

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

**Friday, March 19, 2010**

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The Arkansas Legislative Council met at 9:00 a.m., Friday, March 19, 2010 in Room 171 of the State Capitol, Little Rock, Arkansas. Co-Chair Maxwell called the meeting to order and dispensed with the calling of the roll. The members who attended are listed on the sign-in sheets.

**Adoption of Minutes of the Last Meeting**

Co-Chair Maxwell referred members to the minutes of the January 15, 2010 meeting of the Legislative Council and asked if there were questions. There were no questions regarding the minutes of the last meeting.

**The motion by Senator Horn to adopt the minutes of the January 15, 2010 Legislative Council meeting passed by voice vote.**

**Revenue Reports**

Co-Chair Maxwell recognized Richard Wilson, Assistant Director of the Bureau of Legislative Research, to present the monthly revenue reports for January 2010 and February 2010. Mr. Wilson reported that the January 2010 revenue report shows that after seven months of fiscal year 2010, gross collections were \$102.5 million below the same seven months of last year for a growth rate of negative three point two percent (-3.2%). The adjusted net available for distribution is \$22.9 million dollars below the same period for last year, for a negative growth rate of eight-tenths of one percent (-0.8%). The January spreadsheet reflects that collections were slightly ahead of target.

Mr. Wilson reported that the February 2010 revenue report reflects that after the first eight months of fiscal year 2010 there was a further decline in gross collections, which were \$134.6 million behind the same period last year for a growth rate of negative three point seven percent (-3.7%). The adjusted net available for distribution is \$48.7 million dollars below the same period for last year, for a negative growth rate of one point seven percent (-1.7%). The February graph reflects that collections are now \$16 million ahead of the official revised forecast, which is mainly due to fewer refunds than expected during the month. The spreadsheet reflects that gross receipts are at negative nine percent (-9%), which is \$137 million down from the previous year. The spreadsheet also reflects receipts from income tax is currently \$45 million less than the previous year. The corporate income tax figures look out of line. The negative eight point eight percent (-8.8%) in corporate income tax estimates is in-line with recessionary expectations; however, the one hundred eighty-eight percent (188%) positive growth rate in final payments reflects all the non-recurring injections realized earlier in this fiscal year.

Co-Chair Maxwell recognized Senator Whitaker who commented that some of the pages in the report are not readable due to the print being small. Senator Whitaker asked if the report could be copied in a format that is easier to read. Mr. Wilson stated the original report is legal-size and easy to read. Co-Chair Maxwell asked staff to look into this request.

Co-Chair Maxwell recognized Senator Jimmy Jeffress who asked if Richard Weiss, Director of the Department of Finance and Administration, could be asked to come forward to respond to a question. Co-Chair Maxwell recognized Mr. Weiss to come forward and recognized Senator Jeffress for a question. Senator Jeffress asked if Mr. Weiss was familiar with the news article in *USA Today* that mentioned the State of Arkansas as one of a few states that was having difficulty paying its bills, and which specifically mentioned that the State of Arkansas had to transfer money from one account to another in order to pay income tax refunds.

Mr. Weiss responded that he was not familiar with the article and did not know where *USA Today* obtained its information. Mr. Weiss stated that Arkansas is not having trouble and is processing refunds at a faster rate than they were processed last year. Senator Jeffress stated the article referred to an enactment during the fiscal session and Mr. Weiss responded that during the fiscal session, special language had been requested that would enable the department to borrow from the Revenue Stabilization Trust Fund in the event that there was an extraordinary refund payment request. Mr. Weiss stated that with the level of payments being made he did not anticipate it would be necessary to borrow from the Revenue Stabilization Trust Fund and that Arkansas was not in trouble.

### **Reports of Standing Subcommittees**

Co-Chair Maxwell noted that the actions of the subcommittees that met in February are final and that only subcommittee reports for subcommittee meetings in March will need to be adopted.

#### **Administrative Rules and Regulations Subcommittee**

Co-Chair Maxwell recognized Senator Malone to present the report of the Administrative Rules and Regulations Subcommittee. Senator Malone reported that the subcommittee had met on February 4, 2010 and again on March 10, 2010 and the subcommittee held only one item which was a rule from the State Plant Board about the definition of mold. There were no questions regarding the report.

**Senator Malone moved the adoption of the report of the Administrative Rules and Regulations Subcommittee and the motion passed by voice vote.**

#### **Claims Review Subcommittee**

Co-Chair Maxwell recognized Senator Jimmy Jeffress to present the report of the Claims Review Subcommittee. Senator Jeffress reported that the Claims Review Subcommittee met on February 1, 2010 and reviewed three unfinished items from the January meeting. The subcommittee affirmed the award of \$18,000 in one claim; affirmed the award in one claim that had been appealed; and the third claim was denied and dismissed by the claimant. There were no questions regarding this report.

