim Hammer, Josh Miller, Marcus Richmond, Brandt Smith.

Senator King called the meeting to order.

Discussion of ISP 2017-105 – A proposed constitutional amendment concerning state-provided health insurance or medical assistance, or both for certain eligible individual and the recoupment of actual costs incurred by ineligible individuals. [Exhibit C]

Ms. Max Greenwood, Director, Government and Media Relations, Arkansas Blue Cross/Blue Shield, answered questions from Senator King. She stated they lost more than \$40 million on the individual exchange in 2016, which Arkansas Works is a part of it. Blue Cross/Blue Shield has implemented cost-saving measures to make up for the loss, such as changing copays, deductibles and provider reimbursement and removing the ability of Arkansas Works patients to go out of state.

Ms. Cindy Gillespie, Director, Department of Human Services and Mr. Kelley Linck, Chief Governmental Liaison of Legislative Affairs, Department of Human Services, stated the backlog the state agency had made it difficult to re-determine eligibility when addressing the question about millions of dollars spent on ineligible patients. DHS has ramped up its Medicaid fraud investigations and plans to bring lawmakers more policies to approve during the fiscal session.

Discussion of ISP 2017-107 – A proposed amendment to the Arkansas Constitutional providing that the Governor shall not disapprove certain provisions of a bill making appropriation of money.

[Exhibit D]

Ms. Cindy Gillespie, Director, Department of Human Services and Mr. Kelley Linck, Chief Governmental Liaison of Legislative Affairs, Department of Human Services, discussed the ISP and answered questions from Senator Bryan King and other committee members.

There being no other business, the meeting adjourned.

DRAFT MINUTES

STATE AGENCIES AND GOVERNMENTAL AFFAIRS SENATE CONSTITUTIONAL ISSUES SUBCOMMITTEE

Thursday, February 5, 2018

The State Agencies and Governmental Affairs – Senate Constitutional Issues Subcommittee met on Monday, Monday, February 5, 2018, at 1:00 p.m. in the Arkansas Old Supreme Court Room, Little Rock, Arkansas.

Committee Members Present: Senator Bryan King, Chair.

Other Legislators Present: Representatives Jim Dotson, Dan Douglas, and Justin Gonzales.

Senator King called the meeting to order.

Discussion of ISP 2017-109 – A proposed constitutional amendment prohibiting the state from establishing, providing for, or maintaining a fund for economic development incentives that requires the approval of the Governor for proposed uses. [Exhibit C & Handout 1]

Jacob Bundrick, Policy Analyst, Arkansas Center for Research in Economics, University of Central Arkansas, gave a presentation explaining Quick Action Closing Fund (QACF). Mr. Bundrick discussed background information regarding QACF. The “deal-closing fund” was created by Act 510 of 2007. The fund involved discretionary cash grants with approval by the Governor and reviewed by the legislative council. Through fiscal year 2017 \$172,252,000 has been appropriated. Mr. Bundrick gave a brief explanation of expenditures by year, county and entity. He stated Arkansas Economic Development Commission reports 25,225 jobs promised by subsidized companies however, 19,860 have been realized. In conclusion, he states no evidence that QACF increases employment or establishments at county level, how else could have the \$176 million been spent and consider eliminating the program similar to New Jersey and Florida.

Discussion of ISP 2017-108 – A proposed amendment to provide that certain tax revenues shall be allocated to the state Highway Commission and the Arkansas Department of Transportation for highway and road construction and improvements. [Exhibit D & Handout 2]

Scott Bennett, Director, Arkansas Department of Transportation, gave a breakdown on the estimated average annual construction funds and discussed the federal vs. state funding. Mr. Bennett discussed the federal highway funding issues that include continuing resolution and a government shutdown, current funding ends in February, and potential future impacts of a 40% reduction. He presented data regarding highway revenue and employment levels. A 1979 study by RJ Hansen and Associates states the nation’s highway systems are deteriorating faster than they are being improved and contributes this to not enough funding. Mr. Bennett discussed a possible new program which includes projecting 10 years of projects, annual existing funding available for highway construction is \$447 million and combined with projected new funding totals of \$8.37 billion over 10 years.

