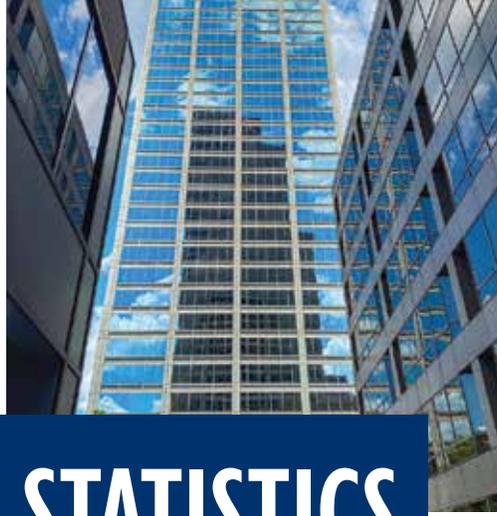
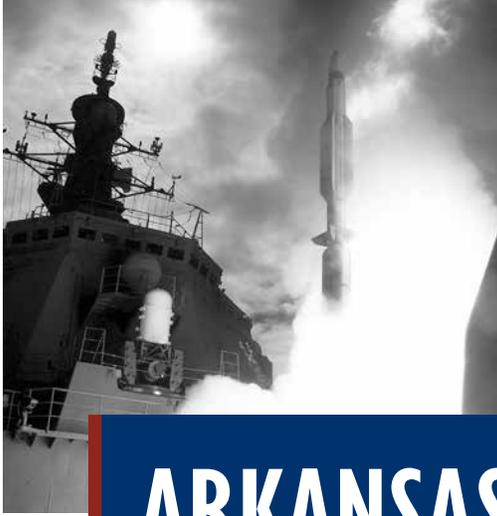




*Business matters.*

94<sup>th</sup> General Assembly

# LEGISLATIVE SUMMARY 2023



# ARKANSAS STATISTICS

15<sup>TH</sup>

MOST ECONOMICALLY COMPETITIVE STATE IN THE NATION

According to the American Legislative Exchange Council (ALEC)

3.0%

REAL PERSONAL INCOME INCREASE IN 2022, 0.5% BELOW THE NATIONAL AVERAGE

According to the U.S. Bureau of Economic Analysis

29<sup>TH</sup>

AMONG THE BEST STATES FOR BUSINESS

According to *Forbes*

1.9%

INCREASE IN GROSS DOMESTIC PRODUCT. U.S. GDP INCREASED BY ONLY .9%

According to the Bureau of Economic Analysis

10.56%

GROWTH RATE IN NON-FARM PAYROLL OVER PAST 10 YEARS, WHICH IS 16TH BEST IN THE U.S.

According to the American Legislative Exchange Council (ALEC)

6%

LOWER HOUSING COST THAN THE REST OF THE U.S.

According to the U.S. Census Bureau

## TOP INDUSTRIES

for new economic development projects in the state are:

AEROSPACE AND DEFENSE, TIMBER AND FOREST PRODUCTS, METALS, DISTRIBUTION, FOOD AND BEVERAGE, OFFICE SECTOR, OUTDOOR SPORTING AND RECREATION, AND AUTOMOBILES AND PARTS.

# LEGISLATIVE SUMMARY 2023

Published by the



**Business matters.**

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associated-industries-of-arkansas  
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The Arkansas State Chamber/AIA produces and publishes this *Legislative Summary* and thanks Hargraves Consulting Services and Wright Lindsey Jennings for being contributors for 2023.

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# LEGISLATIVE TAX CUTS CHAMPIONED BY THE ARKANSAS STATE CHAMBER/AIA SINCE 2010

- PERSONAL INCOME TAX REDUCTIONS, INCLUDING PASS-THROUGHS
- CORPORATE INCOME TAX REDUCTIONS
- UNEMPLOYMENT INSURANCE RATE AND WAGE BASE REDUCTIONS
- PHASE OUT OF “THROWBACK RULE” ON CORPORATE TAX APPORTIONMENT
- REBATE OF SALES TAXES ON UTILITY COSTS PAID BY MANUFACTURERS AND ELECTRIC GENERATORS
- CLARIFIED TAXABILITY OF NONRESIDENT ARKANSAS INCOME TAXES
- SALES TAX EXEMPTION ON MANUFACTURERS’ REPAIR AND REPLACEMENT PARTS
- ELECTIVE PASS-THROUGH ENTITY-LEVEL STATE/LOCAL TAX OPTION
- SECTION 179 DEPRECIATION ALIGNMENT
- NET OPERATING LOSS CARRY FORWARD EXTENSION
- SINGLE SALES FACTOR CORPORATE TAX APPORTIONMENT
- APPRENTICESHIP INCOME TAX CREDIT
- PROPERTY TAX FAIRNESS AND TAX ADMINISTRATION FAIRNESS
- INCREASED INCOME TAX CREDITS FOR HISTORIC REHABILITATION
- CAPITAL GAINS INCOME TAX LIMITATION
- WASTE REDUCTION TAX CREDIT CARRY FORWARD FOR STEEL MANUFACTURERS

**THE STATE CHAMBER/AIA’S WORK TO REDUCE TAXES SINCE 2010 ALONE HAS RESULTED IN MILLIONS IN SAVINGS FOR ARKANSAS BUSINESS AND INDUSTRY**



# A MESSAGE FROM THE PRESIDENT AND CEO

## THE 2023 ARKANSAS LEGISLATIVE SESSION

was a busy but positive one for the Arkansas State Chamber of Commerce and Associated Industries of Arkansas (State Chamber/AIA).

The State Chamber/AIA continued to work on behalf of our members by advocating for Arkansas business and industry throughout the regular session of the 94th General Assembly. After 89 days in session, the General Assembly concluded business on April 7, 2023, with sine die adjournment on May 1. Not only did this session mark the beginning of Governor Sarah Huckabee Sanders' administration, but it also marked

the inaugural terms of dozens of new state legislators. The State Chamber/AIA worked alongside our state's leaders—both new and familiar faces—and made every effort to promote pro-business reforms throughout the general session.

Throughout the session, lawmakers filed more than 1,600 bills and resolutions, 880 of which became law. Several of the State Chamber/AIA's top policy priorities passed. Most notably, legislators made changes to the state's unemployment insurance tax rate, repealed the "throwback rule" and approved more than \$186 million in tax cuts through a measure that reduces the state's corporate income tax rate from 5.3 percent to 5.1 percent and lowers the top individual income tax rate from 4.9 percent to 4.7 percent.

State Chamber/AIA executive leadership and committees also collaborated to identify and oppose several anti-business proposals. Our team was instrumental in stopping bills such as a pair of measures to alter Arkansas's workers' compensation laws; a bill to prohibit the use of non-compete agreements in the state; a measure that would have allowed economic development incentives to be used for retail projects; a bill serving as a "test case" for letting the legislature amend the Constitution; and a measure to repeal the Arkansas Affirmative Action law.

Legislators spent a significant amount of time tackling a handful of major reform measures, including Governor Sarah Huckabee Sanders' comprehensive education reform bill, known as the LEARNS Act, and Governor Sanders criminal justice reform measure, known as the Protect Arkansas Plan. Notably, legislators also passed the state's \$6.2 billion budget, amended the state's net metering law and referred one proposed constitutional amendment to voters.

The State Chamber/AIA 2023 Legislative Summary outlines much of the relevant legislative activity of the 94th General Assembly and summarizes the State Chamber/AIA's involvement in the session. We hope this resource will serve as a useful tool for our members and will keep you informed about how recently passed legislation could impact your business or industry in the future.

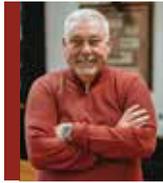
Sincerely,

Randy Zook  
President & CEO

# STATE CHAMBER/AIA LEADERSHIP

## 2023 EXECUTIVE COMMITTEE

### STATE CHAMBER OF COMMERCE OFFICERS



Chairman of the Board:  
**Gary Head**  
Signature Bank of Arkansas



Immediate Past Chair:  
**Ronald Dedman**  
AT&T Arkansas (retired)



Past Chairman:  
**Ray Dillon**  
Deltic Timber (retired)



Vice Chairman:  
**Curtis Barnett**  
Arkansas Blue Cross  
and Blue Shield



Vice Chairman:  
**John Burgess**  
Mainstream Technologies, Inc.



Vice Chairman:  
**Raymond Burns**  
Rogers Lowell Chamber



Vice Chairman:  
**Stanley Hill**  
Arkansas Farm  
Bureau Federation



Vice Chairman:  
**Laura Landreaux**  
Entergy Arkansas Inc.



Vice Chairman:  
**Michael Lindsey**  
Walmart Inc.



Vice Chairman:  
**Andy Miller**  
Flywheel Energy



Vice Chairman:  
**Adam Mitchell**  
Citizens Bank



Vice Chairman:  
**Nelson Peacock**  
NWA Council



Vice Chairman:  
**Larry Shackelford**  
Washington Regional  
Medical Center



Vice Chairman:  
**Frank Thomas**  
Stephens Inc.



Vice Chairman:  
**George Wheatley**  
Waste Management  
of Arkansas

### STATE CHAMBER/AIA TREASURER



**Reggie Rose**  
Simmons Bank

### ASSOCIATED INDUSTRIES OF ARKANSAS OFFICERS



Chairman of the Board:  
**Greg Williams**  
Nabholz Construction Services



Immediate Past Chairman:  
**Chris Hart**  
Central Moloney, Inc.



Past Chairman:  
**Grady Harvell**  
W&W/AFCO Steel LLC



Vice Chairman:  
**Michael Callan**  
Stephens Production Company



Vice Chairman:  
**Thomas Dickinson**  
McGeorge Contracting



Vice Chairman:  
**Dean Hoover**  
Koontz Electric Company Inc.



Vice Chairman:  
**Patty Cardin Lawson**  
Lancess Solutions Inc.



Vice Chairman:  
**Lenore Trammell**  
Big River Steel



Vice Chairman:  
**Jeffrey Wood**  
Tyson Foods, Inc.

# 2023 STATE CHAMBER BOARD

## Blair Allen

Beechwood Hospitality

## Tim Allen

Fort Smith Regional Chamber of Commerce

## David Avery

Windstream

## Mark Biggers

E.C. Barton & Company

## Don Bobbitt

University of Arkansas System

## Robin Bowen

Arkansas Tech University

## Jessica Breaux

Amazon

## Daryl Brown

MISO

## Darlene Brugnoli

Verizon Wireless

## Jim Carr

Highland Home Holdings

## Bret Carroll

Conway Corporation

## Josh Carson

Rausch Coleman Homes

## Davy Carter

Centennial Bank

## Joe Carter

Snyder Environmental

## Jim Casey

USABLE Life

## Jay Chesshir

Little Rock Regional Chamber

## Marvin Childers

The Poultry Federation

## Craig Cloud

Friendship Community Care

## Andrew Clyde

Murphy USA Inc.

## Steve Cole

Cossatot Community College of UofA

## Mel Coleman

North Arkansas Electric Cooperative

## Steven Collier

ARcare

## Matt Crafton

Crafton Tull and Associates

## Brad Crain

Arvest

## Melissa Curry

Methodist Village Senior Living

## Susan Davenport

Forvis

## Houston Davis

University of Central Arkansas

## Bryan Day

Little Rock Port Authority

## Gene Dresel

Kimbel Mechanical Systems

## Steve Edwards

GES Inc./Edwards Food Giant

## Ron Ekstrand

Easterseals Arkansas

## Bradley Hardin

AEP Southwestern Electric Power Company

## Buddy Hasten

Arkansas Electric Cooperatives

## Adam Head

CARTI

## Daniel Heard

Uniti Group Inc.

