

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 83rd General Assembly
3 Regular Session, 2001

A Bill

HOUSE BILL 2415

4
5 By: Representative Hausam
6 By: Senator Wooldridge

For An Act To Be Entitled

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8
9
10 AN ACT TO IMPLEMENT AMENDMENT 78 TO THE ARKANSAS
11 CONSTITUTION TO PROVIDE FOR THE CREATION BY
12 CITIES AND COUNTIES OF REDEVELOPMENT DISTRICTS;
13 TO ESTABLISH PROCEDURES FOR THE APPROVAL OF
14 PROJECT PLANS WITHIN SUCH REDEVELOPMENT
15 DISTRICTS; TO PROVIDE PROCEDURES FOR THE ISSUANCE
16 OF BONDS TO FINANCE REDEVELOPMENT DISTRICT
17 PROJECTS; TO PROVIDE PROCEDURES FOR DIVIDING AD
18 VALOREM TAXES AND PLEDGING SUCH TAXES TO SECURE
19 BONDS; AND FOR OTHER PURPOSES.

Subtitle

20
21
22 THE ARKANSAS COMMUNITY REDEVELOPMENT
23 FINANCING ACT OF 2001.

24
25
26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

27
28 SECTION 1. Legislative findings and purpose.

29 (a) The General Assembly finds that:

30 (1) The citizens of the State of Arkansas approved Amendment No.
31 78 to the Arkansas Constitution at the general election held November 7,
32 2000;

33 (2) The amendment calls for enabling legislation to be enacted
34 by the General Assembly;

35 (3) The amendment necessarily calls for certain definitions to
36 be stated and procedures to be established for the creation of redevelopment

1 districts, the approval of projects, the issuance of bonds to finance such
2 projects, and the division of ad valorem taxes for the purposes of securing
3 such bonds;

4 (4) It agrees that in order to encourage the investment of
5 private capital and to encourage private enterprise to make community
6 improvements to alleviate deteriorating conditions and improve the health,
7 safety, convenience, and welfare of the citizens of the state; and

8 (5) This act is necessary to provide a means for cities and
9 counties to finance redevelopment projects by using a tax-increment method of
10 financing such improvements.

11 (b) The General Assembly declares the purpose of this act to be as
12 follows:

13 (1) To create a viable procedure by which a local government may
14 finance redevelopment projects that improve the community;

15 (2) To create a more stable and adequate source of funds for
16 local governments to construct improvements and finance rehabilitation of
17 distressed and blighted areas; and

18 (3) To benefit the people of this state, for the increase of
19 their commerce, welfare, and prosperity, and for the improvement of their
20 living conditions;

21 (4) To provide new employment opportunities;

22 (5) To prevent, arrest, and alleviate blight and decay in
23 communities;

24 (6) To increase the supply of housing available at low rentals;
25 and

26 (7) To improve the tax base and to improve the general economy
27 of the State of Arkansas by providing additional and alternative means for
28 local governments to finance public facilities and residential, commercial,
29 and industrial development and revitalization, all to the public benefit and
30 good, in the manner provided in this act.

31
32 SECTION 2. Definitions. As used in this act, unless the context
33 otherwise requires:

34 (1) "Applicable ad valorem rate" means the total ad valorem rate less
35 the debt service ad valorem rate;

36 (2) "Base value" means the assessed value of all property within a

1 redevelopment district subject to ad valorem taxation, as of the most recent
2 assessment preceding the formation of the redevelopment district;

3 (3)(A) "Blighted area" means an area in which the structures, building,
4 or improvements, by reason of dilapidation, deterioration, age or
5 obsolescence, inadequate provision for access, ventilation, light, air,
6 sanitation, or open spaces, high density of population and overcrowding or
7 the existence of conditions which endanger life or property, is detrimental
8 to the public health, safety, morals, or welfare.

9 (B) "Blighted area" includes any area which, by reason of the
10 presence of a substantial number of substandard, slum, deteriorated or
11 deteriorating structures, predominance of defective or inadequate street
12 layout, faulty lot layout in relation to size, adequacy, accessibility or
13 usefulness, unsanitary or unsafe conditions, deterioration of site or other
14 improvements, diversity of ownership, tax on special assessment delinquency
15 exceeding the fair value of the land, defective or unusual conditions of
16 title, or the existence of conditions which endanger life or property by fire
17 and other causes or any combination of such factors, substantially impairs or
18 arrests the sound growth of a city, retards the provision of housing
19 accommodations, or constitutes an economic or social liability and is a
20 menace to the public health, safety, morals, or welfare in its present
21 condition and use, or any area which is predominantly open and which because
22 of lack of accessibility, obsolete platting, diversity of ownership,
23 deterioration of structures or of site improvements, or otherwise,
24 substantially impairs or arrests the sound growth of the community;

25 (4) "Current value" means the assessed value of all property within a
26 redevelopment district subject to ad valorem taxation, as of the most recent
27 assessment after the formation of the redevelopment district;

28 (5) "Debt service ad valorem rate" means that portion of the total ad
29 valorem rate that has been, at the time of the effective date of Amendment 78
30 to the Arkansas Constitution, pledged to the payment of debt service on bonds
31 issued by any taxing unit in which all or any part of the redevelopment
32 district is located;

33 (6) "Incremental value", for any redevelopment district, means the
34 difference between the base value and the current value. The incremental
35 value will be positive if the current value exceeds the base value, and the
36 incremental value will be negative if the current value is less than the base

1 value;

2 (7) "Local governing body" means the city council, city board of
3 directors, county quorum court, or any other legislative body governing a
4 local government in the State of Arkansas;

5 (8) "Local government" means any city or county in the State of
6 Arkansas;

7 (9)(A) "Project costs" means expenditures made in preparation of the
8 project plan and made or estimated to be made or monetary obligations
9 incurred or estimated to be incurred by the local government which are listed
10 in the project plan as costs of public works or improvements within a
11 redevelopment project district, plus any costs incidental thereto.

12 (B) Project costs include, but are not limited to:

13 (i) Capital costs, including, but not limited to, the
14 actual costs of the construction of public works or improvements, new
15 buildings, structures, and fixtures, the demolition, alteration, remodeling,
16 repair, or reconstruction of existing buildings, structures, and fixtures,
17 environmental remediation; parking and landscaping, the acquisition of
18 equipment, and site clearing, grading, and preparation;

19 (ii) Financing costs, including, but not limited to, all
20 interest paid to holders of evidences of indebtedness issued to pay for
21 project costs, all costs of issuance, and any redemption premiums, credit
22 enhancement, or other related costs;

23 (iii) Real property assembly costs, meaning any deficit
24 incurred resulting from the sale or lease as lessor by the local government
25 of real or personal property within a redevelopment district for
26 consideration which is less than its cost to the local government;

27 (iv) Professional service costs, including, but not
28 limited to, those costs incurred for architectural, planning, engineering,
29 and legal advice and services;

30 (v) Imputed administrative costs, including, but not
31 limited to, reasonable charges for the time spent by local government
32 employees in connection with the implementation of a project plan;

33 (vi) Relocation costs, including, but not limited to,
34 those relocation payments made following condemnation and job training and
35 retraining;

36 (vii) Organizational costs, including, but not limited to,

1 the costs of conducting environmental impact and other studies and the costs
2 of informing the public with respect to the creation of redevelopment project
3 areas and the implementation of project plans;

4 (viii) The amount of any contributions made in connection
5 with the implementation of the project plan;

6 (ix) Payments made, in the discretion of the local
7 governing body, which are found to be necessary or convenient to the creation
8 of redevelopment areas or the implementation of project plans; and

9 (x) That portion of costs related to the construction of
10 environmental protection devices, storm or sanitary sewer lines, water lines,
11 or amenities or streets or the rebuilding or expansion of streets, the
12 construction, alteration, rebuilding, or expansion of which is necessitated
13 by the project plan for a district, whether or not the construction,
14 alteration, rebuilding, or expansion is within the area;

15 (10) "Project plan" means the plan which shall be adopted by a local
16 governing body for a redevelopment project as described in Section 7 of this
17 act;

18 (11) "Real property" means all lands including improvements and
19 fixtures on them and property of any nature appurtenant to them or used in
20 connection with them and every estate, interest, and right, legal or
21 equitable, in them including terms for years and liens by way of judgment,
22 mortgage, or otherwise, and the indebtedness secured by the liens;

23 (12) "Redevelopment district" means a contiguous geographic area
24 within a city or county in which a redevelopment project will be undertaken,
25 as defined and created by ordinance of the local governing body;

26 (13)(A) "Redevelopment project" means an undertaking for eliminating,
27 or preventing the development or spread of, slums or deteriorated,
28 deteriorating, or blighted areas; for discouraging the loss of commerce,
29 industry, or employment, or for increasing employment, or any combination
30 thereof.