There being no other business, the meeting adjourned.

EXHIBIT C

DRAFT MINUTES

STATE AGENCIES AND GOVERNMENTAL AFFAIRS SENATE CONSTITUTIONAL ISSUES SUBCOMMITTEE

Tuesday, March 27, 2018

9:00 AM

Berryville Community Center, 601 Dr. Spurlin Circle
Berryville, Arkansas

Committee Members Present: Senators Bryan King, Chair and Gary Stubblefield
Representatives Charlotte Douglas, Trevor Drown, Kim Hendren, Brandt Smith, Jeff Wardlaw, and Richard Womack.

Other Legislators Present: Senator Scott Flippo and Representative Ron McNair.

Senator King called the meeting to order.

Opening Remarks by Committee Chair- Senator King discussed the following topics, General Improvement Funds (GIF), allocation of state surplus funds through grants to economic development districts, rural services, and volunteer fire departments.

Senator King recognized Madison County Judge Frank Weaver for testimony of how general improvement funds have helped Madison County. Judge Weaver gave examples of projects where GIF funds helped organizations in the county:

- The Northwest Arkansas Development District awarded the Kingston Community Volunteer Fire Department \$5,000 towards the purchase of a rescue vehicle
- The Library systems in Madison and Carroll County received assistance to improve their facilities
- The Madison County Fair Board received assistance for the installation of air conditioning in their fair grounds exhibit buildings
- The GIF funds helped unincorporated cities and incorporated cities such as St. Paul who received money for its fire department
- The City of Huntsville received monies for its fire department

Legislators discussed how the local communities could obtain financial assistance in the absence of GIF funding. One suggestion was made to process funding grants through economic development districts allowing counties to apply for assistance.

Senator King recognized Mayor Butch Berry, City of Eureka Springs who gave highlights of issues the city has experienced. He described the city's dependence on tourism revenue because there are no big box retail stores generating large sales tax revenues. However, the tourism also creates problems. A significant number of motorcyclists visit the area and being unfamiliar with the roadways they experience a large number of accidents. This requires a full-time police department, the fire department, and the Emergency Medical Service (EMS) personnel. Mayor Berry described the city's dependence on grant funding for the fire and police departments. He gave the example of the fire department's efforts in trying to buy self-

contained breathing apparatus. The tanks cost \$8,000 each and there is a need for 50 of the tanks. Grants have been approved by the Arkansas Rural Development Commission for the purchase of ten of the tanks for a total of \$80,000. Additional funding is needed to purchase generators that fill the tanks at a cost of \$25,000. Mayor Berry then gave highlights of the collapse of a parking lot because of the aging infrastructure of the underground drainage system that runs underneath the courthouse and throughout the city. Mayor Berry contacted Senator King and Representative Ballinger asking for funding assistance to make repairs with the total cost of the project totaling \$200,000. The city did not have the funding. He said the Arkansas Rural Development Commission approved a grant for the necessary funding. Mayor Berry believes this is a good example of city, county, and state entities working together. He referenced the Economic Development District, which consists of nine counties, county judges and mayors as board members. The Board reviews all of the grant applications providing transparency and a good process.

Legislators discussed the fair distribution of funding to Economic Development Districts, the Department of Rural Services, cities and counties.

There being no other business, the meeting adjourned at 9:45 a.m.

EXHIBIT C

DRAFT MINUTES

STATE AGENCIES AND GOVERNMENTAL AFFAIRS

Tuesday, March 27, 2018

10:00 AM

Berryville Community Center, 601 Dr. Spurlin Circle
Berryville, Arkansas

Committee Members Present: Senator Gary Stubblefield, Vice-Chair
Representatives Bob Ballinger, Chair

Other Legislators Present: Representatives Jim Dotson, Charlotte Douglas, Ron McNair, and Josh Miller.
Representative Ballinger called the meeting to order.

