

Hall of the House of Representatives
88th General Assembly - Regular Session, 2011
Amendment Form

Subtitle of House Bill No. 1988

TO AUTHORIZE THE CREATION OF REGIONAL ECONOMIC DEVELOPMENT
PARTNERSHIPS; TO REGULATE REGIONAL ECONOMIC DEVELOPMENT
PARTNERSHIPS; AND TO REGULATE THE FUNDING OF REGIONAL ECONOMIC
DEVELOPMENT PARTNERSHIPS.

Amendment No. 1 to House Bill No. 1988

Amend House Bill No. 1988 as originally introduced:

Add Representatives Lindsey, Westerman, Slinkard, Summers as cosponsors of
the bill

AND

Delete everything after the enacting clause and substitute the following:

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

Subchapter 34 – Regional Economic Development Partnership Act

15-4-3401. Title.

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

15-4-3402. Legislative intent.

The General Assembly finds that:

(1) The support of regional economic development efforts is
vital to the economic health and vitality of the state;

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

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

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



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

15-4-3403. Definitions.

As used in this subchapter:

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

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

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

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

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

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

(a) A regional economic development partnership shall:

(1) Include an economic development region that encompasses the local governments that demonstrate a willingness to form a regional economic development partnership; and

(2) Satisfy the following requirements:

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

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

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

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

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

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

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

(2) However, a municipality or county that adopts an ordinance under subdivision (b)(1) of this section shall become a member of the regional economic development partnership only upon a majority vote of the

members of the board of directors of the regional economic development partnership.

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

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

(B) The governing body of each municipality or county that is a member of the regional economic development partnership shall appoint one (1) member of the board of directors.

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

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

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

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

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

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

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

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

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

15-4-3405. Application.

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

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

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

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

(B) The proposed activities of the partnership; and

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

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

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

(2) Proof of organization;

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

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

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

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

(7)(A) Evidence of at least:

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

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

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

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

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

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

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

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

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

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

15-4-3406. Termination.

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

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

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

15-4-3407. State funding.

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

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

(A) Be for a term of not longer than one (1) year; and
(B) Identify the eligible expenses for which the regional economic development partnership intends to use state funds under § 15-4-3409.

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

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

(2)(A) Each regional economic development partnership shall receive the portion of the available regional economic development funds that accords to the regional economic development partnership's percentage of population compared to the population of all approved regional economic development partnerships.

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

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

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

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

15-4-3408. Matching funds.

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

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

(c) Nonstate matching funds may be:

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

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

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

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

(a) State funds shall be used only for marketing, advertising, promoting, and other activities related to implementing the strategic plan required under § 15-4-3405.

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

(A) Research studies;

(B) Purchase of demographic data;

(C) Promotion through computer databases;

(D) Direct mail to targeted economic development audiences;

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

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

(G) Mass media advertising costs;

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

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

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

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

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

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

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

(1) Administrative salaries, benefits, general administrative costs, and salaries and benefits related to economic development;

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

(3) Travel and conference expenses within the state;

(4) Local promotions or sponsorships;

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

(6) Construction and infrastructure costs;

(7) Membership dues;

(8) Alcoholic beverages; and

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

15-4-3411. Annual reports.

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

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

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

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

(2) A detailed financial report;

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

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

(5) A comprehensive demographics report;

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

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

15-4-3412. Administration – Rules.

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

The Amendment was read _____

By: Representative Pennartz

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Chief Clerk