

## THE 2013 ARKANSAS LEGISLATURE: A SUMMARY OF SOUTHERN'S EFFORTS AND NEW LAWS AFFECTING OUR COMMUNITIES

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### In This Issue

SUMMARY OF BILLS INTRODUCED | SOUTHERN BANCORP COMMUNITY PARTNERS' LEGISLATIVE EFFORTS | KEY LEGISLATIVE HIGHLIGHTS

### INTRODUCTION

Southern Bancorp Community Partners' (SBCP) policy team proactively tracked and passed legislation during the 89th Arkansas General Assembly. The Arkansas General Assembly adjourned *sine die* on May 17. The 2013 Arkansas Legislature introduced 2,640 bills and completed 1,523 bills.

One of the highpoints of this year for SBCP's policy team was working with legislators to pass SB 911, now Act 535. The law requires the Department of Human Services to conduct a study on asset limits for the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). The policy team worked with legislators on this law to ensure the availability of Arkansas-specific data when lawmakers consider the elimination of asset limits on public benefit programs. Eliminating asset limits on public benefit programs will enable financial security for low-income families by encouraging savings and self-sufficiency.

In addition to Act 535, the policy team also directly worked with Sen. Robert Thompson on SB 119, known as the Arkansas Prize-Linked Savings Account Act of 2013. The policy team and Sen. Thompson worked with the Arkansas Lottery Commission and the Doorways to Dreams (D2D) Fund to discuss the technicalities and political feasibility of the legislation as written. While the bill did not pass in its current form due to initial skepticism and concerns, it was recommended for interim study.

Most notably, however, were the bills SBCP worked on through coalitions in Arkansas. As part of the AR Health + AR Jobs Coalition, SBCP helped expand health care to approximately 250,000 uninsured Arkansans living below

138 percent of the federal poverty level, now known as the "Private Option." The extension of Medicaid was a decision left to states as per the Affordable Care Act (ACA). Medicaid Expansion in Arkansas through a private option was a monumental bipartisan achievement that is often seen as a national model

In addition, SBCP was active in the Arkansas Against Abusive Payday Lending (AAAPL) coalition. AAAPL, previously known for the successful effort to shut down all storefront payday lenders in Arkansas in 2009, successfully fought to kill SB 900. Despite constitutional protections from usury, SB 900 would have allowed an increase in interest rates on consumer loans and consequently opened the door for payday lenders to reenter the state. The bill died in the Senate.

The policy team also monitored all legislation potentially affecting family economic security opportunities in the Delta. As such, the policy team focused on other key issues such as tax cuts and minimum wage.

#### SBCP'S LEGISLATIVE EFFORTS

- ASSET LIMITS STUDY (SB 911 – ACT 535)
- CONSUMER LOAN INTEREST RATES (SB 900)
- PRIZE-LINKED SAVINGS ACCOUNT ACT (SB 119)
- MEDICAID EXPANSION (HB 1219 – ACT 1496)

#### OTHER KEY LEGISLATIVE HIGHLIGHTS

- TAXES (HB 1585 – ACT 1459 & HB 1966 – ACT 1488)
- MINIMUM WAGE (HB 1402)

## SBCP's Legislative Efforts

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### Asset Limits Study

To act on policy recommendations detailed in SBCP's winter 2013 *Policy Points* edition, "[Making the Case for Eliminating Asset Limits: Why Asset Limits Undermine the Financial Security of Arkansans](#)," the policy team worked with Sen. Linda Chesterfield and Rep. Reginald Murdock to develop and pass SB 911, now Act 535. By November 2013, the law requires the Department of Human Services to study and provide a comprehensive analysis on the impact of asset limits, including: an assessment of the costs and staff time needed to verify asset limits; data regarding the number of applicants denied due to excess resources; and the cost implications of eliminating asset tests. Once the results are released, the SBCP policy team will produce another publication showcasing the data and follow-up with legislators to push the elimination of asset limits on SNAP and TANF.

### Prize-Linked Savings Account Act

The purpose of SB 119 was to establish prize-linked savings account program, operated by the Arkansas Lottery Commission. Prize-linked savings programs afford account holders the opportunity to win cash prizes for adding to their savings. The policy team communicated directly with Sen. Robert Thompson, who introduced a similar bill during the 2011 regular session, and other stakeholders to meticulously review SB 119. The policy team also facilitated discussions on the referral of the bill for further study. The policy team plans to work with Sen. Thompson during this interim process by lending its expertise and connecting him with others in the field. As a result, the team will advance legislation to establish additional asset-building programs for more Arkansas families, for Sen. Thompson's efforts.

### Medicaid Expansion

The U.S. Supreme Court issued its decision on the Affordable Care Act (ACA) in June 2012, which gave the authority for states to decide whether or not to extend their Medicaid programs. In the 2013 legislative session, Arkansas made the decision to expand Medicaid for 250,000 of its residents, and chose to accept federal funds to provide health care coverage for its low-income working adults. The state adopted a plan that uses Medicaid federal funds to purchase insurance on the private exchange in Arkansas, becoming the first and only Southern state to expand health care under the ACA. Acts 1497 and 1498 were like pieces of legislation providing the context for what is now known as the "Private Option." Act 1496 afforded the appropriation for the Private Option. Despite a contentious legislative environment and new leadership in both chambers, Medicaid Expansion was successful because it had a number of determined,

bipartisan leaders and 27 grassroots organizations comprising the AR Health + AR Jobs Coalition. Moreover, aside from SBCP's involvement in AR Health + AR Jobs, Rep. Darrin Williams, CEO of Southern Bancorp, Inc., was a key legislative leader in this effort.

### Consumer Loan Interest Rate

In November 2010, Arkansans voted to approve Amendment 89 to the state Constitution, which restricted the maximum lawful rate of interest on consumer loans. After almost four years since the last payday lender closed shop, the provisions of SB 900 would have allowed legislators to raise interest rate caps on consumer loans, making it possible for payday lenders to establish storefronts in Arkansas again. As part of AAAPL, SBCP's policy team advocated against this bill and communicated with legislators about the detrimental cycle of debt caused if interest rates significantly increased.

## Key Legislative Highlights

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### Tax Cuts

The Arkansas Legislature enacted two major tax cut bills this session. The bills passed seek to provide tax breaks for the wealthiest individuals in the state. HB 1585, now Act 1459, will disproportionately tax Arkansas's income tax payers, favoring the highest earning households. In addition to those tax cuts, HB 1966, now Act 1488, reduces capital gains taxes. Both bills will also significantly decrease general revenue from the state budget. Overall, the 2013 Arkansas Legislature passed a tax cut package inclusive of 16 bills reducing state tax revenue.

### Minimum Wage

HB 1402, which failed in the 2013 legislative session, would have increased the state minimum wage from \$6.25 to \$8.25 per hour. An Arkansan working full-time at the minimum wage makes only \$13,000 a year, less than the federal poverty threshold if they have a child, disabled spouse, or elderly parent to support. SBCP was instrumental in the wage increase in 2006, but the hourly wage has not been raised since then. SBCP will continue to monitor future efforts to increase the minimum wage.



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