

State of the State Address
91st Session of the General Assembly
Governor Asa Hutchinson
January 10, 2017

Thank you, and I salute you as well. It is good to be back with you.

Mr. Lieutenant Governor, President Dismang, Speaker Gillam, Members of the General Assembly, Mr. Chief Justice, Members of the Court—I see Cabinet Members here as well that are key parts of my administration.

This is an occasion that is meaningful to me, personally, but it is also significant for the state of Arkansas because we are gathered together as Arkansans, as people who are devoted to the public good. And so, those of you who are new here, congratulations. Those of you who are returning, congratulations—and I'll tell you, there are surprises in both categories.

I also see our constitutional officers that are here, and that makes this a particularly auspicious occasion to kick off the 91st Session of the General Assembly.

Another year is upon us, and the year 2017 brings historic opportunities for our state and the people we serve.

Speaking of history, 50 years ago today on January 10, 1967, Winthrop Rockefeller was inaugurated as the 37th Governor of Arkansas. In addressing the 67th General Assembly, he said this:

“It is true that you have been allotted an unusual moment in the history of Arkansas, as have I... a moment subject to special scrutiny... laden with special challenges... and rich with special opportunities. I believe that together we can become worthy of the moment.”

Today, ladies and gentleman, we have our own moment in history and we can only be worthy of this moment if we work together.

We, together, have been chosen by the people of Arkansas to govern and to lead in three, coequal branches of government—all represented here today. And we must govern and lead, not only with a spirit of cooperation, but within the context of our time—our time in history.

And what defines our time in history? Our place in history is defined—I think you will agree—by change.

Every generation faces change, but in today's world though, the change comes at a faster clip than ever before. Our time of change includes the exponential growth

and unbounded potential of technology, the persistent challenge of terrorism, the competitive and ever-evolving global market place, and, quite frankly, the reduced level of confidence in our institutions of government.

All of this, all of this change impacts us here in Arkansas. But while change defines our place in history, we must not be driven by the wind. We must be anchored and confident that our character and values will shape the future of Arkansas and the decisions we make as leaders.

Most certainly, there is not a more exciting time to be an Arkansan. The state of *our* state, I'm happy to report, is exceptional.

We are growing in terms of people who call Arkansas their home. I expect this year that we will cross the three million mark in population. While some states are enduring out migration, we are enjoying a growth surge. This movement of people to our state is important to our economy and for our international companies that depend upon the ability to attract and retain the best talent in the world.

Last year's economy grew at a faster pace than three-fourths of the states. Our unemployment rate was significantly lower than the national average and wage rates are going up. Our per capita income increased faster than the national average, as well.

We have more people working today than at any time in history. In fact, 55,000 more Arkansans have jobs today than two years ago. At the same time, people are going to work. Those dependent upon those safety net features appropriately in our society, from SNAP benefits to others, there has been a reduction in food stamp benefit recipients by over 50,000 since 2015. That means we are progressing in our economy.

And we are attracting more visitors to the Natural State than ever before. People want to come here, and entrepreneurs and companies want to locate here.

Companies are locating and expanding in Arkansas from Sig Sauer in Jacksonville to Sun Paper in Arkadelphia; from Metova in Conway to Mars Pet Care in Fort Smith; from FMH Conveyors in Jonesboro to JB Hunt Trucking in Rogers. Yes, we are creating jobs in Arkansas. And we are also, together, working to accomplish other objectives.

We provided a \$100 million middle class tax cut. We have moved Arkansas to *number one* in the nation in computer science education and we have started changing the way we run state government by focusing on efficiency and service.

And with all the change in and out of Arkansas, we need to make sure that Arkansas plays a leading role in shaping the future.

As more authority is returned to the states in the areas of education and healthcare, we have a unique opportunity to innovate, reinforce the important values of work and responsibility, and to assure equal and excellent world class education to every child in Arkansas.

We help shape the global economy because we are global leaders in agriculture, medicine, retailing, manufacturing and energy. Our voice is experienced, it is strong and needs to be heard. We are in a position to shape the global marketplace. We do this through engagement, by education and exchange.

Consistent with these goals, my administration will continue to pursue international opportunities for Arkansas in manufacturing, agriculture, technology and tourism. At the same time, we will seek foreign direct investment to create jobs, boost our economy and capitalize on the central location of our state.

To accomplish these goals, I'm asking for your help. Thank you for your continued support of our economic development mission, and our efforts both here and abroad. I am committed to devoting my time and energy to these efforts, because it makes a difference for our state every day. But there are other agenda items.

