

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

**Friday, September 15, 2017**

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

**Minutes of the Previous Meetings**

Co-Chair Sample referred the members to the minutes of the previous Legislative Council meetings on August 18, 2017 (Exhibit C.1) and August 23, 2017 (Exhibit C.2) and asked if there was a motion to approve the minutes.

**Co-Chair David L. Branscum moved that the minutes of the August 18, 2017 meeting and the minutes of the August 23, 2017 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.**

**Presentation of the Revenue Report**

Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the August 2017 revenue report (Exhibit D) prepared by the Bureau of Legislative Research.

Mr. Wilson reported that the revenue report for August 2017 reflects that after two (2) months of fiscal year 2018, gross revenue collections are \$50 million above the gross collections for the same period last year, which is a growth rate of five point three percent (5.3%). Mr. Wilson reported that net available is \$ 43.6 million ahead of the same period last year for a growth rate of five point three percent (5.3%). Mr. Wilson reported that the graph reflects that after two (2) months, gross receipts are \$9 million ahead of the forecast. Mr. Wilson reported that the spreadsheet reflects that gross receipts grew one point seven percent (1.7%) and income tax receipts are at nine point seven percent (9.7%), which may be due to a timing issue. This concluded the August 2017 revenue report.

Co-Chair Sample recognized Senator Bryan King who asked if Larry Walther, Director of the Department of Finance and Administration, and Duncan Baird, Administrator for Fiscal and Budget within the Department of Finance and Administration, had sent him the information that he requested at the meeting last month. Co-Chair Sample recognized Mr. Walther and Mr. Baird, to come forward and respond to Senator King. Mr. Walther stated that he did not recall agreeing to email information to Senator King and asked if he could meet with Senator King after the meeting to get the specific request and give Senator King an immediate response. Senator King agreed to the request. There were no further questions.

### Report of the Executive Subcommittee

Co-Chair Sample recognized Co-Chair Branscum to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Branscum reported that the Executive Subcommittee met on Wednesday, September 6, 2017, and reviewed twelve (12) emergency rules from the Alcoholic Beverage Control Administration, an emergency rule from the Arkansas Development Finance Authority, and an emergency rule from the Arkansas Department of Environmental Quality. Co-Chair Branscum stated the review and approval of these rules were effective September 8, 2017.

Co-Chair Branscum reported that the subcommittee received the first monthly report from the Arkansas State Plant Board on Dicamba-related claims. Co-Chair Branscum reported that the subcommittee discussed and recommends the adoption of an amendment to the Legislative Council Rules to create the Race Relations Subcommittee, and noted this would require a separate vote of the House and Senate members of the Legislative Council. There were no questions.

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

Co-Chair Sample recognized Senator Jim Hendren who noted that a separate motion is required to create the Race Relations Subcommittee because an affirmative vote of two-thirds (2/3) of the members is required to change the Legislative Council Rules. Senator Hendren explained that another amendment to the Legislative Council Rules (Exhibit E Handout) was put on the members' desk this morning, which is a revision of the amendment considered by the Executive Subcommittee on September 6, 2017. Senator Hendren stated the revised rule is the result of discussions he had with the Legislative Council Co-Chairs, the Speaker of the House, and the President Pro Tempore of the Senate that would make the appointments to the Race Relations Subcommittee in a more traditional manner and to balance the membership in a bi-partisan way with equal representation.

**Senator Jim Hendren moved that the revised amendment to the Legislative Council Rules be introduced and adopted as it was submitted on the desk.** Senator Hendren offered to answer any questions concerning the motion.

Co-Chair Sample opened the meeting to questions and Senator Hendren responded to several questions that included the option of forming a caucus, task force, or committee appointed by the Governor on this topic, whether other current committees are tasked with a study on this topic, the budget for the subcommittee, and the reasons for creating a subcommittee to conduct a study on this topic. There followed discussion of the motion.

**Co-Chair Sample called for a separate roll call of each of the houses on the motion by Senator Jim Hendren that the revised amendment to the Legislative Council Rules to create the Race Relations Subcommittee be adopted as submitted on the desk. The motion failed to pass in the House by nine (9) yes votes and thirteen (13) no votes. With the motion failing to pass in the House, there was no roll call of the Senate members of the Legislative Council.**

Co-Chair Sample recognized Representative David Meeks, who noted that the roll call vote was not by division. Co-Chair Sample asked Director Marty Garrity to explain, and she explained that the Legislative Council Rules require a separate vote of the House and the Senate for amendments to the Legislative Council Rules.

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

#### Administrative Rules and Regulations Subcommittee

Co-Chair Sample 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 12, 2017, and adopted a report from the Executive Subcommittee concerning approval of emergency rules.