Opening Remarks by Committee Chair- Representative Ballinger thanked the community for attending the meeting. He explained that the committee meeting is an opportunity for the public to observe how the process works when the legislators review and discuss state agencies, boards and commission, in addition to election issues and constitutional amendments. He directed audience members to sign-in to be recognized to make statements or ask questions.

Welcome and Comments by Mayor Tim McKinney, City of Berryville, Arkansas

Mayor McKinney gave an overview and history of the failure of a landfill affecting six counties. As Mayor of Berryville, he served as a member of the Economic Development District Board. When the Board purchased the landfill, there were no other landfills in existence from Tonitown to Jonesboro. The purchase of a landfill was made with the belief it would serve the six counties for years to come. He then gave highlights of issues that developed over a period of years impacting the landfill:

- At the beginning of the purchase the Economic Development Board contracted with the Northwest Arkansas Economic Development Board to manage the landfill
- Environmental and regulatory problems added significant issues to the operation of the landfill
- The Arkansas Department of Environmental Quality (ADEQ) changed the requirements for the operation of the landfill with a requirement of \$6 million to alleviate issues
- \$500,000 was posted by the sellers to correct environmental issues
- The Board discovered that \$250,000 in sales taxes had not been paid by the Economic Development District
- The District submitted four different plans to ADEQ all of which were reject
- When the initial purchase of the bond issue was made there was \$9.8 million issued by the landfill hauling company
- An additional \$2.5 million was issued to pay bond closing cost and to correct environmental issues
- By the time the Solid Waste Board obtained control over the landfill away from the Economic Development District all of the monies were gone
- None of the environmental issues had been corrected
- The Solid Waste District negotiated with a national company, Sanpec, Inc. to correct the environmental and regulatory issues
- Negotiations consisted of an offer by Sanpec, Inc. to pay the Solid Waste District \$8,000 annually to own and operate the landfill
- Unfortunately, the Board rejected the offer by Sanpec, Inc.

Mayor McKinney explained that an audit conducted by Legislative Audit showed over \$500,000 was owed to the Solid Waste Board by the Economic Development District, which has never been paid. In total, an indebtedness of

approximately \$2 million led the Board to request the resignation of the director of the Economic Development District. Ultimately, the issue was heard in the courts during a bankruptcy trial. The judge ruled that the bonds associated with the landfill were in default. Mayor McKinney gave his personal opinion that the courts, the judges, the regulatory agencies, and all entities involved in the failure of the closure of the landfill protected the interest of the bondholders and passed along the cost to the taxpayers.

Senator King described the budget process performed by the legislative committee, the Special Language Committee when it reviews proposed legislation for the appropriation of funds for the personal services and operating expenses. Senator King explained that appropriations for state agencies is to provide for salaries and the operation of the agency, the maintenance and operations of their buildings. He believes this specific committee should be abolished because of deceptive methods used in the appropriation process for state agencies. Senator King referenced legislation passed for the appropriation of the operation of the ADEQ for the 2014-2015 fiscal year. He said this particular appropriation included the repayment of the bonds in default of the landfill. He believes the inclusion of the repayment to bondholders should not have occurred.