## Adam Henderson

U.S. Bank

## Kenny Henderson

Summit Utilities

## Eddie Lee Herndon

OG+E

## Jerry Holder

Garver

## Jeff Hunnicutt

Highlands Oncology Group

## Osi Imomoh

Southland Casino Hotel

## Crystal Johnson

Batesville Area Chamber of Commerce

## Chad Kinsley

Black Hills Energy

## George Knollmeyer

Ben E. Keith Company

## Benny Koontz

Koontz Electric Company Inc.

## Brad Lacy

Conway Area Chamber of Commerce

## Sam Lynd

NEA Baptist Health System

## Randy Massanelli

University of Arkansas

## Kevin McKenzie

Farm Bureau Mutual Insurance Company of Arkansas

## Kristin Merlo

Delta Dental of Arkansas Inc.

## Michael Moore

Friday Eldredge & Clark LLP

## Charles Morgan

First Orion Corp.

## Alan Morse

Ritter Communications

## Mike Myers

Winrock International

## Gary Newton

Arkansas Learns

## Michael Parker

Wright, Lindsey & Jennings, LLP

## Cam Patterson

UAMS

## Len Pitcock

Cox Communications

## Chris Raymer

Mississippi County Hospital System

## Matt Reddin

Simmons Bank

## Mike Ross

Southwest Power Pool

## Reynie Rutledge

First Security Bank

## Carlton Saffa

Saraceni Casino Resort

## Jim Schaffitzel

Highland Industrial Park

## Sam Sicard

First National Bank of Fort Smith

## Wayne Smith

Oaklawn Jockey Club

## Roderick Smothers

Philander Smith College

## William Thames

McGriff Insurance

## Greg Thompson

MEMS

## Lorrie Trogden

Arkansas Bankers Association

## Gary Troutman

Greater Hot Springs Chamber of Commerce

## Lorie Tudor

Arkansas Department of Transportation

## Sam Walls, III

Arkansas Capital Corporation

## Drew Weber

U.S. Pizza Co. Inc.

## Colby Wells

South Central Arkansas Electric

## Troy Wells

Baptist Health

## Sherece West

The Winthrop Rockefeller Foundation

## Gordon Wilbourn

Kutak Rock LLP

## Jeff Williams

America's Car-Mart Inc.

## Larry Wilson

First Arkansas Bank & Trust

## Mark Young

Jonesboro Regional Chamber of Commerce

## 2023 EX-OFFICIO BOARD MEMBERS

## Ken Calhoun

Altec Industries Inc.

## Vanessa Cook

Arkansas Institute for Performance Excellence

## Angela DeLille

Cox Communications

## Jane Duke

Tyson Foods, Inc.

## Tom Kennedy

Entergy Arkansas, Inc.

## Kurt Knickrehm

McGriff Insurance

## Kevin McGilton

Riceland Foods Inc.

## Nancy Lee McNew

AR Economic Developers & Chamber Executives

## Robert Smith

Robert D. Smith, III

## Connie Vaughan

McKee Foods Corporation

## Guy Wade

Friday Eldredge & Clark LLP

# 2023 AIA BOARD

## James Adams

Gar-Bro Manufacturing Company

## Jason Allen

Pace Industries

## Richard Anderson

Arkansas Steel Associates

## Jennifer Anglin

Pernod Ricard

## Steven Anthony

Anthony Timberlands, Inc.

## Scotty Bell

Virco Manufacturing Corporation

## Chris Chandler

Chandler Equipment

## Elmer Cherry

Nucor Steel Arkansas

## Caryl Childres

Tokusen U.S.A. Inc.

## Tom Cramer

Manhattan Road & Bridge Company

## Tom Cullins

Cooper Tire & Rubber Company

## Sebastien Deltheil

Dassault Falcon Jet

## Haskill Dickinson

Granite Mountain Quarry

## Chester Fort

West Fraser, Inc.

## Robert George

George's, Inc

## Clay Gordon

Kinco Constructors, LLC

## Jason Green

ABB

## George Harguess

Denso Manufacturing Arkansas, Inc.

## Chris Harris

Tokai Carbon

## Brad Harville

Green Bay Packaging

## Chris Heitzmann

Caterpillar Inc.

## Ken Hendrix

S&H Systems

## Trish Henry

Russellville Steel Company Inc.

## Justin Holmes

Martin Sprocket & Gear Inc.

## Chandra Hooker

Aerojet Rocketdyne Corporation

## Aaron Huckaby

Lockheed Martin Missile & Fire Control

## Harold Johnson

Hino Motors Manufacturing USA, Inc.

## Ron Keeneth

Bridgestone Americas Tube Business

## John Kelleher

Gerdau Special Steel

## Robert Langston

Langston Companies Inc.

## Rickey Ledbetter

Southern Bakeries, LLC

## Mike Lyles

Evergreen Packaging Pactiv Evergreen

## Malcolm Massey

Clearwater Paper

## Gary McChesney

FutureFuel Chemical Company

## Scott McGeorge

Pine Bluff Sand & Gravel Company

## Jon Mobley

American Tubing

## Dustin Morphis

Bridgestone Americas Tube Business

## Ben Noble

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## Patrick Noland

PECO Foods

## Kimmie Provost

Simmons Foods, Inc.

## Gina Radke

Galley Support Innovations

## Mike Simpson

TCPrint Solutions

## Melissa Smith

McKee Foods Corporation

## Shannon Sullivan

American Greetings Corporation

## Van Tilbury

East Harding Construction

## Derek Turner

El Dorado Chemical Company

## Ernie Walker

Rineco Chemical Industries

## Bill Ward

Twin Rivers Paper

## Tammy Waters

Domtar

## Don Weaver

Weaver-Bailey Contractors, Inc.

## Chris Weiser

JV Manufacturing Inc.

## Adam White

Remington Arms



# CORNERSTONE PIECES OF LEGISLATION PASSED

## BY THE 94TH GENERAL ASSEMBLY

### LEARNS ACT

Legislators spent hours in committee debating the 144-page education reform bill, known as the LEARNS Act. Arguably the most highly anticipated measure of the session, it has been called the largest education overhaul in state history. Among other reforms, the measure creates a voucher program, establishing Education Freedom Accounts that will allocate 90% of a student’s state per-pupil funding to allow the student to attend private school or home school (about \$7,618 per student, under the 2023–2024-year funding formula). The law also increases starting teacher salaries from \$36,000 to \$50,000, giving those already above the minimum a \$2,000 raise. Rep. Keith Brooks (R-Little Rock) sponsored the bill in the House, and Sen. Breanne Davis (R-Russellville) was the Senate sponsor. The measure will cost an estimated \$297.5 million this year, with an increase to \$343.3 million next year, as more students become eligible for the accounts. The governor’s plan met many of the State Chamber/AIA’s workforce quality and education priority issues.

### PROTECT ARKANSAS ACT

In the final days of the session, legislators approved Governor Sanders’ comprehensive criminal justice reform measure that overhauls the state’s parole system. Senate Bill 495 by Sen. Ben Gilmore (R-Crossett) and Rep. Jimmy Gazaway (R-Paragould) will require those convicted of serious crimes to serve most if not all of their prison sentences. The measure also includes funding to help formerly incarcerated individuals enter the workforce and suspends court fines and fees for 120 days after an individual is released from custody. The state estimates the additional inmate care will cost around \$163.8 over the next ten years. Meanwhile, lawmakers also set aside \$330 million in surplus funding to build 3,000 new prison beds.



Representatives recite the Pledge of Allegiance as they prepare to take their oaths of office on January 9, 2023. Courtesy of the Arkansas House of Representatives



Sen. English presides over the Senate Education Committee on February 22, 2023. Courtesy of the Arkansas Senate



## TAX CUTS

Toward the end of the session, legislators passed more than \$186 million in tax cuts, including a reduction in both the corporate income tax rate (from 5.3% to 5.1%) and the upper individual income tax rate (from 4.9% to 4.7%). Senate Bill 549 by Sen. Jonathan Dismang (R-Beebe) and Rep. Les Eaves (R-Searcy) will apply retroactively to January 1, 2023. The State Chamber/AIA teams reached out early on and throughout the session, letting legislators and the governor's staff know this was a top priority for the business community. This reduction, combined with earlier cuts, goes a long way to improving the tax climate in our state. Individual state income taxes will be reduced by \$100 million a year and corporate income taxes will be reduced by \$24 million a year.

## REPEAL OF THROWBACK RULE

One of the State Chamber/AIA's top priorities going into the session was to repeal the outdated "throwback rule" that has long put our state at a competitive disadvantage. HB1045 by Rep. Howard Beaty (R-Crossett) will phase out the rule over the next seven years. The rule allows a state where the sale of tangible property originates to tax the income from those sales if the destination is the federal government or another state that lacks jurisdiction to levy a tax. Other states have also been eliminating this policy, because it results in an often high and uncompetitive rate of taxation on some businesses. The State Chamber/AIA team worked early to educate leadership, tax committee chairs and key members about the importance of repealing the throwback rule. The measure will reduce taxes by \$10.6 million in the next fiscal year and \$74 million once fully implemented.



Gov. Sanders signs legislation to lower the state income tax and phase out the throwback rule on April 10, 2023. Courtesy of Randall Lee, Office of Governor Sarah Huckabee Sanders



Rep. Brian Evans addresses the House Chamber on January 23, 2023. Courtesy of the Arkansas House of Representatives



Sen. Jonathan Dismang prepares for business in the Senate Chamber on January 23, 2023. Courtesy of the Arkansas Senate



## UNEMPLOYMENT INSURANCE CHANGES

House Bill 1430 by Rep. Robin Lundstrum (R- Elm Springs) and Sen. Kim Hammer (R-Benton) was State Chamber/AIA priority legislation that makes various changes to the state's unemployment insurance laws. Of note, it will reduce employer unemployment taxes by an estimated \$31 million. The measure prevents an increase in the unemployment insurance wage base if the Unemployment Insurance (UI) Trust Fund has a balance of at least \$600 million. (The current balance is just under \$900 million.) The measure also reduces the maximum number of benefit weeks from 16 to 12; lowers the new employer UI tax rate from 2.9% to 1.9%; reduces the maximum UI tax rate from 14% to 10%; and repeals the Stabilization Tax, which included a dedicated 0.2% for administration. The State Chamber/AIA team worked closely with the sponsors on this measure, again, conveying to members the importance of these changes for easing the burden on employers and improving the business climate in Arkansas.

## CONSTITUTIONAL AMENDMENTS

Legislators voted to refer only one proposed constitutional amendment to voters this session. The General Assembly can refer up to three measures to the ballot every session, but only HJR1006 by Rep. Robin Lundstrum (R-Elm Springs) and Sen. Jane English (R-North Little Rock) received final approval. It would allow lottery proceeds to fund scholarships for vocational/technical schools. (Currently, lottery scholarship funding is restricted to use at two and four-year colleges.) Legislators proposed a total of 33 possible amendments for consideration, ranging from a measure to eliminate the state's property tax, to requiring partisan elections for the state's judges.



*The Arkansas House of Representatives conducts business on February 7, 2023. Courtesy of the Arkansas House of Representatives*



## BUDGET

Lawmakers set a \$6.2 billion general revenue budget for the fiscal year beginning July 1, 2023. The budget, laid out in the state's Revenue Stabilization Act (RSA), represents a \$177.7 million increase in spending, due largely to costs associated with education and corrections programs. RSA outlines funding priorities in categories A, B, and C, dictating how revenue flows to departments and programs. Roughly \$2.4 billion will go to the Public School Fund (an increase of \$118.7 million), while \$31.7 million will be marked for the Educational Freedom Accounts created under the LEARNS Act. The Division of Correction will receive \$434.3 million in funding (up \$55.3 million). Approximately \$1.8 billion of General Revenue will go to the Department of Human Services (up \$5.5 million).

