

**MINUTES OF THE MEETING**  
**OF THE**  
**ARKANSAS LEGISLATIVE COUNCIL**

**Friday, September 21, 2018**

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The Arkansas Legislative Council met at 9:00 a.m., Friday, September 21, 2018, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Jim Dotson 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 Previous Meeting**

Co-Chair Dotson referred the members to the minutes of the last Legislative Council meeting on August 17, 2018 (Exhibit C) and asked if there were any questions. There were no questions.

**Co-Chair Sample moved that the minutes of the August 17, 2018 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.**

**Presentation of the Revenue Reports**

2018 Annual Revenue Report

Co-Chair Dotson recognized Richard Wilson, Assistant Director for the Research Services Division of the Bureau of Legislative Research, to present the 2018 Annual Revenue Report (Exhibit D.1) prepared by the Bureau of Legislative Research.

Mr. Wilson referred to the 2018 Annual Revenue Report, and explained the report as follows:

- Listed on the top of the first page are the gross collections of general revenue over the last ten (10) years. In Fiscal Year 2018, \$6.74 billion was collected, which is an increase of about \$168 million for a growth rate of two point fifty-six percent (2.56%).
- Listed on the bottom of the first page are the amounts collected for individual and corporate income tax and sales and use tax over thirty (30) years. In Fiscal Year 2018, income tax collections were \$3.8 billion for a growth rate of three point two percent (3.2%). In Fiscal Year 2018, the general revenue portion of the sales and use tax collections was \$2.45 billion for a growth rate of three point four (3.4%). The last column reflects the value of each cent of sales tax collected as of June 30, 2018, which is \$546 million.
- Listed on pages 2, 3, and 4 are all sources of gross general revenue and the amounts collected for each source during Fiscal Year 2017-2018, along with all sources of special revenues and amounts collected for each source during Fiscal Year 2017-2018. The amounts shown at the bottom of page 4 reflect that \$6.7 billion in gross

general revenue was collected, and \$2.25 billion in gross special revenues was collected.

- Listed on page 5 are the items coming off the top, and in the middle of page 5 is the adjusted net revenue available for distribution. Net General Revenues are \$5.5 billion, and net special revenues are \$2.2 billion.
- Listed on pages 6, 7, and 8 are the amounts distributed for net general and net special revenues during Fiscal Year 2017-2018 and the agencies to which the money flows. At the bottom of page 8 are the totals that match the totals on page 5, and shows that \$37 million was sent to Allotment Reserve.
- Listed on pages 9, 10, and 11 are all general revenues distributed for Fiscal Year 2018 and compared to distributions for Fiscal Year 2016-2017. The column on the far right shows the percentage of increase or decrease between the 2017-2018 amounts and the 2016-2017 amounts.
- Listed on page 12 are the distributions made from the Education Excellence Trust Fund, and a comparison of the distributions made in Fiscal Year 2017-2018 with distributions made in Fiscal Year 2016-2017. The column on the far right shows that distributions were two point two percent (2.20%)

This concluded the 2018 Annual Revenue Report, and there were no questions.

### August 2018 Revenue Report

Mr. Wilson reported that August 2018 monthly revenue report reflects that for the first two months of Fiscal Year 2019, gross general revenue collections are \$29.5 million ahead of collections during the same period last year for a growth rate of three percent (3%). Net general revenues are \$43 million ahead of the same period last year, for a growth rate of five percent (5%). Mr. Wilson stated that the difference between the growth rates is due to the zero (\$0.00) amount distributed in fiscal year 2019 for Desegregation Settlement, while in the first two months of last year \$18 million was distributed for Desegregation Settlement. This difference is what created the five percent (5%) growth rate. Mr. Wilson reported that the graph shows that after two months, net general revenues available for distribution are currently \$18 million ahead of the official forecast, and the spreadsheet shows that two percent (2%) has been collected on total income tax while gross receipts was five percent (5%). This concluded the August 2018 monthly revenue report, and there were no questions.