31 (B) A redevelopment project may include one or more of the
32 following:

33 (i) The acquisition of land and improvements, if any,
34 within the redevelopment district and clearance of the land so acquired; or

35 (ii) The development, redevelopment, revitalization, or
36 conservation of the project area whenever necessary to provide land for

1 needed public facilities, public housing, or industrial or commercial
2 development or revitalization, or to eliminate unhealthful, unsanitary, or
3 unsafe conditions, or lessen density, mitigate or eliminate traffic
4 congestion, reduce traffic hazards, eliminate obsolete or other uses
5 detrimental to the public welfare, or otherwise remove or prevent the spread
6 of blight or deterioration; or

7 (C) The financial or other assistance in the relocation of
8 persons and organizations displaced as a result of carrying out the
9 redevelopment project and other improvements necessary for carrying out the
10 project plan, together with such site improvements as are necessary for the
11 preparation of any sites, and making any land or improvements acquired in the
12 project area available, by sale or by lease, for public housing or for
13 development, redevelopment, or rehabilitation by private enterprise for
14 commercial or industrial uses in accordance with the plan; or

15 (D) The construction of capital improvements within a
16 redevelopment district designed to alleviate deteriorating conditions or a
17 blighted area or designed to increase or enhance the development of commerce,
18 industry, or housing within the redevelopment district; or

19 (E) Any other projects the local governing body deems appropriate
20 to carry out the purposes of this act;

21 (14) "Special fund" means a separate fund for a redevelopment district
22 established by the local government into which all tax increments revenues
23 and other pledged revenues are deposited and from which all project costs are
24 paid;

25 (15) "Tax increment" means the incremental value of a redevelopment
26 district multiplied by the applicable ad valorem rate;

27 (16) "Taxing unit" means any city, county, school district or community
28 college district; and

29 (17) "Total ad valorem rate" means the total millage rate of all
30 county, city, school, or other local general property taxes levied on all
31 taxable property within a redevelopment district in a year.

32
33 SECTION 3. Construction. The General Assembly declares that this act
34 is necessary for the welfare of this state and its inhabitants, and it is the
35 intent of the General Assembly that it is to be broadly construed to effect
36 its purpose.

1
2 SECTION 4. Powers supplemental. The powers conferred by this act are
3 in addition and supplemental to the powers conferred upon local governments
4 and improvement districts by the General Assembly relating to the issuance of
5 bonds.

6
7 SECTION 5. Powers generally. In addition to any other powers
8 conferred by law, a local government may exercise any powers necessary and
9 convenient to carry out the purpose of this act, including power to:

10 (1) Create redevelopment districts and to define the boundaries of
11 redevelopment districts;

12 (2) Cause project plans to be prepared, to approve the project plans,
13 and to implement the provisions and effectuate the purposes of the project
14 plans;

15 (3) Issue redevelopment bonds and notes and to pledge tax increments
16 and other redevelopment revenues for repayment of them;

17 (4) Deposit moneys into the special fund for any redevelopment project
18 district;

19 (5) Enter into any contracts or agreements, including agreements with
20 bondholders, determined by the local governing body to be necessary or
21 convenient to implement the provisions and effectuate the purposes of project
22 plans;

23 (6) Receive, from the federal government or the state, loans and
24 grants for, or in aid of, a redevelopment project and to receive
25 contributions from any other source to defray project costs;

26 (7)(A) Exercise the right of eminent domain to condemn property for
27 the purposes of implementing the project plan.

28 (B) The rules and procedures set forth in §§ 18-15-301 --
29 18-15-307 shall govern all condemnation proceedings authorized in this act;

30 (8) Make relocation payments to such persons, businesses, or
31 organizations as may be displaced as a result of carrying out the
32 redevelopment project;

33 (9) Clear and improve property acquired by it pursuant to the project
34 plan and construct public facilities on it or contract for the construction,
35 development, redevelopment, rehabilitation, remodeling, alteration, or repair
36 of the property;

1 (10) Cause parks, playgrounds, or water, sewer, or drainage facilities
2 or any other public improvements, including, but not limited to, fire
3 stations, community centers, and other public buildings, which it is
4 otherwise authorized to undertake, to be laid out, constructed, or furnished
5 in connection with the redevelopment project;

6 (11) Lay out and construct, alter, relocate, change the grade of, make
7 specific repairs upon, or discontinue public ways and construct sidewalks in,
8 or adjacent to, the redevelopment project;

9 (12) Cause private ways, sidewalks, ways for vehicular travel,
10 playgrounds, or water, sewer, or drainage facilities and similar improvements
11 to be constructed within the redevelopment project for the particular use of
12 the redevelopment district or those dwelling or working in it;

13 (13) Construct any capital improvements of a public nature, as such
14 term is defined in Arkansas Code 14-164-303, as now or hereafter amended;

15 (14) Construct capital improvements to be leased or sold to private
16 entities in connection with the goals of the redevelopment project;

17 (15) Designate one or more official or employee of the local
18 government to make decisions and handle the affairs of redevelopment
19 districts created pursuant to this act;

20 (16) Adopt ordinances or bylaws or repeal or modify such ordinances or
21 bylaws or establish exceptions to existing ordinances and bylaws regulating
22 the design, construction, and use of buildings within the redevelopment
23 district;

24 (17) Sell, mortgage, lease, transfer, or dispose of any property, or
25 interest therein, acquired by it pursuant to the project plan for
26 development, redevelopment, or rehabilitation in accordance with the project
27 plan;

28 (18) Invest project revenues as provided in this act; and

29 (19) Do all things necessary or convenient to carry out the powers
30 granted in this act.

31
32 SECTION 6. Creation of district.

33 (a) The local governing body, upon its own initiative or upon request
34 of affected property owners or upon request of the city or county planning
35 commission, may designate the boundaries of a proposed redevelopment
36 district.

1 (b)(1) The local governing body shall hold a public hearing at which
2 interested parties are afforded a reasonable opportunity to express their
3 views on the proposed creation of a redevelopment district and its proposed
4 boundaries.

5 (2)(A) Notice of the hearing shall be published in a newspaper of
6 general circulation in the city or county at least fifteen (15) days prior to
7 the hearing.

8 (B) Prior to this publication, a copy of the notice shall
9 be sent by first-class mail to the chief executive officer of all local
10 governmental and taxing entities having the power to levy taxes on property
11 located within the proposed redevelopment district and to the school board of
12 any school district which includes property located within the proposed
13 redemption district.

14 (c) The local governing body shall adopt an ordinance which:

15 (1) Describes the boundaries of a redevelopment district
16 sufficiently definite to identify with ordinary and reasonable certainty the
17 territory included in, which boundaries may create a contiguous or non-
18 contiguous district;

19 (2) Creates the redevelopment district as of a date provided in
20 it;

21 (3) Assigns a name to the redevelopment district for
22 identification purposes. The name may include a geographic or other
23 designation, shall identify the city or county authorizing the district, and
24 shall be assigned a number, beginning with the number one (1). Each
25 subsequently created district shall be assigned the next consecutive number;
26 and

27 (4) Contains findings that the real property within the
28 redemption district will be benefitted by eliminating, or preventing the
29 development or spread of, slums or blighted, deteriorated, or deteriorating
30 areas, or discouraging the loss of commerce, industry, or employment, or
31 increasing employment, or any combination thereof.

32 (d) No county shall establish a redevelopment district any portion of
33 which is within the boundaries of a city, provided, however, that one or more
34 local governments may, through inter-local agreement, join in the creation of
35 a district the boundaries of which lie in one or more local governments.

36 (e) The ordinance shall establish a special fund as a separate fund

1 into which all tax increment revenues and other revenues designated by the
 2 local government for the benefit of the redevelopment district shall be
 3 deposited, and from which all project costs shall be paid. Such special fund
 4 may be assigned to and held by a trustee for the benefit of bondholders if
 5 tax increment financing is used.

6 (f) The boundaries of the redevelopment district may be modified from
 7 time to time by ordinance of the local government, provided, however, that in
 8 the event any bonds, notes or other obligations are outstanding with respect
 9 to the redevelopment district, any change in the boundaries shall not reduce
 10 the amount of tax increment available to secure such tax increment financing.

11
 12 SECTION 7. Project plan - Approval.

13 (a) Upon the creation of the redevelopment district, the local
 14 governing body shall cause the preparation of a project plan for each
 15 redevelopment district and such project plan shall be adopted by ordinance of
 16 the local governing body. This process shall conform to the procedures set
 17 forth in this section.

