

SENATE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS

MEETING JOINTLY

THURSDAY, MAY 21, 2015

MINUTES

Senate and House Interim Committees on City, County, and Local Affairs met Thursday, May 21, 2015 at 10:30 a.m. in the Pope Room, at the Statehouse Convention Center, Little Rock, Arkansas. The meeting was held during the 2015 annual Arkansas Rural Development Conference (ARDC).

Committee members present were Senators Missy Irvin, Senate Chair, Linda Collins-Smith, Scott Flippo, Stephanie Flowers, Keith Ingram, Greg Standridge, and Representatives Betty Overbey, House Chair, Mary Bentley, Charles Blake, Lance Eads, Les Eaves, Kenneth Ferguson, Michael John Gray, Kim Hammer, Tim Lemons, and Milton Nicks, Jr.

Other Legislators attending were Senators Ronald Caldwell, Alan Clark, Jonathan Dismang, Blake Johnson, Bill Sample, and Eddie Joe Williams, and Representatives John Baine, Scott Baltz, Rick Beck, Nate Bell, Gary Deffenbaugh, Dan Douglas, Jon Eubanks, Charlene Fite, Bill Gossage, David Hillman, Joe Jett, Jack Ladyman, Sheilla Lampkin, Ron McNair, Reginald Murdock, Matthew Pitsch, James Ratliff, Marcus Richmond, Sue Scott, Dwight Tosh, and Marshall Wright.

Call to Order

Senator Irvin called the meeting to order.

Opening Remarks – Senator Missy Irvin and Representative Betty Overbey, Committee Chairs

Senator Irvin thanked the legislators for their attendance and asked them to introduce themselves.

Consideration for Adoption of ISP 2015-006 “Requesting that the Senate Committee on City, County, and Local Affairs conduct an Interim Study regarding the financial condition of the District Court System, specifically related to the cities and counties supporting those courts, including without limitation district court funding, operational costs, court costs, fees, fines, and the local revenue stream to the state administration of justice fund” by Senator Irvin [Exhibit C]

Senator Irvin introduced ISP 2015-006 as its' sponsor. The study will address the financial condition of the district court system. A motion to adopt ISP 2015-006 was made by Representative Ferguson and seconded by Representative Eaves. The motion carried.

Consideration for Adoption of ISP 2015-45 “An Act to Amend Laws Concerning the Formation of a County Water Provider; and for other Purposes”, by Senator Sample [Exhibit D]

Senator Irvin recognized Senator Sample to present ISP 2015-45. Senator Sample said the ISP is a shell bill with language to be drafted at a later date. A motion to adopt ISP 2015-45 was made by Senator Collins-Smith and seconded by Senator Standridge. The motion carried.

Consideration for Adoption of ISP 2015-46 “An Act to authorize the creation of different forms of municipal governments; and for other purposes” by Senator Sample [Exhibit E]

Senator Irvin recognized Senator Sample to present ISP 2015-46. Senator Sample said the ISP is a shell bill with language to be drafted at a later date. He believes this is an important issue, which will address duplication of services between cities and counties. A motion to adopt was made by Senator Collins-Smith and seconded by Senator Flippo. The motion carried.

2015 Fiscal Update – Revenue, Budget, and Surplus Estimates [Handout 1]

Senator Irvin recognized Richard Wilson, Assistant Director for Research Services, Arkansas Bureau of Legislative Research. Mr. Wilson gave an overview of the Arkansas Department of Finance and Administration's (DF&A) official General Revenue Forecast. It is historically referred to as the official forecast as a component of the Governors' balanced budget. Mr. Wilson reviewed the General Revenue Forecast (Handout 1). He detailed the forecast data, which is divided into three columns representing Fiscal Years (FY) 2015, 2016, and 2017. The first column, titled individual income, shows the individual income tax revenue expected in FY2015 as \$3.12 billion, a \$9.9 million increase over FY2014. Mr. Wilson said that each revenue component has ten line items including individual income, corporate income, and sales and use tax. Mr. Wilson told the legislators that he calculated all of the equations from the ten line items subsequent to the receipt of the DF&A forecast report. He agrees with the DF&A forecast, with the exception of individual income tax, which he found to be off by \$100 million. He stated that this surplus will be collected in individual income taxes over the next two months. The net available amount for FY2015 is \$5.151 billion, which is \$92.4 million over and above the amount required in the Revenue Stabilization Act (RSA) in the FY2015 budget, the Governor's surplus estimate. Mr. Wilson explained that on July 1, 2015 the surplus amount will automatically be placed into an account titled Stabilization Reserve. This reserve amount will collect interest until the General Assembly meets in February, 2016. Collections are expected to be \$156 million above FY2014 with a 2.5% growth rate. Mr. Wilson said this surplus amount will be shown on a graph that will be presented to the Arkansas Legislative Council.

Mr. Wilson referenced a color graph in the handout that contains a list of deductions and net RSA available funds for FY2015. The monies will be distributed as shown, plus a rainy day set-aside, and a surplus of \$92.4 million. Mr. Wilson stated that he has statistical data showing that FY2015 will be better than DF&A projects. He discussed the DF&A forecast for FY2016, which shows a \$29 million decrease in individual income tax. He also said the revised DF&A forecast for FY2017 anticipates a decrease of \$317

million, which is extremely conservative. He said that FY2018 will be the last year desegregation monies are expended, for an amount of \$66 million. The additional \$66 million in revenue will be budgeted in FY2019.

Mr. Wilson told the legislators he received authorization to forward executive summaries from consultants with the Lockheed-Martin project to be sent via e-mail to all members of the General Assembly on Friday, May 22, 2015. Additional information is forthcoming from the executive branch regarding an invitation to members of the General Assembly to meet Tuesday, May 26, 2015 in Room A, Mac Building, Little Rock, Arkansas to hear a presentation by Lockheed-Martin consultants, regarding the Super Fund project.

There being no further business, the meeting adjourned at 11:15 a.m.