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4

As Engrossed: H3/15/11 H3/16/11

A Bill

HOUSE BILL 1988

5 By: Representatives Pennartz, Lindsey, Westerman, Slinkard, Summers, *Leding, Jean, Barnett, Sanders*
6

For An Act To Be Entitled

8 AN ACT TO AUTHORIZE THE CREATION OF REGIONAL ECONOMIC
9 DEVELOPMENT PARTNERSHIPS; TO REGULATE REGIONAL
10 ECONOMIC DEVELOPMENT PARTNERSHIPS; TO REGULATE THE
11 FUNDING OF REGIONAL ECONOMIC DEVELOPMENT
12 PARTNERSHIPS; AND FOR OTHER PURPOSES.
13
14

Subtitle

15 TO AUTHORIZE THE CREATION OF REGIONAL
16 ECONOMIC DEVELOPMENT PARTNERSHIPS; TO
17 REGULATE REGIONAL ECONOMIC DEVELOPMENT
18 PARTNERSHIPS; AND TO REGULATE THE FUNDING
19 OF REGIONAL ECONOMIC DEVELOPMENT
20 PARTNERSHIPS.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 *SECTION 1. Arkansas Code Title 15, Chapter 4, is amended to add an*
27 *additional subchapter to read as follows:*

28 *Subchapter 34 – Regional Economic Development Partnership Act*
29

30 *15-4-3401. Title.*

31 *This subchapter shall be known and may be cited as the “Regional*
32 *Economic Development Partnership Act”.*
33

34 *15-4-3402. Legislative intent.*

35 *The General Assembly finds that:*

36 *(1) The support of regional economic development efforts is*



1 vital to the economic health and vitality of the state;

2 (2) In order to increase the income of Arkansans at a growth
3 pace greater than the national average and to compete more effectively in the
4 global marketplace for new business and jobs, the state must invest in
5 innovative economic development strategies;

6 (3) The economy of the state varies significantly, and effective
7 policies and programs must be customized to take advantage of resources and
8 strengths within a particular region;

9 (4) New economic development strategies will meet the special
10 needs and take advantage of the extraordinary assets of particular regions of
11 the state instead of relying on a single approach; and

12 (5) When economically feasible, the state should assist regional
13 public-private efforts to promote economic development by providing state
14 funds to share the cost of eligible marketing and promotional expenses
15 associated with implementing a regional strategic plan.

16
17 15-4-3403. Definitions.

18 As used in this subchapter:

19 (1) "Economic development region" means a group of
20 municipalities or counties that:

21 (A) Includes at least two (2) counties; and

22 (B) Is willing to form a regional economic development
23 partnership for the purposes of regional economic development;

24 (2) "In-kind contributions" means items given to a regional
25 economic development partnership, including without limitation donated office
26 space, equipment, staff, and other items specifically approved by the
27 commission; and

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

32
33 15-4-3404. Regional economic development partnerships – Board of
34 directors.

35 (a) A regional economic development partnership shall:

36 (1) Include an economic development region that encompasses the

1 local governments that demonstrate a willingness to form a regional economic
2 development partnership; and

3 (2) Satisfy the following requirements:

4 (A) The economic development region includes the active
5 participation of at least two (2) counties;

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

8 (C) The economic development region is of adequate size in
9 population to:

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

13 (ii) Generate adequate regional resources to provide
14 matching funds; and

15 (D) The economic development region is economically
16 integrated as determined by commuting patterns, economic base, major
17 employers, membership in a defined metropolitan statistical area, or other
18 indicators determined by the Arkansas Economic Development Commission.

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

24 (2) However, a municipality or county that adopts an ordinance
25 under subdivision (b)(1) of this section shall become a member of the
26 regional economic development partnership only upon a majority vote of the
27 members of the board of directors of the regional economic development
28 partnership.

29 (c)(1) A regional economic development partnership shall be governed
30 by a board of directors that shall operate, manage, and control the regional
31 economic development partnership in all respects.

32 (2)(A) The board of directors shall contain one (1)
33 representative from each municipality or county that is a member of the
34 regional economic development partnership.

35 (B) The governing body of each municipality or county that
36 is a member of the regional economic development partnership shall appoint

1 one (1) member of the board of directors.

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

4 (3)(A)(i) Each member of the board of directors shall serve for
5 a term of five (5) years.

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

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

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

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

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

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

20 (7) The commission may allow an existing entity that applies to
21 be a regional economic development partnership to maintain the entity's
22 existing rules regarding the membership, terms, and duties of the board of
23 directors.

24
25 15-4-3405. Application.

