

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Representative Davis

A Bill

HOUSE BILL 2168

For An Act To Be Entitled

8 "AN ACT TO MAKE AN APPROPRIATION TO THE OFFICE OF RURAL
9 ADVOCACY FOR A GRANT TO THE CENTER FOR RURAL ARKANSAS FOR
10 THE PURPOSE OF MAKING GRANTS AND LOANS TO COMMUNITY
11 DEVELOPMENT CORPORATIONS TO SUPPORT COMMUNITY BASED
12 ECONOMIC DEVELOPMENT INITIATIVES IN DISTRESSED, RURAL, LOW
13 INCOME AND HIGH UNEMPLOYMENT AREAS, FOR THE BIENNIAL
14 PERIOD ENDING JUNE 30, 1997; AND FOR OTHER PURPOSES."

Subtitle

17 "AN ACT FOR THE OFFICE OF RURAL ADVOCACY
18 APPROPRIATION FOR THE 1995-97 BIENNIUM."

19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21
22 SECTION 1. This Act may be known and may be cited as the "Arkansas
23 Community Development Corporation Investment Act."

24
25 SECTION 2. The Arkansas General Assembly hereby finds and declares
26 that:

27 (1) Local resources and efforts available to address needs in
28 distressed, rural, low income, high unemployment areas are often isolated and
29 limited to individual symptoms of blight and deterioration;

30 (2) Programs and services designed to serve such areas and their
31 residents are frequently inaccessible, due to a lack of resources, agency
32 staffing, and public knowledge and expertise;

33 (3) Community Development Corporations (CDC's) comprised of those
34 sensitive to and reflective of distressed, rural, low income, high
35 unemployment populations, have demonstrated records of success both

1 nationally and within the State;

2 (4) The need exists to capitalize and expand on the efforts of CDC's in
3 Arkansas through state investment; public/private partnerships' education,
4 training, and capacity building, and informational and technical assistance;

5 (5) The potential capability of CDC's to leverage federal government,
6 private sector, and foundation dollars from outside of the State is of
7 increasing importance;

8 (6) A void currently exists in the State at the local level in terms of
9 support and incentives for community development, including: small
10 business/job creation programs, micro-enterprise lending, housing assistance,
11 youth training, entrepreneurship, and continuing education programs,
12 accessibility to venture and start-up capital; self help infrastructure
13 projects, and other areas of technical and financial assistance;

14 (7) The Arkansas Rural Development Commission and Office of Rural
15 Advocacy, by and through the Center for Rural Arkansas, should administer
16 state programs for CDC's and monitor the implementation of projects carried
17 out under the direction of this Act.

18

19 SECTION 3. As used in this act, unless the context otherwise requires:

20 (1) "Board" means the Board of Directors or the group of persons
21 vested with the management of the affairs of a corporation:

22 (2) "Center" means the Center for Rural Arkansas;

23 (3) "Commission" means the Arkansas Rural Development Commission;

24 (4) "Community Development Corporations" (CDC) means a private,
25 locally initiated, nonprofit entity; chartered under the Arkansas Nonprofit
26 Corporation Act and properly registered with the secretary of State's Office,
27 with 501(c)(3) status recognized by the Internal Revenue Service, governed by
28 a board consisting of residents of the CDC service area, whose organizational
29 mission is to develop and improve low income communities; whose record,
30 Bylaws, and/or Articles of Incorporation indicate that it has a focus in the
31 area of community and economic development, and which package projects and
32 activities that will increase the opportunities of their constituents to
33 become owners, managers, and producers of small businesses, affordable
34 housing, and jobs designed to produce positive cash flow and curb blight in
35 their targeted communities;

1 (5) "Distressed Area" means a rural community of poor economic and
2 social conditions, experiencing pervasive poverty, rates of high
3 unemployment, and low income, based on established federal standards and as
4 certified by the state in accordance with such standards;

5 (6) "Federal" means any department, office, council, or agency of the
6 federal government, or any public benefit corporation or authority authorized
7 by federal statute;

8 (7) "High Unemployment Area" means a rural community of pervasive
9 poverty, and certified by the state to be inhabited by individuals of at
10 least fifty-one percent (51%) low to moderate income as defined by the US
11 Department of Housing and Urban Development;

12 (8) "Office" means the State of Arkansas' Office of Rural Advocacy
13 (ORA);

14 (9) "Low Income Area" means a rural community of high unemployment and
15 pervasive distress that falls below recognized national poverty levels and/or
16 whose residents are certified by the state to be at least fifty-one percent
17 (51%) low to moderate income as determined by the US Department of Housing
18 and Urban Development;

19 (10) "Nonprofit Corporation" means a corporation no part of the income
20 of which is distributable to its staff, members, directors, or officers;

21 (11) "Rural Areas" or "Rural Community" means all the territory of the
22 State of Arkansas that is not within the outer boundary of any city or town
23 having a population of twenty thousand (20,000) or more according to the
24 latest decennial census or within such a city's or town's neighboring
25 urbanized areas;

26 (12) "State" means the State of Arkansas.
27

28 SECTION 4. APPROPRIATIONS - CENTER FOR RURAL ARKANSAS. There is hereby
29 appropriated, to the Office of Rural Advocacy, to be payable from the
30 Miscellaneous Revolving Fund, for a grant to the Center for Rural Arkansas
31 for the purpose of making grants and loans to Community Development
32 Corporations for local economic development initiatives, for each year of the
33 biennial period ending June 30, 1997, the sum of \$1,950,000.
34

