

Governor Asa Hutchinson
State of the State Address
To the 93rd General Assembly
January 12, 2021

Arkansas House of Representatives Chamber

10:30 a.m.

Thank you, Speaker Shepherd, and to Senate Pro Tem, Jimmy Hickey, and to the honorable Members of the General Assembly.

Thank you for that warm greeting. Let me assure you that is gratefully received, and hopefully that signals a strong relationship as we enter this session.

I also welcome those members joining from the Senate chambers, and those that are joining from the public.

First, let me extend my congratulations to the new members. By my count, we have over 20 members newly elected in this session. And for some, it is a return in a new role and for many others, this will be your first regular session.

Well, as you will remember, when I was elected governor, we hit the ground running, and we did not intend to slow down. So buckle your seatbelt, because we've got a lot of work to do.

Now, this marks my seventh year as governor, and today will be the last time that I address the General Assembly in regular session. Thank you for not applauding on that last line.

Today, we begin this session with historic challenges besetting our nation.

We are beginning the 11th month of a global pandemic that has impacted every aspect of life, from losing friends and loved ones, to increased unemployment needs; to changes in education, health care community events, and even in this legislative session, our life is different today.

And then last week, we witnessed a violent mob assault our nation's capital. When they breached our Article 1 branch of government, they attacked the foundations of our democracy. And let me say clearly, that each person who breached the heart of our democracy must be prosecuted to the full extent of the law.

A presidential election often divides the country along political and cultural lines. And I understand the passion. It is okay to be passionate. But we must not let passion cloud our common sense and our commitment to our state and nation. And when the election is over, then we need to come together, united to strengthen our democracy and heal our land.

As we enter this session, I ask you to take the long look through the perspective of time. How do we want history to remember this session?

Will it be one that brought people together? Or did we just add more fuel to the flames of division?

We all have our political principles and convictions. And we dare not abandon those. But we can still find solutions and ways to work together for the common good.

Some people look at the upcoming session and predict that it will be acrimonious and accomplish little. I wholeheartedly disagree with that assessment. I expect us to meet the challenge of the moment and to pass legislation that will give our health care workers and public the tools needed to defeat the Coronavirus.

I expect legislation that will boost our economy.

We need laws that will assure that our police officers have the highest standards, are fully trained, funded, and supported.

And yes ... And yes, we want laws to increase accountability and oversight as well.

And we must ... and we must take action to reward our teachers who make a difference every day for the next generation.

This session will also build on the accomplishments of the past.

In each regular session, we have lowered taxes on-hard working Arkansans, and this year the individual income tax rate has been reduced to 5.9%. In total, as a result of our all of our income tax cuts, we have moved \$800 million from the government checkbook into the hands of individuals across our state.

And because of your efforts, we have raised the pay of our dedicated teachers in our public schools, and we have become a nationally recognized leader in computer science education.

We have, for the first time, devoted state resources to expand high speed internet in unreached areas of our state. \$86.8 million has been invested in the Rural Connect Grant program. This has provided internet access to over 70,000 Arkansans, who previously lacked service. This is progress.

We equalized our sales tax collections, so that online transactions are treated the same as sales from our Main Streets small businesses, and those small businesses are the lifeblood of our communities.

The legislation that you passed allowed our cities and counties to survive through the pandemic. Thank you.

We have worked hard to make state government more efficient. And the result is that 1,700 fewer state employees are employed in state government than in 2015. This is estimated to be an annual savings of \$77 million each year.

And so today, despite the cross winds of a national economy that is struggling, we are beginning this session in the best budget position in more than a decade. The state right now has an unallocated surplus of over \$200 million. And after six months into our current budget year, we have exceeded our revenue forecasts by more than \$300 million.

So the state of our state finances is strong. And our state budget reflects a resilient state economy in which the private sector continues to create jobs.

And I have never been more proud of Arkansans. We are still all determined to come through this health care crisis stronger and more hopeful than ever.

And while we have been focused on our health care emergency, my administration continues to do the work of job creation. Despite the limitations on travel, companies have moved or expanded in Arkansas over the last year creating more than 2,200 new jobs and invested over \$800 million this last year. These jobs and investments are the result of incentives and signed agreements by our economic development teams. It has been exciting for me to help celebrate some of these job announcements.