First, one of the goals of this administration is to improve the performance and efficiency of state government. We need to eliminate unnecessary boards and commissions, and we need to realign a number of state agencies in order to wisely use taxpayer money and better provide services to the people of Arkansas.

Secondly, we must improve the way we fund higher education. Let's base the dollars to higher education, not on the number of students enrolled, but upon the educational progress of the students. And so I ask you to support the new legislation that will create a new funding formula for higher education, and that you will help support the additional funding necessary to implement that higher education funding formula.

Thirdly, we should resolve to reform our tax code. We need to lower our state income tax rate and be more competitive with our surrounding states.

If you pass the \$50 million tax cut for those Arkansans making below \$21,000, then you will provide additional tax relief for more than 600,000 Arkansans. When this is combined with the Middle Income Tax Relief of 2015, then we, together, will have reduced the tax burden for more than 90% of Arkansas taxpayers.

Yes, that means there's more to do. I pledge to continue down the path of lowering the income tax rate for all Arkansans. And when it comes to our military

personnel, when they retire, I want them to know that we will not tax their retirement income.

Many of you advocated for this in 2015, and I applaud your leadership. But this is tax relief that has to be paid for, and it will be. The tax reduction for the retired military will be 100% paid for by ending or reducing three exemptions that I have previously identified.

Now, I know that some of you say, well, this is not enough and that we need to have a more comprehensive tax reform package. I agree with you. We need a specific plan for the future so that the public knows the direction we are heading and how we can get there. My goal from the beginning has been to reduce the overall high income tax rate in Arkansas and to do it for all Arkansans.

Today, I am asking your support for a *Blue Ribbon Legislative Task Force* to be created and directed to recommend further reform. The priority goals are fairness, competition, simplification and economic growth. The focus of the plan is to reduce the high income tax rates in Arkansas. We need to have a plan to reduce the tax rate over time to a more competitive level. Let's create that task force, and I ask your support.

Fourthly, we also need to assure opportunity for the next generation. This includes those who wish to go to college, those who choose to pursue a career—whether welding or construction—and those who feel left out through no fault of their own.

It is essential that we, as a state, give every high school student a simple promise: If you pursue a high need job skill or degree, then we will assure you that all your tuition and mandatory fees will be paid through a two-year college program or technical school.

It is a simple promise with a big return for our state and the next generation. It is called ArFuture Grants and it will require a mentoring program for the student. It will require working in the state for three years after college. But it will be created with existing program funds and used in combination with other education funds that are already available.

Because of ArFutures, it will be not only possible, but practical, for a student to get two-year degree or certificate without any student debt.

Let's not leave anyone behind, and that is why I am asking your support for a higher level of funding, also, for our foster children in Arkansas. We need to improve the system. We need to adequately provide for our foster children that are in our care. We need to address their needs, and hopefully, provide a way out and restore family relationships. But we need to provide the additional funding that is being requested in the budget.

We need to remember the needs of those on the disability waiting list that have been there far too long. They are in need of more service, and so I am asking that you redirect a portion of the tobacco settlement funds, to reduce that waiting list by at least 500 as a step in the right direction in a faith commitment to those who are in need.

I ask you also to remember those who are challenged with mental illness. I've asked for \$5 million to be set aside in the budget for *Mental Health Stabilization Centers* and crisis intervention training. That will be a start in helping our law enforcement community and those who deal with crisis circumstances to identify mental illness, to identify the help that is needed and to provide that help.

We need to continue looking at our criminal justice system in this state to assure that our incarceration policies are right—to assure that our policy is balanced between public safety and giving those a second chance in life who have fulfilled their responsibilities to society.

And so, I can say that in my life, I have lived the Arkansas Dream.

I was raised on a farm in Northwest Arkansas by parents who did not have much but believed we had everything important: *family, faith and opportunity*.

Let me conclude by reaffirming a commitment Governor Rockefeller made to the people of Arkansas at that historic changing moment in history 50 years ago:

“Now is not the time for party politics. I was elected by Republicans, Democrats and Independents by people of all races and all creeds, from all walks of life. As Governor of Arkansas, I intend to represent all, and so I dedicate my administration to the people of Arkansas.”

Today, I am honored to serve as Governor of Arkansas for all the people of this state. May God bless each of us as we work to make sure the Arkansas Dream that I experienced is possible for everyone.

Thank you, and God bless this assembly.

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