

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL (ALC)

October 18, 2024

The Arkansas Legislative Council met at 9:00 a.m., Friday, September 20, 2024, in Committee Room A of the Big MAC Building, Little Rock, Arkansas. Co-Chair Jeff Wardlaw called the meeting to order and recognized a quorum of members present. Senator Missy Irvin was recognized to give the morning prayer.

Minutes of the Previous Meeting

Co-Chair Wardlaw referred members to the minutes of the last Legislative Council meeting held on August 23, 2024 (Exhibit C), and asked if there were any questions. There were no questions.

Senator Scott Flippo moved that the minutes of the August 23, 2024, meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Revenue Report

Co-Chair Wardlaw recognized Dr. Carlos Silva, Legislative Economist, Bureau of Legislative Research (BLR), to present the August 2024 General Revenue Report (Exhibit D). Dr. Silva reported, the collections of Gross General Revenues year-to-date are approximately \$1,220.43 million, a decrease of \$36.1 million, or 2.9% below the \$1,256.55 million collected last fiscal year-to-date.

Dr. Silva further reported, the Net General Revenue Available for distribution of \$1,043.7 million, decreased \$27.2 million, or 2.5% from the \$1,070.93 million available for distribution in August 2023. The Cumulative Deviation of the forecast is at \$9.9 million. This concluded the August 2024 General Revenue report, and there were no questions.

Report of the Executive Subcommittee

Co-Chair Wardlaw recognized Co-Chair Terry Rice to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Rice reported that the Executive Subcommittee met on Wednesday, September 4, 2024, and adopted a motion to undertake a study of the Motion Picture Industry in the state and to authorize the Bureau of Legislative Research (BLR) to negotiate a contract with Olsberg-SPI for consulting services related to the study. The Subcommittee also heard a presentation on recommendations by Perr & Knight for its Education Facilities School Property Insurance Study.

The Subcommittee met again on Thursday, September 19, 2024, and took the following actions: authorized ALC Co-Chairs to approve the Consulting Services Agreement between BLR and Olsberg-SPI; approved a waiver request from the West Memphis School District to exceed the cooperative purchasing for construction services aggregate amount; approved a request by the ALC-Game & Fish/State Police Subcommittee to extend the deadline for its Firearms Study report

to October 17; reviewed and approved the Insurance Department's Emergency Rule 128 for Fair and Reasonable Pharmacy Reimbursements; adopted a motion to require monthly reporting from the Arkansas Insurance Department (AID) concerning the pharmacy reimbursements under the rule; adopted a motion requesting fiscal impact statements of the impact of the AID emergency rule on both the Employee Benefits Division (EBD) State and Public School Life and Health Insurance Program and the Medicaid Expansion insurance program to be presented to the subcommittee at its October 17 meeting; and approved adding an additional 10% to the total contract amount for Perr & Knight, due to recent requests for work by the consultant that are outside the original scope of services under the contract. This concluded the report of the Executive Subcommittee, and there were no questions.

Co-Chair Terry Rice moved that the report of the Executive Subcommittee be adopted. The motion was seconded and passed by voice vote.

Standing Committee Presentations

Administrative Rules Subcommittee

Co-Chair Wardlaw recognized Senator Kim Hammer to present the report of the Administrative Rules Subcommittee (Exhibit F.1). Senator Hammer reported that the Administrative Rules Subcommittee met on Thursday, September 19, 2024. The Subcommittee filed one (1) report from the Executive Subcommittee concerning the review and approval of emergency rules. The Subcommittee received agency updates on outstanding rulemaking from the 2023 Regular Session, and filed one (1) written update related to the 2024 Fiscal Session. One (1) rule was pulled from consideration by the agency prior to the meeting and all other rules were reviewed and approved as noted in the report. This concluded the report of the Administrative Rules Subcommittee, and there were no questions.

Senator Kim Hammer moved that the report of the Administrative Rules Subcommittee be adopted. The motion was seconded and passed by voice vote.

