

1 State of Arkansas  
2 88th General Assembly  
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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.  
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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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23

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.

36

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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