**Senator Jimmy Jeffress moved the adoption of the Claims Review Subcommittee Report and the motion passed by voice vote.**

Higher Education Subcommittee

Co-Chair Maxwell recognized Representative Roebuck to present the report of the Higher Education Subcommittee. Representative Roebuck reported that the Higher Education Subcommittee met on January 25, 2010 and continued to discuss cost-containment issues and heard from the following: Dr. David Gearhart, Chancellor, University of Arkansas at Fayetteville; Dr. Ed Kramers, Vice Chancellor, Arkansas State University at Jonesboro; and Dr. Ed Coulter, Chancellor, Arkansas State University at Mountain Home. The subcommittee co-chairs also made the following appointments of legislators to work with a cost-containment subcommittee formed by the Department of Higher Education: Senators Luker, Broadway, Key, Lamoureux, and Thompson; and Representatives Hutchinson, Lovell, Breedlove, Reep, and Word. There were no questions concerning this report.

**Representative Roebuck moved the adoption of the Higher Education Subcommittee Report and the motion passed by voice vote.**

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Maxwell recognized Senator Malone to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. Senator Malone reported that the PEER Subcommittee met on February 4, 2010 and on March 11, 2010. Senator Malone referred members to the report in their packets and reported the subcommittee had reviewed and approved all items on the agenda with the exception of one item. The item concerned an energy-related loan program for which the subcommittee has requested more information. There were no questions concerning this report.

**Senator Malone moved the adoption of the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee and the motion passed by voice vote.**

Policy-Making Subcommittee

Co-Chair Maxwell recognized Representative George to give an oral report for the Policy-Making Subcommittee. Representative George reported that the Policy-Making Subcommittee met on March 19, 2010 and discussed interim committee fund balances and recommended the transfer of funds from the Bureau's unallocated interim committee funds to the following: (1) \$60,000 to the House Interim Committee on Public Health, Welfare and Labor; and (2) \$50,000 to the Miscellaneous Set Aside Fund. The subcommittee also reviewed for germaneness the interim study proposals filed directly with committees and found no action was necessary. The subcommittee also heard from Richard Wilson, Assistant Director for Research Services, concerning the findings on the number of agency reports reviewed each month. Senator Miller, Co-Chair of the Policy-Making Subcommittee, suggested that the co-chairs meet with staff to develop a methodology to review each report. There were no questions concerning this report.

**Representative George moved the adoption of the report of the Policy-Making Subcommittee and the motion passed by voice vote.**

Review Subcommittee

Co-Chair Maxwell recognized Senator Horn to present the Review Subcommittee report. Senator Horn reported that the Review Subcommittee met on February 3, 2010 and reviewed all items with the exception of one discretionary grant that was held for additional information. Senator Horn reported the subcommittee also met on March 17, 2010 and reviewed all items on the agenda. There were no questions regarding this report.

**Senator Horn moved the adoption of the report of the Review Subcommittee and the motion passed by voice vote.**

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Maxwell recognized Representative Wells to present the Uniform Personnel Classification and Compensation Plan Subcommittee report. Representative Wells reported that the subcommittee met on February 2, 2010 and again on March 18, 2010. During the March 18th meeting, the subcommittee reviewed the following items: the Department of Education monthly salary grid report; the positions established in the institutions of higher education; the quarterly reports from UAMS on pool positions; higher education growth pool positions requests from ASU-Jonesboro and Arkansas Tech-Ozark campus; a request from ASU-Mountain Home for a two percent (2%) bonus for Representative Karen Hopper who is an employee of the school; a request for a special entry rate for an exceptionally well-qualified applicant from the Public Service Commission; two OPM pool position requests; a request for a temporary pool position from the Arkansas Livestock and Poultry Commission; a request for a second-language increase from the Arkansas Department of Health; a request for a salary administration grid from the Arkansas Department of Health and the Northwest Technical Institute; and one request for circuit court staff salary approval. There were no questions regarding this report.

**Representative Wells moved the adoption of the Uniform Personnel Classification and Compensation Plan Subcommittee report and the motion passed by voice vote.**

At this point, Co-Chair Maxwell recognized Representative Hoyt who stated he wished to bring to the attention of the Legislative Council that committee meetings are being scheduled that conflict with Legislative Audit Committee meetings. He commented that a letter had been sent to staff that asked that staff try to avoid scheduling meetings that would conflict with Legislative Audit Committee meetings. Representative Hoyt commented that the Legislative Audit meetings are scheduled a year in advance on the second Thursday of each month and during the interim there were seven Legislative Audit meetings and there were four instances of other committee meetings that conflicted. Representative Hoyt asked that staff bring to the attention of committee chairs when a committee meeting will conflict with Legislative Audit Committee meetings.