18 (b) Each project plan shall include:

19 (1) A statement listing the kind, number, and location of all
 20 proposed public works or improvements within the district or, to the extent
 21 provided, outside the district;

22 (2) An economic feasibility study;

23 (3) A detailed list of estimated project costs;

24 (4) A description of the methods of financing all estimated
 25 project costs, including the issuance of tax increment bonds, and the time
 26 when the costs or monetary obligations related thereto are to be incurred;

27 (5) A certification by the county tax assessor of the base
 28 value, total ad valorem rate, debt service ad valorem rate, and applicable ad
 29 valorem rate for the redevelopment district;

30 (6) The type and amount of any other revenues that are expected
 31 to be deposited to the special fund of the redevelopment district;

32 (7) A map showing existing uses and conditions of real property
 33 in the district;

34 (8) A map of proposed improvements and uses in the district;

35 (9) Proposed changes of zoning ordinances;

36 (10) Appropriate cross-references to any master plan, map,

1 building codes, and city ordinances affected by the project plan;

2 (11) A list of estimated non-project costs; and

3 (12) A statement of the proposed method for the relocation of
4 any persons to be displaced.

5 (c) If the project plan is to include tax increment financing, the tax
6 increment financing portion of the plan shall:

7 (1) Set forth the amount of indebtedness to be incurred pursuant
8 to this act;

9 (2) Set forth an estimate of the tax increment to be generated
10 as a result of the project;

11 (3) Set forth the method for calculating the tax increment,
12 which shall be in conformance with the provisions of this act, together with
13 any provision for adjustment of the method of calculation;

14 (4) Set forth any other revenues, such as payment-in-lieu-of-
15 taxes revenues, to be used to secure the tax increment financing; and

16 (5) Set forth such other provisions as may be deemed necessary
17 in order to carry out any tax increment financing to be used for the
18 redevelopment project.

19 (d) If less than all of the tax increment is to be used to fund a
20 redevelopment project or to pay project costs or retire tax increment
21 financing, the project plan shall set forth the portion of the tax increment
22 to be deposited in the special fund of the redevelopment district, and
23 provide for the distribution of the remaining portion of the tax increment to
24 the taxing units in which the district lies.

25 (e)(1) The local governing body shall hold a public hearing at which
26 interested parties are afforded a reasonable opportunity to express their
27 views on the proposed project plan.

28 (2)(A) Notice of the hearing shall be published in a newspaper
29 of general circulation in the city or county at least fifteen (15) days prior
30 to the hearing.

31 (B) Prior to this publication, a copy of the notice shall
32 be sent by first-class mail to the chief executive officer of all local
33 governmental and taxing entities having the power to levy taxes on property
34 located within the proposed redevelopment district and to the school board of
35 any school district which includes property located within the proposed
36 redevelopment district.

1 (3) The hearing may be held in conjunction with the hearing set
2 forth in Section 6(b) of this act.

3 (4) Prior to publication, a copy of the notice shall be sent by
4 first-class mail to the chief executive officer of all local governments or
5 entities having the power to levy taxes on property within the district and
6 to the school board of any school district which includes property located
7 within the proposed redevelopment district.

8 (f)(1) Approval by the local governing body of a project plan must be
9 within one (1) year after the date of the county assessor's certification
10 required by Section 7(c)(5) of this act.

11 (2) The approval shall be by ordinance which contains a finding
12 that the plan is economically feasible.

13
14 SECTION 8. Project plan - Amendment.

15 (a) The local governing body may, by ordinance, adopt an amendment to
16 a project plan.

17 (b)(1) Adoption of an amendment to a project plan shall be preceded by
18 a public hearing held by the local governing body as provided in Section
19 7(e), at which interested parties shall be afforded a reasonable opportunity
20 to express their views on the amendment.

21 (2)(A) Notice of the hearing shall be published in a newspaper
22 of general circulation in the city or county once a week for two (2)
23 consecutive weeks. The first such publication shall be fifteen (15) days
24 prior to the hearing.

25 (B) Prior to publication, a copy of the notice shall be
26 sent by first-class mail to the chief executive officer of all local
27 governments or entities having the power to levy taxes on property within the
28 district and to the school board of any school district which includes
29 property located within the proposed district.

30 (c) One or more existing redevelopment districts may be combined
31 pursuant to lawfully adopted amendments to the original plans for each
32 district, provided that the local governing body finds that the combination
33 of the districts will not impair the security for any bonds previously issued
34 pursuant to this act.

35
36 SECTION 9. Termination of Districts. (a) No redevelopment district

1 may be in existence for a period longer than twenty-five (25) years, unless,
2 pursuant to amendment of the redevelopment plan, additional bonds have been
3 issued and would not be fully paid until after the date which is twenty-five
4 (25) years from the date of creation of the district

5 (b) The local governing body may set a shorter period for the
6 existence of the district, and may also provide that no bonds shall have a
7 final maturity on a date later than the termination date of the district.

8 (c) Upon termination of the district, no further ad valorem tax
9 revenues shall be distributed to the special fund of the district.

10 (d) The local governing body shall, upon the expiration of the time
11 periods set forth in this section, adopt an ordinance terminating the
12 redevelopment district; provided, however, that no district shall be
13 terminated so long as bonds with respect to the district remain outstanding.

14
15 SECTION 10. Costs of formation. (a) The local government may, but
16 shall have no obligation to, pay the costs of preparing the project plan or
17 forming the redevelopment district. If the local government elects not to
18 incur those costs, they shall be made project costs of the district and
19 reimbursed from bond proceeds or other financing, or may be paid by
20 developers, property owners or other persons interested in the success of the
21 redevelopment project.

22
23 SECTION 11. Overlapping districts. The boundaries of any
24 redevelopment districts shall not overlap with any other redevelopment
25 district.

26
27 SECTION 12. Valuation of real property.

28 (a)(1) Upon and after the effective date of the creation of a
29 redevelopment project district, the county assessor of the county in which
30 the district is located shall transmit to the county clerk, upon the request
31 of the local governing body, the base value, total ad valorem rate, debt
32 service ad valorem rate, and applicable ad valorem rate for the redevelopment
33 district and shall certify to it.

34 (2)(A) The assessor shall undertake, upon request of the local
35 governing body, an investigation, examination, and inspection of the taxable
36 real property in the district and shall reaffirm or revalue the base value

1 for assessment of the property in accordance with the findings of the
2 investigation, examination, and inspection.

3 (B) The assessor shall determine, according to his or her
4 best judgment from all sources available to him or her, the full aggregate
5 value of the taxable property in the district which aggregate valuation, upon
6 certification thereof by the assessor to the clerk, constitutes the base
7 value of the area.

8 (b)(1)(A) The assessor shall, annually, give notice to the designated
9 finance officer of each taxing unit having the power to levy taxes on
10 property within each district of the current value and the incremental value
11 of the property in the redevelopment district. The assessor shall also
12 determine the tax increment by applying the applicable ad valorem rate to the
13 incremental value.

14 (B) The notice shall also explain that the entire amount of
15 the tax increment allocable to property within the redevelopment district
16 will be paid to the special fund of the redevelopment district.

17 (2) The assessor shall identify upon the assessment roll those
18 parcels of property which are within each existing district specifying on it
19 the name of each district.

20
21 SECTION 13. Division of ad valorem real property tax revenue.

22 (a) For so long as the redevelopment district exists, the tax assessor
23 shall divide the ad valorem tax revenue collected with respect to taxable
24 property in the district, as follows:

25 (1) The assessor shall determine for each tax year:

26 (A) The amount of total ad valorem tax revenue which
27 should be generated by multiplying the total ad valorem rate times the
28 current value;

29 (B) The amount of ad valorem tax revenue which should be
30 generated by multiplying the applicable ad valorem rate times the base value;

31 (C) The amount of ad valorem tax revenue which should be
32 generated by multiplying the debt service ad valorem rate times the current
33 value; and

34 (D) The amount of ad valorem revenue which should be
35 generated by multiplying the applicable ad valorem rate times the incremental
36 value.

1 (2) The assessor shall determine from the calculations set forth
2 in subdivision (a)(1) of this section the percentage share of total ad
3 valorem revenue for each according to subdivisions (a)(1)(B), (a)(1)(C), and
4 (a)(1)(D), by dividing each of such amounts by the total ad valorem revenue
5 figure determined by the calculation in subdivision (a)(1)(A).

6 (3) On each date on which ad valorem tax revenue is to be
7 distributed to taxing units, such revenue shall be distributed by

8 (A) Applying the percentage share determined according to
9 subdivision (a)(1)(B) to the revenues received and distributing such share to
10 the taxing entities entitled to such distribution pursuant to current law;

11 (B) Applying the percentage share determined according to
12 subdivision (a)(1)(C) to the revenues received and distributing such share to
13 the taxing entities entitled to such distribution by reason of having bonds
14 outstanding; and

15 (C) Applying the percentage share determined according to
16 subdivision (a)(1)(D) to the revenues received and distributing such share to
17 the special fund of the redevelopment district.

