

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  
2 84th General Assembly  
3 Regular Session, 2003

# A Bill

HOUSE BILL 2360

4  
5 By: Representatives Ledbetter, Clemons, Eason, Judy, J. Johnson, Napper, Pickett  
6 By: Senators J. Jeffress, Steele, Wilkinson

## For An Act To Be Entitled

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10 THE ECONOMIC DEVELOPMENT AND PUBLIC  
11 ACCOUNTABILITY ACT; AND FOR OTHER PURPOSES.

### Subtitle

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14 THE ECONOMIC DEVELOPMENT AND PUBLIC  
15 ACCOUNTABILITY ACT.

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

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20 SECTION 1. The General Assembly finds:

21 (1) That knowledge of the state's economy plays a central role in the  
22 legislative process;

23 (2) That the members of the General Assembly, in order to effectively  
24 represent the people of Arkansas , require a comprehensive understanding of  
25 the present state of the state's economy and the potential for economic  
26 growth;

27 (3) That the members of the General Assembly, in order to effectively  
28 represent the people of Arkansas, require a comprehensive understanding of  
29 the economic position of this state in relation to our neighbor states; and

30 (4) That the members of the General Assembly receive regular,  
31 comprehensive reports on the effectiveness of the state's economic  
32 development incentives and programs in order to better facilitate the state's  
33 economic development efforts and to make more effective budgetary decisions  
34 about how to use the people's tax dollars.

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36 SECTION 2. Arkansas Code § 15-4-219 is amended to read as follows:



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1 15-4-219. Annual report.

2 (a)(1) Beginning with the May ~~2002~~ 2003 meeting of the Legislative  
3 Council, and annually thereafter, the Director of the Department of Economic  
4 Development shall present a report on the Department of Economic  
5 Development's work during the previous calendar year.

6 (2) The department shall contract with an outside entity, to be  
7 approved by the Legislative Council, to prepare the report.

8 (b) The report shall cover in these areas of concern:

9 (1) An accounting of:

10 (A) All projects completed the previous calendar year and  
11 all projects that have been granted an incentive or have received an  
12 incentive during the previous three (3) calendar years, including:

13 (i)(a) The number of jobs created by each project  
14 and average hourly wages ~~or annual salaries~~ for each project.

15 (b) The number of jobs created by each project  
16 shall be broken down by full time, part time, and temporary positions, and  
17 further broken down by wage groups as follows:

18 (1) Six dollars (\$6.00) or less per hour  
19 and the total taxable wages, salaries, and fringe benefits paid to employees  
20 at this rate;

21 (2) Six dollars and one cent (\$6.01) to  
22 eight dollars (\$8.00) per hour and the total taxable wages, salaries, and  
23 fringe benefits paid to employees at this rate;

24 (3) Eight dollars and one cent (\$8.01)  
25 to ten dollars (\$10.00) per hour and the total taxable wages, salaries, and  
26 fringe benefits paid to employees at this rate;

27 (4) Ten dollars and one cent (\$10.01) to  
28 twelve dollars (\$12.00) per hour and the total taxable wages, salaries, and  
29 fringe benefits paid to employees at this rate;

30 (5) Twelve dollars and one cent (\$12.01)  
31 to fourteen dollars (\$14.00) per hour; and

32 (6) Fourteen dollars and one cent  
33 (\$14.01) or more per hour and the total taxable wages, salaries, and fringe  
34 benefits paid to employees at this rate;

35 (ii) The location of each project; ~~and~~

36 (iii) What elements of our incentive packages were

1 used;

2 (iv) The dates and amounts of any incentives  
3 received by each project during each of the prior three (3) calendar years;

4 (v) The type of and amount of health care coverage  
5 provided to employees at the project site, including any costs borne by the  
6 employees;

7 (vi) A comparison of the total employment and annual  
8 payroll in the state by the project’s recipient corporation on the date the  
9 incentive was granted and the end date of the calendar year before the filing  
10 of the department’s annual report; and

11 (vii) A comparison of the total employment and  
12 annual payroll in the state by the recipient corporation’s parent on the date  
13 the incentive was granted and the end date of the calendar year before the  
14 filing of the department’s annual report.

15 (B)(i)The estimate of the benefits in the report shall  
16 include the increase in Arkansas sales and income tax collections resulting  
17 from the expansion in jobs and payrolls in Arkansas for each business  
18 receiving any reduction in Arkansas tax liability under the Arkansas Economic  
19 Development Incentive Fund.

20 (ii) The estimates of the costs in the report shall  
21 be the total reduction in tax liabilities under the Arkansas Economic  
22 Development Incentive Fund.