### **Report of the Executive Subcommittee**

Co-Chair Dotson recognized Co-Chair Bill Sample to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Sample reported that the Executive Subcommittee met on Wednesday, September 19, 2018, and reviewed and approved emergency rules for the Board of Finance regarding its investment and trust management policies. The emergency rules were provided to the Legislative Council members on Thursday, September 20, 2018.

Co-Chair Sample reported that the Executive Subcommittee also heard a presentation from Director Marty Garrity on the streaming of legislative meetings in Big Mac Committee rooms. The presentation included three (3) proposals from entities being used by the House of Representatives or being considered for use by the Arkansas Senate. The Executive Subcommittee passed a motion that the Bureau of Legislative Research purchase equipment from Jay Stanley and Associates, and to negotiate with Sliq Media Technologies to finalize the cost for streaming services.

Co-Chair Sample reported that the Executive Subcommittee also made two additional recommendations. The first recommendation was, due to conflicts with state holidays in November and the budget hearings scheduled for November, that all Legislative Council subcommittee meetings in November be cancelled and only agency items of imminent need be brought directly to the Legislative Council at the meeting scheduled for November 16, 2018. The second recommendation was to authorize mileage and per diem for members-elect beginning after the general election. This concluded the report, and there were no questions.

**Co-Chair Bill Sample moved that the report of the Executive Subcommittee be adopted, and the motion was seconded and passed without objection.**

### **Reports of the Standing Subcommittees**

#### Administrative Rules and Regulations Subcommittee

Co-Chair Dotson recognized Representative Kim Hammer to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Hammer reported that the Administrative Rules and Regulations Subcommittee met on September 18, 2018, and reviewed and filed the administrative directive that was missing from the Arkansas Community Correction's quarterly report for the quarter ending June 30, 2018. Representative Hammer reported that the subcommittee filed the report of the Veterinary Medical Examining Board concerning implementation dates for the rule on Livestock Embryo Transfer or Transplant and Pregnancy Determination, which was approved by the subcommittee at the last meeting. Representative Hammer also reported that, at the request of the agency, the Department of Human Services rule on intrastate funding formula was deferred until the December subcommittee meeting, and all other rules were reviewed and approved. This concluded the report, and there were no questions.

**Representative Kim Hammer moved that the report of the Administrative Rules and Regulations Subcommittee be adopted, and the motion was seconded and passed without objection.**

#### Charitable, Penal & Correctional Institutions Subcommittee

Co-Chair Dotson recognized Senator Joyce Elliott to present the report of the Charitable, Penal and Correctional Institutions Subcommittee (Exhibit F.2). Senator Elliott reported that the Charitable, Penal and Correctional Institutions Subcommittee met jointly with the House and Senate Committees on Judiciary on September 4, 2018. Senator Elliott reported that the subcommittee heard the following:

- Comments by Kirk Lane, Arkansas State Drug Director, regarding synthetic marijuana, better known as K2;
- Discussion of recent deaths in Arkansas Prisons with comments from Board of Corrections members: Reverend Tyrone Broomfield and Dubs Byers, and Board of Corrections Attorney Mark Colbert.
- Continued the discussion regarding the recent inmate deaths with the Department of Correction's staff Dale Reed, Chief Deputy Director, Solomon Graves, Legislative Liaison, Randy Shores, Emergency Preparedness Coordinator, and Bob Parker,

Mental Health Administrator.

This concluded the report, and there were no questions.

**Senator Joyce Elliott moved that the report of the Charitable, Penal and Correctional Institutions Subcommittee be adopted, and the motion was seconded and passed without objection.**

#### Claims Review Subcommittee

Co-Chair Dotson recognized Representative Lane Jean to present the report of the Claims Review Subcommittee (Exhibit F.3). Representative Jean reported that the Claims Review Subcommittee met on September 17, 2018, and affirmed the ruling of the Claims Commission on the following: (1) two (2) unpaid bills; (2) five (5) awarded claims; (3) one (1) awarded claim that was appealed by the claimant; and (4) five (5) denied and dismissed claims that were appealed by the claimant. This concluded the report, and there were no questions.

