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Military Affairs Grant Program **Mark up** Rules

I. Introduction

Overview

Act 522 of 2021 created the Arkansas Military Affairs Council Act. The Act codified the existing Military Affairs Grant Program administered by the Arkansas Economic Development Commission. ~~As a key component of Governor Asa Hutchinson's 2015 Military Affairs Initiative, to grow, support, and promote the state's military missions, installations and related economic development interests, inaugural funding was appropriated to the Arkansas Economic Development Commission (AEDC) in 2016 to establish the Military Affairs Grant Program (MAGP).~~

Funds allocated to the MAGP may be granted, at the discretion of the AEDC Executive Director ~~(Executive Director)~~, to applicants meeting eligibility requirements for projects and programs that strengthen and sustain military installations in Arkansas, resulting in economic growth in host communities, surrounding regions, and the State of Arkansas. As such, grants are intended to leverage, not supplant, other funding sources.

~~Pursuant to authority granted under § 15-4-209(a)(1) and § 15-4-209(b)(5), AEDC has established these rules governing administration of the MAGP.~~

Program Rule Summary

1. AEDC will periodically solicit MAGP applications as funding becomes available.
2. Eligible applicants shall submit completed applications, on forms prescribed by AEDC and in accordance with submittal deadlines, to request grant funding from the MAGP.
3. The AEDC Military Affairs Director ~~(Director)~~, with advice from the Governor's Military Affairs ~~Steering Committee~~ Council ~~(Committee)~~, shall review and recommend applications for grant funding to the Executive Director.
4. Applicants receiving approval from the Executive Director shall execute grant agreements with AEDC specifying grant terms and conditions.
5. Grant funding shall be made available to grantees on a cost incurred basis, subsequent to submittal of requests for payment on forms prescribed by AEDC.
6. Grantees shall submit quarterly progress reports throughout the duration of the grant project in accordance with grant terms and conditions.
7. A contingency of up to ten percent (10%) of the grant award may be withheld from final payment until all closeout documents have been submitted and have been approved by AEDC.

Contact Information

For more information, please contact:
Arkansas Economic Development Commission
Military Affairs Director
One Commerce Way ~~900 West Capitol~~
Little Rock, AR 72201~~2~~
(501)682-~~5196~~1121

~~II.~~ **Rulemaking Authority**

~~The AEDC has authority, at § 15-4-209(b)(5), to promulgate rules necessary to administer the MAGP.~~

~~III.~~ **Definitions**

1. "AEDC" means the Arkansas Economic Development Commission;
2. "City" means any city of the first class, city of the second class, or any incorporated town in this state;
3. "~~Committee~~Council" means the ~~Governor's appointed~~ Arkansas Military Affairs ~~Steering Committee~~ Council appointed by the Governor pursuant to 15-4-3904;
4. "County" means any county in this state;
- 4.5. "Director" shall mean the Military Affairs Director of the Military Affairs Division of AEDC.
- 5.6. "Economic development organization" means ~~an a-business entity; organization registered in good standing with the Secretary of State's Office whose major objectives are to promote community and economic development in a geographic area within the State of Arkansas;~~
 - A. In good standing with the Secretary of State; and
 - A.B. Formed to promote community and economic development in a geographic area in Arkansas.
- 6.7. "Eligible applicant" means a:
 - A. City;
 - B. County;
 - C. Economic development organization;
 - D. Military Community Council;
 - E. Military installation; and

F. State agency;

~~F.8.~~ “Executive Director” shall mean the Executive Director of AEDC.