23 (iii) The report shall include an estimate of the  
24 benefit-cost ratio of each business receiving any reduction in tax  
25 liabilities under the Arkansas Economic Development Incentive Fund.

26 (iv) The report shall clearly state whether or not  
27 the benefit-cost ratio is less than, equal to, or greater than one (1) for  
28 each business receiving any reduction in tax liabilities under the Arkansas  
29 Economic Development Incentive Fund.

30 (v) The report shall not contain any reference to  
31 the exact dollar amount of the benefits and costs for any business receiving  
32 any reduction in tax liabilities under the Arkansas Economic Development  
33 Incentive Fund.

34 (vi) The consultant retained by the Department of  
35 Economic Development shall enter into a confidentially agreement with the  
36 department and each business for which the benefits and costs are calculated.

1                   (vii) The department shall pay the reasonable and  
2 customary professional fee charged by the consultant.

3                   ~~(B)~~(C) Beginning with the May 2003 meeting of the  
4 Legislative Council, and annually thereafter, the Director of the Department  
5 of Economic Development shall present a report on the Department of Economic  
6 Development’s work during the previous calendar year, including an accounting  
7 of ~~All~~ all projects offered but not opened, including:

8                                 (i) An assessment of the reasons why offered  
9 projects failed to open; and

10                                (ii) Proposals the General Assembly should consider  
11 that would have assisted the department in its negotiations;

12                   ~~(C)~~(D) All factories and plants closed, including:

13                                 (i) The number of jobs lost and the total taxable  
14 wages, salaries, and fringe benefits not paid;

15                                 (ii) The location of each factory or plant closed;  
16 ~~and~~

17                                 (iii) An assessment of the reasons for each factory  
18 or plant closing; and

19                                 (iv) The elements and amounts of any state economic  
20 development incentives received by the recipient corporation or its parent  
21 during the past five (5) years; and

22                   ~~(D)~~(E) The department’s strategies and recommendations for  
23 the coming year, including:

24                                 (i) An assessment of the relative risk of loss of  
25 factories, plants, and jobs in the state; and

26                                 (ii) Plans for:

27   (a) Preventing future closings of factories  
28 and plants;

29   (b) Preventing future losses of jobs;

30   (c) Increasing the number of economic  
31 development proposals within the state;

32   (d) Drawing an increasing number of economic  
33 development proposals into the state; and

34   (e) Creating new incentives for economic  
35 development proposals; and

36                                 (2) The director’s assessment of the department’s performance,

1 including a comparison to:

2 (A) The department’s performance over the past two (2)  
3 years;

4 (B) The department’s own projections; and

5 (C) Economic development in neighboring states.

6 (c)(1) All recipient corporations, corporate parents, and state  
7 government agencies shall provide the department with all the information and  
8 data required under this section; and

9 (2)(A) Each project in the annual report shall be assigned a  
10 unique numeric identifier.

11 (B) The numeric identifier assigned to each project shall  
12 be the same in all subsequent years the project appears in the annual report.

13 (d) For purposes of this section:

14 (1) “Corporate parent” means any person, association, corporation,  
15 joint venture, partnership, or other entity that owns or controls fifty  
16 percent (50%) or more of a recipient corporation;

17 (2) “Department” means the Department of Economic Development;

18 (3) “Incentive ” means any expenditure of state public funds with at  
19 least a value of five thousand dollars (\$5,000) for the purpose of  
20 stimulating economic development within the state, including but not limited  
21 to:

22 (A) Bonds;

23 (B) Grants;

24 (C) Loans;

25 (D) Loan guarantees;

26 (E) Subsidies;

27 (F) Enterprise zones;

28 (G) Empowerment zones;

29 (H) Tax increment financing;

30 (I) Fee waivers;

31 (J) Land price subsidies;

32 (K) Matching funds;

33 (L) Tax abatements;

34 (M) Tax exemptions; and

35 (N) Tax credits; and

36 (4) “Recipient corporation” means any person, association,

1 corporation, joint venture, partnership, or other entity that receives an  
2 incentive.

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4 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
5 General Assembly of the State of Arkansas that the fiscal year begins July 1,  
6 that the people and the members of the General Assembly, in order to  
7 effectively represent the people, must receive the initial reports under this  
8 act before the fiscal year begins to ensure that effective budgetary  
9 decisions are made throughout the biennium; and that this act is immediately  
10 necessary. Therefore, an emergency is declared to exist and this act being  
11 immediately necessary for the preservation of the public peace, health, and  
12 safety shall become effective on:

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

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

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

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