

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

SENATE BILL 464

By: Senators Hester, Irvin
By: Representative Maddox

For An Act To Be Entitled

AN ACT TO AMEND THE LAW REGARDING TOURISM; TO AMEND
THE ARKANSAS TOURISM DEVELOPMENT ACT; AND FOR OTHER
PURPOSES.

Subtitle

TO AMEND THE ARKANSAS TOURISM DEVELOPMENT
ACT.

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

SECTION 1. DO NOT CODIFY. Legislative findings and intent.

(a) The General Assembly finds that:

(1) Arkansas, the Natural State, is home to some of the most beautiful natural resources in the world;

(2) Arkansas's scenic rivers, lakes, forests, mountains, caves, creeks, roadways, airstrips, and trails offer limitless opportunities for outdoor adventure;

(3) Outdoor recreation is a powerful economic engine and a gateway to improved quality of life and positive health outcomes for all Arkansans;

(4) The Bureau of Economic Analysis at the United States Department of Commerce estimated that outdoor recreation generates eight hundred sixty-two billion dollars (\$862,000,000,000) annually in economic output;

(4) In Arkansas, the outdoor economy grew by almost twenty-three percent (23%) in 2022; and



(5) It is imperative that Arkansas seize the momentum and further establish the Natural State as a leader in the outdoor economy and a destination for outdoor enthusiasts from around the world.

(b) The General Assembly intends with this act to establish the Natural State Initiative Pilot Program.

SECTION 2. Arkansas Code § 15-11-503(4), concerning the definition of "eligible company" under the Arkansas Tourism Development Act, is amended to read as follows:

(4) "Eligible company" means any corporation, limited liability company, partnership, registered limited liability partnership, sole proprietorship, business trust, or any other entity that invests:

(A) a minimum of five hundred thousand dollars (\$500,000) in a high-unemployment county or one million dollars (\$1,000,000) in any other county for the purpose of constructing, operating, or intending to operate a tourism attraction project, whether owned or leased, within the state that meets the standards promulgated by the director pursuant to § 15-11-504; or

(B) For the purpose of constructing, operating, or intending to operate a tourism attraction project, whether owned or leased, located in a Natural State Initiative Opportunity Zone that meets the standards promulgated under §§ 15-11-504 and 15-11-512:

(i) A minimum of two hundred fifty thousand dollars (\$250,000) in a high-unemployment county; or

(ii) Five hundred thousand dollars (\$500,000) in any other county;

SECTION 3. Arkansas Code § 15-11-503(13), concerning the definition of "tourism attraction" under the Arkansas Tourism Development Act, is amended to read as follows:

(13)(A) "Tourism attraction" means:

- (i) Cultural or historical sites;
- (ii) Recreational or entertainment facilities;
- (iii) Areas of natural phenomena or scenic beauty;
- (iv) Theme parks;
- (v) Amusement or entertainment parks;
- (vi) Indoor or outdoor plays or music shows;

- (vii) Botanical gardens; ~~and~~
- (viii) Cultural or educational centers; and
- (ix) Restaurants located within a Natural State

Initiative Opportunity Zone.

(B) "Tourism attraction" does not include:

- (i) Lodging facilities, unless the facilities:
 - (a) constitute ~~Constitute~~ a portion of a tourism attraction project and represent less than sixty percent (60%) of the total approved costs of the tourism attraction project or unless the tourism attraction project meets the special rules outlined in § 15-11-510; or
 - (b) Are located within a Natural State

Initiative Opportunity Zone;

(ii) Facilities that are primarily devoted to the retail sale of goods, unless the goods are created at the site of the tourism attraction project or if the sale of goods is incidental to the tourism attraction project;

(iii) Facilities that are not open to the general public;

(iv) Facilities that do not serve as a likely destination where individuals who are not residents of the state would remain overnight in commercial lodging at or near the tourism attraction project;

(v) Facilities owned by the State of Arkansas or a political subdivision of the state, unless the facility is leased by an eligible company and is located within a Natural State Initiative Opportunity Zone; or

(vi)(a) Facilities established for the purpose of conducting legalized gambling.

