

Stricken language would be deleted from and underlined language would be added to present law.
Act 1112 of the Regular Session

State of Arkansas
89th General Assembly
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As Engrossed: H3/22/13 H3/25/13

A Bill

HOUSE BILL 1931

By: Representative D. Douglas

By: Senator K. Ingram

For An Act To Be Entitled

AN ACT TO AMEND THE REGIONAL ECONOMIC DEVELOPMENT
PARTNERSHIP ACT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE REGIONAL ECONOMIC
DEVELOPMENT PARTNERSHIP ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 15-4-3402, concerning the legislative intent regarding regional economic development, is amended to add an additional subdivision to read as follows:

(6) The Governor's Strategic Plan for Economic Development is focused on increasing the capacity of a region of Arkansas to participate in economic development.

SECTION 2. Arkansas Code § 15-4-3403(1)(B), concerning the definition of an economic development region, is amended to read as follows:

(B) ~~Is willing to form~~ Have formed a regional economic development partnership ~~for the purposes of regional economic development;~~

SECTION 3. Arkansas Code § 15-4-3403(3), concerning the definition of an economic development region, is amended to read as follows:

(3) "Regional economic development partnership" means an organization whose mission is to promote specific regions within the state ~~for business, retail, nonprofit, and industrial location, relocation, and~~



~~expansion~~ in accordance with the intent described under § 15-4-302.

SECTION 4. Arkansas Code § 15-4-3404 is amended to read as follows:

15-4-3404. Regional economic development partnerships – Board of directors.

(a) A regional economic development partnership shall:

~~(1) Include an economic development region that encompasses the local governments that demonstrate a willingness to form a regional economic development partnership; and~~

~~(2) Satisfy~~ satisfy the following requirements:

~~(A)(1) The economic development region includes the active participation of at least two (2) contiguous counties;~~

~~(B) The participating counties are from the same geographic region of the state;~~

~~(C)(2) The economic development region is of adequate size in population to:~~

~~(i)(A) Effectively undertake economic development activities while remaining a distinct and viable region for attracting new investment; and~~

~~(ii)(B) Generate adequate regional resources to provide matching funds; and~~

~~(D)(3) The economic development region is economically integrated as determined by:~~

~~(A) commuting~~ Commuting patterns;

~~economic~~ Economic base;

~~major~~ Major employers;

~~membership~~ Membership in a defined metropolitan or micropolitan statistical area; or

~~other~~ Other indicators determined by the Arkansas Economic Development Commission.

(b)(1) After a regional economic development partnership has been formed, a ~~municipality or county within the geographic region in which the regional economic development partnership is located~~ may elect to join the regional economic development partnership by adopting an ordinance to that effect.

(2) However, a ~~municipality or county~~ that adopts an ordinance

under subdivision (b)(1) of this section shall become a member of the regional economic development partnership only upon a majority vote of the members of the board of directors of the regional economic development partnership that are residents of Arkansas.

(c)(1) A regional economic development partnership formed on or after January 1, 2013, shall be governed by a board of directors that shall operate, manage, and control the regional economic development partnership in all respects.

~~(2)(A)~~ If a regional economic development partnership is formed on or after January 1, 2013:

~~(A)~~ The board of directors shall contain at least one (1) representative from each ~~municipality or~~ county that is a member of the regional economic development partnership.

~~(B)~~ The governing body of each ~~municipality or~~ county that is a member of the regional economic development partnership shall appoint ~~one (1) member~~ members of the board of directors.

~~(C)~~ A person appointed to the board of directors may be a representative of either a public entity or a private entity.

~~(3)(A)(i)~~ Each member of the board of directors shall serve for a term ~~of five (5) years~~ as provided under the bylaws of the regional economic development partnership.

~~(ii)~~ However, each member of the board of directors serves at the pleasure of the chief executive officer of the ~~municipality or~~ county that appointed the member.

~~(B)~~ A member of the board of directors may serve for a maximum of three ~~(3) terms.~~

~~(4)~~ A public official may serve on the board of directors during his or her term in office.

~~(5)(A)~~ A member of the board of directors shall not receive compensation for service on the board of directors.

~~(B)~~ However, a member of the board of directors is entitled to reimbursement by the regional economic development partnership for expenses the member incurs in serving on the board of directors.

~~(6)~~ A quorum of the board of directors shall meet at least one ~~(1) time~~ each year.

~~(7)(4)~~ The commission may allow an existing entity that applies

to be a regional economic development partnership to maintain the entity's existing rules regarding the membership, terms, and duties of the board of directors.

(5) If a regional economic development partnership includes a territory located in another state, regional funding provided under this subchapter shall only be provided to a county in Arkansas.

