

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

As Engrossed: S2/9/99 S3/10/99 S3/16/99

A Bill

SENATE BILL 280

4
5 By: Senator Wooldridge
6 By: Representative Haak

For An Act To Be Entitled

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10 "AN ACT TO AMEND ARKANSAS CODE TITLE 6, CHAPTER 50,
11 SUBCHAPTER 7, TO EXPAND THE ELIGIBILITY TO INCLUDE
12 KNOWLEDGE BASED COMPANIES, TO ADD A CORPORATE INCOME
13 TAX CREDIT FOR TRAINING; AND FOR OTHER PURPOSES."

Subtitle

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16 "TO AMEND THE ARKANSAS EXISTING WORKFORCE
17 TRAINING ACT OF 1995."

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

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22 SECTION 1. Arkansas Code 6-50-702 is amended to read as follows:

23 "6-50-702. Definitions.

24 As used in this subchapter, unless the context otherwise requires:

25 (1) 'Basic skills training' means those math, reading, English,
26 communication (listening, oral, and written), and computer literacy skills
27 that a person can reasonably be expected to have attained by the end of the
28 twelfth grade;

29 (2) 'Classroom training' means instructor-led training that is
30 provided outside of the process of the production of goods or the delivery of
31 a service.

32 ~~(2)(3)~~ 'Company' means an entity currently operating in the state that
33 has filed a corporate income tax return ~~prior to 1995 and is classified in~~
34 ~~Standard Industrial Classification 20-39;~~ for the year prior to the year in
35 which the application was submitted and is classified in one of the following:

36 (A) Manufacturers classified in SIC codes 20-39, including

1 semi conductor and microelectronic manufacturers;

2 (B) Computer firms primarily engaged in providing computer
3 programming services; the design and development of prepackaged software;
4 businesses engaged in digital content production; computer processing and data
5 preparation services; information retrieval services; computer and data
6 processing consultants and developers. All firms in this group must derive at
7 least sixty percent (60%) of their revenue from out-of-state sales and not be
8 engaged in retail sales to the general public;

9 (C) Firms primarily engaged in commercial physical and
10 biological research (SIC 8731).

11 (4) 'Consortium' is a group of companies which includes at least three
12 (3) eligible companies, as defined in 6-50-702(3); and for fiscal purposes is
13 either a private, not-for-profit corporation or is an organized group that has
14 a coordinating board or committee, a mission statement, and has, or is in the
15 process of developing bylaws and establishing a bank account requiring at
16 least two (2) consortium member signatures. Consortia may have members which
17 are not eligible companies as long as at least three (3) of the consortium
18 member companies are eligible companies.

19 ~~(3)~~(5) 'Eligible recipients' means a full-time permanent employee of an
20 Arkansas company or consortium who is subject to the Arkansas personal income
21 tax; and.

22 ~~(4)~~(6) 'Governing council' means the directors, or their designees, of
23 the Arkansas ~~Economic Development Commission~~ Department of Economic
24 Development, the Department of Higher Education, and the ~~Vocational and~~
25 ~~Technical Education Division of the Department of Education~~ Department of
26 Workforce Education.

27 (7) 'Internal training' means classroom training provided to company
28 employees by company trainers that may be either full time employees of the
29 company or consultants paid by the company.

30 (8) 'State supported educational institution' means a secondary or post-
31 secondary Arkansas educational institution that receives the majority of its
32 funding from state or local tax revenues except that, for purposes of this
33 act, Texarkana College may be considered a state supported educational
34 institution for the purpose of delivering training services to eligible
35 companies located in Miller County, Arkansas provided that Texarkana College
36 continues to waive out-of-state tuition for residents of Arkansas."

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SECTION 2. Arkansas Code 6-50-703 is amended to read as follows:

"6-50-703. Arkansas Existing Workforce Training Program – Creation – Purpose.

(a) There is hereby created the Arkansas Existing Workforce Training Program to be administered by a governing council composed of equal representation from the Department of Higher Education, the ~~Vocational and Technical Education Division of the Department of Education,~~ Department of Workforce Education, and the ~~Arkansas Economic Development Commission~~ Department of Economic Development.

(b)~~(1)~~ The primary purpose of the Arkansas Existing Workforce Training Program shall be to provide financial assistance to Arkansas business and industry for upgrading the knowledge and skills of the existing workforce and to increase the capacity of state-supported educational institutions to supply the on-going training needs of Arkansas companies.

~~(2) Secondary objectives include, but are not limited to the following:~~

~~(A) To increase the capacity of state supported institutions to supply the on going training needs of Arkansas companies;~~

~~(B) To increase company participation in the Arkansas School-To-Work Initiative.~~

(c) When an eligible company uses a state supported educational institution to provide their classroom training, financial support can either be in the form of a direct grant, or in the form of an income tax credit. Companies that elect to receive a grant cannot claim a tax credit for the same purpose. When an eligible company is conducting internal training using company trainers or consultants, financial support can only be in the form of an income tax credit. When an eligible consortium uses a state supported educational institution to provide their classroom training, financial support can only be in the form of a grant."