~~7.9.~~ “Ineligible costs” means:

- A. Obligations incurred prior to the eligibility date for incurring project costs as specified in the grant agreement;
- B. Expenditures for routine repair, maintenance, and operation;
- C. Expenditures that are unsupported by documentation;
- D. Project administration costs, including salaries and benefits for grantee personnel, in excess of ten percent (10%) of the grant award;
- E. Lobbying expenditures;
- F. Purchases of alcohol;
- G. Entertainment expenses, including meals and activity fees;
- H. Travel not directly related to the project; and
- I. Purchases of material and services that result in benefits accruing to areas outside the State of Arkansas;

~~8.10.~~ “MAGP” means the Military Affairs Grant Program as administered by the Military Affairs Division of AEDC~~Arkansas Economic Development Commission;~~

~~9.11.~~ “Military Community Council” means a business entity: an organization registered in good standing with the Arkansas Secretary of State’s Office whose major objectives are to promote cooperation between military and civilian components of its designated geographic area by providing required infrastructure, safe and secure communities, support services, and a high quality of life through the adoption and implementation of matters of joint interest. Proof of documentation of Military Community Councils shall consist of:

- A. ~~Proof of legal organization as a business entity in~~ In good standing with the Arkansas Secretary of State’s Office;
- B. ~~A copy of the council’s current bylaws or governing documents approved by the council’s governing board~~ Formed to promote cooperation between military and civilian components of a designated geographic area within Arkansas through the adoption and implementation of matters of joint interest to a military installation and the surrounding community by establishing and maintaining:
 - (i) Necessary infrastructure;
 - (ii) Safe and secure communities; and
 - (iii) Support services.
- C. ~~A map of the geographic region covered by the council;~~
- D. ~~The identity of each public organization and private organization comprising the council and the role each organization will undertake in the project; and~~
- E. ~~A list of the current members of the council’s board of directors;~~

~~10.12.~~ “Military installation” means:

- A. Facilities located in Arkansas under the jurisdiction of the United States Department of Defense or the Arkansas ~~State Military~~ Department of the Military, including a:
 - (i) Base;
 - (ii) Camp;
 - (iii) Post;
 - (iv) Station;
 - (v) Yard;
 - (vi) Center; and
 - (vii) Homeport facility for any ship.
- B. "Military installation" does not include any facility used primarily for:
 - (i) National guard armories;
 - (ii) Civil works;
 - (iii) Rivers and harbors projects; and
 - (iv) Flood control projects.

IV.III. Eligibility

Applicants

To be eligible to receive MAGP funding, an applicant shall:

1. Meet program objectives stated in these rules;
2. Meet the definition of "eligible applicant";
3. For projects within the legal boundaries of military installations, provide written support for the project by the commander of the military installation to which benefits will accrue; and
4. Submit a completed application, ~~under forms and guidelines provided by AEDC to the Director~~ on the forms developed for such purpose by the Military Affairs Division, including any required attachments and supplemental information specified on the forms.

Eligible Costs

~~The~~ AEDC will review all expenditure requests prior to payment to ensure that costs are consistent with the terms and conditions of the grant agreement and are not "ineligible costs" as defined by these rules. ~~The~~ AEDC ~~reserves the right to~~ will disallow all ineligible costs ~~and, it is the intention of AEDC to~~ will only fund ~~only~~ expenditures directly related to projects.

V.IV. Application Process, Review, and Approval

Application Process ~~Submittal~~

AEDC will periodically solicit MAGP applications as funding becomes available. To request funds under the MAGP, eligible applicants shall, utilizing forms prescribed by AEDC, submit a completed, signed application with all supporting documentation to the Director by the specified submittal due date. Applications shall include:

1. A project title;
2. Applicant contact information;
3. Organizational information;
4. Sources of all funds, including prior MAGP awards, for this project;
5. Previous MAGP awards not included in item #4 above;
6. Proposal information;
7. The amount of funding requested; and
8. Start and completion dates of the project.

Application Review and Approval

No grant offer shall be made by the Executive Director to an applicant until the applicant has completed the following review and approval process.