## NET-METERING AMENDMENT

Early in the session, legislators heavily debated a proposal to revamp the state's net-metering policy, which was put in place in 2020. Senate Bill 295 by Sen. Jonathan Dismang (R-Beebe) and Rep. Lanny Fite (R-Benton) reduces the current one-to-one compensation solar users receive for energy produced and returned to the grid. Utilities and others advocating for the change argued that the policy has created a shift in costs to traditional electric ratepayers and that lowering the reimbursements to wholesale rates instead of the current retail rates addresses that issue. Opponents argued that the change will deter solar investment in the state. There was a stalemate on the issue for the first few weeks of the session until legislators agreed on a compromise amendment to "grandfather" in current users through 2040.



Gov. Sanders delivers remarks at Home School Day at the Capitol Feb 21, 2023. Courtesy of Randall Lee, Office of Governor Sarah Huckabee Sanders



# LEGISLATIVE ACTION SYNOPSIS

## OF THE ARKANSAS STATE CHAMBER/AIA

The State Chamber/AIA's 2023 Priority Legislative Agenda included issues related to workforce quality and education; taxation; unemployment insurance; legal environment; labor and employment; occupational licensing; healthcare; workers' compensation and economic development. Throughout the session, lawmakers proposed several pieces of legislation that addressed each of these issues. State Chamber/AIA executive leadership and committees collaborated to identify and support the pro-business proposals and oppose the anti-business proposals.

### State Chamber/AIA Priority Agenda Bills

#### THROWBACK RULE REPEAL

Act 485 (HB 1045) by Rep. Howard Beaty (R-Crosssett) and Sen. Ben Gilmore (R-Crosssett) phases out the outdated income tax throwback rule. According to the throwback rule, sales are considered to be "in this state" if the tangible personal property is shipped from an office, store, warehouse, factory or other place of storage in this state and: (1) the purchaser is the United States Government; or (2) the taxpayer is not taxable in the state of the purchaser. This Act phases out the throwback rule at just over 14 percent per year. The rule will be fully repealed in seven years. Savings to applicable Arkansas employers will be \$10.6 million in state Fiscal Year (FY) 2024, \$21.1 million in FY 2025, \$31.7 million in FY 2026, \$42.3 million in FY 2027, \$52.9 million in FY 2028, \$63.4 million in FY 2029 and \$74 million in FY 2030 and beyond.

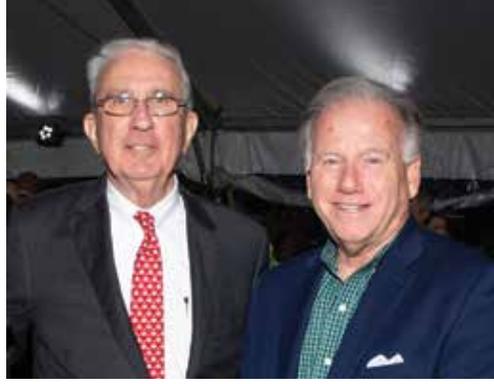
#### UNEMPLOYMENT INSURANCE

Act 196 (HB 1430) by Rep. Robin Lundstrum (R-Elm Springs) and Sen. Kim Hammer (R-Benton) makes several important changes to unemployment insurance (UI) laws. The total effect of this Act is estimated to reduce employer unemployment taxes by \$31 million.

In 2019, the State Chamber/AIA promoted a bill to index the wage base, which is the amount of each employees' wages that are subject to UI tax. The indexing lowered the wage base faster than existing law, which saved employers over \$40 million. But after COVID-19, the indexing moved the wage base upward at a time when the UI Trust Fund was very well funded. This Act prevents increases in the wage base if the UI Trust Fund has a minimum balance of \$600 million. The Trust Fund's current balance is just under \$900 million.

Act 196 also:

- Reduces the maximum number of benefit weeks from 16 to 12, effective January 1, 2024.
- Reduces the new employer UI tax rate from 2.9 percent to 1.9 percent, effective January 1, 2024.
- Reduces the maximum UI tax rate from 14 percent to 10 percent.
- Repeals the Stabilization Tax, which had a range of 0.1 percent to 0.8 percent that included a dedicated 0.2 percent for administration. This Act reduces the administrative assessment to 0.125 percent effective from July 1, 2023, until June 30, 2024. Effective July 1, 2024, the administrative assessment reduces to 0.1 percent. Excess funds generated by the administrative assessment can be credited to a fund for modernization of the state's UI computer system, subject to a maximum of \$35 million. Up to \$2.5 million can be deposited to the Training Trust Fund for worker training. Any excess training fund dollars will go into the UI Trust Fund.



## INCOME TAX REDUCTION

Act 532 (SB 549) by Sen. Jonathan Dismang (R-Beebe) and Rep. Les Eaves (R-Searcy) decreases the top state individual income tax rate from 4.9 percent to 4.7 percent and the corporate income tax rate from 5.3 percent to 5.1 percent, effective January 1, 2023. This will reduce individual state income taxes by \$100 million a year and corporate income taxes by \$24 million annually, effective January 1, 2023.

## EDUCATION REFORM

Act 237 (SB 294) by Sen. Breanne Davis (R-Russellville) and Rep. Keith Brooks (R-Little Rock), also known as Governor Sarah Huckabee Sanders' Arkansas LEARNS Act, addresses several education issues cited in the State Chamber/AIA Priority Agenda. Key provisions of the Act include:

- Increasing the minimum teacher salary from \$36,000 to \$50,000.
- A bonus program providing up to \$10,000 for the best teachers and an unspecified salary increase for all teachers.
- Creating Education Freedom Accounts that would provide 90 percent of per-student funding for school choice via a voucher program that would provide families state funds for private-school tuition or other allowable education expenses. This would be phased in over three years.
- Student loan forgiveness for new teachers in high-need areas.
- Deploying 120 reading coaches to schools most in need.
- Providing \$500 grants for K-3 students that need tutoring.
- Establishing a dual diploma program in all high schools to allow students to choose the pathway that better prepares them for a career.
- Repealing the Teacher Fair Dismissal Act.
- Providing funding for crises response and mental health awareness training for teachers.
- Providing 12 weeks of paid maternity leave.

## Bills We Supported That Passed

### CRIMINAL JUSTICE REFORM

Act 659 (SB 495) by Sen. Ben Gilmore (R-Crossett) and Rep. Jimmy Gazaway (R-Paragould), also known as Governor Sanders' Protect Arkansas Plan, is a comprehensive prison reform bill that makes \$470 million available for 3,000 new prison beds and \$20 million available to retain and recruit new corrections officers. The Act also mandates that prisoners convicted of violent offenses such as capital murder, first-degree murder, rape (and a list of other violent offenses) serve 100 percent of their sentences. The Act also mandates that prisoners convicted of a lower level of violent offenses would serve 85 percent of their sentences. The new prison beds are needed to alleviate a backup of more than 2,000 state prisoners now housed in local jails. The Act also provides training to reduce recidivism.

### REAL ESTATE LICENSING - RESIDENTIAL CONSTRUCTION COMPANY

Act 31 (HB 1147) by Rep. DeAnn Vaught (R-Horatio) and Sen. Bart Hester (R-Cave Springs) arose from a compromise that will allow persons employed by an Arkansas licensed residential construction company to be exempt from Arkansas real estate license laws if certain requirements are met.



*Reps. DeAnn Vaught, Nicole Clowney, and Jamie Scott chat together in the House Chamber on January 9, 2023. Courtesy of the Arkansas House of Representatives*



## ARKANSAS ADULT DIPLOMA PROGRAM

Act 546 (HB 1529) by Rep. David Ray (R-Maumelle) and Sen. Breanne Davis (R-Russellville) establishes the Arkansas Adult Diploma Program. It requires the Department of Education to annually issue a request for public, nonprofit or other entities to apply to become approved program providers in the Arkansas Adult Diploma Program. It also requires the Department of Education to announce the approved program providers no later than October 15 annually. An approved program provider may begin enrolling students starting no later than November 15 of each year.

## BALLOT INITIATIVE PROCESS REFORM

Act 194 (HB 1320) by Rep. David Ray (R-Maumelle) and Sen. John Payton (R-Wilburn) returns citizen ballot issue groups to similar requirements that were in place before a 2019 law was adopted. Act 194 requires sponsors of initiative petitions or referendum petitions to file with the attorney general before being circulated for signatures and allows the attorney general to ratify or change the ballot title and popular name for each proposed amendment/act. The attorney general must approve the submitted ballot title and popular name and certify it or substitute and certify a more suitable and correct ballot title and popular name within 10 days of the petition being filed. If the attorney general refuses to act or if the sponsors feel aggrieved at the attorney general's actions, the sponsors may petition the Supreme Court for proper relief.

Act 236 (HB 1419) by Rep. Kendon Underwood (R-Cave Springs) and Sen. Jim Dotson (R-Bentonville) requires ballot initiatives for statutory and constitutional amendments to include petitions from 50 counties and requires that each ballot initiative for statutory and constitutional amendments contain signatures of three-fourths of the designated percentage of the electors for each county represented.

## Bills We Opposed That Failed

### WORKERS' COMPENSATION

HB 1611 and HB 1612 by Rep. Josh Miller (R-Heber Springs) and Sen. John Payton (R-Wilburn) would have caused one of the—if not the—largest workers' compensation cost increases for employers in a long time.

HB 1612 sought to remove the current caps on total disability payments an injured employee and his or her dependents can receive, and HB 1611 would have removed the current prohibition against the Workers' Compensation Commission approving attorneys' fees in relation to claims on medical benefits or services awarded.

The State Chamber/AIA led the business community's charge in stopping these measures, educating leadership and committee members about the negative impact the bills would have on employers and the state. Neither measure got out of committee.

### PROHIBITION OF COVENANTS NOT TO COMPETE AGREEMENTS

HB 1628 by Rep. Stephen Meeks (R-Greenbrier) et. al and Sen. Mark Johnson (R-Little Rock) sought to repeal the existing state law governing non-compete agreements and replace it with language to prohibit all "covenants not to compete" in the state. This was a blanket prohibition, regardless of industry. It is unclear whether the ban would have only applied to agreements moving forward or could have also applied retroactively. Further, "employee" was not defined, so it was not clear whether the prohibition applied to current and prospective employees. The bill did make clear that it excluded non-solicitation and confidentiality agreements, along with agreements entered into upon the sale of a business. However, those terms were not defined.

The State Chamber/AIA's primary position was to oppose the measure. After significant back-and-forth, including word from the sponsor that the bill would not run in committee, he presented the bill with just hours' notice to stakeholders. The State Chamber/AIA team rallied opposition, quickly reaching out to committee members to oppose. State



Chamber/AIA testimony was critical to beating this measure. It did not get a motion in committee and served as a deterrent for future measures.

## PUBLIC NOTICE REQUIREMENTS

HB 1399 by Rep. Frances Cavanaugh (R-Walnut Ridge) and Sen. Scott Flippo (R-Bull Shoals) sought to require counties and municipalities to publish specified public notices on a website rather than in a newspaper.

## ECONOMIC DEVELOPMENT - RETAIL SALES FACILITIES

SB 493 by Sen. Gary Stubblefield (R-Branch) and HB 1841 by Rep. Lee Johnson (R-Greenwood) sought to amend the Arkansas Constitution to redefine the term “economic development project” to include facilities for retail sales. Allowing a county, city, town or other municipal corporation to obtain or appropriate money for retail sales facilities would have put burdensome financial demand on the county, city, town or other municipal corporation without generating an equitable amount of external income or job creation for the community in exchange.