**Representative Jean moved that the report of the Claims Review Subcommittee be adopted, and the motion was seconded and passed without objection.**

#### Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Dotson 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 September 19, 2018, and reviewed cash fund appropriation increase requests, miscellaneous federal grant appropriation requests, and various reports assigned to the subcommittee that included agency reports on carry forward of unexpended balances. 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, and the motion was seconded and passed without objection.**

#### Policy-Making Subcommittee

Co-Chair Dotson recognized Senator Linda Chesterfield to present the report of the Policy-Making Subcommittee (Exhibit F.9). Senator Chesterfield reported that the Policy-Making Subcommittee met on Wednesday, September 19, 2018, and heard from Director Marty Garrity regarding the proposed contract between Lexis-Nexis, the Arkansas Code Revision Commission, and the Bureau of Legislative Research. The contract was to provide services for publication and editing of the Arkansas Code, and to provide online services to the Bureau of Legislative Research and the General Assembly.

Senator Chesterfield noted that a copy of the contract is attached to the report, and that the Policy-Making Subcommittee recommends approval of the contract. This concluded the report and there were no questions.

**Senator Linda Chesterfield moved that the report of the Policy-Making Subcommittee be adopted, and the motion was seconded and passed without objection.**

#### Review Subcommittee

Co-Chair Dotson recognized Senator Scott Flippo to present the report of the Review Subcommittee (Exhibit F.10). Senator Flippo reported that the Review Subcommittee met on Wednesday, September 19, 2018, and the actions taken by the subcommittee included review of methods of finance, alternative-delivery construction projects, grants and contracts. This concluded the report and there were no questions.

**Senator Scott Flippo moved that the report of the Review Subcommittee be adopted, and the motion was seconded and passed without objection.**

#### Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Dotson recognized Representative Les Eaves to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Representative Eaves reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on September 18, 2018, and reviewed the following reports and requests shown as items one through six on the report: review of labor-market rates and special-entry rates approved by the Department of Higher Education; the Provisional Position report from the Department of Higher Education detailing continuation of previously-reviewed provisional positions and the establishment of new provisional positions for institutions of higher education; the Director's Discretion and Salary Administration Report from the Office of Personnel Management (OPM); a growth pool position request from the Arkansas State Police to establish three (3) new positions at the new Troop L headquarters in northwest Arkansas; a request for a second-language differential from the Northwest Technical Institute for employees utilizing a second language at least twenty-five percent (25%) of their working time; and a new miscellaneous federal grant program request to utilize an archaeologist classification for three positions at the Arkansas Agricultural Department.

Representative Eaves reported that item 7 on the report is a pool-position request from the Arkansas Economic Development Commission that the subcommittee discussed, but chose to refer to the full Legislative Council without a recommendation. This concluded the report, and Representative Eaves offered to answer questions.

**Representative Les Eaves moved that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted, including item 7 that is a pool-position request from the Arkansas Economic Development Commission.**

Co-Chair Dotson asked if there were any questions, and recognized Senator Jimmy Hickey for a question. Senator Hickey asked if the motion was to adopt Item 7 without any discussion. Representative Eaves stated that was his motion. Co-Chair Dotson recognized Senator Jane English who asked why the agency needed a General Counsel.

Co-Chair Dotson recognized Amy Fecher, Executive Vice President with the Arkansas Economic Development Commission, who responded that the agency has a general counsel position now, but when the pay plan crossed over, the position should have gone over into a Senior Counsel position

but it did not. Ms. Fecher stated that this is an attempt to correct this by asking for one pool position, and surrendering the other position. Ms. Fecher stated that this is not a new position, but is an attempt to correct the way it was done under the pay plan. There were no further questions.

