

MINUTES
TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE
MAY 24, 2018

The Tax Reform and Relief Legislative Task Force met Thursday, May 24, 2018, at 9:00 a.m., in Committee Room A-MAC, Little Rock, Arkansas

Task Force Members Present: Senators Jim Hendren, Chair; Jonathan Dismang, Joyce Elliott, Bart Hester, Missy Irvin, and David Wallace. Representatives Lane Jean, Chair; Frances Cavanaugh, Jim Dotson, Joe Jett, Bob Johnson, and Warwick Sabin.

Other Legislators Present: Senators Alan Clark, Trent Garner, Jr., and Blake Johnson. Representatives Charles Blake, Charlie Collins, Andy Davis, Trevor Drown, Kim Hammer, Ken Henderson, Grant Hodges, Jack Ladyman, Austin McCollum, David Meeks, Aaron Pilkington, Johnny Rye, DeAnn Vaught, Danny Watson, and Jeff Williams.

Senator Hendren called the meeting to order.

Presentation on Business Incentive Programs of the Arkansas Economic Development Commission [Exhibit C]

Mr. Mike Preston, Executive Director; Mr. Kurt Naumann, Director, Strategic Planning and Research; and Mr. Kenneth Burleson, General Counsel, Arkansas Economic Development Commission (AEDC), were recognized to give a brief overview of AEDC, including various tax incentives and rebate programs the state offers. Mr. Preston explained Arkansas' high rates on property and corporate income taxes are barriers for companies wanting to locate to the state. He said companies look for states with favorable property tax incentives, corporate income tax reforms, and low income tax rates.

Mr. Naumann answered questions regarding why companies dislike the Advantage Arkansas incentive program: it is because of the cumbersome paperwork involved to keep track when employees shift job positions as well as concerns with the program's job training requirement. Senator Hendren requested that AEDC submit what their priorities would be for a \$200 million tax cut.

Presentation on Property/Excise Taxes [Exhibit D]

Mr. Jared Walczak, Senior Policy Analyst, Tax Foundation, Washington, D.C., and Mr. Jeremy Horpedahl, Assistant Professor of Economics, College of Business, University of Central Arkansas, were recognized to present their presentation and give a general overview of property, franchise, and excise taxes in Arkansas as compared to other states, and provided options on how these taxes can be of better use to the state and benefit taxpayers.

Proposals for Property Tax to be Discussed and Considered at the June 20 and 21, 2018, Meetings

Staff compiled task force members' property tax proposals, and Senator Hendren recited the proposals to task force members. Senator Hendren asked members to have all of their proposals prepared to discuss at the June meetings and submit in the final report. Task force members will also determine which items to submit for dynamic scoring by the July 2, 2018, deadline.

The meeting adjourned at 11:30 p.m.