## AMENDMENT 7 TEST CASE

SB 445 by Sen. Mark Johnson (R-Little Rock) and Rep. Matt Brown (R-Conway), sought to make technical corrections to a highway funding amendment, clarifying that state sales tax dollars can be spent on interstates wider than four lanes. This endeavor was admittedly an effort to set up a legal test case to see whether Arkansas legislators can apply a 1920 constitutional amendment that says they can amend or repeal ballot measures with a two-thirds vote.

“If the General Assembly chooses to amend the constitution by a vote of the members and skip the process of allowing the people to vote on the constitution, and the Supreme Court overturns the Edgmon case, at that point, every two years, every legislative session will be a constitutional convention. There will be nothing off the table. Higher ed, Game and Fish, highways, marijuana, casinos, lotteries, term limits, everything...,” said former Attorney General Dustin McDaniel in testimony to a committee hearing on the bill.

## ELIMINATION OF DAYLIGHT SAVING TIME

HB 1568 by Rep. Stephen Meeks (R-Greenbrier) and Sen. Missy Irvin (R-Mountain View) sought to eliminate daylight saving time in Arkansas and require the standard time in Arkansas to be central standard time. It would have been highly disruptive for Arkansas to be on a different time than the rest of the country.

## PHARMACEUTICAL EXECUTIVES – FELONY FOR DRUG MISINFORMATION

SB 7 and SB 8 by Sen. Bryan King (R-Green Forest) sought to allow criminal charges against drug company corporate executives under certain circumstances. These bills would have set a dangerous precedent, and it would have been difficult to apply Arkansas criminal law to individuals who are not in Arkansas. SB 7 applied to prescription drugs, and SB 8 applied to vaccines.

## FREEDOM OF INFORMATION ACT

SB 382 by Sen. Alan Clark (R-Lonsdale) sought to amend certain open public meeting requirements under the Freedom of Information Act. The bill would have prohibited two or more members of a governing body of a public entity from discussing, deliberating or deciding public business in circumvention of the Freedom of Information Act during any chance interaction, informal assemblage or electronic communication.



## PAID LEAVE FOR EARLY VOTING

SB 230 by Sen. Bryan King (R-Green Forest) sought to require employers to provide eight hours of paid leave to each employee registered to vote for early voting prior to a primary election, primary runoff and general election. It also sought to prohibit employers from penalizing employees for using this paid leave.

## AFFIRMATIVE ACTION REPEAL

SB 71 by Sen. Dan Sullivan (R-Jonesboro) and Rep. Justin Gonzales (R-Okolona) sought to prohibit state entities from discriminating against, or granting preferential treatment to, a person or group on the basis of race, gender, color, ethnicity or national origin in matters of state employment, public education or state procurement. Violations would be Class A misdemeanors. Any person who believed their rights had been impacted could file a civil action suit in circuit court. This bill would have repealed the Arkansas Affirmative Action Law.

## PAY STUB REQUIREMENTS

SB 522 by Sen. Greg Leding (R-Fayetteville) would have required certain employers to furnish to each employee at the time the employee's wages are paid an itemized statement showing the pay basis in hours or days worked, rate of pay, gross pay and deductions for the respective pay period.



State Chamber/AIA governmental affairs staff pose together at the Annual Legislative Reception.

## Bills Amended at Our Request That Passed

### SEX OFFENDER REGISTRATION

Act 37 (HB 1004) by Rep. David Ray (R-Maumelle) and Sen. Mark Johnson (R-Little Rock) will amend the Sex Offender Registration Act to include a sex offender's home address. The sponsor removed the offender's work address from the bill at our request.

### UNEMPLOYMENT BENEFITS

Act 106 (HB 1197) by Rep. Kendon Underwood (R-Cave Springs) and Sen. Ben Gilmore (R-Crossett) will disqualify a person from receiving unemployment benefits for failing to accept suitable work within a set period of time after a job offer or failing to appear for a scheduled job interview on multiple occasions without providing notice. The sponsors amended the bill to satisfy a concern State Chamber/AIA had regarding employer involvement in this process.

Act 854 (HB 1840) by Rep. Wade Andrews (R-Camden) and Sen. Matt McKee (R-Pearcy) provides that if a person commits fraud to obtain an overpayment of \$1,000 or more in unemployment benefits, then the person is disqualified from receiving unemployment benefits for a period of time. The sponsor withdrew the originally filed bill and replaced it with this bill that satisfied our concerns.

### FRANCHISE PRACTICES ACT AMENDED

Act 847 (HB 1783) by Rep. Jeff Wardlaw (R-Warren) and Sen. Ricky Hill (R-Cabot) will make various amendments to the Arkansas Franchise Practices Act. The bill was amended in agreement with franchisor representatives.



## Bills We Supported That Failed

### ELIMINATION OF PHANTOM DAMAGES

HB 1418 by Rep. Marcus Richmond (R-Harvey) with 17 House co-sponsors and Sen. Missy Irvin with nine Senate co-sponsors was part of our continuing effort to pass litigation reform in Arkansas. The bill addressed a civil justice abuse that contributes to growing litigation costs known as “phantom damages.” The bill sought to increase transparency and bring fairness to the calculation of damages in tort cases by defining economic damages as only those amounts actually paid by or on behalf of the plaintiff. “Phantom Damages” exist any time lawsuit recoveries are calculated using the dollar amount a patient was billed for a medical service instead of the amount the patient, their insurer, Medicare, Medicaid or workers’ compensation actually paid for the treatment.

### POSSESSORY LIENS

HB 1563 by Rep. Brian Evans and Sen. Ricky Hill sought to change towing practices in Arkansas by creating a cargo exception within towing policy to prevent “hostage cargo.” The bill would have allowed cargo being transported for hire to no longer be held hostage by tow operators while the truck owner and their insurance provider negotiate and pay for the tow service. Transport companies would have been able to transload the cargo to another trailer and make delivery to their customer.

## Bills We Opposed That Passed

### CAREER AND TECHNICAL COURSES

Act 654 (SB 470) by Sen. Jim Dotson (R-Bentonville) and Rep. Rick Beck (R-Center Ridge) will require the Division of Career and Technical Education to review new and existing career and technical pathways to determine which courses meet criteria for weighted credit and publish a list of approved pathways annually. The State Chamber/AIA agreed with the weighted credit aspect of the bill but opposed the bill because it weakened Arkansas’ nationally leading computer science education requirement.

### UNDERAGE EMPLOYMENT CERTIFICATES

Act 195 (HB 1410) by Rep. Rebecca Burks (R-Lowell) and Sen. Clint Penzo (R-Springdale) repeals the requirement that an employer of a child under 16 years of age must procure an employment certificate and make the certificate accessible to the Division of Labor and the Division of Elementary and Secondary Education or local school officials.

### SPECIAL ELECTION DATES

Act 300 (HB 1510) by Rep. David Ray (R-Maumelle) and Sen. John Payton (R-Wilburn) reduces the allowable dates for special elections on measures or questions referred to the voters by governmental entities.



Speaker Shepherd enters the House Chamber on January 9, 2023. Courtesy of the Arkansas House of Representatives



Senate President Pro Tempore Bart Hester and Sen. Steve Crowell chat in the Senate Chamber on February 9, 2023. Courtesy of the Arkansas Senate

# ARKANSAS STATE TAX DEVELOPMENTS

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## I. BACKGROUND

### A. Introduction

1. The 94th General Assembly 2023 Regular Session convened January 9, 2023, and recessed pursuant to HCR 1007 on April 7, subject to recall until May 1, 2023. Acts without emergency clauses become effective 90 days after sine die, so a May 1 sine die means these bills become effective July 31, 2023.

### B. Fiscal Condition

1. Fiscal year 2022 (June) net available general revenue collections totaled \$7,477.4 million, which is \$632 million or 9.2% above prior year results and \$154.7 million or 2.1% above forecast. These additional revenues combined with a projected greater surplus for fiscal year 2023 combined to drive the accelerated and additional tax cuts adopted in the Third Extraordinary Session in August 2022 and the 94<sup>th</sup> General Assembly 2023 Regular Session.
2. Fiscal year 2023 year-to-date (March 2023) gross general revenue totaled \$6,192.2 million, representing an increase of \$294.3 million or 5.0% above last year and above forecast by \$289.7 million or 4.9%.

## II. INCOME/FRANCHISE TAXES

### A. Legislative Developments

#### 2021 AND 2022 SPECIAL SESSIONS

Individual rate cuts to 4.9%: Companion Acts 1 and 2 of the Second Extraordinary Session (2021) provided for a gradual top bracket rate reduction for individuals from 5.9% to 4.9% over a four-year period, beginning in 2022.

Companion Acts 1 and 2 of the Third Extraordinary Session (2022) accelerated the rate reduction and made the entire 1% rate cut from 5.9% to 4.9% effective January 1, 2022.

Fine tuning provisions of the initial Acts that were not affected included bracket harmonization yielding further relief for the middle class, cliff adjustments, a low-income tax credit and standard deduction indexing. An additional one-time inflationary relief tax credit for low and middle-income taxpayers was added for 2022 in the subsequent Acts. The lower individual rates will also apply for purposes of the new passthrough entity tax.

Corporate rate cuts to 5.3%: The top rate for corporations was already scheduled to drop from 6.2% to 5.9% in 2022. Once again, companion Acts 1 and 2 of the Second Extraordinary Session (2021) provided for further reductions from 5.9% to 5.3% over a three (3) year period.

Companion Acts 1 and 2 of the Third Extraordinary Session (2022) made the entire 0.6% reduction to 5.3% effective for years beginning on or after January 1, 2023.

Section 179 Expense Election: Companion Acts 1 and 2 of the Third Extraordinary Session also adopt federal Section 179 expensing provisions as in effect January 1, 2022.

Arkansas previously adopted Section 179 as in effect on January 1, 2009, with a dollar limitation on deduction of \$25,000 and a dollar-for-dollar phase-out starting at \$200,000, adjusted for inflation each year.

The 2022 version of the federal Section 179 expense election allows businesses to deduct the entire purchase price of new or used equipment up to \$1.08 million in 2022, rather than capitalizing and depreciating the asset over the designated useful life of the asset. The \$1.08 million deduction is reduced dollar-for-dollar if asset purchases exceed \$2.7 million for 2022.

## 2023 REGULAR SESSION

**Act 96:** Prohibits local governments from enacting an income tax by repealing Ark. Code Ann. §§ 14-43-607 and 26-73-104. Effective July 31, 2023.

**Act 191:** Amends the \$500 income tax credit for support of a child with a developmental disability to remove the requirement for recertification of a developmental disability that is expected to continue indefinitely. Effective retroactive to January 1, 2022.

**Act 358:** Allows a taxpayer with military connections claiming an income tax exemption of less than six thousand dollars (\$6,000) for income from military retirement or survivor benefits to also claim as exempt additional retirement benefits from an individual retirement account or from public or private employment-related retirement systems not to exceed six thousand dollars (\$6,000) cumulative. Effective retroactive to January 1, 2023.

**Act 439:** Provides that income earned by esports tournament competitors or organizers is subject to state income tax. "Esports" means any form of multiplayer competition in which competitors compete against each other using video gaming consoles, computers or other electronic devices. Paid esports tournaments do not constitute gambling and are exempt from gaming or gambling statutes. Effective July 31, 2023.

**Act 485:** Phases out the corporate income tax throwback apportionment rule over six (6) years. Following the transition period for tax years beginning on or after January 1, 2030, sales shipped outside of Arkansas shall be sourced one hundred percent (100%) outside the state. Effective January 1, 2024.

