

SENATE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS

MEETING JOINTLY

JANUARY 11, 2012
MINUTES

Senate and House Interim Committees on City, County, and Local Affairs met Wednesday, January 11, 2012 at 2:00 p.m. at the Statehouse Convention Center in Little Rock, Arkansas. The meeting was held in conjunction with the 2012 Winter Conference of the Arkansas Municipal League.

Committee members present were Senators Jerry Taylor, Senate Chair, Representative Charolette Wagner, House Chair; and Senators David Burnett, Jonathan Dismang, Mike Fletcher, and Eddie Joe Williams; Representatives Tommy Baker, Nate Bell, Linda Collins-Smith, Jane English, Jon Eubanks, David Fielding, Jeremy Gillam, Andy Mayberry, Betty Overbey, Leslee Milam Post, and Tommy Thompson.

Other members present were Senator Missy Irvin; and Representatives Hudson Hallum, Kim Hammer, Mike Patterson, James Ratliff, Mary Lou Slinkard, and Darrin Williams.

Representative Wagner called the meeting to order. She encouraged committee members to participate in the conference workshops and activities.

APPROVAL OF MINUTES [Exhibit B, B-1]

Minutes of the August 17 and 18, 2011 committee meetings were approved by acclamation.

Representative Wagner then asked the legislators to introduce themselves.

WELCOME BY DON ZIMMERMAN, ARKANSAS MUNICIPAL LEAGUE

Mr. Zimmerman thanked the committee for meeting in conjunction with the convention. He invited legislators to participate in the convention sessions and workshops. He highlighted a two-hour certification training session for municipal officials. He explained that certification for municipal officials requires 21 hours of training. This was the result of legislation by Representative Tommy Baker. The training program recently completed its first year and was a huge success.

REVIEW OF RECENT CHANGES TO THE HOME RULE STATUTES AND DISCUSSION OF THE PROPOSED "NATURAL GAS SEVERANCE TAX ACT OF 2012" [EXHIBIT E, E-1]

Mr. Zimmerman discussed the Home Rule statute adopted in the 2011 Legislative Session. He was asked to explain the difference between the Home Rule and Dillon Rule concepts

of governing local governments. He stated that under the Dillon Rule concept, a local unit of government cannot do anything unless it has specific authority granted to it by the state. Whereas, under the Home Rule concept, local governments can do whatever is necessary for their operations, unless specifically denied by the state.

Mr. Zimmerman described a proposal by former Arkansas Louisiana Gas President, Sheffield Nelson, concerning a proposed 7% natural gas severance tax increase as a method to raise \$250 million a year for highways, roads, and streets. He stated that groups throughout the state are gathering petitions to place the initiative on the November ballot for a statewide vote. There was extensive discussion concerning the tax initiative.

Mr. Danny Ferguson, Southwestern Energy, was recognized to address the committee. Mr. Ferguson stated that a considerable amount of competition exists throughout the U.S. for natural gas drilling opportunities. He believes passage of the 7% severance tax increase would make the state less competitive and would deter companies from developing the natural gas industry in the state.

LETTER BY SENATOR JONATHAN DISMANG (Handout 1)

In response to the severance tax discussion, Senator Jonathan Dismang submitted a letter to the committee. It is found in Handout 1.

CONSIDERATION FOR ADOPTION OF INTERIM STUDY PROPOSALS ISP 2011-024 (HB 2175 by Representative Williams)[Exhibit F]

Representative Williams described his ISP as a study of the feasibility of modernizing the office of coroner, which he introduced as a bill during the 2011 legislative session. He introduced it and the ISP on behalf of the Association of Arkansas Counties and the Arkansas Association of Coroners. Representative Williams explained that both organizations believe the issue needs to be pursued. The responsibilities of coroners have undergone significant changes from the inception of the office. Unfortunately, it has not continued to improve the level of professional standards for the duties and responsibilities of the office. The only requirements to serve as a coroner in Arkansas are:

- an individual must be 18 years of age
- an individual must be a resident in the county in which he or she seeks to serve

Representative Williams described coroners as the first line of defense for suspicious deaths and many times the first to arrive on the scene. Coroners are required to determine the cause and manner of death and collect toxicology samples to be sent to the state crime lab. Representative Williams explained that members of law enforcement, the state crime lab, and the state health department would like professional standards for the office of coroner to improve. Because it is a constitutional office, there are limits as to what can be required. The ISP study will determine how additional training and increased standards can be implemented.

Mr. Leonard Krout, Pope County Coroner, was recognized. Mr. Krout serves as the President of the Arkansas Coroners Association. He explained he had to travel out of the state to obtain training. Coroners throughout Arkansas want training in order to develop a

better understanding of their collaboration with law enforcement and the state crime lab. One goal of additional training is focusing on the methods used to investigate the cause and manner of death.

A motion was made and seconded to adopt the ISP. The ISP was adopted.

ISP 2011-125 (SB984 by Senator Irvin) [Exhibit F-1]

Senator Irvin explained her ISP is a study to explore amending Arkansas law as it pertains to non-partisan election of sheriffs. The issue is a result of an experience in Stone County where multiple special elections were held for the office of sheriff. Senator Irvin wants to gather information, obtain assistance from legislators, and seek additional expertise as part of the study. She believes elections for members of law enforcement should be non-partisan. She was asked if she believes the office of prosecutor should also be non-partisan. She explained she has filed an ISP in another committee to study non-partisan elections for the office of prosecutor.

A motion was made and seconded to adopt the ISP. The ISP was adopted.

Representative Wagner announced that the committees will meet in Eureka Springs, May 22, 23, and 24, 2012 in conjunction with the Arkansas Rural Development Conference.