Representative Hammer reported that the subcommittee heard a presentation by FTN Associates and the Arkansas Department of Environmental Quality regarding dissolved mineral and third-party rulemaking with the Arkansas Department of Environmental Quality as amendments to the water quality standards. Representative Hammer reported that pursuant to the request of the agency, the subcommittee deferred two rules for consideration at the October meeting; which are a rule concerning surgical technologies from the State Medical Board, and a rule concerning productivity funding policy from the Arkansas Department of Higher Education. Representative Hammer reported that all other rules on the agenda 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. The motion was seconded and passed by voice vote.**

#### Higher Education

Co-Chair Sample recognized Senator Jason Rapert to present the report of the Higher Education Subcommittee (Exhibit F.5). Senator Rapert reported that the Higher Education Subcommittee met on September 12, 2017, and heard testimony on two items. Mark Johnson and Dusty Moore, with iCETV, presented testimony on iCETV Online Career and Technical Resource for 21<sup>st</sup> Century Classroom, which deals with work-force related education. Tara Smith, Deputy Director with the Department of Higher Education; Randy Massanelli, Vice Chancellor Government and Community Relations with the University of Arkansas; Shane Broadway, Vice Chancellor for Governmental Relations at Arkansas State University; and Dr. Houston Davis, President of the University of Central Arkansas, presented an update on any expected impact or fallout resulting from the announcement on Deferred Action for Childhood Arrivals (DACA). This concluded the report and there were no questions.

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

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Sample recognized Senator Bruce Maloch to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Senator Maloch reported that the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on September 13, 2017, and approved a Rainy Day Fund release for \$1.4 million for the Department of Human Services Division of Behavioral Health. Senator Maloch reported that all items on the agenda were reviewed. This concluded the report and there were no questions.

**Senator Bruce Maloch moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted. The motion was seconded and passed by voice vote.**

Policy-Making Subcommittee

Co-Chair Sample recognized Representative Jon Eubanks to present the report of the Policy-Making Subcommittee (Exhibit F.9). Representative Eubanks reported that the Policy-Making Subcommittee met on September 14, 2017 and heard from Senator Jim Hendren, who presented the consultant services agreement with PFM Group Consulting for the provision of services to the Tax Reform and Relief Legislative Task Force. Representative Eubanks reported that the subcommittee voted to approve the contract.

Representative Eubanks reported that the subcommittee also voted to recommend that all committee fund starting allocations be returned to the 2016-2017 amounts, which are listed in the attachment to the report. Representative Eubanks concluded the report and noted that Senator Hendren may wish to introduce the consultants.

**Representative Jon Eubanks moved that the report of the Policy-Making Subcommittee be adopted.**

Co-Chair Sample asked Senator Hendren if he wished to make the introduction. Senator Hendren asked to be allowed to make the introduction after the vote on the motion to approve the contract.

**Co-Chair Sample recognized Senator Bryan King who made a substitute motion to pull the contract with PFM Group Consulting from the Policy-Making Subcommittee Report for a separate vote. The motion was seconded.**

Senator King explained that he made his substitute motion because he has not received information from the Department of Finance and Administration regarding the budget that he requested last month, and he has concerns about spending money on consultant services for a task force when information is available through the staff or the National Conference of State Legislatures (NCSL).

**Co-Chair Sample called for a vote on the substitute motion by Senator Bryan King to pull the contract with PFM Group Consulting from the Policy-Making Subcommittee Report for a separate vote. The motion failed to pass by voice vote.**

**Co-Chair Sample called for a voice vote on the motion by Representative Jon Eubanks to adopt the report of the Policy-Making Subcommittee Report. The motion was seconded and passed by a voice vote.**

Co-Chair Sample recognized Senator Jim Hendren, who introduced Randall Bauer, Director of PFM Group Consulting, and invited members to visit with him after the meeting. Co-Chair Sample recognized Representative Josh Miller who asked if the consultants would be researching spending. Senator Hendren responded that the consultants would assist the task force with research of the tax law and that spending is not a part of the study, which is reviewed with every appropriation bill that comes through the legislature.

### Review Subcommittee

Co-Chair Sample recognized Senator Scott Flippo to present the reports of the Review Subcommittee. Senator Flippo reported that the Review Subcommittee met on Wednesday, September 13, 2017 to review methods of finance (MOF), grants, and contracts that were submitted during September. The subcommittee held two (2) contracts, item 15 and item 16 on page 25 of the report, and requested additional information from the Department of Information Services.

Senator Flippo referred to the last page of the report, which is the report of meetings on September 6, 2017 and September 13, 2017 of the Review Subcommittee. Senator Flippo reported that the subcommittee met on September 6, 2017 and reviewed the proposals submitted for consultant services for the procurement study and selected three (3) firms to make a presentation to the subcommittee. The subcommittee met in the afternoon on September 13, 2017 and interviewed the three (3) firms. Senator Flippo reported that the subcommittee, with a unanimous vote, selected Ikaso Consulting as the consultant for the procurement study. The subcommittee also passed a motion to grant the Review Subcommittee Co-Chairs, Senator Flippo and Representative Eubanks, the authority to negotiate and finalize a contract with Ikaso Consulting.