Michael McAllister, Managing Attorney, ADEQ, explained when he was employed in 2012 a great deal of history involving the particular landfill had already taken place. Mr. McAllister focused on the environmental situation, the environmental impact, and the outcomes. He explained any solid waste landfill has concerns involving the potential impact on ground water, surface water, and air quality. Mr. McAllister learned there were compliance problems with regulations while the landfill was still owned by private entities. ADEQ entered into a Consent Administrative Order with the previous owner, RLH, Sanitation, Inc. addressing concerns of areas in the landfill that were overfilled, areas that needed to be corrected and remediated. ADEQ had an order to work with RLH to address these issues, which were outstanding when the sale of the landfill occurred with the Solid Waste District. ADEQ continued to work with the District because the District assumed the compliance issues from the previous owner. Closure plans were submitted. The District asked for extensions of time that resulted in a series of consent orders over a period of years. In 2013, the District communicated to ADEQ it no longer had the resources necessary to manage the landfill. At that time, ADEQ instituted civil action in the Baxter County Circuit Court. While litigation was pending, the District sought relief in bankruptcy court. The judge in the bankruptcy filing dismissed the District's petition. ADEQ then proceeded with its lawsuit. At that time, there was approximately two and half million dollars in financial assurance the District had pledged to ADEQ through that court action. ADEQ obtained control of the monies to initiate remediation and closure of the landfill. At the same time, the bondholders represented by the Bank of the Ozarks, hired attorneys who had been actively involved in the attempted bankruptcy by the District. The trustees for the bondholders went to Circuit Court in Pulaski County and petitioned for the appointment of a receiver. What that meant was the District indicated it was bankrupt and did not have the finances to continue to meet its obligations. When the bank petitioned the court to appoint a receiver, the result was the receiver assumed the responsibilities of assessing the liabilities and obligations.

Jeff Treece, attorney at law, was appointed by the court as the receiver. Mr. Treece spent over a year working with members of the Solid Waste Board, bondholders, and ADEQ. He made a recommendation to the Court that in order to satisfy the outstanding obligations that the Board use its authority to impose a service fee on all the residents and businesses within the six counties. Mr. McAllister said ADEQ intervened to safely close the landfill.

He then discussed the legislation Senator King referenced earlier about the appropriation authorizing ADEQ to spend funds from a post closure trust fund to initiate and continue closure of the landfill. ADEQ used \$2,500,000 recovered in the Baxter County Circuit Court action. ADEQ used the money authorized by legislation to continue closure of the landfill. Mr. McAllister explained over a year was spent assessing the issues followed by a recommendation to the court. All of the entities involved reviewed the receiver's report and agreed to the recommendations. The report was presented to the court. The Pulaski County Circuit Judge entered an order to implement the receiver's recommendation that an annual fee of \$18.00 be paid by property owners in the six counties.

In response to a question by Representative Ballinger as to why bondholders were included, Mr. McAllister said he understood that special language authorized ADEQ to obtain monies from a separate fund to initiate and complete the closure of this environmental hazard. Language in the legislation also provided a method for ADEQ to seek recovery

of funds expended from the Districts or its constituents, unless another arrangement was made between the parties. In response to a question by Representative Ballinger, Mr. McAllister said it is his position that the special language in the appropriation for ADEQ allowed funds to be expended to clean up the landfill and also allowed a mechanism for recovery by tax payers unless there is some settlement agreement that would include all the parties. So, it was not actually designed to ensure bondholders got recovery. A third mechanism would be no reason for ADEQ to have authority to collect against the District, if there is an agreed order that is signed. The assumption being that at that time the state was in the midst of the process where the District was ready to sign off on an agreed to order. Mr. McAllister said this was his understanding.

Julie Linck, Senior Deputy Director, ADEQ was recognized. She gave her personal assessment of the bankruptcy records and court filings related to the landfill failure. Ms. Linck gave her interpretation that the state was facing ground water contamination and irreparable harm to the water in Norfolk Lake and Bull Shoals unless immediate action was taken.

Discussion of the Ozark Mountain Solid Waste District Fee

Josh Curtis, Governmental Affairs Director, Association of Arkansas Counties, Teresa Smith, County Collector, Baxter County, and Amy Jenkins, County Collector, Boone County, were recognized. Mr. Curtis explained Ms. Smith and Ms. Jenkins and four other collectors are responsible for collecting the \$18.00 annual fee on all parcels in the six counties imposed by the Pulaski County Circuit Judge. Mr. Curtis said all of the collectors are working to send out tens of thousands of tax statements. Ms. Smith and Ms. Jenkins answered questions of legislators and discussed the ongoing work being performed to collect the fee.

