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2 89th General Assembly
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4

As Engrossed: H3/22/13

A Bill

HOUSE BILL 1931

5 By: Representative D. Douglas
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE REGIONAL ECONOMIC DEVELOPMENT
9 PARTNERSHIP ACT; AND FOR OTHER PURPOSES.

Subtitle

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12 TO AMEND THE REGIONAL ECONOMIC
13 DEVELOPMENT PARTNERSHIP ACT.
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
18

19 *SECTION 1. Arkansas Code § 15-4-3402, concerning the legislative*
20 *intent regarding regional economic development, is amended to add an*
21 *additional subdivision to read as follows:*

22 *(6) The Governor’s Strategic Plan for Economic Development is*
23 *focused on increasing the capacity of a region of Arkansas to participate in*
24 *economic development.*
25

26 *SECTION 2. Arkansas Code § 15-4-3403(1)(B), concerning the definition*
27 *of an economic development region, is amended to read as follows:*

28 *(B) ~~Is willing to form~~ Have formed a regional economic*
29 *development partnership ~~for the purposes of regional economic development;~~*
30

31 *SECTION 3. Arkansas Code § 15-4-3403(3), concerning the definition of*
32 *an economic development region, is amended to read as follows:*

33 *(3) “Regional economic development partnership” means an*
34 *organization whose mission is to promote specific regions within the state*
35 *~~for business, retail, nonprofit, and industrial location, relocation, and~~*
36 *~~expansion~~ in accordance with the intent described under § 15-4-302.*



1
2 SECTION 4. Arkansas Code § 15-4-3404 is amended to read as follows:
3 15-4-3404. Regional economic development partnerships – Board of
4 directors.

5 (a) A regional economic development partnership shall+

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

9 ~~(2) Satisfy~~ satisfy the following requirements:

10 ~~(A)(1)~~ (1) The economic development region includes the active
11 participation of at least two (2) contiguous counties;

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

14 ~~(G)(2)~~ (2) The economic development region is of adequate size
15 in population to:

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

19 ~~(ii)(B)~~ (B) Generate adequate regional resources to
20 provide matching funds; and

21 ~~(D)(3)~~ (3) The economic development region is economically
22 integrated as determined by:

23 ~~(A) commuting~~ Commuting patterns; ~~;~~

24 ~~(B) economic~~ Economic base; ~~;~~

25 ~~(C) major~~ Major employers; ~~;~~

26 ~~(D) membership~~ Membership in a defined metropolitan or
27 micropolitan statistical area; ~~;~~ or

28 ~~(v) other~~ Other indicators determined by the
29 Arkansas Economic Development Commission.

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

35 (2) However, a ~~municipality or county~~ that adopts an ordinance
36 under subdivision (b)(1) of this section shall become a member of the

1 regional economic development partnership only upon a majority vote of the
 2 members of the board of directors of the regional economic development
 3 partnership that are residents of Arkansas.

4 (c)(1) A regional economic development partnership formed on or after
 5 January 1, 2013, shall be governed by a board of directors that shall
 6 operate, manage, and control the regional economic development partnership in
 7 all respects.

8 (2)(A) If a regional economic development partnership is formed
 9 on or after January 1, 2013:

10 (A) The board of directors shall contain at least one (1)
 11 representative from each ~~municipality or~~ county that is a member of the
 12 regional economic development partnership.

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

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

18 (3)(A)(i) Each member of the board of directors shall serve for
 19 a term ~~of five (5) years~~ as provided under the bylaws of the regional
 20 economic development partnership.

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

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

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

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

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

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

35 ~~(7)(4)~~ (4) The commission may allow an existing entity that applies
 36 to be a regional economic development partnership to maintain the entity's

1 existing rules regarding the membership, terms, and duties of the board of
2 directors.

3 (5) If a regional economic development partnership includes a
4 territory located in another state, regional funding provided under this
5 subchapter shall only be provided to a county in Arkansas.

6
7 SECTION 5. Arkansas Code § 15-4-3405 is amended to read as follows:
8 15-4-3405. Application.

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

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

15 (1) At least a three-year ~~business~~ strategic plan that is
16 consistent with the Governor's Strategic Plan for Economic Development and
17 includes the following:

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

20 ~~(B)(A) The proposed activities of the partnership; and~~

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

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

24 ~~(ii) One (1) budget that assumes zero dollars~~
25 ~~(\$0.00) of state funding;~~

26 (B)(i) A budget for the next calendar year.