**Act 532:** Reduces income tax rates applicable to individuals, trusts and estates from 4.9% to 4.7%; updates bracket adjustment deductions for cost-of-living; and reduces income tax rates applicable to corporations from 5.3% to 5.1% on net income exceeding twenty-five thousand dollars (\$25,000). Effective retroactive to January 1, 2023.

**Act 625:** Extends the definition of "claimant agency" for purposes of the setoff against state tax refunds to include the Contractors Licensing Board, the Residential Contractors Committee and the Department of Labor and Licensing as claimant agencies that may offset a taxpayer's state income tax refund to satisfy a debt. Effective July 31, 2023.



Returning Sen.s are sworn in on opening day of the 94th General Assembly. Courtesy of the Arkansas Senate

**Act 644:** Reduces the number of employees required for the electronic filing of annual income tax withholding statements from 250 to 125 employees; however, the Secretary of the Arkansas Department may waive the electronic filing requirement upon a showing of undue hardship by the employer. Effective January 1, 2024.

**Act 715:** Requires a limited liability partnership, foreign limited liability partnership, limited partnership and foreign limited partnership to file an annual report by August 1 of each year (previously, between January 1 and April 1 and May 1 of each year) following the calendar year in which a partnership files a statement of qualification or a foreign partnership becomes authorized to transact business in Arkansas. Effective July 31, 2023.

## B. Administrative Developments

**New Rule For Pass-Through Entities:** The Department of Finance and Administration (the Department) published Rule 2022-6 Arkansas Elective Pass-Through Entity Tax Rule dated December 21, 2022, regarding a business' election, calculation and payment of pass-through entity income tax.

### Extension of Income Tax Filing and Payment

**Deadlines:** Governor Sanders issued Executive Order 23-24 dated April 10, 2023, as a result of the recent tornado storm damage that swept through Arkansas. The Order extends the 2022 income tax filing date and income tax payment date, including pass-through entity filing and payment, from April 18, 2023, to July 31, 2023, for those residents or businesses located in Pulaski, Lonoke and Cross counties in Arkansas. This relief includes estimated payments due between March 31, 2023, and July 31, 2023.



Sen. Breanne Davis answers questions during the Senate Education Committee hearing regarding the LEARNS Act on February 22, 2023. Courtesy of the Arkansas Senate

## III. TRANSACTION TAXES (SALES/USE TAXES)

### A. Legislative Developments (2023 Regular Session)

**Act 130:** Amends various statutes providing for consistent treatment of the additional one-half percent (½%) sales and use tax imposed for highway funding pursuant to Arkansas Constitution Amendment 101, which was approved by voters in 2020, to replace the temporary one-half percent (½%) sales and use tax imposed for highway funding pursuant to Arkansas Constitution Amendment 91. The levy of tax imposed by Amendment 101 commences when the tax imposed by Amendment 91 sunsets upon retirement of all outstanding bonds. Effective February 24, 2023.

**Act 192:** Requires taxpayers that incur an average monthly sales or use tax liability of five thousand dollars (\$5,000) or more for the preceding fiscal year that began on July 1 and ended on June 30 file all returns and remittances electronically. Effective January 1, 2024.

**Act 193:** Amends prepayment calculation requirements for retailers that, on July 1, have average net sales of more than two hundred thousand dollars (\$200,000) per month and pay sales tax by electronic funds transfer by changing the calculation date range from the preceding calendar year to the preceding fiscal year. Effective July 1, 2023.

**Act 278:** Provides that revenues collected under contracts for obtaining electric energy from a net-metering facility under a service contract with a government entity or other entity that is exempt from state and federal income tax and qualifying for safe-harbor protection as provided under 26 U.S.C. § 7701(e)(3)(A), as in effect on August 16, 2022, are exempt from state and local sales taxes. Effective March 13, 2023.

**Act 351:** Amends the definition of “manufacturing” and “processing” for purposes of the compensating use tax exemption for machinery and equipment used directly in manufacturing to include retreading of tires for automobiles, trucks and other mobile equipment powered by electrical or internal combustion engines or motors. Effective September 1, 2023.

**Act 446:** Expands the sales tax exemption for sales at concession stands operated by a nonprofit youth athletic organization to also exempt sales at concession stands operated by other types of nonprofit youth organizations. Effective October 1, 2023.

**Act 518:** Provides an exemption from sales tax for sales of tangible personal property, specified digital products, a digital code or a service to the Disabled American Veterans Organization. Effective September 1, 2023.

**Act 521:** Provides an exclusion from levying sales tax on membership dues paid to a hunting or fishing club that are paid to obtain access to land for the primary purpose of hunting or fishing. Effective September 1, 2023.

**Act 534:** Provides a sales and use tax exemption for the sale of a new or used mortality composting device to a person engaged in the commercial production of livestock or poultry. Effective October 1, 2023.

**Act 646:** Extends the sales and use tax exemption applicable to partial replacement and repair parts for machinery and equipment used directly in manufacturing to include parts purchased and placed in inventory for later use by the taxpayer, subject to taxation upon withdrawal from inventory if used for a non-exempt purpose. Effective September 1, 2023.

**Act 658:** Allows a railroad to choose between two different methods to apportion its income for corporation income tax purposes. An organization operating a railroad partly within Arkansas and partly outside the state may apportion the net operating income attributable to Arkansas by multiplying the organization's income by either a sales factor apportionment or a three-factor apportionment, which includes property, payroll and double-weighted sales. Effective retroactive to January 2, 2023.

**Act 819:** Provides a discretionary sales and use tax exemption for sales to a qualified data center for data center equipment (computer equipment/software including labor services to install, repair, alter or maintain); eligible data center costs (land, buildings, equipment, leases, engineering and design); services for developing, acquiring, constructing, expanding, renovating, refurbishing and operating a qualified data center; and electricity used by a qualified data center. A qualified data center means a facility operated to house a group of networked computer servers to centralize the storage, management and dissemination of data and information pertaining to a particular business or classification or body of knowledge; invests fifty million dollars (\$50,000,000) over five (5) years; pays an aggregate annualized compensation of at least one million dollars (\$1,000,000) to employees within the state over the two (2) calendar years; and has received a positive cost-benefit analysis from the Arkansas Economic Development Commission. Effective October 1, 2023.

**Act 827:** Provides a sales and use tax exemption for sales of a service providing for the electronic transmission of a drug prescription directly to a pharmacy including services provided directly by an electronic prescription technology company or indirectly through a pharmacy software company or pharmacy management system. Effective October 1, 2023.

## B. ADMINISTRATIVE DEVELOPMENTS

### **New Rule Re Water Used For Poultry Production:**

The Department published Rule 2022-4 Sales and Use Tax Exemption for Water Used for Commercial Production of Poultry dated September 16, 2022, regarding a sales and use tax exemption applicable to water used exclusively in the operation of a poultry farm including a broiler or turkey grow-out house, laying house, hatching unit, nursery unit and breeding house if separately metered by the water utility provider.

**Agriculture Exemption:** The Department has issued a growing number of decisions denying the sales tax exemption for farm equipment used "exclusively and directly" for production of food, fiber, grass sod or nursery products. The issue often turns on the exclusive and direct use element. Evidence that only proves a taxpayer uses or operates equipment on a farm, even if solely on the farm property, has failed to satisfy the "directly" test. Maintenance functions, mowing fence rows, spraying turn rows and ditches, storage, road work or other ancillary activities to production of food or fiber have been found to not establish entitlement to the exemption. DFA Administrative Decision, Docket Nos. 22-566 (May 27, 2022), 22-556 (June 28, 2022, 23-037 (September 20, 2022), and 23-151 (November 8, 2022).

**Consignment Sales:** The Department determined in a 2022 legal opinion that a consignee's business of conducting a children's clothing and toy sale on a consignment basis twice a year where the consignor as seller receives 70% of the sale price and consignee receives 30% as the organizer of the sale is a business engaging in taxable sales at an established business in Arkansas. As such, the assignee is responsible for collecting and remitting tax unless the transaction or assignor qualify for an exemption, for example, isolated sale under GR-49. Alternatively, the assignee is acting as a market place facilitator and as such is responsible for collecting and remitting tax if its sales exceed one hundred thousand dollars (\$100,000) or two hundred (200) transactions within Arkansas during the previous or current calendar year. DFA Legal Opinion 20190820 (February 16, 2022).



Rep. Howard Beaty poses a question in the House Chamber on January 23, 2023. Courtesy of the Arkansas House of Representatives

**Solar Electricity Generation Facilities:** The Department recently issued “change in audit position” letters to several solar developers and contractors that had previously been audited for installation of solar panels. The letters state the service of installation of solar panels was taxed as installation of passive, nonmechanical items on real property which is a nontaxable service under GR-21(B) (1). However, the Department’s position is that such solar equipment qualifies as electrical devices, which changes the taxable nature of installation services. The initial installation of electrical devices is exempt from tax when the devices are installed in a newly constructed or substantially modified building. GR-21(B)(2). However, the initial installation of electrical devices is taxable when the devices are installed in existing buildings or on land adjacent to existing buildings. GR-21(C)(2).

Certain solar facilities may qualify for the manufacturer’s exemption in which case machinery and equipment used directly in manufacturing may be purchased exempt from tax and the service of initial installation of such equipment is not taxable. GR-9.17. Generation of electricity is a manufacturing process and qualifies for the exemption if the generator of electricity places the electricity on the market for retail sale ultimately to the general public. The Department further delineates this issue on whether the generator delivers electricity to the grid under a net-metering arrangement. Net-metering solar facilities do not qualify for the manufacturing exemption because the transaction fails to meet the “articles of commerce” requirement under GR-55. Department Opinions Nos. 20151010 (Feb. 16, 2016), 20190510 (Jun. 17, 2019), 20190929 (Oct. 29, 2019), 20200305 (Apr. 22, 2020), and 20201111 (Jan. 15, 2021).



Rep. Brian Evans discusses agenda with Parliamentarian Buddy Johnson. Courtesy of the Arkansas House of Representatives

## IV. PROPERTY TAXES

### A. Legislative Developments (2023 Regular Session)

**Act 139:** Changes county reappraisal cycles from either three (3) or five (5) years based on relative county-wide valuation increases to a standard four (4) year reappraisal cycle, with transition provisions to equalize the number of counties reappraised each year. Effective July 31, 2023.

**Act 315:** Increases the amount of the homestead property tax credit from three hundred seventy-five dollars (\$375) to four hundred twenty-five dollars (\$425). Effective retroactive to January 1, 2023.

**Act 332:** Clarifies that intangible personal property of self-service storage facilities is exempt from all ad valorem tax levies including goodwill, rental agreements, customer lists, security systems, future development opportunities and management software, and requires a county assessor to provide upon request written explanation of the value of a taxpayer’s intangible personal property. The Act appears much like a “dark-store” valuation approach contrary to prevailing commercial appraisal practices. Effective retroactive to January 1, 2023.

**Act 365:** Eliminates references to the Arkansas Public Service Commission as the State Equalization Board while preserving its authority to “equalize” county valuations. Effective July 1, 2023.

**Act 395:** Expands the definition of “homestead” for purposes of the property tax exemption for disabled veterans, surviving spouses of disabled veterans and minor dependent children of disabled veterans to include a dwelling occupied as his or her principal place of residence and up to forty (40) acres of real property contiguous to such dwelling if the contiguous property is not being used for a commercial purpose. Effective retroactive to January 1, 2023.

**Act 541:** Expands the definition of homestead for purposes of the homestead property-tax exemption to include a dwelling owned by a limited liability company whose members are either a married couple or otherwise no more than one (1) natural person, at least one (1) of whom claims the homestead tax credit and uses the dwelling as his or her principle place of residence. Effective January 1, 2024.

