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Senate acts on tax reductions, House OKs payday lending bill

Friday, Feb 9, 2007

**By Doug Thompson and Rob Moritz
Arkansas News Bureau**

LITTLE ROCK - Legislation calling for tax reductions for manufacturers' utilities and off-road fuel used by farmers and others passed the Senate on Thursday.

The House approved legislation that would fine payday lenders who charge interest rates higher than the state usury limit, as well as a bill which would limit physical activity requirements for public school students.

The Senate approved Senate Bill 119 by Sen. Barbara Horn, D-Foreman, which would cut the 6 percent state sales tax on manufacturer's utilities to 4.5 percent July 1 and to 4 a year later.

The bill, which passed the Senate 35-0 and goes to the House, is part of a \$319 million tax package agreed to by Gov. Mike Beebe and House leaders. The biggest cut in the package is a 3 percent reduction in state sales taxes on groceries.

The cut in Horn's bill is expected to cost about \$35 million over two years.

The Senate also passed House Bill 1202 by Rep. Chris Thyer, which would change the 6 percent state sales tax on off-road diesel fuel to a flat 6-cent per gallon tax.

Off-road diesel is used by farm vehicles, construction equipment, equipment at logging sites and other motorized equipment for which no fuel taxes is paid because they do not use state highways. School buses are also allowed to use off-road fuel.

The change would cut an estimated \$16 million a year in tax revenues. The bill goes to the House to concur in a Senate amendment.

Also Thursday, the Senate passed legislation that would ease restriction on using deadly force in self-defense. State law requires someone to attempt to retreat before using deadly force in self-defense, unless the person is in his or her home.

Senate Bill 2 by Sen. Jerry Taylor, D-Pine Bluff, would allow Arkansans to use deadly force in self-defense without retreating in their homes and

in the "curtilage" surrounding their homes. Curtilage is defined as areas that can be considered extensions of the home, such as a porch, patio or storage shed on the lawn.

The measure passed, 33-2, and goes to the House.

In the House, HB 1036 by Rep. David Johnson, D-Little Rock, passed 90-3 and goes to the Senate.

The bill would fine payday lenders \$300 each time they charge interest rates above the 17 percent state usury limit.

"There's a great need for it here in Arkansas," Johnson said. "Veterans, low-income people and senior citizens are all preyed upon by predatory lenders."

Arkansas' constitution prohibits interest of more than 17 percent on consumer loans and credit sales, but there is no state statute imposing a penalty for exceeding that limit.

Johnson, while urging House members to pass the bill, read from a U.S. Department of Defense report which expressed concern about payday lenders near military bases. The report specifically mentioned the Jacksonville Air Force Base in Jacksonville.

Rep. Ray Kidd, D-Jonesboro, spoke against the bill, saying it did not go far enough. He said he wished caps were set on the amount of money banks and savings and loans can charge for bank overdrafts and for using an ATM.

Johnson said he agreed with Kidd, but said he was having a difficult enough time trying to get HB 1036 passed.

HB 1039 by Rep. John Paul Wells, D-Paris, which would limit physical activity requirements for public school students, passed 68-27 and goes to the Senate.

Wells said his bill would give school districts more flexibility in meeting a 2005 state Board of Education mandate requiring at least 150 minutes of physical activity per week for public school students in kindergarten through 12th grade.

He said the requirements are causing schools to choose between academic courses and physical activities, and that some districts are actually counting the amount of time it takes students to walk from class to class towards the physical activity requirement.

"You all know me pretty well," Wells said. "Just me, for example, what would have been better off, a little bit more walking time or a little bit more reading, writing and arithmetic?" Wells said.

Under the bill, students in kindergarten through 6th grade would be required to have at least 60 minutes of physical education, plus at least 90 minutes of physical activity, which may include recess, physical education classes or intramural sports.

In the seventh and eighth grades, students would be required to have at least 60 minutes of physical education per week, with no additional physical activity required. Sixth graders in schools with seventh and eighth graders would have the same requirement.

Students in grades 9-12 would be required to have one semester of physical education, the minimum required for high school graduation, with no additional physical activity required.

Speaking against the bill, Rep. Shirley Walters, R-Greenwood, said physical activity is important to students and needs to become "part of their life style."

She said she was concerned that provisions in the bill would be difficult for school districts with block scheduling to implement.

"We need to make sure that our children ... have an opportunity every day in that school to get up and move around," she said.

Rep. Randy Stewart, D-Kirby, urged support for the measure, saying many rural schools do not have indoor physical education facilities and that in bad weather children cannot go outside.

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