18 (b) In each year for which there is a positive tax increment, the
19 county treasurer shall remit to the special fund of the redevelopment
20 district that portion of the ad valorem taxes that consist of the tax
21 increment.

22 (c) Any additional monies appropriated to the redevelopment district
23 pursuant to an appropriation by the local governing body and any additional
24 moneys dedicated to the fund from other sources shall be deposited to the
25 redevelopment district fund by the treasurer of the local government.

26 (d) Any funds so deposited into the special fund of the redevelopment
27 district may be used to pay project costs, principal and interest on bonds,
28 and to pay for any other improvements of the redevelopment district deemed
29 proper by the local governing body.

30 (e) Unless otherwise directed pursuant to any agreement with
31 bondholders, moneys in the fund may be temporarily invested in the same
32 manner as other municipal funds.

33 (f) If less than all of the tax increment is to be used for project
34 costs or pledged to secure tax increment financing as provided in the plan
35 for the redevelopment project, the assessor shall account for such fact in
36 distributing the ad valorem tax revenues.

1
 2 SECTION 14. Payments in lieu of taxes and other revenues. The local
 3 governing body may elect to deposit in the special fund of the redevelopment
 4 district all or any portion of the local government's share of payments in
 5 lieu of taxes on property within the redevelopment district. Other revenues
 6 to be derived from the redevelopment project may also be deposited in the
 7 special fund at the direction of the local governing body.

8
 9 SECTION 15. Bonds generally.

10 (a) Bonds may be issued for project costs which may include interest
 11 prior to and during the carrying out of a project and for a reasonable time
 12 thereafter, with such reserves as may be required by any agreement securing
 13 the bonds and all other expenses incidental to planning, carrying out, and
 14 financing the project. The proceeds of bonds may also be used to reimburse
 15 the costs of any interim financing entered on behalf of the redevelopment
 16 district.

17 (b) Bonds issued under this act shall be payable solely from the tax
 18 increment or other revenues deposited to the credit of the special fund of
 19 the redevelopment district and shall not be deemed to be a pledge of the
 20 faith and credit of the local government.

21 (c) Every bond issued under this act shall recite on its face that it
 22 is a special obligation bond payable solely from the tax increment and other
 23 revenues pledged for its repayment.

24
 25 SECTION 16. Redevelopment bonds or notes -- Authority to issue. For
 26 the purpose of paying project costs or of refunding notes issued under this
 27 act for the purpose of paying project costs, the local governing body may
 28 issue redevelopment bonds or notes payable out of positive tax increments and
 29 other revenues deposited to the special fund of the redevelopment district.

30
 31 SECTION 17. Redevelopment bonds or notes -- Authorizing resolution.

32 (a) Redevelopment bonds and notes shall be authorized by ordinance of
 33 the local governing body.

34 (b)(1) The ordinance shall state the name of the redevelopment project
 35 district, the amount of bonds or notes authorized, and the interest rate to
 36 be borne by the bonds or notes.

1 (2) The ordinance may prescribe the terms, form, and content of
2 the bonds or notes and such other matters as the local governing body deems
3 useful, or it may include by reference the terms and conditions set forth in
4 a trust indenture or other document securing the redevelopment bonds.

5
6 SECTION 18. Redevelopment bonds or notes -- Terms, conditions, etc.

7 (a)(1) Redevelopment bonds or notes may not be issued in an amount
8 exceeding the estimated aggregate project costs, including all costs of
9 issuance of the bonds or notes.

10 (2) The redevelopment bonds and notes shall not be included in
11 the computation of the constitutional debt limitation of a local government.

12 (b)(1) The bonds or notes shall mature over a period not exceeding
13 twenty-five (25) years from their date of issuance or a period terminating
14 with the date of termination of the redevelopment district, whichever period
15 terminates earlier.

16 (2) The bonds or notes may contain a provision authorizing their
17 redemption, in whole or in part, at stipulated prices, at the option of the
18 local government on any interest payment date and, if so, shall provide the
19 method of selecting the bonds or notes to be redeemed.

20 (3) The principal and interest on the bonds and notes may be
21 payable at any place set forth in the resolution, trust indenture, or other
22 document governing the bonds.

23 (4) The bonds or notes shall be issued in registered form.

24 (5) The bonds or notes may be in any denominations.

25 (6) Each such bond or note is declared to be a negotiable
26 instrument.

27 (c) The bonds or notes may be sold at public or private sale.

28 (d) Insofar as they are consistent with subdivisions (a)(1), (b)(1)-
29 (6), and subsection (c) of this section, the provisions of Arkansas Code 14-
30 169-220 and 14-169-221 relating to procedures for issuance, form, contents,
31 execution, negotiation, and registration of municipal bonds and notes are
32 incorporated by reference therein.

33 (e) The bonds may be refunded or refinanced and refunding bonds may be
34 issued in any principal amount, provided that the last maturity of the
35 refunding bonds shall not be later than the last maturity of the bonds being
36 refunded.

SECTION 19. Redevelopment bonds or notes -- Security -- Marketability.

To increase the security and marketability of redevelopment bonds or notes, the local government may:

(1) Create a lien for the benefit of the bondholders upon any public improvements or public works financed by the bonds; or

(2) Make such covenants and do any and all such actions, not inconsistent with the Arkansas Constitution, which may be necessary or convenient or desirable in order to additionally secure the bonds or notes or which tend to make the bonds or notes more marketable according to the best judgment of the local governing body.

SECTION 20. Redevelopment bonds or notes -- Special fund for repayment.

(a) Redevelopment bonds and notes are payable out of the special fund created for each redevelopment district under this act.

(b)(1) The local governing body shall irrevocably pledge all or part of the special fund to the payment of the bonds or notes.

(2) The special fund, or the designated part thereof, may thereafter be used only for the payment of the bonds or notes and their interest until they have been fully paid.

(c) A holder of the bonds or notes shall have a lien against the special fund for payment of the bonds or notes and interest on them and may bring suit, either at law or in equity, to enforce the lien.

SECTION 21. Redevelopment bonds or notes -- Tax exemption. Bonds and notes issued under this act, together with the interest and income therefrom, shall be exempt from all state, county, and municipal income taxes.

SECTION 22. Excess funds. Moneys received in the special fund of the district in excess of amounts needed to pay project costs may be used by the local governing body for other purposes of the district, or for any other lawful purpose of the local governing body. Upon termination of the district, all amounts in the special fund of the district may be used by the local governing body for any lawful purpose.

1 SECTION 23. Impact reports. The Assessment Coordination Department,
2 in cooperation with other state agencies and local governments, shall make a
3 comprehensive impact report to the Governor and General Assembly at the
4 beginning of each biennium as to the economic, social, and financial effect
5 and impact of community redevelopment financing projects.

6
7 SECTION 24. Repealer. Arkansas Code 14-168-201 through 14-168-220 are
8 repealed.

9 ~~14-168-201. Title.~~

10 ~~This subchapter shall be known and may be cited as the "Arkansas~~
11 ~~Community Redevelopment Financing Act."~~

12 ~~14-168-202. Legislative findings and purpose.~~

13 ~~(a) The General Assembly finds:~~

14 ~~(1) That the existing system of allocating aggregate property tax~~
15 ~~revenues among tax levying municipalities and public entities has resulted in~~
16 ~~significant inequities and deterrents. The cost of public works or~~
17 ~~improvements within a municipality has been borne entirely by the~~
18 ~~municipality, while the expansion of tax base which is stimulated, directly~~
19 ~~or indirectly, by the improvements benefits not only the municipality but~~
20 ~~also all public tax levying entities which share the tax base. This situation~~
21 ~~is inequitable. Moreover, when the cost to a municipality of a public~~
22 ~~improvement project exceeds the future benefit to the municipality resulting~~
23 ~~from it, the municipality may decide not to undertake such projects. This~~
24 ~~situation has resulted in the postponement or cancellation of socially~~
25 ~~desirable projects. Also, the current shortage of funds for property~~
26 ~~acquisition and preparation and for construction and rehabilitation has~~
27 ~~severely reduced redevelopment and renewal projects;~~

28 ~~(2) That the financial inability to improve communities contributes to~~
29 ~~disease, environmental deterioration, and poverty and impairs the economic~~
30 ~~value of large areas which are characterized by depreciated values, impaired~~
31 ~~investments, and reduced capacity to pay taxes;~~

32 ~~(3) That these conditions are a menace to the health, safety, morals,~~
33 ~~and welfare of the citizens of the state and necessitate excessive and~~
34 ~~disproportionate expenditures of public funds for crime prevention and~~
35 ~~punishment, public health and safety, fire and accident protection, and other~~
36 ~~public services; and~~

