

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas
86th General Assembly
Regular Session, 2007

As Engrossed: H3/12/07

A Bill

HOUSE BILL 2536

By: Representative Burris

For An Act To Be Entitled

AN ACT TO AMEND THE EXISTING WORKFORCE TRAINING ACT TO UPDATE DEFINITIONS; TO FURTHER DEFINE THE ROLE OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT; TO INCREASE THE HOURLY RATE FOR TRAINING; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO AMEND THE EXISTING WORKFORCE TRAINING ACT.

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

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

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

(1) "Basic skills training" means those math, reading, English, listening, oral and written communication, and computer literacy skills that a person can reasonably be expected to have attained by the end of the twelfth grade except in the instance of potential new workforce training;

(2) "Classroom training" means instructor-led training that is provided outside the process of the production of goods or the delivery of a service;

~~(3) "Company" means an entity currently operating in the state that has filed a corporate income tax return for the year prior to the year in which the application was submitted and that is classified in one (1) of the following ways:~~

~~(A) Manufacturers classified in North American Industry~~



1 ~~Classification System codes 31-33, as in effect January 1, 2003, including~~
2 ~~semiconductor and microelectronic manufacturers;~~

3 ~~(B)(i) Computer firms primarily engaged in providing~~
4 ~~computer programming services; the design and development of or in designing~~
5 ~~and developing prepackaged software; businesses engaged in digital content~~
6 ~~production; computer processing and data preparation services; information~~
7 ~~retrieval services; computer and data processing consultants and developers.~~

8 ~~(ii) All firms in this group must derive at least~~
9 ~~seventy five percent (75%) of their revenue from out of state sales and not~~
10 ~~be engaged in retail sales to the general public; or~~

11 ~~(C) Firms primarily engaged in commercial physical and~~
12 ~~biological research, North American Industry Classification System code~~
13 ~~541710, as in effect January 1, 2003;~~

14 ~~(4)(3)(A)~~ "Consortium" means a group of companies that includes
15 at least three (3) eligible companies as defined in subdivision ~~(3)(4)~~ of
16 this section and which for fiscal purposes is either a private, not-for-
17 profit corporation or an organized group that has a coordinating board or
18 committee and a mission statement, that has or is in the process of
19 developing bylaws, and that is establishing a bank account requiring at least
20 two (2) consortium members' signatures.

21 (B) Consortia may have members that are not eligible
22 companies so long as at least three (3) of the consortium member companies
23 are eligible companies.

24 (C) Fifty percent (50%) of the eligible participants
25 completing each course must be employees of eligible companies;

26 (4)(A) "Eligible company" means an entity currently operating in
27 the state that has filed a corporate income tax return for the year prior to
28 the year in which the application was submitted and is classified in one (1)
29 of the following ways:

30 (i) Manufacturers classified in sectors 31-33 under
31 the North American Industrial Classification System as it existed on
32 January 1, 2007.

33 (ii) Manufacturers classified in sectors 20-39
34 according to the Standard Industrial Classification standards as they existed
35 on January 1, 2007 but which are classified in another sector under the North
36 American Industrial Classification System as it existed on January 1, 2007;

1 (iii)(a) Businesses primarily engaged in the design
2 and development of prepackaged software, digital content production and
3 preservation, computer processing and data preparation services, or
4 information retrieval services.

5 (b) All businesses under subdivision
6 (4)(A)(ii)(a) shall derive at least seventy-five percent (75%) of their sales
7 revenue from out of state;

8 (iv)(a) Businesses primarily engaged in motion
9 picture productions.

10 (b) All businesses under subdivision
11 (4)(A)(iii)(a) shall derive at least seventy-five percent (75%) of their
12 sales revenue from out of state;

13 (v) An intermodal facility or distribution center,
14 if seventy-five percent (75%) of its sales revenue is from out of state;

15 (vi) An office sector business if seventy-five
16 percent (75%) of its sales revenue is from out of state;

17 (vii) Firms primarily engaged in commercial,
18 physical and biological research as classified under the North American
19 Industry Classification System code 541710 as it existed on January 1, 2003;

20 (viii) A national or regional corporate headquarters
21 as classified under North American Industry Classification System code 551114
22 as it existed on January 1, 2003, if the national or regional headquarters
23 serves more than one (1) state;

24 (ix)(a) A scientific and technical services
25 business.

26 (b)(1) All businesses under subdivision
27 (4)(A)(ix)(a) shall derive at least seventy-five percent (75%) of their sales
28 revenue from out of state.

29 (2)(A) The average hourly wages
30 paid by businesses in this group shall not exceed one hundred fifty percent
31 (150%) of the county average hourly wage or the state average hourly wage,
32 whichever is less.

33 (B) The average hourly wage
34 threshold determined at the signing of the financial incentive agreement
35 shall be the threshold for the term of the agreement;

36 (x)(a) All building trade industries classified

1 under North American Industry Classification System codes 236 and 238 as they
2 existed on January 1, 2003.

3 (b) A business classified under North American
4 Industry Classification System code 23899 shall not qualify as a building
5 trade industry; and

6 (xi) Air transport businesses primarily engaged in
7 aircraft maintenance, repair services, and aircraft testing as classified
8 under North American Industry Classification System code 488190 as it existed
9 on January 1, 2007.