A large number of citizens made statements and asked questions of the legislators voicing their disagreement with their obligation to pay the fee imposed by the court.

There being no further business, the meeting adjourned at 1:30 p.m.

DRAFT MINUTES
HOUSE AND SENATE COMMITTEES ON STATE AGENCIES AND
GOVERNMENTAL AFFAIRS

MEETING JOINTLY

Tuesday, April 24, 2018

The House and Senate Committees on State Agencies and Governmental Affairs met jointly on Tuesday, April 24, 2018, at 1:30 p.m. at the Wrightsville Unit – Arkansas Department of Correction in Wrightsville, Arkansas.

Committee Members Present: Senators Gary Stubblefield, Vice-Chair; Trent Garner, Missy Irvin, and David Wallace. **Representatives** Kenneth Ferguson, Justin Gonzales, Kim Hammer, Kim Hendren, Josh Miller, Brandt Smith, and Dwight Tosh.

Other Legislators Present: Representatives Vivian Flowers, Aaron Pilkington, Johnny Rye, and Danny Watson.

Senator Stubblefield called the meeting to order.

Discussion of Information Related to Synthetic Marijuana [Handout 1]

Mrs. Wendy Kelley, Director, Arkansas Department of Correction, stated the per calendar year incidents relating to synthetic marijuana in 2017 was 1,136. However, in late 2017, the Arkansas Department of Correction (ADC) implemented additional procedures regarding contraband as a results of those procedures the first quarter of 2018 ADC had 153 incidents relating to synthetic marijuana which is down from an average of 95 incidents a month to 51 incidents a month. Director Kelley stated the number of incidents is still high but it is a step in the right direction. Synthetic marijuana (K2) is toxic and lethal. One inmate took one hit off of a K2 cigarette and died. Some inmates have gotten sick off of it and stated they will never touch K2 again. K2 is very hard to detect because of the altered chemical forms. .

Discussion of Efforts Related to Contraband Interdiction [Handouts 2-4]

Mr. Dexter Payne, Deputy Director, Arkansas Department of Correction, discussed ADC's efforts relating to contraband interdiction. ADC has added signage all over every unit including the visitation areas and the viewing areas to tell inmates how dangerous K2 is and how it effects the inmates and their families. They have also added warning information to their website. Mr. Payne stated K2 is getting in the prison system by people throwing it over the fence, staff bring it in, family members bring it in, and through the mail. They have terminated staff for bring it in to the facilities. Additionally, the maximum security units have brand new body imaging machines such as the ones at the airport. The Tucker Unit is making a unique video regarding K2 with interviews from people who have used K2. The inmates discuss negative effects of using the drug. The K9 team has helped tremendously as they are sent out triple the amount of times that

normally would have to search for drugs. Another great policy change is changing our policy on receiving mail. Now when the mail comes in ADC copies the mail and the inmates receive the copy of the mail versus the original letter. This is because families or friends were soaking the letters in K2 and the inmates would digest it. ADC started copying the mail back in August 2017 and K2 related incidents have gone down tremendously.

Discussion of Substance Abuse Treatment Programs at the Department of Correction

Mr. Mark Cashion, ADC Assistant Director, provided an overview of the substance abuse treatment programs. There are approximately 787 drug treatment beds within ADC. They are located at six different facilities. There are different level of treatment, it varies from four months to six months programs. There is also a substance abuse therapeutic community program that is a 9-to-12 month residential treatment program. There are 224 treatment beds at the Tucker Unit, Wrightsville Unit and the McPherson Unit. This program uses cognitive behavioral treatment methods and recovering peer mentors to assist the mental health staff. The Committees heard from two peer mentors located at the Wrightsville Unit.

There being no further business, the meeting adjourned.