1 ~~(4) That the recurring shortage of funds for construction and~~
 2 ~~rehabilitation has caused substantial unemployment in the construction~~
 3 ~~industry, which results in hardships, wastes human resources, increases the~~
 4 ~~public assistance burdens of the state, impairs the security and formation of~~
 5 ~~family life, impedes the economic and physical development of the state, and~~
 6 ~~adversely affects the welfare, health, and prosperity of all the people of~~
 7 ~~this state.~~

8 ~~(b) The General Assembly further finds that accomplishment of the~~
 9 ~~vital and beneficial public purposes is being frustrated because of a lack of~~
 10 ~~incentives and financial resources. The purpose of this subchapter is to~~
 11 ~~create a viable procedure by which a municipality, through its own initiative~~
 12 ~~and efforts, may finance projects which will tend to accomplish laudable~~
 13 ~~community improvement objectives.~~

14 ~~(c) A more stable and adequate source of funds for community~~
 15 ~~improvement construction and rehabilitation financing is required to~~
 16 ~~encourage community improvement in an orderly and sustained manner, and~~
 17 ~~thereby reduce and improve the enumerated conditions. In order to encourage~~
 18 ~~the investment of private capital and to encourage private enterprise to make~~
 19 ~~such community improvements so as to alleviate deteriorating conditions and~~
 20 ~~improve the health, safety, convenience, and welfare of the citizens of the~~
 21 ~~state, provision should be made to supplement the powers of municipalities to~~
 22 ~~finance redevelopment projects by adding the tax incremental method of~~
 23 ~~financing such improvements.~~

24 ~~(d) It is declared that for the benefit of the people of this state,~~
 25 ~~for the increase of their commerce, welfare, and prosperity, and for the~~
 26 ~~improvement of their living conditions, it is essential to provide new~~
 27 ~~employment opportunities, to prevent, arrest, and alleviate blight and decay~~
 28 ~~in communities, to increase the supply of housing available at low rentals,~~
 29 ~~to improve the tax base and to improve the general economy of the State of~~
 30 ~~Arkansas and that it is the purpose of this subchapter to provide an~~
 31 ~~additional and alternative means to municipalities to finance public~~
 32 ~~facilities and residential, commercial, and industrial development and~~
 33 ~~revitalization, all to the public benefit and good, in the manner provided in~~
 34 ~~this subchapter.~~

35 ~~14-168-203. Definitions.~~

36 ~~As used in this subchapter, unless the context otherwise requires:~~

1 ~~(1) "Redevelopment project" means:~~

2 ~~(A) The acquisition of the land and improvements on it, if any, within~~
 3 ~~the project area and clearance of the land so acquired; or~~

4 ~~(B) The development, redevelopment, revitalization, or conservation of~~
 5 ~~the project area through rehabilitation of buildings or other improvements or~~
 6 ~~through acquisition by gift, purchase, or eminent domain of land and~~
 7 ~~improvements on it, if any, and demolition, removal, or rehabilitation of any~~
 8 ~~such improvement whenever necessary to provide land for needed public~~
 9 ~~facilities, public housing, or industrial or commercial development or~~
 10 ~~revitalization, or to eliminate unhealthful, unsanitary, or unsafe~~
 11 ~~conditions, or lessen density, mitigate or eliminate traffic congestion,~~
 12 ~~reduce traffic hazards, eliminate obsolete or other uses detrimental to the~~
 13 ~~public welfare, or otherwise remove or prevent the spread of blight or~~
 14 ~~deterioration; or~~

15 ~~(C) A project involving any of the aforementioned types of projects. A~~
 16 ~~project may include the provision of financial and other assistance in the~~
 17 ~~relocation of persons and organizations displaced as a result of carrying out~~
 18 ~~the project, planning, and construction of needed public facilities, the~~
 19 ~~installation, construction, or reconstruction of public and private ways and~~
 20 ~~sidewalks, public utilities and services, parks and landscaping, playgrounds,~~
 21 ~~off-street parking lots, traffic or fire control and police communication~~
 22 ~~systems, and other like improvements necessary for carrying out the project~~
 23 ~~plan, together with such site improvements as are necessary for the~~
 24 ~~preparation of any sites for uses in accordance with the plan, and making any~~
 25 ~~land or improvements acquired in the project area available, by sale or by~~
 26 ~~lease, for public housing or for development, redevelopment, or~~
 27 ~~rehabilitation by private enterprise for commercial or industrial uses in~~
 28 ~~accordance with the plan;~~

29 ~~(2) "Project plan" means the plan which shall be adopted by a~~
 30 ~~municipality for a redevelopment project. The plan shall set forth an~~
 31 ~~estimate of project costs and the amount and sources of funds to be used to~~
 32 ~~defray such costs and shall include provisions for tax increment financing of~~
 33 ~~project costs, in whole or in part. The tax increment financing provision of~~
 34 ~~the plan shall:~~

35 ~~(A) Set forth the amount of indebtedness to be incurred pursuant to~~
 36 ~~this subchapter;~~

1 ~~(B) Set forth an estimate of the tax increment to be generated as a~~
 2 ~~result of the project;~~

3 ~~(C) Set forth the method for calculating the tax increment, together~~
 4 ~~with any provision for adjustment of the method of calculation; and~~

5 ~~(D) Designate the board or officer of the municipality or county~~
 6 ~~responsible for calculating the tax increment. The plan may include such~~
 7 ~~other provisions as may be deemed necessary in order to carry out the tax~~
 8 ~~increment financing of the project. The project plan shall be consistent with~~
 9 ~~such comprehensive plan for the municipality as is then applicable, shall be~~
 10 ~~sufficiently complete to indicate the location and boundaries of the~~
 11 ~~redevelopment project area and such land acquisition, demolition, removal,~~
 12 ~~and rehabilitation of structures and such development, redevelopment, and~~
 13 ~~general public improvements as are proposed to be carried out within the~~
 14 ~~project area and indicate the proposed method for relocation of such persons~~
 15 ~~or organizations as may be displaced as a result of carrying out the project;~~

16 ~~(3) "Blighted area" means an area in which the structures, building,~~
 17 ~~or improvements which, by reason of dilapidation, deterioration, age or~~
 18 ~~obsolescence, inadequate provision for ventilation, light, air, sanitation,~~
 19 ~~or open spaces, high density of population and overcrowding or the existence~~
 20 ~~of conditions which endanger life or property by fire and other causes or any~~
 21 ~~combination of such factors, is conducive to ill health, transmission of~~
 22 ~~disease, infant mortality, juvenile delinquency, or crime and is detrimental~~
 23 ~~to the public health, safety, morals, or welfare. "Blighted area" includes~~
 24 ~~any area which, by reason of the presence of a substantial number of~~
 25 ~~substandard, slum, deteriorated or deteriorating structures, predominance of~~
 26 ~~defective or inadequate street layout, faulty lot layout in relation to size,~~
 27 ~~adequacy, accessibility or usefulness, unsanitary or unsafe conditions,~~
 28 ~~deterioration of site or other improvements, diversity of ownership, tax on~~
 29 ~~special assessment delinquency exceeding the fair value of the land,~~
 30 ~~defective or unusual conditions of title, or the existence of conditions~~
 31 ~~which endanger life or property by fire and other causes or any combination~~
 32 ~~of such factors, substantially impairs or arrests the sound growth of a city,~~
 33 ~~retards the provision of housing accommodations, or constitutes an economic~~
 34 ~~or social liability and is a menace to the public health, safety, morals, or~~
 35 ~~welfare in its present condition and use, or any area which is predominantly~~
 36 ~~open and which because of obsolete platting, diversity of ownership,~~

deterioration of structures or of site improvements, or otherwise,
substantially impairs or arrests the sound growth of the community;

(4) "Redevelopment project district" means a geographic area within a city defined and created by resolution of the local legislative body. The district may consist of one (1) or more parcels or lots of land, if, upon adoption of the project plan, the aggregate taxable valuation of the property within all redevelopment districts within the municipality does not exceed twenty five percent (25%) of the taxable valuation of all property subject to taxation in the municipality;

(5) "Project costs" means expenditures made in preparation of the project plan and made or estimated to be made or monetary obligations incurred or estimated to be incurred by the municipality which are listed in the project plan as costs of public works or improvements within a redevelopment project district, plus any costs incidental thereto, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the municipality in connection with the implementation of the plan. Project costs include, but are not limited to:

(A) Capital costs, including, but not limited to, the actual costs of the construction of public works or improvements, new buildings, structures, and fixtures, the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the acquisition of equipment; and the clearing and grading of land;

