

INTERIM STUDY PROPOSAL 2013-184

State of Arkansas
89th General Assembly
Fiscal Session, 2014

A Bill

DRAFT JLL/JLL
HOUSE BILL

By: Representative Leding

Filed with: Interim House Committee on Agriculture, Forestry and Economic Development
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO REQUIRE AN INTERIM STUDY TO ESTABLISH A
REVENUE-NEUTRAL, STATE-SPONSORED NEW JOBS TRAINING
PROGRAM; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE AN INTERIM STUDY TO ESTABLISH
A REVENUE-NEUTRAL, STATE-SPONSORED NEW
JOBS TRAINING PROGRAM.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Purpose.

The purpose of this act is to require the House Committee on
Agriculture, Forestry, and Economic Development and the Senate Committee on
Agriculture, Forestry, and Economic Development to study the establishment of
the Arkansas New Jobs Training Program, a revenue-neutral new jobs training
program that will:

(1) Provide the state with a funding source and oversight for
delivering workforce training to Arkansas businesses and industries seeking
to upgrade incumbent worker skills or to expand operations;

(2) Lead to a more highly skilled Arkansas workforce able to
sustain Arkansas businesses and industries and advance Arkansas's
competitiveness nationally and internationally;

1 (3) Provide the state with a revenue source outside of general
2 revenue and a means for delivering training in a cost-effective manner
3 through Arkansas's twenty-two (22) two-year colleges;

4 (4)(A) Be funded by the sale of bonds authorized by the General
5 Assembly, approved by the Arkansas Higher Education Coordinating Board,
6 issued by Arkansas two-year colleges, and administered by the Arkansas
7 Economic Development Commission.

8 (B) The commission will establish a minimum wage threshold
9 for highly skilled jobs to meet eligibility criteria for funding under the
10 Arkansas New Jobs Training Program.

11 (C) Depending on the threshold established by the
12 commission, participating businesses and industries will divert between one
13 and five-tenths percent (1.5%) and three percent (3%) of the Arkansas state
14 withholding taxes generated by new jobs or new wages, or both, for the
15 respective jobs to support payment and retirement of the bonds issued by a
16 two-year college.

17 (D) With this structure, the commission in collaboration
18 with a respective two-year college shall establish a funding source from
19 which the participating businesses and industries may draw funds as they
20 incur training expenses.

21 (E) The training fund shall be made available to
22 businesses and industries at essentially no cost because the bonds will be
23 retired with dollars that otherwise would have been paid to the state as
24 withholding taxes; and

25 (5) Be designed to invest directly in Arkansas workers who can
26 effectively serve the needs of businesses and industries by using a funding
27 mechanism that is revenue neutral to state general revenue.

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29 SECTION 2. DO NOT CODIFY. Interim study tasks.

30 The interim study required under this act shall:

31 (1) Determine the viability of a funding source for the Arkansas
32 New Jobs Training Program, including without limitation the issuance of bonds
33 by Arkansas two-year colleges with oversight by the Arkansas Economic
34 Development Commission;

35 (2) Study best practices from model states and Arkansas statutes
36 for perceived barriers to the success of the training program;

1 (3) Determine the specific roles of the Arkansas Economic
2 Development Commission, the Arkansas Department of Higher Education, and
3 Arkansas two-year colleges for delivering job training programs to businesses
4 and industries;

5 (4) Determine program eligibility criteria for participating
6 businesses and industries;

7 (5) Determine the wage threshold for eligibility that includes
8 the wages to be paid to the workers receiving the training;

9 (6) Determine the number of new positions that must be created
10 by the participating businesses and industries; and

11 (7) Establish county and regional wage standards where jobs will
12 be created.

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14 SECTION 3. DO NOT CODIFY. Goals for funding, design, and criteria for
15 the Arkansas New Jobs Training Program.

16 (a)(1) A percentage of the training fund may be used for on-the-job
17 training wage reimbursement.

18 (2) All or a remainder of the training fund shall be used to
19 cover structured training activities.

20 (b)(1) The business or industry in conjunction with a local two-year
21 college shall design a customized training plan to meet the needs of the
22 business or industry.

23 (2) The structured training activities allowable under the
24 program shall not be limited.

25 (3) Under the program, participating companies may:

26 (A) Train their new employees with their own trainers and
27 on their own equipment;

28 (B) Seek training services and support from their regional
29 two-year college; and

30 (C) Receive training funds to cover the costs of training.

31 (c) Preliminary eligibility criteria for participation in the job
32 training program are that the business or industry:

33 (1) Is:

34 (A) Located in or relocating to Arkansas; and

1 (B) Engaged in interstate or intrastate commerce for the
2 purpose of manufacturing, processing, or assembling products, warehousing,
3 wholesaling, or conducting research and development;

4 (2) Has customers outside of Arkansas if the business or
5 industry provides services;

6 (3) Has not closed or substantially reduced its employment base
7 at any of its other business sites in Arkansas in order to relocate
8 substantially the same operation to another area of the state; and

9 (4)(A) Shows that eligible positions are newly created positions
10 for which it pays Arkansas withholding tax.

11 (B) As used in subdivision (c)(4)(A) of this section,
12 "newly created positions" includes positions that did not exist during the
13 six (6) months before the business or industry and two-year college agreed to
14 pursue a training project.

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17 Referral requested by: Representative Greg Leding

18 Prepared by: JLL/JLL
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