1. The Director shall conduct a preliminary review of each application to confirm that it:
 - A. Was received on or before the due date specified in the application solicitation;
 - B. Was submitted by an eligible applicant;
 - C. Meets the objectives of the program;
 - D. Identifies clearly defined, measurable outcomes;
 - E. Includes a letter of support from the installation commander if the project is located within the legal boundaries of the military installation; and
 - F. Is complete, including all required appendices and attachments.
2. All applications meeting preliminary review requirements, as determined by the Director, will be forwarded to the [Military Affairs - Committee Council](#) at least fifteen (15) days prior to the next scheduled ~~Committee~~ [Council](#) meeting.
3. The ~~Committee~~ [Council](#) shall:
 - A. Review each application in accordance with the MAGP Funding Recommendation Worksheet; and
 - B. Forward completed MAGP Funding Recommendation Worksheets to the Director.
4. The Director shall review each application in accordance with AEDC scoring criteria and funding recommendations provided by the Committee.
5. Upon completion of reviews, the Director will provide funding recommendations to the Executive Director.
6. The Executive Director, after reviewing the Director's recommendations, will specify which applicants may receive grants.
 - A. Unsuccessful applicants will be notified in writing by the Director.

- B. Approved applicants will be required to execute a grant agreement with AEDC outlining the amount, terms, and conditions of the grant.

VI.V. Grant Agreements

1. All MAGP grants shall be awarded at the discretion of the Executive Director. Grant agreements shall specify:
 - A. The eligibility date for incurring ~~project~~ costs for the project or program;
 - B. Projected completion ~~The date of by which the~~ portion of the project or program funded by the grant ~~grantee shall complete the MAGP-funded portion of the project~~;
 - C. Terms and conditions of the grant agreement;
 - D. The amount of approved costs, ~~determined through negotiations with the Director and applicant~~; and
 - E. The process by which grant funds shall be disbursed to the grantee.
2. The amount of the grant shall be discretionary and may be for amounts less than requested, subject to funding availability, and Executive Director's discretion.
3. Grants may be funded from any source of funds appropriated and allocated to the MAGP.
4. Grants will be executed according to the following process:
 - A. Two original copies of the grant agreement will be prepared by the Director and forwarded to the grantee for signature and return.
 - B. Upon receipt of the signed grant agreements from the grantee, the Director will prepare an approval letter and forward the grant agreement and the approval letter to the Executive Director for signature.
 - C. One original copy of the grant agreement will be forwarded to the grantee with the approval letter.

VI.VI. Grant Disbursement

1. Expenditures incurred before the eligibility date for incurring projects costs specified in the grant agreement are ineligible.
2. A contingency of up to ten percent (10%) of the grant award may be withheld from final payment until all closeout documents have been submitted and have been approved by AEDC.

VII.VII. Reporting

Grantees shall submit quarterly progress reports throughout the duration of the grant agreement in accordance with terms specified in the grant agreement. Failure to submit reports in a timely manner may delay disbursement of grant funds.

The Director shall submit quarterly reports to the Council for discussion ~~Quarterly reports shall be made available for discussion by the Committee and Director at~~ Council meetings.

VIII. Rulemaking Authority

AEDC has authority, at §15-4-3910, to promulgate rules necessary to administer the Military Affairs Grant Program

1 State of Arkansas *As Engrossed: S2/24/21 S3/1/21*

2 93rd General Assembly

A Bill

3 Regular Session, 2021

SENATE BILL 163

4

5 By: Senator J. English

6 By: Representative M. Berry

7

8

For An Act To Be Entitled

9

AN ACT TO CREATE THE ARKANSAS MILITARY AFFAIRS

10

COUNCIL ACT; TO ESTABLISH THE MILITARY AFFAIRS GRANT

11

PROGRAM; TO DECLARE AN EMERGENCY; AND FOR OTHER

12

PURPOSES.

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14

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Subtitle

16

TO CREATE THE ARKANSAS MILITARY AFFAIRS

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COUNCIL ACT; TO ESTABLISH THE MILITARY

18

AFFAIRS GRANT PROGRAM; AND TO DECLARE AN

19

EMERGENCY.

