

MINUTES
TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE
SEPTEMBER 7, 2017

The Tax Reform and Relief Legislative Task Force met on Thursday, September 7, 2017, at 9:00 a.m., in Room A-MAC, Little Rock, Arkansas.

Task Force members present: Senators Jim Hendren, chair, Jonathan Dismang, Bart Hester, and Larry Teague; Representatives Lane Jean, chair, Frances Cavenaugh, Jim Dotson, Kenneth B. Ferguson, Joe Jett, Matthew Pitsch, and Warwick Sabin.

Other legislators present: Senators Alan Clark, Andy Davis, Lance Eads, Trent Garner, Jason Rapert, Gary Stubblefield, and Eddie Joe Williams; Representatives, Fred Allen, Bob Ballinger, Charles Blake, David Branscum, Charlie Collins, Carol Dalby, Jana Della Rosa, Dan Douglas, Vivian Flowers, Justin Gonzales, Steve Hollowell, Douglas House, Bob Johnson, Roger Lynch, John Maddox, Austin McCollum, Aaron Pilkington, Laurie Rushing, Johnny Rye, Brandt Smith, Jeff Williams, and Carlton Wing.

Representative Jean called the meeting to order.

Consideration to Approve Minutes from the August 31, 2017, Meeting [Exhibit B]

The minutes from the August 31, 2017, Tax Reform and Relief Legislative Task Force meeting were approved by acclamation.

Presentations by Consultants

BKD LLP of Little Rock - Mr. Kevin Horn, Mr. Bob Johnson, Jr., and Mr. Ernie Skyrme, State and Local Tax (SALT) Team Leaders, gave a PowerPoint presentation highlighting BKD's national expertise and commitment in working with the task force to reform the state's tax code. BKD has 123 employees in the state; four are CPA team members based in Little Rock with multi-state tax credentials. BKD partnered with governmental clients in surrounding states such as Kansas, Illinois, Louisiana, and Missouri to assist and develop proposed solutions regarding their tax laws. BKD partnered with several local governments in the state such as City of Little Rock and Department of Workforce Services to work through tax compliant issues. BKD's expertise includes state and local tax consulting and compliance, multistate/strategic tax planning, nexus determinations, tax credits and incentives, and income and franchise tax planning. BKD's client service standards are: integrity first, true expertise, professional demeanor, responsive reliability, and principled innovation. BKD listed a five phase timeline to assist the task force: meet with the task force to address goals and concerns; research and information gathering; work toward preliminary report deadline; meet monthly to discuss goals, measures and questions; and complete the final report by the deadline. BKD's bid is \$550,000.

PFM (Public Financial Management) Group Consulting LLC of Philadelphia - Mr. Randall Bauer, Project Manager, and Mr. John Cape, Subject Matter Expert, introduced project team members Mr. Andrew Sidamon-Eristoff and Ms. Deanna Yocco who attended via phone conference. Mr. Cape stated PFM has over 600 professionals located in 39 locations nationwide. Mr. Cape gave a PowerPoint presentation listing PFM's prior contracts with states such as Oklahoma, Delaware, Hawaii, Oregon, and Pennsylvania to help revise their tax and revenue structure, evaluate the state's economic development and incentives, and review tax sufficiency. PFM also helped facilitate and provide assistance to task forces and commissions in those states. PFM is a dedicated team focused on fiscal, policy and program support, tax and revenue analysis, economic development and incentives evaluation, state and federal revenue maximization,

program/performance improvement, and workforce consulting. PFM's timeline to assist the task force include: attend all task force meetings, provide written memoranda detailing tax and revenue alternatives, meet project deadlines for written reports, findings and recommendations. Mr. Bauer added economic development is critical to revenue structure. PFM's bid is \$312,750.

WC Mitchell and Associates of North Little Rock - Ms. Monica Jenious, CEO, and Mr. Aundrei Jenious, Jr., Vice-President, gave a PowerPoint presentation outlining WC Mitchell's statement and objectives. WC Mitchell and Associates is a local small business and has prepared tax returns, bookkeeping, payroll management and marketing support for thousands of individuals, businesses and non-profit organizations in the state. WC Mitchell has an additional CPA support staff including administrative office staff. Ms. Jenious listed a proposed timeline to assist the task force: attend all task force meetings, research compilation and independent interviews, provide stakeholder analysis, and write the preliminary report. WC Mitchell and Associates' bid is \$217,550.

Discussion and Action by the Committee

Following vendor presentations, ballots were distributed to Task Force members. The vote was nine in favor of PFM and one in favor of BKD.

Representative Jett made a motion to select PFM as the consultant for the contract; with a second by Representative Dotson, the motion carried.

Senator Dismang made a motion to grant the co-chairs authorization to approve the final version of the contract; with a second by Representative Dotson, the motion carried.

The contract will be reviewed by the Policy-Making Subcommittee of the Arkansas Legislative Council (ALC). ALC will review the recommendation of the Policy-Making Subcommittee regarding the contract. Following approval of the contract, the consultant will begin work for the task force.

The next meeting will be held Tuesday, October 3, 2017.

The meeting adjourned at 2:30 p.m.