Claims Review & Litigation Reports Oversight Subcommittee

Co-Chair Wardlaw recognized Senator Jim Dotson to present the report of the Claims Review & Litigation Reports Oversight Subcommittee (Exhibit F.3). Senator Dotson reported that the Claims Review & Litigation Reports Oversight Subcommittee met on Monday, September 16, 2024. The Subcommittee reviewed eight (8) litigation cases and affirmed the rulings of the Claims Commission as to one (1) awarded claim and six (6) dismissed claims. At the claimant's request, one (1) denied and dismissed claim was removed from the Subcommittee's agenda for consideration at a later date. The Subcommittee reversed the decision of the Claims Commission as to one (1) denied and dismissed claim and awarded the claim with certain stipulations: the State of Arkansas is under no future liability regarding the piece of property or the landslide at issue. This concluded the report for the Claims Review & Litigation Reports Oversight Subcommittee.

Senator Jim Dotson moved that the report of the Claims Review & Litigation Reports Oversight Subcommittee be adopted. The motion was seconded.

Co-Chair Wardlaw recognized Representative Lane Jean for a substitute motion.

Representative Lane Jean moved to adopt the report of the Claims Review & Litigation Reports Oversight Subcommittee, except for the matter of #220574 *Kenena Pelfrey v. ARDOT*, to take it up on a separate vote.

Co-Chair Wardlaw recognized members for discussion on the motion. Senator Bart Hester requested to conduct a roll call on the substitute motion and to divide the vote by chamber beginning with the Senate. The co-chair saw a total of three (3) hands or more to approve the calling of the roll, and separation of the vote.

The substitute motion to withdraw Claim #220574 *Kenena Pelfrey v. ARDOT*, and vote on it separately, failed by roll call vote (2 yeas - 21 nays).

Co-Chair Wardlaw reverted to the original motion and moved that the report of the Claims Review & Litigation Reports Oversight Subcommittee be adopted. The motion was seconded and passed by voice vote. A roll call vote was requested.

The Co-Chair saw a total of three (3) hands or more to approve the calling of the roll to not adopt the Claims Review Subcommittee report. The roll call vote failed (23 yeas - 24 nays).

Employee Benefits Division (EBD) Oversight Subcommittee

Co-Chair Wardlaw recognized Representative Aaron Pilkington to present the report of the Employee Benefits Division Oversight Subcommittee (Exhibit F.4). Representative Pilkington reported that the Employee Benefits Division Oversight Subcommittee met on Wednesday, September 18, 2024. The Subcommittee heard an update from The Segal Group, Inc. concerning the Diabetes Management Program Study and Wellness Program costs. The Subcommittee will consider the final recommendations related to the Diabetes Management Program Study at its October 2024 meeting. The Subcommittee then adopted a motion to not move forward with the full Wellness Program, but requested that The Segal Group, Inc. provide additional information concerning possible incentives related to participation in annual wellness visits. The Subcommittee moved on to review and approve the following actions of the State Board of Finance: EBD Drug Formulary reports for June, July, and August 2024; and the Labor First LLC contract. This concluded the report of the Employee Benefits Division Oversight Subcommittee, and there were no questions.

Representative Aaron Pilkington moved that the report of the Employee Benefits Division Oversight Subcommittee be adopted, and that authorization is given to the EBD Oversight Subcommittee to meet once the Board of Finance has approved changes to the United Healthcare Contract MAPD contract based on their newly negotiated rates, and if the Subcommittee meets between September 30 and October 11, 2024, the Subcommittee's action concerning approval of the contract will be final and reported to the Arkansas Legislative Council (ALC) at its October 2024 meeting. The motion was seconded and passed by voice vote.

Game & Fish/State Police Subcommittee

Co-Chair Wardlaw recognized Representative Josh Miller to present the report of the Game & Fish/State Police Subcommittee (Exhibit F.5). Representative Miller reported that the Game & Fish/State Police Subcommittee met on Wednesday, September 4, 2024, and discussed and adopted recommendations to be included in the final report for the Arkansas Firearms and Concealed Carry Laws Study.

The Subcommittee met again on Monday, September 16, 2024, and discussed and adopted additional recommendations to be included in the final report for the Arkansas Firearms and Concealed Carry Study, and requested the report deadline be extended until October 17, 2024, at the next Executive Subcommittee meeting. This concluded the report of the Game & Fish/State Police Subcommittee, and there were no questions.

Representative Josh Miller moved that the report of the Game & Fish/State Police Subcommittee be adopted. The motion was seconded and passed by voice vote.