(b) However, a facility regulated under the Arkansas Horse Racing Law, § 23-110-101 et seq., or the Arkansas Greyhound Racing Law, § 23-111-101 et seq., shall be a tourism attraction for purposes of this subchapter for any approved tourism attraction project as outlined in subdivision (13)(A) of this section or for an approved tourism attraction project relating to pari-mutuel racing at the facility and not for establishing a casino or for offering casino-style gambling; and

SECTION 4. Arkansas Code § 15-11-503, concerning definitions under the

Arkansas Tourism Development Act, is amended to add an additional subdivision to read as follows:

(15) "Natural State Initiative Opportunity Zone" means a geographic area in this state designated by the Director of the Arkansas Economic Development Commission under § 15-11-512 where a tourism attraction may be located and receive incentive benefits under this subchapter.

SECTION 5. Arkansas Code § 15-11-504(b)(3), concerning tourism attraction project applications under the Arkansas Tourism Development Act, is amended to read as follows:

(3) Capital and other anticipated expenditures for the tourism attraction project that indicate that the total cost of the tourism attraction project shall exceed ~~five hundred thousand dollars (\$500,000) in a high-unemployment county and one million dollars (\$1,000,000) in all other counties and the anticipated sources of funding for the tourism attraction project~~ the amounts specified in § 15-11-503(4);

SECTION 6. Arkansas Code § 15-11-504(c)(2), concerning the review of data related to a tourism attraction project application under the Arkansas Tourism Development Act, is amended to read as follows:

(2) Have costs in excess of ~~five hundred thousand dollars (\$500,000) in a high-unemployment county and one million dollars (\$1,000,000) in all other counties~~ the amounts specified in § 15-11-503(4);

SECTION 7. Arkansas Code § 15-11-510, concerning special rules for certain lodging facilities under the Arkansas Tourism Development Act, is amended to add an additional subsection to read as follows:

(c) A lodging facility located within a Natural State Initiative Opportunity Zone is not subject to the requirements of subsection (a) of this section.

SECTION 8. Arkansas Code Title 15, Chapter 11, Subchapter 5, is amended to add an additional section to read as follows:

15-11-512. Natural State Initiative Pilot Program.

(a) There is created a program to be known as the "Natural State Initiative Pilot Program".

(b) The program shall be developed, implemented, and administered by the Arkansas Economic Development Commission in consultation with the Department of Parks, Heritage, and Tourism.

(c) The purpose of the program is to:

(1) Promote both Arkansas's growing outdoor recreation industry and the economic impact of outdoor infrastructure investment;

(2) Recruit new outdoor recreation businesses to Arkansas, expand existing outdoor recreation businesses, and foster entrepreneurial growth by using economic development incentives, site selection services, funding, and training resources within the Arkansas Economic Development Commission; and

(3) Implement Natural State Initiative Opportunity Zones.

(d) The Arkansas Economic Development Commission and the Department of Parks, Heritage, and Tourism shall work cooperatively to accomplish the purposes of the program.

(e)(1) The Director of the Arkansas Economic Development Commission, in consultation with the Secretary of the Department of Parks, Heritage, and Tourism, shall establish no more than four (4) Natural State Initiative Opportunity Zones.

(2)(A) The Natural State Initiative Opportunity Zones shall be located within or no more than one-eighth (1/8th) of a mile outside the boundaries of a state park, a cultural or historic site, or a cultural or educational center.

(B) In designating the location of the Natural State Initiative Opportunity Zones, the director shall take into account the need for geographic diversity in the locations of the Natural State Initiative Opportunity Zones and the potential for economic development opportunities within the proposed Natural State Initiative Opportunity Zones.

(3) The Director of the Arkansas Economic Development Commission shall establish the Natural State Initiative Opportunity Zones through the promulgation of rules in accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

APPROVED: 4/11/23