From Synergy Cargo in Crossett, to Emerson Motors in Ash Flat. From Nice-Pak in Jonesboro, to Hytrol in Fort Smith, to name just a few. Thank you for supporting the economic incentives that have been critical to closing many of these investments.

Even with the challenges of the pandemic, we have over 53,000 more Arkansans employed today than in January of 2015.

Most importantly, we have supported our farmers and ranchers with reduced regulation and efforts to expand market opportunities.

And while our tourism and hospitality industry have struggled, they continue to be a foundational part of our economy. They might need more help; we will be there for them.

Now, let me address the upcoming session.

Our first responsibility is to act on the health care emergency that faces our state. The General Assembly has been an essential and effective partner during the last 11 months. Without your action, we would not have built a grant program for small businesses. Without your help, we would not have had, we would not have provided enhanced benefits to the unemployed, or additional funds for food assistance and rental assistance. And without your work, we would not have been successful in building the health care infrastructure to fight coronavirus today.

So on behalf of the people of Arkansas, I thank you for your work through the Legislative Council and through your own actions in meeting the needs of our citizens.

And now is not the time to withdraw from the battle. We must not be faint of heart, but we must keep fighting and not call for retreat as some would advocate. The current emergency rules are in place until February 27. And prior to that date, you need to act. I trust you will both affirm the emergency and continue the emergency rules that are proven necessary during this health care crisis.

These include our telemedicine rules, our educational waivers, our immunity liability for business and health care workers, and other important life-saving measures. If you do not act, these measures will end.

As part of our pandemic response. I'm asking the General Assembly to pass appropriations to allow federal COVID relief funds, which have been granted by Congress, sent to the states to be spent on getting the vaccines more quickly and into the arms of more Arkansans.

We need health department infrastructure to coordinate and administer the coronavirus vaccines. We need a continued investment in testing. We need stable funding for contact tracing and support for our K-12 education and higher education. All of these investments require major appropriations and actions on your part.

When it comes to our public schools, I support another round of increased pay for teachers. My goal is to raise average teacher salaries by \$2,000 over the next two years. You have already signaled your support to raise teacher pay. You've paved the way, you've led the way, and we can work together to accomplish this goal.

Now, let me move to a more difficult subject. Let me read portions of a couple of letters I've received on a topic that has already generated some discussion, hate crimes legislation. My only request is that you listen and make your own judgment on the merits and fairness of the bill.

From Jimmy D. Warren of Conway, who writes in support of hate crime legislation in Arkansas:

“Arkansas has always been on the forefront of leading on important issues. With this being an important and an opportunity to take a stand against actors who clearly represent the worst of crimes that are against people for their identity. This legislation is important not just for economic development, but it demonstrates that Arkansas is no place for racism and discrimination.”

From Rabbi Barry Block of Congregation B'nai Israel in Little Rock:

“As a people historically targeted with horrific hate crimes, the Jewish Community well understands the importance of hate crime legislation. Arkansans would be safer if such hateful and heinous criminals faced sentence enhancement on the basis of their animus, motivated crimes.” He goes on to say “adopting this legislation will enhance Arkansas's reputation, much to the credit of the General Assembly.”

From IBM:

“IBM plans to engage Arkansas business and community leaders to ensure that all reasonable measures are considered to get Hate Crime legislation enacted on a bipartisan basis. The time to act is now. The swift passage of Georgia's hate crime law shows that the moment has come. The status quo is unacceptable. We look forward to working with the state legislature to pass a hate crime law in Arkansas.”

And from Fifty for the Future President Scott Copas, from here in Little Rock:

“Not only is hate crime legislation the right thing to do morally, failure to pass a bill will leave Arkansas as only one of three states without such a law. This would negatively impact our ability to recruit and retain employers and talent, as it will result in a black eye for Arkansas on a national scale that will cripple our economic development efforts for years to come.”

I could read scores of letters but let me make another point.

The main objection that I hear from my conservative friends, is that it gives some people more protection than others. Or it has been phrased, if you're going to do it for one group of people, why wouldn't you do it for another?

This legislation applies equally. If you are Hispanic, and you are targeted, it applies. If you're a Jewish, it applies. If you're a Caucasian, it applies. Or African American or any other race, it applies equally. It enhances the penalty for targeting regardless of the race that is targeted.