Higher Education Subcommittee

Co-Chair Wardlaw recognized Senator Dan Sullivan to present the report of the Higher Education Subcommittee (Exhibit F.6). Senator Sullivan reported that the Higher Education Subcommittee met on Tuesday, September 3, 2024, in the Cooper Alumni Center on the Arkansas State University campus in Jonesboro, AR. The Subcommittee discussed the conclusion of the study regarding diversity, equity, and inclusion as it relates to institutions of higher education in the state. The Subcommittee heard testimony regarding an academic overview of Arkansas State University including the New York Institute of Technology College of Osteopathic Medicine and the role of higher education in professional development. Additionally, the Subcommittee received the Annual Certification of Solvency Report for FY22-23 as required by A.C.A § 6-62-109. This concluded the report of the Higher Education Subcommittee, and there were no questions.

Senator Dan Sullivan moved that the report of the Higher Education Subcommittee be adopted. The motion was seconded and passed by voice vote.

Highway Commission Review and Advisory Subcommittee

Co-Chair Wardlaw recognized Representative Ron McNair to present the report of the Highway Commission Review and Advisory Subcommittee (Exhibit F.7). Representative McNair reported that the Highway Commission Review and Advisory Subcommittee met on Tuesday, September 17, 2024, and heard testimony on the quarterly Land Conveyances report, reports on the progress of each highway construction project of \$10 million or more, per A.C.A § 27-65-107(a)(19), updates of the ALC Efficiency Study Recommendations Rules for Implementation reports, and an Office of Internal Audit report. This concluded the report of the Highway Commission Review and Advisory Subcommittee, and there were no questions.

Representative Ron McNair moved that the report of the Highway Commission Review and Advisory Subcommittee be adopted. The motion was seconded and passed by voice vote.

Lottery Oversight Subcommittee

Co-Chair Wardlaw recognized Representative Mindy McAlindon to present the report of the Lottery Oversight Subcommittee (Exhibit F.9). Representative McAlindon reported that the Lottery Oversight Subcommittee met on Thursday, September 19, 2024, and heard testimony on the Arkansas Lottery Director's report; proposed the FY2025 Annual Budget; received reports from ADHE; and heard updates on the Arkansas Department of Higher Education (ADHE) Academic Challenge and Workforce Challenge Scholarship report. This concluded the report of the Lottery Oversight Subcommittee, and there were no questions.

Representative Mindy McAlindon moved that the report of the Lottery Oversight Subcommittee be adopted. The motion was seconded and passed by voice vote.

Occupational Licensing Review Subcommittee

Co-Chair Wardlaw recognized Representative Stephen Meeks to present the report of the Occupational Licensing Review Subcommittee (Exhibit F.11). Representative Meeks reported that the Occupational Licensing Review Subcommittee met on Thursday, September 19, 2024, and received a report on occupational authorizations from the following entity: the Arkansas State Police – Regulatory Services Division.

This concluded the report of the Occupational Licensing Review Subcommittee, and there were no questions.

Representative Stephen Meeks moved that the report of the Occupational Licensing Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Wardlaw recognized Representative Frances Cavanaugh to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.12). Representative Cavanaugh reported that the PEER Subcommittee met on Tuesday, September 17, 2024. The Subcommittee received reports, reviewed requests, and approved the following: Various Temporary Appropriations; American Rescue Plan Act Appropriations; Infrastructure Investment and Jobs Act Appropriations; Restricted Reserve Fund Transfers; a Fund Transfer Request from ARDOT; and a Modification of Loan Payment request from Henderson State. This concluded the report of the PEER Subcommittee.

Representative Frances Cavanaugh moved to adopt the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. The motion was seconded and passed by voice vote.

Review Subcommittee

Co-Chair Wardlaw recognized Representative Les. D Eaves to present the report of the Review Subcommittee (Exhibit F.14). Representative Eaves reported that the Review Subcommittee met on Tuesday, September 17, 2024, and reviewed methods of finance, discretionary grants, and services contracts. Additionally, the Subcommittee approved three (3) member disclosures. No items were held. This concluded the report of the Review Subcommittee.

Representative Les D. Eaves moved that the report of the Review Subcommittee be adopted.