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

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

32 (1) At least a three-year business strategic plan that includes
33 the following:

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

36 (B) The proposed activities of the partnership; and

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

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

4 (ii) One (1) budget that assumes zero dollars
5 (\$0.00) of state funding;

6 (2) Proof of organization;

7 (3) A copy of the bylaws or articles of incorporation;

8 (4) A map of the economic development region and the population
9 served by the proposed regional economic development partnership based on the
10 latest decennial census;

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

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

17 (7)(A) Evidence of at least:

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

20 (ii) The equivalent of one and one-half (1 1/2)
21 full-time staff positions.

22 (B) The primary responsibility of the staff members
23 described in subdivision (b)(7)(A) of this section is to market and promote
24 the economic development region to site selectors and economic developers and
25 to accomplish the goals and objectives of the strategic plan required under
26 subdivision (a)(1)(A) of this section.

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

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

30 (2) The application submitted under this section includes the
31 information required under subsection (a) of this section; and

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

34 (d) Because this subchapter is intended to encourage the formation of
35 regional economic development partnerships, if an application submitted under
36 this section is denied for any reason, the commission is encouraged to:

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

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

4
5 15-4-3406. Termination.

6 (a) A board of directors of a regional economic development
7 partnership may terminate the regional economic development partnership upon
8 a majority vote of the board of directors.

9 (b) Notice of the intent to terminate a regional economic development
10 partnership shall be sent to the Arkansas Economic Development Commission at
11 least thirty (30) days before a board of directors votes on the termination
12 of a regional economic development partnership.

13 (c) Upon the termination of a regional economic development
14 partnership, the board of directors of the regional economic development
15 partnership shall promptly remit any unspent state funds to the commission.

16
17 15-4-3407. State funding.

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

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

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

24 (B) Identify the eligible expenses for which the regional
25 economic development partnership intends to use state funds under § 15-4-
26 3409.

27 (3) The commission and the regional economic development
28 partnership may enter into subsequent one-year agreements under this section
29 following the commission's review of the annual report required under § 15-4-
30 3411.

31 (b)(1) Each year the commission shall allocate funds specifically
32 appropriated by the General Assembly or the commission for regional economic
33 development.

34 (2)(A) Each regional economic development partnership shall
35 receive the portion of the available regional economic development funds that
36 accords to the regional economic development partnership's percentage of

1 population compared to the population of all approved regional economic
2 development partnerships.

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

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

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

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

15
16 15-4-3408. Matching funds.

17 (a) A regional economic development partnership shall match the state
18 funds allocated to the regional economic development partnership on the basis
19 of at least two dollars (\$2.00) of nonstate funds for every one dollar
20 (\$1.00) of state funds.

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

26 (c) Nonstate matching funds may be:

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

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

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

34
35 15-4-3409. Eligible uses of state funds.

36 (a) State funds shall be used only for marketing, advertising,

1 promoting, and other activities related to implementing the strategic plan
2 required under § 15-4-3405.

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

5 (A) Research studies;

6 (B) Purchase of demographic data;

7 (C) Promotion through computer databases;

8 (D) Direct mail to targeted economic development

9 audiences;

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

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

18 (G) Mass media advertising costs;

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

22 (I) Design and on-going maintenance of a regional economic
23 development website and geographic information system; and

24 (J) Site tours for consultants, recruits, and prospects
25 visiting the region, including without limitation transportation, lodging,
26 meals, entertainment, and other related hosting expenses.

27 (2) Upon approval by the commission, up to twenty-five percent
28 (25%) of state funds may be used to pay for administrative costs identified
29 in § 15-4-3410 as ineligible uses of state funds.

30
31 15-4-3410. Ineligible uses of state funds.

32 (a) Except as provided in § 15-4-3409, state funds shall not be used
33 for administrative costs.

34 (b) Ineligible uses of state funds include without limitation payment
35 for the following expenses:

36 (1) Administrative salaries, benefits, general administrative

1 costs, and salaries and benefits related to economic development;

2 (2) Overhead expenses, including without limitation postage,
3 shipping, rent, subscriptions, equipment, furniture, fixtures, telephone, and
4 utilities;

5 (3) Travel and conference expenses within the state;

6 (4) Local promotions or sponsorships;

7 (5) Stationery, paper, pens, and general office supplies;

8 (6) Construction and infrastructure costs;

9 (7) Membership dues;

10 (8) Alcoholic beverages; and

11 (9) Gratuity on meals, including meals related to activities
12 described in § 15-4-3409.

13
14 15-4-3411. Annual reports.

15 (a)(1) A regional economic development partnership that receives state
16 funding shall submit an annual report to the Arkansas Economic Development
17 Commission.

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

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

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

26 (2) A detailed financial report;

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

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

31 (5) A comprehensive demographics report;

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

34 (7) An updated business strategic plan as described in § 15-4-
35 3405.

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1 15-4-3412. Administration - Rules.

2 The Arkansas Economic Development Commission shall administer this
3 subchapter and may adopt any rules necessary to implement this subchapter.

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5 /s/Pennartz

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8 **APPROVED: 03/31/2011**

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