SECTION 3. Arkansas 6-50-704 is amended to read as follows:

"6-50-704. Rules and regulations for program.

(a) ~~The governing council shall promulgate~~ The Arkansas Department of Economic Development shall promulgate rules and regulations in accord with the Arkansas Administrative Procedure Act, § 25-15-201 et seq., for implementation

1 of this subchapter by the Arkansas ~~Economic Development Commission~~ Department
2 of Economic Development.

3 (b) Such rules and regulations shall include, but not be limited to, the
4 following:

5 ~~(1) A company shall provide a valid training plan to the~~
6 ~~governing council;~~

7 ~~(2)(1) Training shall meet~~ be conducted for the purpose of
8 meeting specific business goals and performance objectives;

9 ~~(3)(2) As part of the application process, a company or~~
10 consortium shall be responsible for determining that participants involved in
11 the training program possess the appropriate prerequisite literacy skills;

12 ~~(4) A company's match requirement shall be determined by the~~
13 ~~governing council and set forth in writing prior to any funds being committed~~
14 ~~and distributed; and~~

15 (3) The amount of financial support a company or consortium
16 receives shall be determined by the Arkansas Department of Economic
17 Development and approved by the governing council and set forth in writing
18 prior to any funds being committed and distributed or prior to any tax credit
19 being approved. For companies or consortia that use state supported
20 educational institutions to deliver classroom training to their employees, the
21 amount of support shall be the lesser of (i) one-half (1/2) of the amount paid
22 by the company to the state supported educational institution for the
23 training, or (ii) the instructional hour rate established by the governing
24 council, not to exceed fifty dollars (\$50.00) per instructional hour, times
25 the number of instructional hours delivered. For companies that use company
26 employees or company paid consultants to deliver classroom training to their
27 employees, the amount of the tax credit shall not be more than fifteen dollars
28 (\$15.00) per instructional hour. The minimum class size needed to receive
29 full benefits is five (5) trainees. For classes smaller than five (5), the
30 amount of support will be reduced proportionally;

31 (4) Training delivered by means other than traditional classroom
32 training may be considered by the governing council. For approved training
33 delivered by means other than traditional classroom training, a flat rate of
34 reimbursement will be established by the governing council;

35 (5) Applications for tax credits afforded by this act shall be
36 available on and after January 1, 2000;

1 (6) The maximum amount of total tax credits allowed by the
2 Department of Economic Development pursuant to this act shall not exceed four
3 hundred fifty thousand dollars (\$450,000) per year.

4 ~~(5)(7) Neither Grant grant funds or nor tax credits shall not be~~
5 used for any training, including remedial basic skills training, that is
6 authorized under any other state or federal program; and

7 (8) Neither grant funds nor tax credits shall be used to support
8 any training that is mandated by any state or federal law or regulation
9 without a unanimous vote of the governing council."

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11 SECTION 4. Arkansas Code 6-50-705 is amended to read as follows:

12 "6-50-705 Uses for grant funds or tax credits.

13 ~~(a)(1)~~ The Arkansas Existing Workforce Training Program shall provide
14 matching funds, or approved income tax credits, to eligible companies or
15 consortia ~~in a percentage at a rate~~ to be determined by the governing council.

16 ~~(2) Uses for such funds shall include, but not be limited to, costs~~
17 ~~for instruction, materials, and supplies.~~

18 ~~(b) Funds to state supported institutions for training may be used:~~

19 ~~(1) To develop curricula;~~

20 ~~(2) For class preparation; and~~

21 ~~(3) If approved by the governing council, to upgrade the skills~~
22 ~~of regular or adjunct faculty.~~

23 (b) Matching funds may be provided to state-supported educational
24 institutions to upgrade the skills of regular or adjunct faculty if approved
25 by the governing council. Matching funds to upgrade faculty skills will only
26 be granted when there is a documented demand for training in the area served
27 by the educational institution and there is no faculty member which can
28 provide the needed training."

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30 SECTION 5. All provisions of this act of a general and permanent nature
31 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
32 Revision Commission shall incorporate the same in the Code.

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34 SECTION 6. If any provision of this act or the application thereof to
35 any person or circumstance is held invalid, such invalidity shall not affect
36 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

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4 SECTION 7. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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7 SECTION 8. EMERGENCY CLAUSE. It is hereby found and determined by the
8 Eighty-second General Assembly that the training needs of the existing and
9 future workforce of this state is critical to economic development and
10 expansion of job opportunities; that the availability of training
11 opportunities must coincide with the availability of training funds to prevent
12 a period where our workforce does not have this training available; and that
13 any delay in the effective date of this act could work irreparable harm upon
14 the proper administration and provision of such training and to the agencies
15 charged with implementation of this act. Therefore, an emergency is declared
16 to exist and this act being immediately necessary for the preservation of the
17 public peace, health and safety shall become effective on the date of its
18 approval by the Governor. If the bill is neither approved nor vetoed by the
19 Governor, it shall become effective on the expiration of the period of time
20 during which the Governor may veto the bill. If the bill is vetoed by the
21 Governor and the veto is overridden, it shall become effective on the date the
22 last house overrides the veto.

23 /s/ Edwards
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