**Seeing no further questions, Co-Chair Dotson stated that the motion by Representative Les Eaves that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted, including item 7 that is a pool-position request from the Arkansas Economic Development Commission, is passed without objection.**

#### Arkansas Health Insurance Marketplace Oversight Subcommittee

Co-Chair Dotson recognized Representative Deborah Ferguson to present the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee (Exhibit F.14). Representative Ferguson reported that the Arkansas Health Insurance Marketplace Oversight Subcommittee met on September 18, 2018, and heard the following:

- Jessica Beel, Attorney with the Bureau of Legislative Research, gave a brief overview of the duties and reports required of the Subcommittee.
- Insurance Commissioner Allen Kerr testified that that the Arkansas Insurance Department could take over the responsibilities of the Arkansas Health Insurance Marketplace (AHIM) and reduce spending by more than \$3.2 million, as well as, lower the fee to insurance companies who purchase policies through the exchange. Commissioner Kerr testified that the Arkansas Insurance Department could provide the same functions at an annual cost of \$505,000 to \$571,500.
- Angela Lowther, Executive Director, Arkansas Health Insurance Marketplace, and Mark Meadors, Vice Chairman, AHIM Board, testified that the savings mentioned by the Insurance Commissioner would be less because the Board has already been cutting expenses since the last budget report, and that the reduced cost would result in less service to consumers.

Co-Chair Deborah Ferguson reported that the subcommittee would request the Fiscal Staff of the Bureau of Legislative Research to review and confirm the fiscal data supplied by Arkansas Health Insurance Marketplace and the Arkansas Insurance Department to better determine the accuracy of the cost savings figures. This concluded the report, and there were no questions.

**Representative Deborah Ferguson moved that the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee be adopted, and the motion was seconded and passed without objection.**

#### **Review of Communications**

Co-Chair Dotson referred members to the communications listed as Exhibit H.1 through Exhibit H.12 on the agenda, and noted that action by the Legislative Council is only needed for Arkansas Teacher Retirement System request (Exhibit H.6). Co-Chair Dotson asked if there were any questions regarding the other communications, and there were none.

Arkansas Teacher Retirement System (ATRS)

Co-Chair Dotson recognized Co-Chair Bill Sample who explained that representatives of the Arkansas Teacher Retirement System were not able to attend the meeting to explain the request for the Legislative Council's review of the partial equity ownership investment with GTLA Holdings L.P. (Exhibit H.6).

**Co-Chair Sample moved that the Legislative Council file as reviewed the Arkansas Teacher Retirement System (ATRS) investment with GTLA Holdings L.P., and the motion was seconded and passed without objection.**

**Supplemental Agenda**

Co-Chair Dotson referred members to the Supplemental Agenda and the Arkansas Economic Development Commission, Division of Rural Services request for the Legislative Council's review and approval of the Rural Community Development Grants for Cycle I of Fiscal Year 2019 and the County Fair Building Grants for Cycle I of Fiscal Year 2019 (Exhibit A.1).

**Co-Chair Sample moved that the Legislative Council Rules be suspended to allow consideration of the Supplemental Agenda item. The motion was seconded and passed by voice vote.**

Co-Chair Dotson recognized Amy Fecher, Executive Vice President with the Arkansas Economic Development Commission, and she explained that this is Cycle I of Fiscal Year 2019 grant allocations for the Rural Community Development Grant Program, which were submitted pursuant to Section 54 of Act 230 of the 2018 Fiscal Session, and the County Fair Building Grant Program, which were submitted pursuant to Section 53 of Act 230 of the 2018 Fiscal Session. Ms. Fecher offered to answer questions. There were no questions.

**Co-Chair Sample moved that the Legislative Council approve the Cycle I of Fiscal Year 2019 grant allocations for the Rural Community Development Grant Program and the County Fair Building Grant Program. The motion was seconded and passed by voice vote.**

**Adjournment**

At 9:20 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

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Representative Jim Dotson  
Co-Chair, House

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Marty Garrity  
Executive Secretary