## V. MISCELLANEOUS TAXES

### A. Legislative Developments (2023 Regular Session)

**Act 34:** Removes the requirement for cities to collect A&P tax in order to create designated entertainment districts to sell alcoholic beverages. Effective July 31, 2023.

**Act 39:** Eliminates obsolete mapping requirements and resulting population changes that the Arkansas Fire and Police Pension Review Board must consider for disbursement of premium tax revenues to a city, town or fire protection district for the purpose of funding local police and fire relief and pension funds. Effective July 31, 2023.

**Act 124:** Repeals a restriction that prevented the University of Arkansas at Fort Smith from expending state funds or funds derived from property taxes to support an intercollegiate football program, and repeals the exemption from all state, county and municipal taxes levied against principal and interest on revenue bonds issued by the University of Arkansas from the State Legal Education Fund for constructing and operating in state schools of law. Effective July 31, 2023.

**Act 190:** Requires voter approval of a city or county governing body enacting an ordinance levying or increasing A&P sales tax at a special election at least seventy-five (75) days prior to the date tax is enacted. Effective March 6, 2023.

**Act 459:** Modifies the Corporate Franchise Tax Act of 1979, amends the definition of “corporation” to include “limited liability companies,” requires the collection of a processing fee for documents delivered by electronic means, establishes the Secretary of State Business and Commercial Services Electronic Filing System Fund which shall be used by the Secretary of State to pay for the maintenance and support of the business and commercial services electronic filing system, removes individuals who serve as an incorporator or organizer of a corporation or limited liability company from liability related to past-due franchise taxes and requires each corporation to file with its original articles of incorporation or certificate of organization the name of at least one (1) individual who is substantially connected to the corporation and is responsible for payment of franchise taxes. Effective July 31, 2023.

**Act 641:** Extends the sunset date for the four percent (4%) special privilege tax under the Arkansas Medical Marijuana Special Privilege Tax Act of 2017 from July 1, 2023, to July 1, 2025. Effective April 11, 2023.

**Act 713:** Provides that existing tire rim removal fee, tire import fee and commercial generator fees are now subject to, in addition to the Arkansas Tax Procedure Act, the business closure procedures under Ark. Code Ann. §26-18-1001, et seq. Furthermore, for the state used tire program, the existing tire districts are repealed and four used tire programs are created and governed by a tire accountability board in each program. Effective April 11, 2023.

## VI. TAX CREDITS AND INCENTIVES

### A. Legislative Developments (2023 Regular Session)

**Act 237:** As part of Governor Sanders’ education package under the Learns Act, expands the maximum amount of state income tax credits awarded under the Philanthropic Investment in Arkansas Kids Program Act from two million dollars (\$2,000,000) to six million dollars (\$6,000,000) per calendar year, including five percent (5%) increases for each subsequent year if certain conditions are satisfied, which are available to taxpayers that contribute to a scholarship granting organization offering scholarships to qualified students at private schools. Effective March 8, 2023.

**Act 365:** Repeals income tax credits for qualified art projects under the Arkansas Delta Music Trail Act and designates the Division of Arkansas Heritage and the Department of Parks, Heritage and Tourism to administer the program and provide tax incentives to eligible persons for the creation and installation of eligible art projects. Effective July 1, 2023.



*Reps. Fred Allen and Matt Duffield pose in the House Chamber on January 23, 2023. Courtesy of the Arkansas House of Representatives*

**Act 517:** Increases the tax incentive from twenty percent (20%) to twenty-five percent (25%) on all qualified production costs in connection with the production of a state-certified film project, provides an additional tax incentive of five percent (5%) for hiring employees or paying businesses for production costs that are located in Tier 3 or Tier 4 Counties in Arkansas and provides an additional tax incentive of five percent (5%) for producing a multi-project production, including a television series and a multi-film project. Effective July 31, 2023.

**Act 524:** Applies to agreements for payments in lieu of ad valorem (property) taxes (PILOTs) permitted to achieve up to 65% tax abatements for properties transferred to governmental units and leased back in connection with issuing industrial development revenue bonds. For agreements entered into after September 1, 2023, requires the lessee/purchaser to provide a copy of the PILOT agreement to the county assessor, including a description of the real and personal property that is subject to the PILOT agreement, except information that, if disclosed, would give an advantage to competitors. It also standardizes billing and collection procedures. Effective July 31, 2023.

**Act 624:** Amends the definition of a “qualified steel specialty products manufacturing facility” under the waste reduction, reuse or recycling equipment credit to allow a facility with a closing date before October 1, 2023, (previously, July 1, 2023) to qualify for the credit. Effective retroactive to January 1, 2023.

**Act 650:** Beginning fiscal year 2024, increases the percentage amount of historic rehabilitation income tax credits to total qualified expenses incurred by an owner of certified rehabilitation from twenty-five percent (25%) to up to forty percent (40%) in a city with a population of less than ten thousand (10,000), up to thirty-five percent (35%) in a city with a population of at least ten thousand (10,000) and not more than fifty thousand (50,000), and up to thirty percent (30%) in a city with a population of less than ten thousand (10,000). Effective July 31, 2023.

**Act 651:** Extends the application period for the Arkansas major historic rehabilitation tax program credit from June 30, 2025, to 2030. Effective July 31, 2023.

**Act 652:** Establishes the Natural State Initiative Pilot Program to promote outdoor recreation and industry, recruit new business and designate Natural State Initiative Opportunity Zones under the Arkansas Tourism Development Act; amends the definition of “eligible company” to include an entity that invests in a tourism attraction project in a Natural State Initiative Opportunity Zone, a minimum of \$250,000 in a high-unemployment county or \$500,000 in any other county; amends the definition of “tourism attraction” to include restaurants and lodging facilities located within a Natural State Initiative Opportunity Zone and facilities owned by the State of Arkansas or a political subdivision of the state if the facility is leased by an eligible company and is located within a Natural State Initiative Opportunity Zone. Effective July 31, 2023.



Sen. Dave Wallace prepares for the Senate Chamber Session to begin on Feb. 9, 2023. Courtesy of the Arkansas Senate

**Act 691:** As part of consolidating state agriculture boards and commissions, amends provisions under the Arkansas Private Wetland and Riparian Zone Creation, Restoration and Conservation Tax Credits Act directing a taxpayer wishing to obtain a wetland and riparian zone creation and restoration tax credit to submit an application to the Arkansas Department of Agriculture (previously, the Arkansas Natural Resources Commission). Effective July 1, 2023.

**Act 834:** Expands the types of businesses eligible for (i) the Consolidated Incentive Act of 2003, which is the state's main authorizing legislation for incentive programs for job creation and capital investment, and (ii) a discretionary grant of up to two hundred fifty thousand dollars (\$250,000) under the Business and Technology Accelerator Act, to include businesses primarily engaged in operating combustors and incinerators for the disposal of nonhazardous solid waste, as classified in code 562213 of the 2022 North American Industry Classification System.

**Act 845:** Expands the Wood Energy Products and Forest Maintenance Income Tax Credit program to include a qualified wood energy products and forest maintenance expansion project that commences construction on or before January 1, 2023, uses low value wood products, incurs a total investment in excess of fifty million dollars (\$50,000,000), creates one hundred (100) net new jobs earning at least sixty thousand dollars (\$60,000) each annually, provides a positive cost benefit to the state and certifies certain construction milestones by December 31, 2025. Effective retroactive to January 1, 2023.

**Act 881:** Creates a waterways investment tax credit program providing an income tax credit up to three million dollars (\$3,000,000) per taxpayer for the cost of making capital improvements to a facility or property related to using water transportation in the state, including construction, improvement, capital facility rehabilitation and expansion of a waterway facility and the construction or improvement of rail or road access to a waterway facility. Credits are capped annually at two million five hundred thousand (\$2,500,000) cumulative, are subject to the discretion of the Secretary of the Department of Commerce and may be applied each year up to ten percent (10%) of the total tax credit earned. Any unused credits may be carried forward for nine (9) years. The program sunsets December 31, 2025. Effective January 1, 2024.

## VII. PROCEDURAL AND GENERAL ADMINISTRATION

### A. Legislative Developments (2023 Regular Session)

**Act 12:** Separates the offices of sheriff and tax collector in Hempstead County. At the 2026 general election, the electors of the county will elect both a sheriff and a tax collector-treasurer, and each elected officer will take office on January 1, 2027. Effective January 1, 2024.

**Act 172:** Amends management and sale of tax delinquent lands by the commissioner of state lands and allows the commissioner to return incorrectly certified tax-delinquent parcels to the county, standardizes the use of the term "parcel," repeals obsolete provisions regarding escrow funds held from excess sale proceeds, requires undistributed funds held in escrow for two (2) years to escheat to the county in which the parcel is located and repeals the reassessment requirement for depreciated tax-delinquent lands. Effective July 31, 2023.

**Act 173:** Allows a redemption deed or sale deed to be canceled and a penalty imposed if the payment instrument used to redeem or purchase tax-delinquent property fails or is dishonored. Effective July 31, 2023.

**Act 181:** Provides technical corrections to obsolete provisions of Title 26 concerning taxation. Effective July 31, 2023.

**Act 204:** Repeals the expired and obsolete Arkansas Alternative Energy Commission formed in 2009 to study the feasibility of creating or expanding alternative energy sources in Arkansas. Effective July 31, 2023.



*Rep. Jamie Scott addresses the House Chamber on March 28, 2023. Courtesy of the Arkansas House of Representatives*

**Act 241:** Amends procedures concerning the sale and redemption of tax-delinquent property and requires the Commissioner of State Lands to notify owners and interested parties by regular mail at least thirty (30) days before an auction or by certified mail when the first bid is received for a sale online, changes the redemption deadline from ten (10) days following a sale to 4:00 p.m. CST on the last business day before the date of the sale and allows redemption payments made by certified funds, cash, credit card, debit card, electronic/escrow check, money order, cashier's check or certified bank check. Effective March 9, 2023.

**Act 251:** Specifically adopts the "mailbox rule" for filings with the Tax Appeals Commission. Clarifies that the effective date of a filing by mail for any return, claim, statement or other document filed with the Tax Appeals Commission is deemed to be the date of the United States postmark. Effective March 9, 2023.

**Act 338:** Requires charitable organizations with contributions in excess of one million dollars (\$1,000,000) during the preceding fiscal year to file an audited financial statement rather than tax returns and schedules to the Secretary of State for annual financial reporting purposes. Effective July 31, 2023.

**Act 346:** Relaxes appointment procedures for the new Tax Appeals Commission to provide for an option of filling of vacancies on the Commission with candidates who are not nominated but who meet the applicable licensure requirements of a particular pool and who otherwise meet the statutory qualification requirements and provides that the governor may designate any one commissioner as Chief Commissioner and change such designation at any time. Effective March 21, 2023.

**Act 447:** Separates the offices of sheriff and tax collector and consolidates into one office the offices of tax collector and treasurer in Ouachita County. At the 2026 general election, the electors of the county will elect both a sheriff and a tax collector-treasurer, and each elected officer will take office on January 1, 2027. Effective July 31, 2023.

## B. Administrative Developments

**Tax Appeals Commission:** The initial commissioners for the Tax Appeals Commission have been appointed and started taking cases in January 2023. The Commission published Rules of Procedure effective December 10, 2022. Pending protests at the Department can transfer to the Commission if the taxpayer has not yet attended a prehearing conference. The Office of Hearings and Appeals must conclude its decisions on tax disputes initiated before January 1, 2023, by May 31, 2023, and will be fully closed by June 30, 2023.

The original chairman of the Commission recently resigned and a successor has not yet been appointed, delaying some proceedings until a new appointee is in place. A new electronic filing platform is also under development, so paper filings are the prevailing practice at this time.