10 (B) The Director of the Department of Economic Development
11 may classify a nonretail business as an eligible company if:

12 (i) The business receives at least seventy-five
13 percent (75%) of its sales revenue from out of state; and

14 (ii) The business proposes to pay wages in excess of
15 one hundred ten percent (110%) of the county average hourly wage or state
16 average hourly wage, whichever is less;

17 (5) "Eligible recipient" means a full-time permanent employee of
18 an Arkansas company or consortium who is subject to the Arkansas personal
19 income tax;

20 ~~(6) "Full time instructor or trainer" means a person who works a~~
21 ~~minimum of thirty (30) hours per week on at least a nine month contract and~~
22 ~~has the normal fringe benefit package available to any employee the~~
23 ~~institution considers to be a full time employee;~~

24 ~~(7)~~(6) "Governing council" means the directors or their
25 designees of the Department of Economic Development, the Department of Higher
26 Education, and the Department of Workforce Education;

27 ~~(8)~~(7) "Internal training" means classroom training provided to
28 company employees by company trainers who may be either full-time employees
29 of the company or consultants paid by the company; ~~and~~

30 (8) "Potential new workforce" means two (2) or more eligible
31 companies with common job skill requirements requiring a minimum of fifteen
32 (15) new employees and conducting a minimum of fifteen (15) hours of
33 preemployment training, thereby allowing prospective employees and employers
34 an opportunity to evaluate one another before making employment commitments;
35 and

36 (9)(A) "State-supported educational institution" means a

1 secondary or postsecondary Arkansas educational institution that receives the
2 majority of its funding from state or local tax revenues.

3 (B) However, for purposes of this subchapter, Texarkana
4 College may be considered a state-supported educational institution for the
5 purpose of delivering training services to eligible companies located in
6 Miller County, if Texarkana College continues to waive out-of-state tuition
7 for residents of Arkansas.

8
9 SECTION 2. Arkansas Code § 6-50-703(b), concerning the Arkansas
10 Existing Workforce Training Program, is amended to read as follows:

11 (b) The primary purpose of the program shall be to provide financial
12 assistance to Arkansas business and industry for upgrading the knowledge and
13 skills of the existing work force or a potential new workforce and to
14 increase the capacity of state-supported educational institutions to supply
15 the ongoing training needs of Arkansas companies.

16
17 SECTION 3. Arkansas Code § 6-50-704 is amended to read as follows:

18 6-50-704. Rules and regulations for program.

19 (a) The Department of Economic Development shall promulgate rules ~~and~~
20 ~~regulations in accord with~~ under the Arkansas Administrative Procedure Act,
21 § 25-15-201 et seq., for implementation of this subchapter by the department.

22 (b) Rules ~~and regulations~~ shall include, but not be limited to, the
23 following:

24 (1) Training shall be conducted for the purpose of meeting
25 specific business goals and performance objectives;

26 (2) As part of the application process, a company or consortium
27 shall be responsible for determining that participants involved in the
28 training program possess the appropriate prerequisite literacy skills;

29 (3)(A) The amount of financial support a company or consortium
30 receives shall be determined and approved by the department, ~~approved by the~~
31 ~~governing council~~, and set forth in writing prior to any funds' being
32 committed and distributed or prior to any tax credits' being approved.

33 (B) For companies or consortia that use state-supported
34 educational institutions to deliver classroom training to their employees,
35 the amount of support shall be the lesser of:

36 (i) One-half (1/2) of the amount paid by the company

1 to the state-supported educational institution for the training;

2 (ii)(a) The instructional hour rate established by
3 the governing council, not to exceed ~~sixty dollars (\$60.00)~~ eighty dollars
4 (\$80.00) per instructional hour, times the number of instructional hours
5 delivered ~~by a full-time instructor or trainer~~ with fifty percent (50%) or
6 more of the eligible participants completing the course.

7 (b) For companies that use company employees
8 or company-paid consultants to deliver classroom training to their employees,
9 the amount of the tax credit shall not be more than ~~fifteen dollars (\$15.00)~~
10 twenty-five dollars (\$25.00) per instructional hour.

11 (c) The minimum class size needed to receive
12 full benefits is five (5) trainees. For classes smaller than five (5), the
13 amount of support will be reduced proportionally;

14 ~~(iii) The instructional hour rate established by the~~
15 ~~governing council, not to exceed fifty dollars (\$50.00) per instructional~~
16 ~~hour, times the number of instructional hours by adjunct or part-time~~
17 ~~instructors or trainers with fifty percent (50%) or more of the eligible~~
18 ~~participants completing each course;~~

19 ~~(iv)~~(iii) The instructional hour rate established by
20 the governing council, not to exceed thirty-five dollars (\$35.00) per
21 instructional hour, times the number of instructional hours for safety-
22 related training; or

23 ~~(v)~~(iv) The instructional hour rate established by
24 the governing council, not to exceed thirty-five dollars (\$35.00) per
25 instructional hour, times the number of instructional hours for all courses
26 with less than fifty percent (50%) of the eligible participants completing
27 each course;

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

32 (5) Applications for tax credits afforded by this subchapter
33 shall be available on and after January 1, 2000;

34 (6) The maximum amount of total tax credits allowed by the
35 department pursuant to this subchapter shall not exceed four hundred fifty
36 thousand dollars (\$450,000) per year;

1 (7) Neither grant funds nor tax credits shall be used to support
2 any training, including remedial basic skills training, that is authorized
3 under any other state or federal program; and

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

7
8 /s/ Burris
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