SECTION 5. Arkansas Code § 15-4-3405 is amended to read as follows:
15-4-3405. Application.

(a) An entity shall not be recognized as a regional economic development partnership under this subchapter unless the board of directors of the entity submits an application and is approved under this section.

(b) An entity applying for approval as a regional economic development partnership shall submit an application to the Arkansas Economic Development Commission that includes the following information:

(1) At least a three-year ~~business~~ strategic plan that is consistent with the Governor's Strategic Plan for Economic Development and includes the following:

~~(A) An outline of the need for a regional economic development partnership;~~

~~(B)~~ (A) The proposed activities of the partnership; and

~~(C) Two (2) detailed budgets as follows:~~

~~(i) One (1) budget based on full state funding as outlined in § 15-4-3407; and~~

~~(ii) One (1) budget that assumes zero dollars (\$0.00) of state funding;~~

(B)(i) A budget for the next calendar year.

(ii) The budget should clearly identify the proposed expenditures for which the grant funds are requested;

(2) Proof of organization;

(3) A copy of the ~~bylaws or articles of incorporation;~~ entity's:

(A) Governing documents approved by the entity's governing board;

(B) Bylaws; or

(C) Articles of incorporation;

(4) A map of the economic development region and the population

served by the ~~proposed~~ regional economic development partnership based on the latest decennial census;

(5) The identity of each public organization and private organization within the economic development region that is active in economic development and a description of the role, ~~if any,~~ each organization will undertake in the regional economic development partnership;

(6) A list of the ~~initial~~ current members of the board of directors and the entity each member represents; and

(7)(A)(i) Evidence of ~~at least~~:

~~(i) One (1) full-time staff member and one (1) part-time staff member; or~~

~~(ii) The equivalent of one and one-half (1½) full-time staff positions.~~

(a) The staff dedicated to the regional economic development partnership; or

(b) The staff dedicated to program management of the regional economic development partnership.

(ii) The staff identified under subdivision (b)(7)(A)(i) of this section may be employed by an entity other than the regional economic development partnership.

(B) The primary responsibility of the staff members described in subdivision (b)(7)(A) of this section is to:

(i) ~~market~~ Market and promote the economic development region to site selectors and ~~economic developers to~~ business prospects; and

(ii) ~~accomplish~~ Accomplish the goals and objectives of the strategic plan required under subdivision (b)(1) of this section.

(c) The commission shall review each application submitted under this section and shall certify that:

(1) The applicant satisfies the requirements of § 15-4-3404; and

(2) The application submitted under this section includes the information required under subsection (b) of this section; ~~and.~~

~~(3) A reasonable need for the proposed regional economic development partnership exists.~~

~~(d) Because this subchapter is intended to encourage the formation of regional economic development partnerships, if an application submitted under~~

~~this section is denied for any reason, the commission is encouraged to:~~

~~(1) Assist the applicant in remedying the deficiencies in the application; and~~

~~(2) Provide guidance to the denied applicant on reapplication.~~

(d) The commission shall notify unsuccessful applicants in writing of the deficiencies of the applicant.

SECTION 6. Arkansas Code § 15-4-3406(c), concerning the termination of a regional economic development partnership, is amended to read as follows:

(c) Upon the termination of a regional economic development partnership, the board of directors of the regional economic development partnership shall ~~promptly~~ remit any unspent state funds to the commission within sixty (60) days of the notice to terminate the regional economic development partnership.

SECTION 7. Arkansas Code § 15-4-3407 is amended to read as follows:

15-4-3407. State funding.

(a)(1) Each regional economic development partnership shall enter into an agreement with the Arkansas Economic Development Commission to receive state funds, if available.

(2) The agreement under subdivision (a)(1) of this section shall:

(A) Be for a term of not longer than one (1) year; and

(B) Identify the eligible expenses for which the regional economic development partnership intends to use state funds under § 15-4-3409.

(3)(A) The commission and the regional economic development partnership may enter into subsequent one-year agreements under this section following the commission's review of the annual report required under § 15-4-3411.

(B) If a regional economic department partnership was initially approved as a multi year project, a one-year renewal may be granted by the commission without the regional economic department partnership submitting an annual application.

(b)(1) Each year, the commission shall allocate funds specifically appropriated by the General Assembly or the commission for regional economic

development.