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

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SECTION 1. Arkansas Code § 15-4-209(a), concerning the functions,

25

powers, and duties of the Arkansas Economic Development Commission, is

26

amended to add an additional subdivision to read as follows:

27

(21) Promote and support military installations for state and

28

local economic development.

29

30

SECTION 2. Arkansas Code Title 15, Chapter 4, is amended to add an

31

additional subchapter to read as follows:

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Subchapter 39 – Arkansas Military Affairs Council Act

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34

15-4-3901. Title.

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This subchapter shall be known and may be cited as the "Arkansas

36

Military Affairs Council Act".



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15-4-3902. Legislative intent.

The General Assembly finds that:

(1) The State of Arkansas has a long and distinguished history of hosting military installations vital to the defense of the United States;

(2) This state is currently home to the following five (5) military installations:

(A) Little Rock Air Force Base in Jacksonville, Arkansas;

(B) Pine Bluff Arsenal in Pine Bluff, Arkansas;

(C) Camp Joseph T. Robinson in North Little Rock, Arkansas;

(D) Ebbing Air National Guard Base in Fort Smith, Arkansas; and

(E) Fort Chaffee Joint Maneuver Training Center in Fort Chaffee, Arkansas;

(3) Military installations are a major employer and contribute to state and local economic development;

(4) The closure or reduction in operation of any military installation would have a detrimental impact on the economy of our state; and

(5) State and local support for a military installation is a significant consideration of the United States Government in making decisions to realign or close a military installation.

15-4-3903. Definitions.

As used in this subchapter:

(1) "City" means a city of the first class, a city of the second class, or an incorporated town in this state;

(2) "Economic development organization" means a business entity:

(A) In good standing with the Secretary of State; and

(B) Formed to promote community development and economic development in a geographic area within this state;

(3) "Eligible applicant" means:

(A) A city;

(B) A county;

(C) An economic development organization;

(D) A military community council;

1 (E) A military installation; or

2 (F) A state agency;

3 (4) "Military community council" means a business entity:

4 (A) In good standing with the Secretary of State; and

5 (B) Formed to promote cooperation between military and
6 civilian components of a designated geographic area within this state through
7 the adoption and implementation of matters of joint interest to a military
8 installation and the surrounding community by establishing and maintaining:

9 (i) Necessary infrastructure;

10 (ii) Safe and secure communities; and

11 (iii) Support services; and

12 (5)(A) "Military installation" means a facility located in this
13 state that is under the jurisdiction of the United States Department of
14 Defense or the Department of the Military, including without limitation a:

15 (i) Base;

16 (ii) Camp;

17 (iii) Post;

18 (iv) Station;

19 (v) Yard;

20 (vi) Center; or

21 (vii) Homeport facility for any ship.

22 (B) "Military installation" does not include a facility
23 used primarily for:

24 (i) National guard armories;

25 (ii) Civil works;

26 (iii) Rivers and harbors projects; or

27 (iv) Flood control projects.

28
29 15-4-3904. Arkansas Military Affairs Council – Creation – Members.

30 (a) There is established the Arkansas Military Affairs Council.

31 (b) The purpose of the council is to advise and assist the Director of
32 the Arkansas Economic Development Commission in the performance of his or her
33 duties under this subchapter.

34 (c)(1) The Arkansas Military Affairs Council shall consist of twelve
35 (12) members appointed at the discretion of the Governor.

36 (2) Members of the council shall consist of:

1 (A) Residents of communities near a military installation,
2 including without limitation the following military installations:

3 (i) Little Rock Air Force Base in Jacksonville,
4 Arkansas;

5 (ii) Pine Bluff Arsenal in Pine Bluff,
6 Arkansas;

7 (iii) Camp Joseph T. Robinson in North Little Rock,
8 Arkansas;

9 (iv) Fort Chaffee Joint Maneuver Training Center in
10 Fort Chaffee, Arkansas; and

11 (v) Ebbing Air National Guard Base in Fort Smith,
12 Arkansas;

13 (B) Representatives of aerospace and defense companies
14 located within the State of Arkansas; and

15 (C) The Secretary of the Department of the Military
16 or his or her designee as an ex officio non-voting member.