Co-Chair Maxwell recognized Representative Saunders who suggested that Representative Hoyt may wish to contact the Speaker of the House for a meeting with committee chairs on this issue. Co-Chair Maxwell recognized Representative Hoyt who commented that staff would have a better

understanding of the committee meeting schedule and asked that staff remind the committee chairs of Legislative Audit Committee meetings when the chairs ask that a meeting be scheduled. Co-Chair Maxwell asked that everyone work together and, if a meeting of all the committee chairs is necessary, that the Speaker of the House or the Senate President Pro Tem be contacted with this request. Co-Chair Maxwell stated he would talk with the director the of Bureau of Legislative Research about avoiding conflicts with Legislative Audit Committee meetings.

### **Review of Communications**

Co-Chair Maxwell referred members to the communications in their packets and asked if there were any questions regarding these communications. There were no questions concerning communications listed as exhibits H1.a through H.4e and the communications were filed without objection.

Co-Chair Maxwell referred members to the report of travel recommendations (exhibit H.5a) and asked if there were questions. Co-Chair Maxwell recognized Representative Lea who commented that after the House caucus meeting, House members were told that the House Management Committee was going to look into travel and she asked if any recommendations from the House Management Committee had been received. Co-Chair Maxwell commented that he was not aware any recommendations and asked Representative Lea to discuss this with him following the meeting. There were no other questions and the report of travel recommendations (exhibit H.5a) was filed without objection.

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

Co-Chair Maxwell referred members to the information that was requested by Representative Pennartz and provided by the Department of Workforce Services (exhibit I.1) concerning the projected increase in unemployment insurance tax collections resulting from the increase in taxable wage base. Co-Chair Maxwell recognized Bruce Waller, the Program Administrator with Unemployment Insurance of the Department of Workforce Services, to explain the information. Mr. Waller stated that the department had responded to Representative Pennartz by letter on January 19, 2010 regarding her request. Mr. Waller stated that because of the increase in unemployment insurance tax collections resulting from the increase in taxable wage base from \$10,000 to \$12,000 that became effective January 1, 2010, there would be approximately \$50.1 million additional collections in calendar year 2010 and an additional \$10.3 million in collections in calendar year 2011. In response to a question, Mr. Waller explained that the lower figure for calendar year 2011 was the amount of collections additional to the amount for calendar year 2010.

Co-Chair Maxwell recognized Representative Tyler who requested that this information be added to the agenda of the next Legislative Council meeting since Representative Pennartz was unable to attend this meeting because she was hosting a Transportation Committee meeting in northwest Arkansas. Co-Chair Maxwell asked staff to add this information to the agenda of the next Legislative Council meeting.

### **New Proposals and Resolutions**

Co-Chair Maxwell referred members to the interim study proposals (exhibits K.1 through K.9) in their packets and stated that Interim Study Proposal 2009-205 (exhibit K.1) has been withdrawn from consideration. Co-Chair Maxwell noted that the next seven interim study proposals (exhibits K.2 through K.8) were authored by Senator Altes who was not in attendance at the meeting today and asked if the Legislative Council members wished to refer those interim study proposals to the proper committees.

**Senator Jeffress moved that the following interim study proposals be referred to the appropriate committee as noted and the motion passed without objection:**

- 1) Interim Study Proposal 2009-206 referred to the Senate Interim Committee on Judiciary;**
- 2) Interim Study Proposal 2009-207 referred to the Senate Interim Committee on Public Health, Welfare, and Labor;**
- 3) Interim Study Proposal 2009-209 referred to the Senate Interim Committee on Public Health, Welfare, and Labor;**
- 4) Interim Study Proposal 2009-210 referred to the Senate Interim Committee on Education;**
- 5) Interim Study Proposal 2009-213 referred to the Senate Interim Committee on Public Health, Welfare, and Labor;**
- 6) Interim Study Proposal 2009-229 referred to the Senate Interim Committee on Judiciary; and**
- 7) Interim Study Proposal 2009-232 referred to the Senate Interim Committee on Education.**

Co-Chair Maxwell recognized Representative Roebuck to present Interim Study Proposal 2009-234 (exhibit K.9).

**Representative Roebuck moved that Interim Study Proposal 2009-234 be referred to the House Interim Committee on Education and the motion passed by voice vote.**

### **Adjournment**

There being no further business to come before the committee the meeting was adjourned at 9:30 a.m.

Respectfully submitted,

ATTEST:

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Representative Allen Maxwell  
Co-Chair, House

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David Ferguson  
Executive Secretary