(B) Financing costs, including, but not limited to, all interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of it because of the redemption of the obligation prior to maturity;

(C) Real property assembly costs, meaning any deficit incurred resulting from the sale or lease as lessor by the municipality of real or personal property within a redevelopment district for consideration which is less than its cost to the municipality;

(D) Professional service costs, including, but not limited to, those costs incurred for architectural, planning, engineering, and legal advice and services;

(E) Imputed administrative costs, including, but not limited to, reasonable charges for the time spent by the municipal employees in

1 connection with the implementation of a project plan;

2 (F) Relocation costs, including, but not limited to, those relocation
3 payments, made following condemnation;

4 (G) Organizational costs, including, but not limited to, the costs of
5 conducting environmental impact and other studies and the costs of informing
6 the public with respect to the creation of redevelopment project areas and
7 the implementation of project plans;

8 (H) The amount of any contributions made in connection with the
9 implementation of the project plan;

10 (I) Payments made, in the discretion of the local legislative body,
11 which are found to be necessary or convenient to the creation of
12 redevelopment areas or the implementation of project plans;

13 (J) That portion of costs related to the construction or other environmental
14 protection devices, storm or sanitary sewer lines, water lines, or amenities
15 or streets or the rebuilding or expansion of streets, the construction,
16 alteration, rebuilding, or expansion of which is necessitated by the project
17 plan for a district, whether or not the construction, alteration, rebuilding,
18 or expansion is within the area;

19 (6) "City" means any municipal corporation in this state;

20 (7) "Local legislative body" means the city council or board of
21 directors;

22 (8) "Planning commission" means a municipality's planning commission,
23 as created under §§ 14-56-401, 14-56-408 and 14-56-410, 14-56-424, or a
24 city redevelopment project plan committee of the local legislative body if
25 the city has no such commission;

26 (9) "Real property" means all lands including improvements and
27 fixtures on them and property of any nature appurtenant to them or used in
28 connection with them and every estate, interest, and right, legal or
29 equitable, in them including terms for years and liens by way of judgment,
30 mortgage, or otherwise, and the indebtedness secured by the liens;

31 (10) "Tax increment" means that amount obtained by multiplying the
32 total county, city, school, or other local general property taxes levied on
33 all taxable property within a redevelopment project district in a year,
34 except for that amount of the general property taxes which is equal to the
35 amount obtained by multiplying the millage obligated to retire any bonded
36 indebtedness of the school district in a redevelopment project district by

1 the assessed valuation of all taxable property within a redevelopment project
2 district, by a fraction having as its numerator the value increment for that
3 year in such district and as a denominator that year's equalized value of all
4 taxable property in the district. In any year, a tax increment is "positive"
5 if the value increment is positive; it is "negative" if the value increment
6 is negative;

7 (11) "Tax incremental base" means the aggregate value, as equalized,
8 of all taxable property within a redevelopment project district on the date
9 of the filing of the most recent assessors' abstract preceding the date of
10 creation of the district;

11 (12) "Value increment" means the equalized value of all taxable
12 property in a redevelopment project district in any year minus the tax
13 incremental base. In any year, the "value increment" is positive if the tax
14 incremental base is less than the aggregate value of the equalized taxable
15 property; it is negative if that base exceeds that aggregate value.

16 14-168-204. Construction.

17 The General Assembly declares that this subchapter is necessary for the
18 welfare of this state and its inhabitants, and it is the intent of the
19 General Assembly that it is to be broadly construed to effect its purpose.

20 14-168-205. Powers supplemental.

21 The powers conferred by this subchapter shall be in addition and
22 supplemental to the powers conferred upon municipalities and improvement
23 districts by the General Assembly relating to the issuance of bonds and by
24 any other law.

25 14-168-206. Powers generally.

26 In addition to any other powers conferred by law, a municipality may
27 exercise any powers necessary and convenient to carry out the purpose of this
28 subchapter, including power to:

29 (1) Create redevelopment project areas and to define the boundaries of
30 the districts;

31 (2) Cause project plans to be prepared, to approve the plans, and to
32 implement the provisions and effectuate the purposes of the plans;

33 (3) Issue redevelopment bonds and notes and to pledge value increments
34 and other redevelopment revenues for repayment of them;

35 (4) Deposit moneys into the special fund or any redevelopment project
36 district;

1 ~~(5) Enter into any contracts or agreements, including agreements with~~
 2 ~~bondholders, determined by the local legislative body to be necessary or~~
 3 ~~convenient to implement the provisions and effectuate the purposes of project~~
 4 ~~plans;~~

5 ~~(6) Receive, from the federal government or the state, loans and~~
 6 ~~grants for, or in aid of, a project and to receive contributions from any~~
 7 ~~other source to defray project costs;~~

8 ~~(7) Designate, by ordinance or resolution, the local housing~~
 9 ~~authority, the central business improvement district, or the redevelopment~~
 10 ~~project district authority, as agent of the municipality to perform all~~
 11 ~~actions, except the development of the master plan of the city, which are~~
 12 ~~otherwise performed by the planning commission under this subchapter;~~

13 ~~(8) Exercise the right of eminent domain to condemn property for the~~
 14 ~~purposes of implementing the redevelopment project plan. The rules and~~
 15 ~~procedures set forth in §§ 18-15-301—18-15-307 shall govern all~~
 16 ~~condemnation proceedings authorized in this subchapter;~~

17 ~~(9) Make relocation payments to such persons, businesses, or~~
 18 ~~organizations as may be displaced as a result of carrying out the project;~~

19 ~~(10) Clear and improve property acquired by it pursuant to the project~~
 20 ~~plan and construct public facilities on it or contract for the construction,~~
 21 ~~development, redevelopment, rehabilitation, remodeling, alteration, or repair~~
 22 ~~of the property;~~

23 ~~(11) Cause parks, playgrounds, or schools, or water, sewer, or~~
 24 ~~drainage facilities or any other public improvements which it is otherwise~~
 25 ~~authorized to undertake, to be laid out, constructed, or furnished in~~
 26 ~~connection with the project;~~

27 ~~(12) Lay out and construct, alter, relocate, change the grade of, make~~
 28 ~~specific repairs upon, or discontinue public ways and construct sidewalks in,~~
 29 ~~or adjacent to, the project area;~~

30 ~~(13) Cause private ways, sidewalks, ways for vehicular travel,~~
 31 ~~playgrounds, or water, sewer, or drainage facilities and similar improvements~~
 32 ~~to be constructed within the project area for the particular use of the~~
 33 ~~project area or those dwelling or working in it;~~

34 ~~(14) Adopt ordinances or bylaws or repeal or modify such ordinances or~~
 35 ~~bylaws or establish exceptions to existing ordinances and bylaws regulating~~
 36 ~~the design, construction, and use of buildings;~~

1 ~~(15) Sell, mortgage, lease, transfer, or dispose of any property, or~~
2 ~~interest therein, acquired by it pursuant to the project plan for~~
3 ~~development, redevelopment, or rehabilitation in accordance with the plan;~~

4 ~~(16) Invest project revenues as provided in this subchapter; and~~

5 ~~(17) Do all things necessary or convenient to carry out the powers~~
6 ~~granted in this subchapter.~~

7 ~~14-168-207. Creation of district.~~

8 ~~(a) In order to implement the provisions of this subchapter, the steps~~
9 ~~set forth in this section are required.~~

10 ~~(b) The planning commission shall designate the boundaries of a~~
11 ~~redevelopment project district recommended to be created by it and shall~~
12 ~~submit the recommendation to the local legislative body.~~

13 ~~(c)(1) The local legislative body or planning commission shall hold a~~
14 ~~public hearing at which interested parties are afforded a reasonable~~
15 ~~opportunity to express their views on the proposed creation of a~~
16 ~~redevelopment project district and its proposed boundaries.~~

17 ~~(2)(A) Notice of the hearing shall be published in a newspaper of~~
18 ~~general circulation in the municipality once a week for two (2) consecutive~~
19 ~~weeks. The first such publication shall be at least fifteen (15) days prior~~
20 ~~to the hearing.~~

21 ~~(B) Prior to this publication, a copy of the notice shall be sent by~~
22 ~~first class mail to the chief executive officer of all local governmental and~~
23 ~~taxing entities having the power to levy taxes on property located within the~~
24 ~~proposed redevelopment project district and to the school board of a school~~
25 ~~district which includes property located within the proposed district.~~

26 ~~(d) The local legislative body shall adopt an ordinance which:~~

27 ~~(1) Describes the boundaries, which may, but need not, be the same as~~
28 ~~those recommended by the planning commission, of a redevelopment project~~
29 ~~district sufficiently definite to identify with ordinary and reasonable~~
30 ~~certainty the territory included in it. In this connection, the local~~
31 ~~legislative body shall take care that the boundaries include only those units~~
32 ~~of property as are assessed for general property tax purposes;~~