**Legal Opinions:** DFA Revenue Legal Counsel has changed its opinion letter practice to only accept requests for opinion letters that are within Rule GR-75 as interpreted by DFA. This means that DFA is unlikely to agree to provide an opinion on income tax or other non-sales-tax issues or on opinion requests where the interested taxpayer identity is not disclosed.



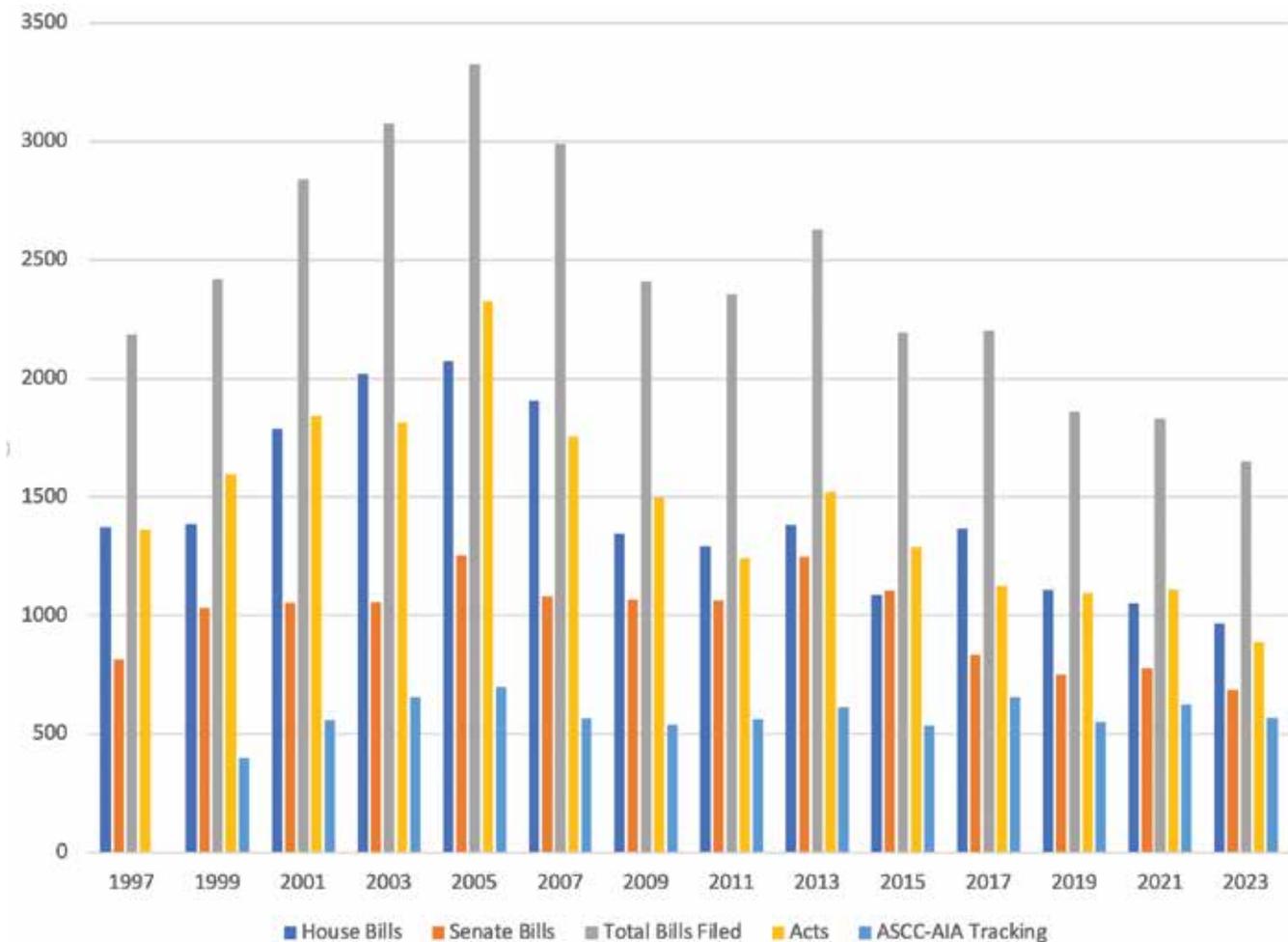
Gov. Sanders and Chief Workforce Officer Mike Rogers hold the first Workforce Cabinet meeting Mar 13, 2023. Courtesy of Randall Lee, Office of Governor Sarah Huckabee Sanders



# LEGISLATIVE BILL FILINGS, ACTS & TRACKING SINCE 1997

SINCE 1997, THE STATE CHAMBER/AIA HAS DILIGENTLY TRACKED BILLS AND RESOLUTIONS THAT COULD IMPACT BUSINESS AND INDUSTRY IN ARKANSAS THROUGHOUT EACH LEGISLATIVE SESSION.

In addition, the State Chamber/AIA has carefully recorded the total number of bills and resolutions filed by each general assembly, which proposals were filed in the House and which were filed in the Senate, and how many Acts were made into law from each legislative session. According to State Chamber/AIA data, the 2023 session produced the lowest number of bill filings and acts within the past 25 years.





# 2023 STATE CHAMBER/AIA BUSINESS LOBBYIST LUNCHEONS AND LEGISLATIVE RECEPTION

EACH WEEK THROUGHOUT THE SESSION, THE STATE CHAMBER/AIA HOSTED A SERIES OF LUNCHEONS TO PROVIDE STATE GOVERNMENT LEADERS THE OPPORTUNITY TO SPEAK TO BUSINESS LOBBYISTS ABOUT ISSUES RELEVANT TO THE LEGISLATIVE SESSION. THE STATE CHAMBER/AIA ALSO HOSTED A LEGISLATIVE RECEPTION THE SECOND WEEK OF THE SESSION.

This year's Business Lobbyist Luncheon Series featured speakers such as Speaker of the House Rep. Matthew Shepherd; President Pro Tempore Sen. Bart Hester; Governor Sarah Huckabee Sanders' Chief of Staff Gretchen Conger; House Joint Budget Committee Chairman Rep. Lane Jean; House Majority Leader Rep. Marcus Richmond; House Education Committee Chair Rep. Brian Evans; Secretary of the Department of Finance and Administration Larry Walther; and several other key legislators and prominent figures involved in the session's legislative activity.

Lobbyists representing business interests from across the state were able to ask questions and gain insight from each guest speaker about the session's most pressing legislative issues. The Legislative Reception was very well attended by business leaders from across the state and over half of the General Assembly members attended, which provided outstanding networking with legislators.

THANK YOU TO OUR SPONSORS!



Rep. Tara Shepherd experiences the Be Pro Be Proud Mobile Workshop at the Annual State Chamber/AIA Legislative Reception



Gov. Sanders Chief of Staff Gretchen Conger speaks at the State Chamber/AIA Business Lobbyist Luncheon on February 13, 2023



## 2023 LEGISLATIVE RECEPTION AND BUSINESS LOBBYIST LUNCHEON SPONSORS

### 2023 BUSINESS LOBBYIST LUNCHEON SPONSORS

#### Red Sponsors

- Arkansas Farm Bureau
- Associated Builders & Contractors of Arkansas
- AT&T
- Mitchell Williams
- Entergy
- Mullenix & Associates
- Saracen Casino Resort
- Stephens Investment Holdings

#### White Sponsors

- Agricultural Counsel of Arkansas
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- inVeritas
- Summit Utilities, Inc
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#### Blue Sponsors

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- ARBEV
- Arkansas Asphalt Pavement Association
- Arkansas Automobile Dealers Association
- Arkansas Bankers Association
- Arkansas Cattleman's Association
- Arkansas Children's
- Arkansas Forestry Association
- Arkansas Grocers & Retail Merchants Association
- Arkansas Hospital Association
- Arkansas Learns
- Arkansas Manufactured Housing Association

- Arkansas Municipal League
- Arkansas Timber Producers Association
- Arkansas Transit Association
- Broadview Strategies
- Capitol Partners PLLC
- DBH Management Consultants
- Fuller Enterprises, Inc.
- Government Solutions
- Hargraves Consulting
- M&M Strategies, Inc.
- Riceland Foods
- UAMS
- Wholesale Beer Distributors of Arkansas
- Wright, Lindsey & Jennings, LLP

### 2023 LEGISLATIVE RECEPTION SPONSORS

#### Title:

- McKee Foods Corporation

#### Presenting:

- Amazon
- Cox Communications
- Southland Casino Resort
- Stephens Inc.
- Tyson Foods
- Windstream

#### Premier:

- Entergy
- InVeritas

#### Host sponsors:

- Black Hills Energy
- Central Moloney, Inc.
- Farm Credit
- Flywheel Energy
- Gerdau
- Nabholz
- Snyder Environmental
- Walmart



Sen. Steve Crowell speaks at the State Chamber/AIA Business Lobbyist Luncheon on March 6, 2023.



Rep. Lane Jean speaks at the State Chamber/AIA Business Lobbyist Luncheon on March 13, 2023.



Rep. Brian Evans speaks at the State Chamber/AIA Business Lobbyist Luncheon on April 3, 2023.



Speaker Shepherd speaks at the State Chamber/AIA Business Lobbyist Luncheon on January 30, 2023.



Speaker Shepherd speaks at the State Chamber/AIA Business Lobbyist Luncheon on January 30, 2023.



*Curtis Barnett, Kelley Robbins, Randy Zook and Rep. Denise Garner visit at the Annual Legislative Reception.*



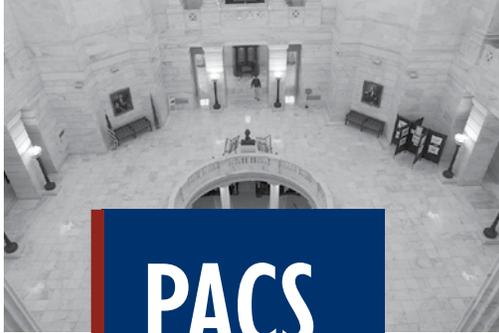
*State Chamber/AIA Director of Government Affairs Toni Lindsey, Sen. Steve Crowell, and Sen. Missy Irvin pose together at the Annual Legislative Reception.*



*Sen. Dave Wallace and Bradley Hardin at the Annual Legislative Reception.*



*The crowd at the Annual Legislative Reception.*



# PACS STATS

There is no doubt that the relationships we built through our PAC program made a difference in our success this legislative session. Making sure that Arkansas businesses continue to have a strong voice at the State Capitol is critical to our state's ongoing economic success. We hope that your company will partner with us through our PAC program to ensure that we have the resources to make a difference for business and industry in Arkansas.

**\$107,344.78\*** ASCC PAC

**\$54,345.16\*** AIA PAC

**\$13,402.21\*** BUSINESSES FOR JUSTICE PAC



\*Current PAC Balances as of 5/4/2023

**DONORS CONTRIBUTED OVER \$133K TO OUR PACS FOR THE 2021-2022 ELECTION CYCLE (ASCC PAC, AIA PAC AND BUSINESSES FOR JUSTICE PAC)**

**OUR PAC PROGRAM CONTRIBUTED TO 107 CANDIDATES AND COMMITTEES FOR THE 2021-2022 ELECTION CYCLE**

**MORE THAN 220 DIFFERENT DONORS CONTRIBUTED TO A PAC IN 2022**

## PAC FAQs

### What is the ASCC PAC?

Arkansas State Chamber of Commerce Political Action Committee (ASCC PAC) serves as a vehicle that allows the State Chamber/AIA to help communicate the business community's goal of economic prosperity in Arkansas to those running for, and currently holding political office. We believe that the State Chamber/AIA is the best grassroots organization to drive meaningful, bold change in our government to ensure that Arkansas has the most positive business climate possible.