17 (3) Members of the council shall serve for five-year terms.

18 (d) The council shall select by majority vote:

19 (1) One (1) member of the council to serve as chair; and

20 (2) One (1) member of the council to serve as vice chair.

21 (e)(1) Members of the council shall serve without compensation.

22 (2) However, if funds are appropriated for expense
23 reimbursement, the members of the council may receive expense reimbursement
24 in accordance with § 25-16-902.

25
26 15-4-3905. Military Affairs Division – Military Affairs Director –
27 Creation.

28 (a) There is created the Military Affairs Division within the Arkansas
29 Economic Development Commission to be the instrumentality of this state to
30 promote and support military installations in the State of Arkansas.

31 (b)(1) There is created the Military Affairs Director to head the
32 Military Affairs Division.

33 (2) The Director of the Arkansas Economic Development Commission
34 shall hire a qualified applicant to serve as the Military Affairs Director.

35 (c) All state agencies may provide the Director of the Arkansas
36 Economic Development Commission with assistance in advancing the purpose of

1 the division by ensuring that the activities of the division are coordinated
2 with the activities of other state agencies to achieve the purposes of this
3 subchapter.

4
5 15-4-3906. Powers, functions, and duties.

6 The Director of the Arkansas Economic Development Commission, the
7 Military Affairs Director, and the Military Affairs Division, with the advice
8 and assistance of the Arkansas Military Affairs Council and in coordination
9 with the Secretary of the Department of the Military, have the following
10 powers, functions, and duties:

11 (1) To collect and distribute comprehensive information relating
12 to the mission capability and economic impact of a military installation to:

13 (A) A federal or state agency;

14 (B) A city;

15 (C) A county;

16 (D) A military community council;

17 (E) An economic development organization;

18 (F) An individual; or

19 (G) A corporation;

20 (2) To advise and assist, in coordination with the secretary, a
21 local government, a military community council, or an economic development
22 organization in:

23 (A) Advocating for the needs of:

24 (i) A military installation;

25 (ii) Military personnel; and

26 (iii) Military families; and

27 (B) Providing timely and effective responses to an inquiry
28 from a federal agency concerning a military installation, in coordination
29 with the secretary when an Arkansas National Guard military installation is
30 impacted, and its host community;

31 (3) To safeguard state and local economic development interests
32 relating to:

33 (A) A military installation;

34 (B) Military personnel; and

35 (C) Military families;

36 (4) To advise the Governor:

1 (A) Of the steps to take to:

2 (i) Help safeguard and strengthen the mission
3 capability of a military installation; and

4 (ii) Position this state as a priority state in the
5 national defense plan; and

6 (B) On the problems and needs of military families in the
7 State of Arkansas and to develop appropriate policies at a state level to
8 mitigate those needs; and

9 (5) To develop programs and resources to assist military
10 personnel and their families upon exiting military service so that they may
11 continue to work and live in this state.

12
13 15-4-3907. Military Affairs Grant Program.

14 The Military Affairs Grant Program is established to provide grants for
15 projects or programs that:

16 (1) Support and sustain military installations and military
17 families in Arkansas; or

18 (2) Result in economic growth to:

19 (A) The community hosting a military installation;

20 (B) The region surrounding a military installation; and

21 (C) This state.

22
23 15-4-3908. Grant application process, review, and approval.

24 (a)(1) An eligible applicant may submit an application to receive a
25 grant provided under the Military Affairs Grant Program to the Arkansas
26 Economic Development Commission.

27 (2) The commission shall:

28 (A) Solicit grant applications as funding becomes
29 available; and

30 (B) Assign the Governor's Military Affairs Steering
31 Committee to assist the Military Affairs Director in evaluating grant
32 applications.