**Senator Scott Flippo moved the adoption of the Review Subcommittee Report, including item 15, which is the Department of Information Systems contract with Computer Aid, Inc., and to refer item 16, which is the Department of Information Systems contract with International Business Machines, back to the Review subcommittee for consideration in October 2017, and, following contract negotiations with Ikaso Consulting, that the Policy-Making Subcommittee be granted final approval of the contract at its meeting on September 21, 2017. The motion was seconded and passed by voice vote.**

### Uniform Personnel Classification and Compensation Plan

Co-Chair Sample 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 12, 2017 and reviewed the following reports and requests for review by the Legislative Council: special-entry rates and labor-market rates approved by the Department of Higher Education for institutions of higher education; provisional position reports from the Department of Higher Education detailing new provisional positions for institutions of higher education; a request for the

establishment and continuation of differentials at the Department of Human Services and the Department of Career Education, Rehabilitation Services; and miscellaneous federal grant requests from the Department of Community Correction and the Office of the Prosecuting Coordinator. This concluded the report and there were no questions.

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

### **Review of Communications**

Co-Chair Sample referred members to the communications listed as Exhibit H.1 through Exhibit H.12 on the agenda and noted that action by the Legislative Council was needed for the following: the request from the Arkansas Development Finance Authority, for the Legislative Council's review of the Program Fact Sheets, submitted pursuant to A.C.A. § 15-5-212(b) (Exhibit H.2); the Arkansas Economic Development Commission, Division of Rural Services request for the Legislative Council's approval of Fiscal Year 2018 Cycle I grants through the Rural Community Development Program, submitted pursuant to Section 56 of Act 1048 of the 2017 Regular Session and (Exhibit H.3a) and the County Fair Building Program (Exhibit H.3b).

#### Arkansas Development Finance Authority

Co-Chair Sample asked Mr. Ro Arrington, Public Finance Officer with the Arkansas Development Finance Authority, to come forward to explain the request. Mr. Arrington introduced himself and explained that before the committee today are the Program Fact Sheets detailing the two bond issues that the Arkansas Development Finance Authority closed during the last quarter, which are: (1) the Program Fact Sheet for State Agency Revenue Funding Bonds in the amount of \$10,845,000 (Exhibit H.2a); and (2) the Program Fact Sheet for Charter School Lease Revenue Bonds in the amount of \$25,260,000 (Exhibit H.2b). Seeing no questions, Co-Chair Sample asked if there was a motion.

**Co-Chair David L. Branscum moved that the Legislative Council file as reviewed the following Program Fact Sheets: (1) Program Fact Sheet for State Agency Revenue Funding Bonds in the amount of \$10,845,000; and (2) Program Fact Sheet for Charter School Lease Revenue Bonds in the amount of \$25,260,000. The motion was seconded and passed by voice vote.**

#### Division of Rural Services, Arkansas Economic Development Commission

Co-Chair Sample recognized the following officials to explain the request for the Legislative Council's review and approval of the Rural Community Development Grants County Fair Building Grants for Cycle 1 of Fiscal Year 2018: Amy Fecher, Executive Vice President of Operations, Arkansas Economic Development Commission; Kyle Dean, Fiscal Officer; Jean Noble, Director of the Grants Division.

Ms. Fecher explained that before the committee today is the request from the Division of Rural Services for approval of the grant allocations for Cycle I of fiscal year 2018 for the Rural Community Development Grant Program and the County Fair Building Grant Program. Ms. Fecher stated that the

total requests for the Rural Community Development grants is \$368,344.00 and that the total amount recommended for funding is \$246,225.00. Seeing no questions, Co-Chair Sample asked if there was a motion.

**Co-Chair David L. Branscum moved that the Legislative Council approve the recommended grant allocations for the Rural Community Development Grants and the County Fair Building Grants for Cycle 1 of Fiscal Year 2018. The motion was seconded and passed by voice vote.**

### **Business Carried Over from the Previous Meeting**

Co-Chair Sample referred members to the item listed under Business Carried Over from the Previous Meeting on the last page of the agenda, which is to the discussion of an amendment to Rule 22 of the Legislative Council Rules (Exhibit I.1), proposed by Representative Jim Dotson. Co-Chair Sample recognized Representative Jim Dotson who explained this proposed amendment was on the agenda for the last meeting, and the only change to Rule 22 is to add one word, “business” for the purpose of clarifying when an emergency rule is effective. This concluded the explanation.

Co-Chair Sample explained that the Legislative Council Rules require a separate vote of the House and the Senate to adopt this amendment to the Legislative Council Rules. **Co-Chair David L. Branscum moved that the amendment to Rule 22 of the Legislative Council Rules be adopted. Co-Chair Sample called for a voice vote of the Senate members of the Legislative Council, and ruled that the motion passed in the Senate. Co-Chair Sample called for a voice vote of the House members of the Legislative Council and ruled that the motion passed in the House.**

Co-Chair Sample reminded members of the Executive Subcommittee, that a meeting is scheduled for Monday, September 18, 2017 at 11:30 a.m., in Room 205 of the State Capitol Building in Little Rock, Arkansas.

### **Adjournment**

At 10:15 a.m., the meeting of the Legislative Council was adjourned as there was no further business to come before the committee.

Respectfully submitted,

ATTEST:

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Senator Bill Sample  
Co-Chair, Senate

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Marty Garrity  
Executive Secretary