### What is the AIA PAC?

Associated Industries of Arkansas Political Action Committee (AIA PAC) serves as the vehicle to support those running for, and currently holding political office in Arkansas who stand up for the needs of manufacturing businesses as well as industrial businesses.

### Who Funds the PACs?

Per Arkansas law, any individual, proprietorship, firm, partnership, joint venture, company, corporation or association may contribute to a state PAC. The donation limit is \$5,000 per calendar year.

### What is Done With the Money Raised?

- Support candidates and officeholders who share our vision to grow the economic prosperity of our state, whether it be fighting for an issue that helps business, or against one that hurts our interests.
- Provide opportunities to State Chamber/AIA members to meet candidates and learn more about where they stand on various issues so members may make an informed decision at the ballot box. At times, the State Chamber/AIA will provide information for a "call to action" to its membership. The goal of these "calls to action" is to let the members' representatives know how business owners and businesses in the state will be affected by their decisions on an issue.

### Does All of the Money Raised Stay in Arkansas?

Yes. Both the State Chamber/AIA PACs are state PACs, completely focused on making a difference here in Arkansas and do not participate on the federal level.

### Do the PACs or the State Chamber/AIA Have a Particular Party Affiliation?

No. The State Chamber/AIA nor its PACs have an allegiance to a particular party. Any funding distributed will be done so on the basis of a candidate's stance on issues relevant to the business community.

### Who Decides Who Will Receive a Donation?

There is a PAC committee that decides which candidates or elected officials will receive donations. Candidates must meet certain criteria to gain the support of our organization. The PAC committee is always open to membership feedback.

## HOW TO DONATE

Send a check made payable to ASCC PAC and/or AIA PAC and mail to P.O. Box 3645, Little Rock, AR 72203.

- Donate online to ASCC PAC at [politics.raisethemoney.com/ASCCPAC](https://politics.raisethemoney.com/ASCCPAC) and/or AIA PAC at [politics.raisethemoney.com/AIAPAC](https://politics.raisethemoney.com/AIAPAC).
- Give a percentage of your dues to either PAC when renewing your annual State Chamber/AIA membership.

# BE PRO BE PROUD IS GROWING!

**BE PRO BE PROUD**  
BEPROBEPROUDAR.ORG

Be Pro Be Proud, the workforce initiative of the Associated Industries of Arkansas, launched its first Mobile Workshop in 2016 with the purpose of changing student, teacher, parent, and legislator perceptions of skilled technical programs and careers.



The message that a successful career does not require a traditional four-year baccalaureate degree has resonated in Arkansas and around the country. The Be Pro Be Proud effort has expanded to two mobile workshops in Arkansas and now includes tours in Georgia, South Carolina, and North Carolina with Tennessee and New Mexico launching in the fall of 2023.

The Be Pro Be Proud Mobile Workshops tour schools around their state and allow students to step into skilled professional careers they may be unfamiliar with through virtual reality (VR) simulators.



More than 75,000 students have Joined the Movement, connecting them with more information about skilled careers in industries such as construction, forestry, manufacturing, transportation, utilities, and more. The popularity of the Be Pro Be Proud mobile workshop in both schools and workforce development circles has led to a growing tour stop waitlist that represents significant opportunities in trade professions.

## FOR MORE INFORMATION:

GO TO [BEPROBEPROUDAR.ORG](http://BEPROBEPROUDAR.ORG)  
OR CONTACT ANDREW PARKER AT  
[APARKER@ARKANSASSTATECHAMBER.COM](mailto:APARKER@ARKANSASSTATECHAMBER.COM).

**BE PRO BE PROUD:**  
**BUILDING TOMORROW'S WORKFORCE**

@BEPROBEPROUDAR





# TRAIN ASSESS RECOGNIZE

## Your Blueprint to a Competitive Future

Relevant to all industry sectors

Training & Coaching Available:

- Continuous Improvement
- Strategy Development
- Workforce Development & Effectiveness
- Managing Supply Chains

Organizational Assessment & Expert Feedback  
through Governor's Quality Award process

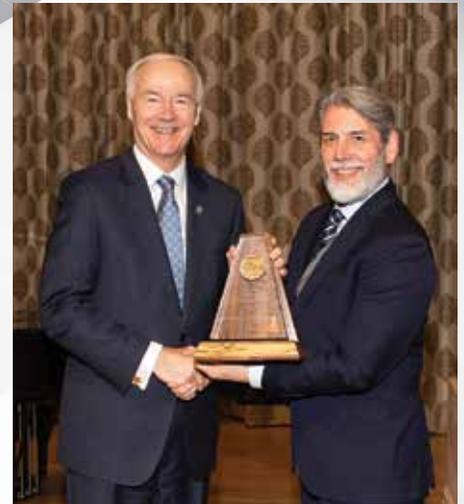
Improve Processes to Improve Results:

- Customer Satisfaction
- Increase Revenues
- Engage Workforce

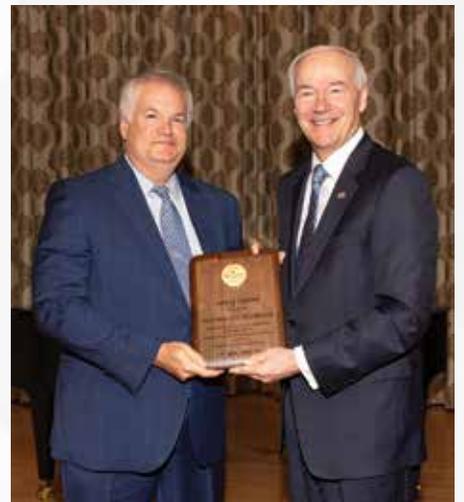
Specialized Workshops

- Align ISO & Baldrige Concepts
- Cybersecurity
- Application Writing & Examiner Training
- Healthcare Seminar

### 2022 RECIPIENTS



*Black River Technical College received the Governor's Award for Performance Excellence, the highest honor, in 2022. College president Marin Eggensperger PhD accepted the award.*



*AIPE Board member John Burgess presented Governor Asa Hutchinson with a Governor's Quality Award Legacy Award for his support of the GQA program for eight years as governor.*

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www.arkansas-quality.org



# STATE CHAMBER/ AIA STAFF



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President & CEO



**Kenneth R. Hall, J.D.**  
Executive Vice President



**Andrew Parker**  
Director of Governmental Affairs  
& Executive Director, Associated Industries  
& Leadership Arkansas Program Director  
of Arkansas Foundation, Inc.



**Toni Lindsey**  
Director of Governmental Affairs  
& Leadership Arkansas Program Director



**Candice Lawrence**  
Vice President of Programs and  
Partnerships/Executive Director of AEDCE



**Marcus Turley**  
Vice President of Membership Development



**Chelsea O'Kelley**  
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**Trish Villines**  
Executive Director, Arkansas Institute  
for Performance Excellence



**Deb Mathis**  
Manager, Scheduling & Events



**Bill Watson**  
Manager, Event Sponsorship



**Jeanette Sanderlin**  
Executive Assistant



**Carol Mugerdtchian**  
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# THANK YOU TO OUR PINNACLE MEMBERS

## APEX



## SUMMIT



## PEAK



## CROWN

- ABB
- ACT, Inc
- ADT Commercial
- Aerojet Rocketdyne Corporation
- American Tubing Arkansas LLC
- America's Car-Mart Inc.
- American Greetings Corporation
- American Petroleum Institute — Gulf Coast
- Anchor Packaging, Inc.
- Anthony Timberlands Inc.
- Arkansas Business Publishing Group
- Arkansas Children's Hospital
- Arkansas Department of Transportation
- Arkansas Division of Services for the Blind
- Arkansas Farm Bureau Federation
- Arkansas Foundation for Medical Care
- Arkansas Oklahoma Gas Corporation
- Arkansas Rural Health Partnership
- Arkansas Urology
- Arnold & Blevins
- Bachoco Foods (OK Foods)
- Baptist Health
- Beechwood Pinnacle Hotels, LLC
- Ben E. Keith Company
- BKD, LLP
- Black Hills Energy
- Black River Technical College
- BNSF Railway
- Bridgestone Americas Tube Business
- Brightspeed
- CARTI
- Caterpillar Inc.
- CDI Contractors
- Centennial Bank
- Central States Manufacturing
- Chambers Bank
- Chandler Equipment
- CROWN (Cont.)
- The Clorox Company
- ConAgra Foods
- Conway Corporation
- CoorsTek
- Corinth Coca-Cola Bottling Group
- CS Bank
- Dassault Falcon Jet Corp.
- Delta Dental of Arkansas Inc.
- Denso Manufacturing Arkansas, Inc.
- Domtar
- Drax Biomass, Inc.
- El Dorado Chemical Company
- Elevance Health, Inc
- Envirotech Vehicles
- Farm Credit Services of Arkansas
- Farmers Bank and Trust — Magnolia, AR
- Fidelity National Information Services
- First Community Bank
- First Horizon Bank
- Friendship Community Care
- FutureFuel Chemical Company
- Garver
- Generations Bank
- George's, Inc
- Gerdau Special Steel
- Glad Manufacturing/A Clorox Company
- Goodwill Industries
- Green Bay Packaging
- Harrison Energy Partners
- Highland Industrial Park
- Highlands Oncology Group
- Hino Motors Manufacturing USA, Inc.
- International Paper Company
- JTS Financial Services
- Kimbel Mechanical Systems
- Kinco Constructors, LLC
- Koch Companies Public Sector, LLC
- Kutak Rock LLP
- Lakeshore Recycling Systems
- Lanxess Corp.
- LifePlus International
- Little Rock Port Authority
- Lone Star Communications
- Lyon College
- Mainstream Technologies, Inc.
- CROWN (Cont.)
- Manhattan Road & Bridge Company
- Martin Marietta Materials
- McGriff Insurance Services
- McKee Foods Corporation
- Metropolitan Emergency Medical Service (MEMS)
- Merit Energy Company
- Methodist Village Senior Living
- Mississippi County Hospital System
- Murphy USA
- Nabholz Construction Services
- NextEra Energy Resources, LLC
- Pactiv Evergreen
- Pain Treatment Centers of America
- Parts Warehouse, Inc. / Replacement Parts, Inc.
- Peco Foods, Inc.
- Pernod Ricard USA
- Philander Smith College
- PhRMA
- PPG
- Quadrivium Inc.
- Remington Arms
- Rheem Air Conditioning
- Riceland Foods, Inc.
- Ritter Communications
- Roseburg Forest Products
- Rubber & Gasket Company of America
- Rush Truck Centers
- Russellville Steel Company Inc.
- S&H Systems
- Signature Bank of Arkansas
- Simmons Bank
- Simmons Foods, Inc.
- Snyder Environmental
- Southwest Power Pool
- South Central Arkansas Electric Coop. Inc.
- Southeast Arkansas Economic Development District
- Southwestern Electric Power Company
- Standard Lithium Ltd.
- State Farm Insurance
- Stephens Inc.
- Stribling Equipment
- Superior Group of Companies, Inc.
- TCPrint Solutions
- The BridgeWay
- The McLarty Companies
- CROWN (Cont.)
- The Stephens Group, LLC
- Tokai Carbon GE, LLC
- Tokusen U. S. A. Inc.
- Twin Rivers Paper, Pine Bluff LLC
- UAMS
- Union Bankshares, Inc
- Uniti Group Inc.
- UPS Corporate
- U.S. Bank
- U.S. Pizza Co. Inc.
- W&W/AFCO Steel LLC
- Waste Management of Arkansas
- Weaver-Bailey Contractors Inc.
- West Fraser, Inc.
- Winrock International
- Winthrop Rockefeller Foundation