33 ~~(2) Creates the district as of a date provided in it;~~

34 ~~(3) Assigns a name to the district for identification purposes. The~~
35 ~~first district created shall be known as Redevelopment District Number One,~~
36 ~~City of Each subsequently created district shall be~~

1 assigned the next consecutive number; and

2 ~~(4) Contains findings that:~~

3 ~~(A) Not less than twenty five percent (25%), by area, of the real~~
 4 ~~property within the district meets at least one (1) of the following~~
 5 ~~criteria:~~

6 ~~(i) Is a blighted area; or~~

7 ~~(ii) Is in need of rehabilitation or conservation work within the~~
 8 ~~meaning as set forth in § 14-169-703;~~

9 ~~(B) The improvement of the area is likely to enhance significantly the~~
 10 ~~value of substantially all of the other real property in the area. It shall~~
 11 ~~not be necessary to identify the specific parcels meeting the criteria; and~~

12 ~~(C) The aggregate value of taxable property of the district plus all~~
 13 ~~existing districts does not exceed twenty five percent (25%) of the total~~
 14 ~~value of taxable property within the city.~~

15 ~~14-168-208. Project plan Approval.~~

16 ~~(a) In order to implement the provisions of this subchapter, the steps~~
 17 ~~set forth in this section are required.~~

18 ~~(b) Upon the creation of the redevelopment project district, the~~
 19 ~~planning commission shall cause the preparation and adoption by the local~~
 20 ~~legislative body of a project plan for each redevelopment project district~~
 21 ~~and submit the plan for adoption by the local legislative body. This process~~
 22 ~~shall conform to the procedures set forth in this section.~~

23 ~~(c)(1) The planning commission shall prepare and adopt a project plan~~
 24 ~~for each redevelopment project district as set forth in §§ 14-56-422—14-56-~~
 25 ~~424 and shall submit the plan to the local legislative body.~~

26 ~~(2) The plan shall include:~~

27 ~~(A) A statement listing the kind, number, and location of all proposed~~
 28 ~~public works or improvements within the district or, to the extent provided,~~
 29 ~~outside the district;~~

30 ~~(B) An economic feasibility study;~~

31 ~~(C) A detailed list of estimated project costs; and~~

32 ~~(D) A description of the methods of financing all estimated project~~
 33 ~~costs and the time when the costs or monetary obligations related thereto are~~
 34 ~~to be incurred.~~

35 ~~(E) The plan shall also include:~~

36 ~~(i) A map showing existing uses and conditions of real property in the~~

1 ~~district;~~

2 ~~(ii) A map of proposed improvements and uses in the district;~~

3 ~~(iii) Proposed changes of zoning ordinances;~~

4 ~~(iv) Master plan, map, building codes, and city ordinances;~~

5 ~~(v) A list of estimated nonproject costs; and~~

6 ~~(vi) A statement of the proposed method for the relocation of any~~
 7 ~~persons to be displaced.~~

8 ~~(d)(1) The local legislative body shall hold a public hearing at which~~
 9 ~~interested parties are afforded a reasonable opportunity to express their~~
 10 ~~views on the proposed project plan.~~

11 ~~(2) The hearing may be held in conjunction with the hearing set forth~~
 12 ~~in §§ 14-56-422—14-56-424.~~

13 ~~(3) Prior to publication, a copy of the notice shall be sent by first-~~
 14 ~~class mail to the chief executive officer of all local governmental entities~~
 15 ~~having the power to levy taxes on property within the district and to the~~
 16 ~~school board of any school district which includes property located within~~
 17 ~~the proposed district.~~

18 ~~(e)(1) Approval by the local legislative body of a project plan within~~
 19 ~~one (1) year after county assessor certifies the tax incremental base of the~~
 20 ~~district.~~

21 ~~(2) The approval shall be by resolution which contains findings that~~
 22 ~~the plan is feasible and in conformity with the master plan, if any, of the~~
 23 ~~municipality.~~

24 ~~14-168-209. Project plan—Amendment.~~

25 ~~(a) In order to implement the provisions of this subchapter, the steps~~
 26 ~~set forth in this section are required.~~

27 ~~(b) The planning commission may, by resolution, adopt an amendment to~~
 28 ~~a project plan, which amendment shall be subject to approval by the local~~
 29 ~~legislative body.~~

30 ~~(c) Approval of the amendment shall require the same findings as~~
 31 ~~provided in § 14-168-208(e)(2).~~

32 ~~(d)(1) Adoption of an amendment to a project plan shall be preceded by~~
 33 ~~a public hearing held by the planning commission as provided in § 14-168-~~
 34 ~~208(d), at which interested parties shall be afforded a reasonable~~
 35 ~~opportunity to express their views on the amendment.~~

36 ~~(2)(A) Notice of the hearing shall be published in a newspaper of~~

1 ~~general circulation in the municipality once a week for two (2) consecutive~~
 2 ~~weeks. The first such publication shall be fifteen (15) days prior to the~~
 3 ~~hearing.~~

4 ~~(B) Prior to publication, a copy of the notice shall be sent by first-~~
 5 ~~class mail to the chief executive officer of all local governmental entities~~
 6 ~~having the power to levy taxes on property within the district and to the~~
 7 ~~school board of any school district which includes property located within~~
 8 ~~the proposed district.~~

9 ~~14-168-210. Overlapping districts.~~

10 ~~(a) Subject to any agreement with bondholders, a redevelopment project~~
 11 ~~district may be created, the boundaries of which overlap one (1) or more~~
 12 ~~existing districts. However, districts created as of the same date may not~~
 13 ~~have overlapping boundaries.~~

14 ~~(b) If the boundaries of two (2) or more districts overlap, in~~
 15 ~~determining how positive tax increments generated by that area which is~~
 16 ~~within two (2) or more districts are allocated among the districts, but for~~
 17 ~~no other purpose, the aggregate value of the taxable property in the~~
 18 ~~district, as equalized by the county assessor and board of equalization in~~
 19 ~~any year as to each earlier created district, is deemed to be that portion of~~
 20 ~~the tax incremental base of the district next created which is attributable~~
 21 ~~to the overlapped area.~~

22 ~~14-168-211. Valuation of real property.~~

23 ~~(a)(1) Upon and after the effective date of the creation of a~~
 24 ~~redevelopment project district, the county assessor of the county in which~~
 25 ~~the district is located shall transmit to the county clerk, upon the request~~
 26 ~~of the municipality, the assessed tax incremental base and shall certify to~~
 27 ~~it, in each year thereafter, the current assessed valuation for assessment of~~
 28 ~~taxable real property in the project district.~~

29 ~~(2)(A) The assessor shall undertake, upon request of the municipality,~~
 30 ~~an investigation, examination, and inspection of the taxable real property in~~
 31 ~~the district and shall reaffirm or revalue the current value for assessment~~
 32 ~~of the property in accordance with the findings of the investigation,~~
 33 ~~examination, and inspection.~~

34 ~~(B) The assessor shall determine, according to his best judgment from~~
 35 ~~all sources available to him, the full aggregate value of the taxable~~
 36 ~~property in the district which aggregate valuation, upon certification~~

1 thereof by him to the clerk, constitutes the tax incremental base of the
2 area.

3 (b)(1) The assessor shall not certify the district tax incremental
4 base until he determines that each of the procedures and documents required
5 has been timely completed and all notices required timely given.

6 (2) The facts supporting any document adopted or action taken to
7 comply shall not be subject to review by the assessor.

8 (c)(1)(A) The assessor shall, annually, give notice to the designated
9 finance officer of all governmental entities having the power to levy taxes
10 on property within each district as to the assessed value of the property and
11 the assessed value of the tax incremental base.

12 (B) The notice shall also explain that the entire amount in excess of
13 the tax incremental base allocable to a municipality will be paid to the
14 special fund of the redevelopment project district.

15 (2) The assessor shall identify upon the assessment roll those parcels
16 of property which are within each existing district specifying on it the name
17 of each district.

18 (d)(1) It is a rebuttable presumption that any property within a
19 district acquired or leased as lessee by the municipality, or any agency or
20 instrumentality thereof, within the one (1) year immediately preceding the
21 date of the creation of the district was so acquired or leased in
22 contemplation of the creation of the district.

23 (2)(A) This presumption may be rebutted by the municipality with proof
24 that the property was so leased or acquired primarily for a purpose other
25 than to reduce the redevelopment district tax incremental base.

26 (B) If this assumption is not rebutted, then, in determining the tax
27 incremental base of the district, but for no other purpose, the taxable
28 status of the property shall be determined as though the lease or acquisition
29 had not occurred.

