

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas *As Engrossed: H3/21/05 H3/24/05 H3/28/05*

2 85th General Assembly

A Bill

3 Regular Session, 2005

HOUSE BILL 2967

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5 By: Representative Saunders

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For An Act To Be Entitled

9 AN ACT TO ESTABLISH CRITERIA FOR THE CREATION OF
10 REDEVELOPMENT DISTRICTS BY CITIES AND COUNTIES;
11 AND FOR OTHER PURPOSES.

12

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Subtitle

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

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21 *SECTION 1. Arkansas Code § 14-168-305 is amended to read as follows:*

22 *14-168-305. Creation of district.*

23 *(a) The local governing body, upon its own initiative or upon request*
24 *of affected property owners or upon request of the city or county planning*
25 *commission, may designate the boundaries of a proposed redevelopment*
26 *district.*

27 *(b)(1) The local governing body shall hold a public hearing at which*
28 *interested parties are afforded a reasonable opportunity to express their*
29 *views on the proposed creation of a redevelopment district and its proposed*
30 *boundaries.*

31 *(2)(A) Notice of the hearing shall be published in a newspaper*
32 *of general circulation in the city or county at least fifteen (15) days prior*
33 *to the hearing.*

34 *(B) Prior to this publication, a copy of the notice shall*
35 *be sent by first-class mail to the chief executive officer of all local*
36 *governmental and taxing entities having the power to levy taxes on property*



1 located within the proposed redevelopment district and to the school board of
2 any school district which includes property located within the proposed
3 redevelopment district.

4 (c) After the publication of notice and the hearing on the proposed
5 redemption district, the local governing body shall determine if the
6 proposed redemption district is consistent with the purposes of this
7 subchapter and, when making the determination, shall take into consideration
8 the following factors:

9 (1) The timing, number, and types of new jobs to be created by
10 the proposed redemption district;

11 (2) The type of industry that the proposed redemption
12 district would promote;

13 (3) Whether the project would occur within the State of Arkansas
14 if the proposed redemption district is not created; and

15 (4) Whether the anticipated benefits in employment generated by
16 the proposed redemption district, both on a direct and indirect multiplier
17 basis, provide an adequate net benefit to the public when compared to the
18 local tax revenues and fees invested by those entities whose tax revenues are
19 affected by the proposed redemption district.

20 (d) The governing body shall not approve a proposed redemption
21 district unless the governing body:

22 (1) Certifies that there is a reasonable expectation that the
23 property taxes on the properties adjacent to the redemption district will
24 increase more than they would have without the creation of the proposed
25 redemption district;

26 (2) Determines that private improvements for the proposed
27 redemption district exceed twenty-five percent (25%) of the total value of
28 the county reappraisal of the proposed redemption district, unless the
29 proposed redemption district consists primarily of vacant or unimproved
30 lots or parcels of land in a neighborhood or commercial district that is
31 predominantly developed, excluding road, utility, and drainage costs or other
32 improvements proposed for the redemption district that are paid for with
33 public funds; and

34 (3) Determines that the boundaries of the proposed redemption
35 district are in a blighted area that includes the presence of at least one
36 (1) of the following factors:

1 (A) The total equalized assessed value of the proposed
2 redevelopment district has declined for the last two (2) county appraisal
3 cycles;

4 (B) The property in the proposed redevelopment district is
5 in an advanced state of dilapidation or neglect or is so structurally
6 deficient that major repairs are necessary to make the property functional;

7 (C) The property has structures that have been vacant for
8 more than five (5) years;

9 (D) The property has structures that are functionally
10 obsolete and cause the structures to be ill-suited for their original use; or

11 (E) Vacant or unimproved lots or parcels of land in a
12 neighborhood or commercial district that is predominantly developed which are
13 substantially impairing or arresting the growth of the city or county due to
14 obsolete platting, deterioration of structures, absence of structures or site
15 improvements, or other factors hindering growth.