There being no further business, the meeting adjourned at 4:15 p.m.

SENATE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS

MEETING JOINTLY

JANUARY 12, 2012
MINUTES

Senate and House Interim Committees on City, County, and Local Affairs met Thursday, January 12, 2012 at 10:30 a.m. at the Statehouse Convention Center in Little Rock, Arkansas. The meeting was held in conjunction with the 2012 Winter Conference of the Arkansas Municipal League.

Committee members present were Representative Charolette Wagner, House Chair, Senator Jonathan Dismang, and Representatives Tommy Baker, Jane English, Jon Eubanks, Jeremy Gillam, Andy Mayberry, Betty Overbey, Leslee Milam Post, Tommy Thompson, and Kathy Webb.

Other members present were Representatives Terry Rice and Garry Smith.

Committee members joined the plenary session, which was held in the Peabody Ballroom. The session was a panel discussion on roads, streets, highways, and ballot issues.

Mayor Frank Fogleman, Arkansas Municipal League President, introduced the panel members. Panelists were Representative Robert Moore, Speaker of the House, Representative Kathy Webb, Scott Bennett, Director of the Arkansas Highway and Transportation Department, and Robbie Wills, former legislator, Wills Law Firm.

Speaker Moore discussed a proposed constitutional amendment implementing a temporary ½% sales and use tax for state highways, county roads, and city streets. The amendment will appear on the November 2012 ballot. The formula built into the amendment will distribute revenue as follows:

- 70% of tax revenue designated to the state
- 15% of tax revenue designated to counties
- 15% of tax revenue designated to cities

Speaker Moore projected that cities will realize \$335 million from passage of the tax. He described the following changes that have occurred in transportation needs statewide from 1955 to 2010, necessitating an increase in revenues:

- ◆ statewide population has increased 40%
- ◆ highway miles to be maintained have increased 64%
- ◆ traffic counts have increased 600%
- ◆ motor fuel consumption has decreased in the past five years by 2 ½%

- ◆ highway traffic has increased 5%

Speaker Moore encouraged municipal officials to support the constitutional amendment.

Representative Kathy Webb described the street-aid portion of the constitutional amendment. She explained that legislation adopted in the 1970's directed state funds to both cities and counties for streets and bridges. State-aid for the counties was based on a 1¢ gasoline tax which counties continue to receive. However, the state-aid for cities was supported by federal revenue sharing, which was discontinued after two years. Cities have not received the same aid for construction of local streets and bridges as have the counties. The state-aid portion of the amendment is a recommendation from the Arkansas Blue Ribbon Committee on Highway Finance. Passage of the constitutional amendment will direct \$20 million specifically to a street-aid fund. Representative Webb outlined the following distribution of tax revenues to the cities:

- a state-aid engineer will be appointed by the Arkansas State Highway Commission, which requires the following:
 - a minimum for the position is three years of experience as a highway engineer; plus knowledge of municipal street problems
- the state-aid engineer will approve project requests submitted by the cities
- the state-aid engineer will turn over approved projects to a nine-member council for final approval

The nine-member council will be chosen from mayors throughout the state as follows:

- ◆ 3 mayors to be appointed by the Governor
- ◆ 3 mayors to be appointed by the Speaker of the House
- ◆ 3 mayors to be appointed by the Senate President Pro Tempore

Representative Webb believes passage of the amendment will provide the revenue cities need to meet their transportation demands.

Mr. Bennett discussed the impact passage of the constitutional amendment will have on the Arkansas Highway and Transportation Department (AHTD). The amendment will authorize the Arkansas State Highway Commission to issue up to \$1.3 million in general obligation bonds to specifically address congestion issues on highways with four or more lanes. The amendment allows the sales tax and bond debt to retire over a ten-year period. Mr. Bennett outlined major congestion relief projects AHTD will be able to complete with funds generated by passage of the sales tax amendment:

- widen I-40 to six or eight lanes in northwest Arkansas
- complete additional two lanes of the Bella Vista bypass system, part of future I-49, to connect I-40, I-44, and I-70 in Missouri
- begin four-lane construction of the Highway 412 bypass, which will provide a new connection to Exit A for the Northwest Arkansas airport
- complete widening I-40 to six lanes from Conway to I-430
- complete widening of Highway 67 to Cabot

- make improvements to the I-30 connection between Little Rock and North Little Rock, and include widening the Arkansas River bridge
- finish widening Highway 64 between Conway and Beebe to provide a better connection between I-40 and Highway 67
- finish widening Highway 70 between I-30 in Hot Springs, Highway 167 from I-30 to El Dorado, and ultimately connect I-530 in Arkansas and I-20 in Louisiana
- finish widening Highway 412 in Northeast Arkansas from Walnut Ridge to Paragould, and provide a connection to I-55 into Missouri
- work on Highway 425 in south Arkansas to provide a connection into Louisiana
- complete widening Highway 18 to four lanes from Jonesboro to Blytheville
- finish widening Highway 65 between Conway and Harrison

Mr. Bennett explained that passage of the sales tax increase will allow the AHTD to work on large, regional projects benefitting the entire state.

Mr. Wills discussed a STAR bonds proposal on behalf of Downtown Arkansas, Inc. He defined STAR bonds as Sales Tax Anticipated Revue bonds. He explained the constitutional amendment is permissive legislation, which authorizes the legislature to establish a STAR bond program. The bond program will allow municipalities to designate specific areas within their city limits as redevelopment districts. A city would issue bonds, backed by the incremental sales tax revenues, that it expects to realize in particular districts. The bonds will provide funds to improve the districts and help bring in new development. Mr. Wills believes the STAR program would benefit cities throughout the state.

There being no other business, the meeting adjourned at 11:20 a.m.