I've talked to a broad range of people across Arkansas about hate crimes, and they all expressed a sincere conviction, whether for or against it. And the only way we can come together on this issue is for us to listen to each other, and to step into others's shoes who live in a different world than ours. When we do this, then we can come together and find the best solution.

Many of you ask that I not have a special session of the legislature for hate crimes. I respected your request. And we are here today. And the time to act is now.

Polls show that a clear majority of Republicans, Democrats, and Independents support passage of this kind of legislation. Let's not be the last to enact it. But let's lead and do what is important for so many.

In each session, each general session while I have been governor, we have also supported children suffering from abuse, increased our support for foster children, and we have passed pro-life legislation. And now we're the number one pro-life state in the nation.

And I want to acknowledge the First Lady who is here. My wife, Susan, of 47 years, and she has worked hard to protect the children of our state. And I can't think of a greater responsibility than to protect our children. And I look forward to working with you to make sure we do all we can to take care of the most vulnerable among us.

Six years ago, when we started cutting the income tax rate in Arkansas, there were many who said we were going to become just like Kansas. They warned that it would be a financial catastrophe to cut taxes. And yet because of our measured approach and our emphasis upon private sector growth, we have lowered taxes, fully funded K-12 education, increased funding for higher education, and created not only a surplus, but the first Long-Term Reserve Fund in history. And now we are poised to do more.

I have set aside \$100 million in my proposed budget for the Long-Term Reserve Fund increase. And we have set aside over \$50 million for tax cuts for middle- and lower-income Arkansans. Let's work together to determine the best way to get this done.

But I have asked for two specific tax cuts proposals as part of the package. Let's reduce the sales tax on used cars that sell from \$4,000 to \$10,000. Currently, the sales tax rate is 6.5%. We can reduce that to 3.5% and give relief to thousands of Arkansans who depend upon used vehicles for getting to work and school. Let's do that together.

But to pay for tax cuts, we need to continue to grow our economy and bring people to Arkansas. If we can lower our tax rate for new residents to 4.9% for five years, then we will attract new Arkansans who will create jobs, spend money, and pay taxes.

You say, Well, how do you know this? I know it because we've done it. By just lowering our tax rate to 5.9%, we have seen people return to our state and invest in our future.

According to one study, Arkansas ranked number 10 in the nation for the number of people moving into our state.

And it sets a goal for us as well to lower our tax rate in a similar way for all citizens. And if we don't get there, the tax break for new residents will sunset. But we can get there together.

I'm also asking for support to expand high-speed internet into more rural areas of our state. We have to reduce the digital divide. We have to provide education fairly in all areas of our state. And it takes high-speed internet to do this and so much more from improving the quality of life to attracting businesses and entrepreneurs. I've set aside \$30 million for this purpose in our proposed budget. If we can, let's do more, it is such a great need for our state.

And when it comes to our success in computer science education, I asked you to support legislation that will require a computer science course as a graduation credit. And yes, we will have to increase the training of our teachers even more, but we are ready to do it because it gives our young people even greater opportunities right here in Arkansas.

It is an honor to serve the people of this state. Usually during a legislative session, there is nothing else but the session on my mind. That consumes my time and energy. This year, it's a little different because of the need to get vaccinations out to the millions of Arkansans that are waiting. I'm intentionally devoting a great deal of my time to that effort. But my door is open to you. Anytime we can work together, anytime you want an audience, anytime you want to share an idea, let's visit.

And let me end with a story today.

When I was 17 years of age, on April 4, 1968, Senator Robert Kennedy was told of the news that Reverend Martin Luther King Jr. had been assassinated. He broke the earth-shattering news to the mostly black audience he was scheduled to address in Indianapolis.

He said these words:

"What we need in the United States is not division. What we need in the United States is not hatred. What we need in the United States is not violence, or lawlessness, but love and wisdom and compassion toward one another, and a feeling of justice towards those who still suffer within our country, whether they be white, or be black."

Those words ring true more than 50 years later, but our prayer is the same.

Let's pray for our nation, our leaders, and pray for understanding, wisdom, and let us pursue justice for all Americans.

May God bless the United States, the state of Arkansas, and your work in the coming days.

Thank you.