State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill
SENATE BILL 538

By: Senator Maloch
By: Representative Holcomb

For An Act To Be Entitled
AN ACT TO AMEND THE LAW CONCERNING ECONOMIC
DEVELOPMENT TAXES AND PUBLIC CORPORATIONS FOR
ECONOMIC DEVELOPMENT; TO IMPLEMENT ARKANSAS
CONSTITUTION, AMENDMENT 97; TO AMEND THE PROVISIONS
CONCERNING ECONOMIC DEVELOPMENT TAXES TO PROVIDE FOR
USES OF ECONOMIC DEVELOPMENT TAXES; TO AMEND THE
PUBLIC CORPORATIONS FOR ECONOMIC DEVELOPMENT ACT TO
PROVIDE FOR THE USE OF ECONOMIC DEVELOPMENT TAXES; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle
TO IMPLEMENT ARKANSAS CONSTITUTION,
AMENDMENT 97; TO AMEND THE LAW CONCERNING
ECONOMIC DEVELOPMENT TAXES AND PUBLIC
CORPORATIONS FOR ECONOMIC DEVELOPMENT;
AND TO DECLARE AN EMERGENCY.

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 economic development would be
enhanced if tax funds authorized under § 14-174-103 were permitted to be used
for the full extent of the economic development purposes authorized under
Arkansas Constitution, Amendment 62, and Arkansas Constitution, Amendment 97.
(b) The General Assembly intends for this act to permit economic
development tax funds to be used for the purposes authorized under Arkansas
Constitution, Amendment 62, and Arkansas Constitution, Amendment 97.

SECTION 2. Arkansas Code § 14-174-105 is amended to read as follows:

14-174-105. Disposition of funds.

(a) As used in this section:

(1) "Economic development project" means the land, buildings, furnishings, equipment, facilities, infrastructure, and improvements that are required or suitable for the development, retention, or expansion of:

(A) Manufacturing, production, and industrial facilities;

(B) Research, technology, and development facilities;

(C) Recycling facilities;

(D) Distribution centers;

(E) Call centers;

(F) Warehouse facilities;

(G) Job training facilities; and

(H) Regional or national corporate headquarters facilities;

(2) "Economic development service" means:

(A) Planning, marketing, and strategic advice and counsel regarding job recruitment, job development, job retention, and job expansion;

(B) Supervision and operation of industrial parks or other such properties; and

(C) Negotiation of contracts for the sale or lease of industrial parks or other such properties; and

(3) "Infrastructure" means:

(A) Land acquisition;

(B) Site preparation;

(C) Road and highway improvements;

(D) Rail spur, railroad, and railport construction;

(E) Water service;

(F) Wastewater treatment;

(G) Employee training, which may include equipment for such purpose; and

(H) Environmental mitigation or reclamation.

(b) The taxes levied pursuant to under this subchapter may be utilized for:
(1) For construction, reconstruction, demolition, site development, contracts, and related costs associated with the creation, expansion, and rehabilitation of water or sewer systems, streets and roads, bridges, drainage, and other vital public facilities; or the establishment and operation of

(2) To establish and operate local economic development programs;

(3) To obtain or appropriate money for a corporation, association, institution, or individual to:

(A) Finance an economic development project; or

(B) Provide economic development services; and

(4) As a pledge to secure the issuance of bonds under the Local Government Bond Act of 1985, § 14-164-301 et seq., by a municipality, a county, or a corporation organized under the Public Corporations for Economic Development Act, § 14-175-101 et seq.

SECTION 3. Arkansas Code § 14-174-109(b), concerning public corporations for economic development, is amended to read as follows:

(b)(1) On receipt from the Director of the Department of Finance and Administration of the net proceeds of the sales and use tax levied or authorized under this subchapter, the local government shall deliver all of the proceeds to the corporation to use in carrying out its functions.

(2) However, if the sales and use taxes levied under this subchapter are pledged to secure the issuance of bonds by a corporation under § 14-174-105(b)(4), upon approval by resolution of the corporation, the local government shall hold the proceeds separate and apart in trust, as directed by the corporation.

SECTION 4. Arkansas Code § 14-175-111(b)(7), concerning the powers of a public corporation for economic development, is amended to read as follows:

(7) To contract with private enterprises to carry out industrial development programs or objectives or to carry out or assist with the development or operation of an economic development program project or economic development services, as defined under § 14-174-105, or objectives consistent with the purposes and duties of the corporation, upon such the terms and conditions as the board may deem of the corporation deems
advisable and not in conflict with the provisions of this chapter;

SECTION 5. Arkansas Code § 14-175-112(b), concerning economic
development taxes under the Public Corporations for Economic Development Act,
is amended to read as follows:

(b) No tax proceeds received by a corporation under § 14-174-101 et seq. may be used for a project for the direct benefit of a specific individual or individuals or nongovernmental enterprise or enterprises unless the primary purpose of the project is to finance facilities for the securing and developing of industry an economic development project or provide an economic development service within or near the local government that levies the tax, as provided under § 14-174-105.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
General Assembly of the State of Arkansas that the state has been disadvantaged by its inability to effectively compete for economic development projects and economic development services; that attracting and developing economic development projects and economic development services would significantly benefit the economic development of the state by providing increased payrolls, job opportunities, and tax income; that the citizens of the state recognized the missed opportunities caused by this competitive disadvantage by overwhelmingly approving Arkansas Constitution, Amendment 97; and that this act is immediately necessary to effectuate the will of the citizens of Arkansas and to position the state to act expeditiously in securing economic development projects and economic development services. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

APPROVED: 03/27/2017