16 ~~(e)~~(e) The After the requirements in this section are met, the local
17 governing body shall adopt an ordinance creating the redevelopment district
18 which:

19 (1) Describes the boundaries of a redevelopment district
20 sufficiently definite to identify with ordinary and reasonable certainty the
21 territory included in, which boundaries may create a contiguous or
22 noncontiguous district;

23 (2) Creates the redevelopment district as of a date provided in
24 it;

25 (3)(A) Assigns a name to the redevelopment district for
26 identification purposes.

27 (B) The name may include a geographic or other
28 designation, shall identify the city or county authorizing the district, and
29 shall be assigned a number, beginning with the number one (1).

30 (C) Each subsequently created district shall be assigned
31 the next consecutive number; and

32 (4) Contains findings that the real property within the
33 redevelopment district will be benefited by eliminating or preventing the
34 development or spread of slums or blighted, deteriorated, or deteriorating
35 areas, ~~or discouraging the loss of commerce, industry, or employment, or~~
36 ~~increasing employment,~~ by rehabilitating real property that is in an advanced

1 state of disrepair or neglect, or by conserving real property that is
2 obsolete, or any combination thereof.

3 ~~(d)~~(f)(1) No county shall establish a redevelopment district, any
4 portion of which is within the boundaries of a city.

5 (2) Provided, however, that one (1) or more local governments
6 through interlocal agreement may join in the creation of a district, the
7 boundaries of which lie in one (1) or more local governments.

8 ~~(e)~~(g)(1) The ordinance shall establish a special fund as a separate
9 fund into which all tax increment revenues and other revenues designated by
10 the local government for the benefit of the redevelopment district shall be
11 deposited, and from which all project costs shall be paid. However, all tax
12 revenues for the benefit of the redevelopment district shall be used to pay
13 any outstanding principal and interest due on the redevelopment project.

14 (2) Such special fund may be assigned to and held by a trustee
15 for the benefit of bondholders if tax increment financing is used, except
16 that no bond issue under this subchapter shall have a maturity date of more
17 than ten (10) years from the date of the bond issue.

18 ~~(f)~~(h)(1) The boundaries of the redevelopment district may be modified
19 from time to time by ordinance of the local government.

20 (2) Provided, however, that in the event any bonds, notes or
21 other obligations are outstanding with respect to the redevelopment district,
22 any change in the boundaries shall not reduce the amount of tax increment
23 available to secure such tax increment financing.

24 (3)(A) A redevelopment district shall become active within five
25 (5) years of its creation by:

26 (i) Issuing bonds, notes, or other indebtedness
27 obligations; or

28 (ii) Substantial completion of planned improvements.

29 (B) A redevelopment district failing to meet the
30 requirements of subdivision (h)(3)(A) of this section shall be dissolved.

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32 SECTION 2. Arkansas Code § 14-168-322 is amended to read as follows:
33 14-168-322. Impact reports.

34 (a) The local governing body shall report annually to the Assessment
35 Coordination Department the current value and incremental value of a
36 redevelopment district and the properties adjacent to the redevelopment

1 district.

2 (b) The Assessment Coordination Department, in cooperation with other
3 state agencies and local governments, shall make a comprehensive impact
4 report to the Governor and to the General Assembly at the beginning of each
5 biennium as to the economic, social, and financial effect and impact of
6 community redevelopment financing projects.

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8 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
9 General Assembly of the State of Arkansas that under current law broad
10 discretion is given to local governing bodies concerning the purposes for
11 which a redevelopment district may be created; that redevelopment districts
12 are being created that are not consistent with the purposes of Arkansas law
13 governing the creation of redevelopment districts; that local governing
14 bodies need standards in order to ascertain if proposed redevelopment plans
15 meet the purposes for which they are being created; and that this act is
16 immediately necessary because it provides local governing bodies with
17 necessary standards in order to comply with the purposes of creating
18 redevelopment districts. Therefore, an emergency is declared to exist and
19 this act being immediately necessary for the preservation of the public
20 peace, health, and safety shall become effective on:

21 (1) The date of its approval by the Governor;

22 (2) If the bill is neither approved nor vetoed by the Governor,
23 the expiration of the period of time during which the Governor may veto the
24 bill; or

25 (3) If the bill is vetoed by the Governor and the veto is
26 overridden, the date the last house overrides the veto.

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28 /s/ Saunders
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