Co-Chair Wardlaw stated the Arkansas Department of Corrections (ADC) contract found on the Review Subcommittee report was reviewed in the Review Subcommittee. However, he requested that Ms. Lindsay Wallace, Secretary, ADC, come forward for further discussion on that contract. Secretary Wallace presented and read through a statement that would provide clarification to members (*Handout - DOC*) regarding the DOC presentation and the number of vendors selected for an interview related to an RFP.

After statements, Co-Chair Wardlaw referred members back to the motion that the report of the Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw then recognized Senator Jimmy Hickey, Jr., who referred members to a handout (*Handout - DFA*) and proceeded with a motion.

Senator Hickey, Jr. moved to rescind the review and approval of Office of State Procurement rules concerning RFP procurement processes as approved by the ALC at its meeting on August 23, 2019. The basis for this request is that the rules, as adopted, are not consistent with the state law and the legislative intent in passing the procurement laws following the Review Subcommittee's procurement study. Any RFP's released as of today's date may continue, but the resulting contracts should be flagged when submitted to the Review Subcommittee, indicating that the procurement was undertaken with the process that has been rescinded. And lastly, request the Executive Subcommittee contract with a consultant to ensure that OSP rules are in compliance with the procurement laws and recommend revisions to the rules to bring them into compliance.

Co-Chair Wardlaw recognized members for discussion and questions on the motion, only.

After questions from members, the motion was restated by Senator Hickey, Jr., seconded and passed by voice vote.

Co-Chair Wardlaw referred members back to the Executive Subcommittee report and recognized members who, in due course, had questions on the report. He also recognized Mr. Alan McClain, Commissioner, Mr. Booth Rand, General Counsel, both with Department of Commerce - Arkansas Insurance Department (AID), and Ms. Allison Hatfield, Chief of Staff, Department of Commerce, to respond.

Review of Communications

Co-Chair Wardlaw referred members to the communications listed on the agenda as Items H.01- H.08 and noted that action by Legislative Council was needed for Item H.02(a) and a report will be given by DHS on Item H.05(a).

H.02 - Department of Commerce:

- a. **Arkansas Development Finance Authority**, Request for the Legislative Council's review of the following Program Fact Sheets, submitted pursuant to A.C.A. § 15-5-212(b).
 - i. Single Family Mortgage Revenue Bonds, (Mortgage-Backed Securities/Mortgage Loan Program) - \$50,000,000 2024 Series C (Non-AMT)

Co-Chair Wardlaw recognized members for questions and recognized Mr. Robert M. "Ro" Arrington, Director of Homeownership and Public Finance, Arkansas Development Finance Authority, to respond.

Senator John Payton requested that Mr. Arrington provide members with information to the single-family mortgage program.

Senator Missy Irvin moved to file the request from Arkansas Development Finance Authority as reviewed. The motion was seconded and passed by voice vote.

Point of Personal Privilege

Co-Chair Wardlaw asked all in attendance to stand for a moment of silence to show support and condolences to Representative Jack Ladyman, District 32, in the passing of his wife.

Review of Communications - cont.

H.05 - DHS - Co-Chair Wardlaw recognized Ms. Kristi Putnam, Secretary, Department of Human Services (DHS), for the verbal report on assisted living facility reimbursements, pursuant to Section 15 of Act 213 of 2022.

In response to a members' request, Secretary Putnam stated she will provide a report to BLR staff on maternal health in Arkansas.

Going back to the Claims Review and Litigation Reports Oversight Subcommittee report, House Speaker Matthew J. Shepherd moved to expunge the vote by which the motion to adopt the report of the Claims Review and Litigation Reports Oversight Subcommittee failed. The motion was seconded and passed by voice vote.

Speaker Shepherd then made a motion to adopt the report of the Claims Review and Litigation Reports Oversight Subcommittee. The motion was seconded and passed by voice vote.

New Interim Study Proposals and Interim Resolutions

Co-Chair Wardlaw referred members to Item J.01 - Interim Resolution 2023-006, by Senator Justin Boyd, requesting that the Arkansas Legislative Council proclaim October 2024 as Rett Syndrome Awareness Month. Co-Chair Wardlaw stated without objection, Interim Resolution 2023-006, by Senator Justin Boyd, is approved.

Adjournment

At 10:30 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Representative Jeff Wardlaw
Co-Chair, House of Representatives

Marty Garrity
Executive Secretary