33 (3) The Director of the Arkansas Economic Development Commission
34 shall award a grant for a project or program submitted based on the:

35 (A) Criteria established in the Military Affairs Grant
36 Program Funding Recommendation Worksheet created by the Military Affairs

1 Division; and

2 (B) Grant recommendations of the Military Affairs Director
3 and the committee.

4 (b) An eligible applicant applying for a grant under this section
5 shall submit an application on a form prescribed by the commission that
6 includes without limitation:

7 (1) The title of the project or program;

8 (2) The eligible applicant's contact information;

9 (3) The organizational information of the eligible applicant;

10 (4) The sources of all funds that will be used for the project
11 or program, including prior Military Affairs Grant Program awards;

12 (5) All prior Military Affairs Grant Program awards received by
13 the eligible applicant;

14 (6) The project or program proposal information;

15 (7) The amount of funding requested; and

16 (8) The start and completion dates of the project or program.

17 (c) The Military Affairs Director shall:

18 (1) Conduct a preliminary review of each grant application to
19 confirm that the grant application:

20 (A) Was received on or before the due date specified in
21 the grant application solicitation;

22 (B) Was submitted by an eligible applicant;

23 (C) Meets the objectives of the Military Affairs Grant
24 Program;

25 (D) Identifies clearly defined and measurable outcomes
26 relating to the objectives of the Military Affairs Grant Program;

27 (E) Includes a letter of support from the military
28 installation commander if the project or program is located within the legal
29 boundaries of a military installation; and

30 (F) Is complete, including without limitation all required
31 appendices and attachments; and

32 (2) Forward the grant application to the committee at least
33 fifteen (15) days before to the next scheduled committee meeting if the
34 Military Affairs Director determines the grant application meets the
35 preliminary review requirements under subdivision (c)(1) of this section.

36 (d) The committee shall:

1 (1) Review each grant application in accordance with the
2 Military Affairs Grant Program Funding Recommendation Worksheet; and

3 (2) Return to the Military Affairs Director:

4 (A) A completed Military Affairs Grant Program Funding
5 Recommendation Worksheet; and

6 (B) Funding recommendations for each grant application.

7 (e) The Military Affairs Director shall conduct a final review of each
8 grant application and forward each grant application to the Director of the
9 Arkansas Economic Development Commission for approval.

10
11 15-4-3909. Grant agreement.

12 An eligible applicant that receives approval from the Director of the
13 Arkansas Economic Development Commission provided under the Military Affairs
14 Grant Program shall execute a grant agreement with the Arkansas Economic
15 Development Commission that includes without limitation the:

16 (1) Eligibility date for incurring costs for the project or
17 program;

18 (2) Projected completion date of the portion of the project or
19 program funded by the grant provided under the Military Affairs Grant
20 Program;

21 (3) Amount of approved costs; and

22 (4) The process by which grant funds shall be disbursed to the
23 eligible applicant.

24
25 15-4-3910. Rules.

26 The Military Affairs Division shall adopt rules to implement and
27 administer this subchapter, including without limitation rules regarding the:

28 (1) Application process for grants provided under the Military
29 Affairs Grant Program;

30 (2) Disbursement of grant funds; and

31 (3) Reporting required by an eligible applicant that receives
32 grant funds.

33
34 SECTION 3. EMERGENCY CLAUSE. It is hereby found and determined by the
35 General Assembly of the State of Arkansas that the optimal time to implement
36 this act is at the beginning of the state's fiscal year; and that in order to

1 carry out the requirements of this act for the next fiscal year it is
2 necessary that this act become effective on July 1, 2021 for budgeting
3 purposes. Therefore, an emergency is declared to exist and this act being
4 necessary for the preservation of the public peace, health, and safety shall
5 become effective on July 1, 2021.

6
7 */s/J. English*

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10 **APPROVED: 4/1/21**
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