~~(2)(A) Each regional economic development partnership shall receive the portion of the available regional economic development funds that accords to the regional economic development partnership's percentage of population compared to the population of all approved regional economic development partnerships.~~

~~(B) In determining the allocation of funds under subdivision (b)(2)(A) of this section, the commission shall:~~

~~(i) Divide the population within the economic development region of the regional economic development partnership by the total population within all approved regional economic development partnerships; and~~

~~(ii)(a) Multiply the result obtained under subdivision (b)(2)(B)(i) of this section by the total amount of available regional economic development funds.~~

~~(b) The population within each regional economic development partnership shall be based on the most recent federal decennial census results.~~

(2)(A) The funds shall be distributed equally to the qualifying regional economic development partnerships that meet the matching fund requirements under § 15-4-3408.

(B) Funds that are not disbursed under this section during a fiscal year may be distributed a subsequent fiscal year.

SECTION 8. Arkansas Code § 15-4-3408 is amended to read as follows:
15-4-3408. Matching funds.

(a) A regional economic development partnership shall match the state funds allocated to the regional economic development partnership on the basis of at least ~~two dollars (\$2.00) of nonstate funds for every~~ one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of state funds.

(b) If a regional economic development partnership does not provide proof of sufficient ~~nonstate~~ matching funds before the release of state funds, the Arkansas Economic Development Commission shall reduce the award of state funds in the amount necessary to adhere to the required ~~two-to-one~~ one-to-one ratio of ~~nonstate~~ local matching dollars to state dollars.

(c) ~~Nonstate~~ Local matching funds may be:

(1) *Provided by public sources, private sources, or a combination of public sources and private sources; and*

(2)(A) *Received in the form of cash, in-kind contributions, or a combination of cash and in-kind contributions.*

(B) *In-kind contributions shall not be more than forty percent (40%) of the regional economic development partnership's total ~~nonstate~~ matching funds.*

*SECTION 9. Arkansas Code § 15-4-3409 is amended to read as follows:
15-4-3409. Eligible uses of state funds.*

~~(a) State funds under this subchapter shall be used only for marketing, advertising, promoting, and other activities related to implementing the strategic plan required under § 15-4-3405.~~

~~(b)(1) Eligible uses of state funds include without limitation payment for the following expenses:~~

~~(A) Research studies;~~

~~(B) Purchase of demographic data;~~

~~(C) Promotion through computer databases;~~

~~(D) Direct mail to targeted economic development audiences;~~

~~(E) Attendance and participation in trade shows and strategic marketing events, including without limitation registration fees, booth fees, exhibit fees, booth construction and setup costs, travel, and meal expenses;~~

~~(F) Production of slide shows, digital video discs, compact discs, print material, brochures, flyers, and other media for dissemination to consultants, executives, industry representatives, and other persons involved in relocation, expansion, and location decisions;~~

~~(G) Mass media advertising costs;~~

~~(H) Public relations expenses, including without limitation expenses related to the design, planning, and operation of special events related to economic development;~~

~~(I) Design and ongoing maintenance of a regional economic development website and geographic information system; and~~

~~(J) Site tours for consultants, recruits, and prospects visiting the region, including without limitation transportation, lodging,~~

~~meals, entertainment, and other related hosting expenses.~~

~~(2) Upon approval by the Arkansas Economic Development Commission, up to twenty five percent (25%) of state funds may be used to pay for administrative costs identified in § 15-4-3410 as ineligible uses of state funds.~~

SECTION 10. Arkansas Code § 15-4-3410(a), concerning the use of state funds by a regional economic development partnership, is amended to read as follows:

(a) ~~Except as provided in § 15-4-3409, state~~ State funds under this subchapter shall not be used for administrative costs.

SECTION 11. Arkansas Code § 15-4-3411 is amended to read as follows:
15-4-3411. Annual reports.

(a)~~(1)~~ A regional economic development partnership that receives state funding under this subchapter shall submit an annual report to the Arkansas Economic Development Commission.

~~(2) The commission shall make a copy of the annual report required under subdivision (a)(1) of this section available to the public on the commission's website on or before July 1 of each year.~~

(b) The annual report required under subsection (a) of this section shall include the following:

(1) A description of the economic development activities and organizational activities of the regional economic development partnership in the preceding twelve (12) months;

(2) A detailed financial report;

(3) A detailed budget for the next twelve (12) months; and

~~(4) An inventory of the industrial buildings, commercial buildings, industrial sites, commercial sites, industrial parks, and available building sites for the regional economic development partnership;~~

~~(5) A comprehensive demographics report;~~

~~(6) A description of the economic development strengths of the regional economic development partnership's economic development region; and~~

~~(7) An updated business strategic plan as described in § 15-4-3405.~~

(4) A description of the prioritized activities of the regional

economic development partnership for the next twelve (12) months for which state funding under this subchapter is being requested.

/s/D. Douglas

APPROVED: 04/11/2013