30 ~~14-168-212. Division of ad valorem real property taxes.~~

31 (a) A redevelopment project plan may contain a recommendation that ad
32 valorem taxes levied each year by any public body upon real property in the
33 project shall be divided, in the manner specified in subsection (b) of this
34 section, for a period not to exceed twenty (20) years after the recommended
35 effective date of such a project plan.

36 (b) If the local legislative body of the municipality in which the

1 proposed project is located finds that the project is in conformance with its
2 redevelopment plan, it may approve a division of ad valorem tax revenues in
3 the following manner for the time specified and shall specify an effective
4 date of the division.

5 (1) That portion of the ad valorem taxes which are produced by the
6 levy at the rate fixed each year by or for each public body upon the tax
7 incremental base shall be paid to each public body.

8 (2)(A) That portion of the ad valorem taxes on real property in the
9 district excluding taxes voted to retire school district bonds in excess of
10 the tax incremental base, if any, shall be allocated to and when collected,
11 paid into a special fund of the redevelopment project district to pay the
12 principal of, the interest on, and any premiums due in connection with the
13 bonds of, loans, notes, or advances of money to, or indebtedness incurred by,
14 a district, whether funded, refunded, assumed, or otherwise, for financing or
15 refinancing, in whole or in part, a project.

16 (B) When such bonds, loans, notes, advances of money, or indebtedness,
17 if any, including interest thereon and any premiums due in connection with
18 them, have been paid, the municipality shall so notify the county assessor
19 and county tax collector. All subsequent ad valorem taxes upon taxable real
20 property in such a redevelopment project district shall be paid into the
21 general funds of the respective public bodies.

22 ~~14-168-213. Tax receipts—Duties of county officials.~~

23 (a)(1) In each year subsequent to the determination of a tax increment
24 base, the county assessor and the county board of equalization shall include
25 no more than the tax incremental base and school millage rates for bonds of
26 the taxable real property in the project in the assessed valuation upon which
27 are computed the mill rates of all taxes levied by any public body in the
28 district.

29 (2) In each year for which the current assessed valuation on taxable
30 real property in the project exceeds the tax incremental base, the county
31 treasurer shall remit to the special fund of the redevelopment project
32 district, instead of to any public body, that portion of the ad valorem taxes
33 on the real property in the district in excess of the tax incremental base.

34 (3) The city treasurer shall deposit additional moneys into the fund
35 pursuant to an appropriation by the local legislative body and shall deposit
36 any additional moneys dedicated to the fund from other sources.

1 ~~(b) Moneys shall be paid out of the fund only to pay project costs~~
 2 ~~with respect to the district to reimburse the city for such payments or to~~
 3 ~~satisfy claims of holders of redevelopment bonds or notes with respect to the~~
 4 ~~district.~~

5 ~~(c) Subject to any agreement with bondholders, moneys in the fund may~~
 6 ~~be temporarily invested in the same manner as other municipal funds.~~

7 ~~(d) After all project costs and all redevelopment bonds and notes with~~
 8 ~~respect to the district have been paid or the payment thereof provided for,~~
 9 ~~subject to any agreement with bondholders, any moneys remaining in the fund~~
 10 ~~shall be paid over to the treasurer of each county, school district, or other~~
 11 ~~public tax levying entity or to the general fund of the municipality in such~~
 12 ~~amounts as belong to each, respectively, having due regard for what portion~~
 13 ~~of such moneys, if any, represents tax increments not allocated to the city~~
 14 ~~and what portion thereof, if any, represents voluntary deposits of the city~~
 15 ~~into the fund.~~

16 ~~14-168-214. Bonds generally.~~

17 ~~(a) Without limiting the generality of § 14-168-213, bonds may be~~
 18 ~~issued for project costs which may include interest prior to and during the~~
 19 ~~carrying out of a project and for a reasonable time thereafter, with such~~
 20 ~~reserves as may be required by any agreement securing the bonds and all other~~
 21 ~~expenses incidental to planning, carrying out, and financing the project.~~

22 ~~(b) Bonds issued under this subchapter shall be payable solely from~~
 23 ~~project revenues and shall not be deemed to be a pledge of the faith and~~
 24 ~~credit of the municipality.~~

25 ~~(c) Every bond issued under this subchapter shall recite on its face~~
 26 ~~that it is a special obligation bond payable solely from project revenues~~
 27 ~~pledged for its repayment.~~

28 ~~14-168-215. Redevelopment bonds or notes—Authority to issue.~~

29 ~~For the purpose of paying project costs or of refunding notes issued~~
 30 ~~under this subchapter for the purpose of paying project costs, the local~~
 31 ~~legislative body may issue redevelopment bonds or notes payable out of~~
 32 ~~positive tax increments.~~

33 ~~14-168-216. Redevelopment bonds or notes—Authorizing resolution.~~

34 ~~(a)(1) Redevelopment bonds and notes shall be authorized by resolution~~
 35 ~~of the local legislative body.~~

36 ~~(2) The referendum or election may be held following the procedures~~

1 set forth in § 14-163-207.

2 (b)(1) ~~The resolution shall state the name of the redevelopment~~
3 ~~project district, the amount of bonds or notes authorized, and the interest~~
4 ~~rate to be borne by the bonds or notes.~~

5 (2) ~~The resolution may prescribe the terms, form, and content of the~~
6 ~~bonds or notes and such other matters as the local legislative body deems~~
7 ~~useful.~~

8 ~~14-168-217. Redevelopment bonds or notes — Terms, conditions, etc.~~

9 (a)(1) ~~Redevelopment bonds or notes may not be issued in an amount~~
10 ~~exceeding the aggregate project costs.~~

11 (2) ~~These bonds and notes shall not be included in the computation of~~
12 ~~the constitutional debt limitation of a city.~~

13 (b)(1) ~~The bonds or notes shall mature over a period not exceeding~~
14 ~~twenty (20) years from their date of issuance or a period terminating with~~
15 ~~the date of termination of the redevelopment project district, whichever~~
16 ~~period terminates earlier.~~

17 (2) ~~The bonds or notes may contain a provision authorizing their~~
18 ~~redemption, in whole or in part, at stipulated prices, at the option of the~~
19 ~~municipality on any interest payment date and shall provide the method of~~
20 ~~selecting the bonds or notes to be redeemed.~~

21 (3) ~~The principal and interest on the bonds and notes may be payable~~
22 ~~at any time and at any place.~~

23 (4) ~~The bonds or notes may be payable to bearer or may be registered~~
24 ~~as to the respective interests of the persons, firms, or corporations which~~
25 ~~purchase or own the bonds or notes.~~

26 (5) ~~The bonds or notes may be in any denominations.~~

27 (6) ~~Each such bond or note and all interest coupons appurtenant to it~~
28 ~~are declared to be negotiable instruments.~~

29 (c) ~~The bonds or notes may be sold at public or private sale.~~

30 (d) ~~Insofar as they are consistent with subdivisions (a)(1), (b)(1)~~
31 ~~(5), and subsection (c) of this section, the provisions of §§ 14-169-220 and~~
32 ~~14-169-221 relating to procedures for issuance, form, contents, execution,~~
33 ~~negotiation, and registration of municipal bonds and notes are incorporated~~
34 ~~by reference therein.~~

35 ~~14-168-218. Redevelopment bonds or notes — Security — Marketability.~~
36 ~~To increase the security and marketability of redevelopment bonds or~~

1 notes, the city may:

2 (1) Create a lien for the benefit of the bondholders upon any public
3 improvements or public works financed by them or the revenues from them; or

4 (2) Make such covenants and do any and all such actions, not
5 inconsistent with the Arkansas Constitution, which may be necessary or
6 convenient or desirable in order to additionally secure the bonds or notes or
7 which tend to make the bonds or notes more marketable according to the best
8 judgment of the local legislative body.

9 14-168-219. Redevelopment bonds or notes—Special fund for repayment.

10 (a) Redevelopment bonds and notes are payable only out of the special
11 fund created under this subchapter.

12 (b)(1) The local legislative body shall irrevocably pledge all or part
13 of the special fund to the payment of the bonds or notes.

14 (2) The special fund, or the designated part thereof, may thereafter
15 be used only for the payment of the bonds or notes and their interest until
16 they have been fully paid.

17 (c) A holder of the bonds or notes, or any coupons appurtenant to them
18 shall have a lien against the special fund for payment of the bonds or notes
19 and interest on them and may bring suit, either at law or in equity, to
20 enforce the lien.

21 14-168-220. Redevelopment bonds or notes—Tax exemption.

22 Bonds and notes issued under §§ 14-168-215—14-168-219, together with
23 the interest and income therefrom, shall be exempt from all state, county,
24 and municipal income taxes.

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