35 SECTION 5. Of the monies appropriated by this Act for the purposes of

1 local community investment in low income and high unemployment areas,
2 priority shall be given by the Center for Rural Arkansas to those
3 applications from distressed communities that clearly demonstrate the ability
4 to leverage out-of-state funds and that benefit targeted populations. Of the
5 total amount authorized by this Act:

6 (1) \$90,000 shall be used by the Center for the purposes of supporting
7 its activities, obligations, and responsibilities under this Act;

8 (2) \$150,000 shall be used as grants to new and emerging community
9 development corporations, which may apply for start up grants up to \$30,000
10 per year for no more than two years;

11 (3) \$1,010,000 shall be used for the purpose of making grants to
12 community development corporations for development activities which create
13 jobs, home ownership among low income people, and micro enterprise
14 development in low income communities. From this, the Center for Rural
15 Arkansas shall fund:

16 (a) demonstration grants to establish community controlled
17 industrial development corporations according to Act 1029 of 1991 using state
18 tax credits to leverage private capital for enterprise development. Of the
19 \$235,000 for this part, at least one demonstration shall be funded in each
20 Congressional District of Arkansas and up to \$50,000 may be used for
21 consultants;

22 (b) \$100,000 shall be used to support youth entrepreneurship
23 activities designed by the State Title IV JTPA agency which can be sponsored
24 with school districts and community based organizations in rural areas;

25 (c) \$75,000 to support small farm viability demonstration
26 initiatives in the Delta which promote small and family farm ownership and
27 alternative crop production.

28 (4) \$300,000 shall be used to increase the capacity of the State's 1890
29 land grant institution of higher education to provide technical assistance to
30 community based housing development corporations and community development
31 corporations, establish and support the Association of CDC's which is being
32 organized by the University of Arkansas at Pine Bluff to support community
33 based development, and to establish a \$100,000 pre-development equity fund at
34 the Association of CDC's. UAPB shall be required to hire or contract a
35 housing syndicator who shall assist nonprofit corporations in rural areas

1 with using low income housing tax credits provided by the federal government.

2 (5) \$400,000 shall be used for the Center for Rural Arkansas' micro
3 enterprise loan activities. Of this amount, no less than \$150,000 shall be
4 used as grants to community development corporation micro enterprise lenders
5 to fund loan loss reserves where such reserves shall strengthen participatory
6 lending with rural banks or provide a leverage of additional funds into the
7 State. The remainder shall be used as loans to capitalize community based
8 micro loan funds.

9

10 SECTION 6. DISTRIBUTIONS. The Center for Rural Arkansas shall not
11 distribute funds under SECTIONS 5(2), 5(3), 5(5) until such applicant has
12 provided a current certificate of good standing from the Secretary of State,
13 the center has confirmed the local support for the community development
14 corporation and the applicant has properly registered as a community
15 development corporation with the Secretary of State.

16

17 SECTION 7. REPORTING. The Center for Rural Arkansas shall report
18 quarterly to the Office of the Governor and the Legislative Joint Budget
19 Committee on the use of funds and shall provide an annual impact statement to
20 the Joint Budget Committee.

21

22 SECTION 8. COMPLIANCE WITH OTHER LAWS. Disbursement of funds
23 authorized by this Act shall be limited to the appropriation for such agency
24 and funds made available by law for the support of such appropriations; and
25 the restrictions of the State Purchasing Law, the General Accounting and
26 Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary
27 Procedures and Restrictions Act, or their successors, and other fiscal
28 control laws of this State, where applicable, and regulations promulgated by
29 the Department of Finance and Administration, as authorized by law, shall be
30 strictly complied with in disbursement of said funds.

31

32 SECTION 9. LEGISLATIVE INTENT. It is the intent of the General
33 Assembly that any funds disbursed under the authority of the appropriations
34 contained in this Act shall be in compliance with the stated reasons for
35 which this Act was adopted, as evidenced by the Agency Requests, Executive

1 Recommendations and Legislative Recommendations contained in the budget
2 manuals prepared by the Department of Finance and Administration, letters, or
3 summarized oral testimony in the official minutes of the Arkansas Legislative
4 Council or Joint Budget Committee which relate to its passage and adoption.

5

6 SECTION 10. CODE. All provisions of this Act of a general and
7 permanent nature are amendatory to the Arkansas Code of 1987 Annotated and
8 the Arkansas Code Revision Commission shall incorporate the same in the Code.

9

10 SECTION 11. SEVERABILITY. If any provision of this Act or the
11 application thereof to any person or circumstance is held invalid, such
12 invalidity shall not affect other provisions or applications of the Act which
13 can be given effect without the invalid provision or application, and to this
14 end the provisions of this Act are declared to be severable.

15

16 SECTION 12. GENERAL REPEALER. All laws and parts of laws in conflict
17 with this Act are hereby repealed.

18

19 SECTION 13. EMERGENCY CLAUSE. It is hereby found and determined by
20 the Eightieth General Assembly, that the Constitution of the State of
21 Arkansas prohibits the appropriation of funds for more than a two (2) year
22 period; that the effectiveness of this Act on July 1, 1995 is essential to
23 the operation of the agency for which the appropriations in this Act are
24 provided, and that in the event of an extension of the Regular Session, the
25 delay in the effective date of this Act beyond July 1, 1995 could work
26 irreparable harm upon the proper administration and provision of essential
27 governmental programs. Therefore, an emergency is hereby declared to exist
28 and this Act being necessary for the immediate preservation of the public
29 peace, health and safety shall be in full force and effect from and after
30 July 1, 1995.

31

32

33

34

35

1
2
3
4
5
6