27 (ii) The budget should clearly identify the proposed
28 expenditures for which the grant funds are requested;

29 (2) Proof of organization;

30 (3) A copy of the ~~bylaws or articles of incorporation;~~ entity's:

31 (A) Governing documents approved by the entity's governing
32 board;

33 (B) Bylaws; or

34 (C) Articles of incorporation;

35 (4) A map of the economic development region and the population
36 served by the ~~proposed~~ regional economic development partnership based on the

1 latest decennial census;

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

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

8 (7)(A)(i) Evidence of ~~at least~~:

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

11 ~~(ii) The equivalent of one and one-half (1½) full-~~
12 ~~time staff positions.~~

13 (a) The staff dedicated to the regional
14 economic development partnership; or

15 (b) The staff dedicated to program management
16 of the regional economic development partnership.

17 (ii) The staff identified under subdivision (b)(7)(A)(i)
18 of this section may be employed by an entity other than the regional economic
19 development partnership.

20 (B) The primary responsibility of the staff members
21 described in subdivision (b)(7)(A) of this section is to:

22 (i) market ~~Market~~ and promote the economic
23 development region to site selectors and ~~economic developers to~~ business
24 prospects; and

25 (ii) accomplish ~~Accomplish~~ the goals and objectives
26 of the strategic plan required under subdivision (b)(1) of this section.

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

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

30 (2) The application submitted under this section includes the
31 information required under subsection (b) of this section; ~~and.~~

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

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

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

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

4 (d) The commission shall notify unsuccessful applicants in writing of
5 the deficiencies of the applicant.

6
7 SECTION 6. Arkansas Code § 15-4-3406(c), concerning the termination of
8 a regional economic development partnership, is amended to read as follows:

9 (c) Upon the termination of a regional economic development
10 partnership, the board of directors of the regional economic development
11 partnership shall ~~promptly~~ remit any unspent state funds to the commission
12 within sixty (60) days of the notice to terminate the regional economic
13 development partnership.

14
15 SECTION 7. Arkansas Code § 15-4-3407 is amended to read as follows:
16 15-4-3407. State funding.

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

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

22 (A) Be for a term of not longer than one (1) year; and

23 (B) Identify the eligible expenses for which the regional
24 economic development partnership intends to use state funds under § 15-4-
25 3409.

26 (3)(A) The commission and the regional economic development
27 partnership may enter into subsequent one-year agreements under this section
28 following the commission's review of the annual report required under § 15-4-
29 3411.

30 (B) If a regional economic department partnership was
31 initially approved as a multi year project, a one-year renewal may be granted
32 by the commission without the regional economic department partnership
33 submitting an annual application.

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

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

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

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

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

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

18 (2)(A) The funds shall be distributed equally to the qualifying
 19 regional economic development partnerships that meet the matching fund
 20 requirements under § 15-4-3408.

21 (B) Funds that are not disbursed under this section during
 22 a fiscal year may be distributed a subsequent fiscal year.

23
 24 SECTION 8. Arkansas Code § 15-4-3408 is amended to read as follows:
 25 15-4-3408. Matching funds.

26 (a) A regional economic development partnership shall match the state
 27 funds allocated to the regional economic development partnership on the basis
 28 of at least ~~two dollars (\$2.00) of nonstate funds for every one dollar~~
 29 (\$1.00) of local matching funds for every one dollar (\$1.00) of state funds.

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

35 (c) ~~Nonstate~~ Local matching funds may be:

36 (1) Provided by public sources, private sources, or a

1 combination of public sources and private sources; and

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

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

7
8 SECTION 9. Arkansas Code § 15-4-3409 is amended to read as follows:

9 15-4-3409. Eligible uses of state funds.

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

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

15 ~~(A) Research studies;~~

16 ~~(B) Purchase of demographic data;~~

17 ~~(C) Promotion through computer databases;~~

18 ~~(D) Direct mail to targeted economic development
19 audiences;~~

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

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

28 ~~(G) Mass media advertising costs;~~

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

32 ~~(I) Design and ongoing maintenance of a regional economic
33 development website and geographic information system; and~~

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

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

5
6 SECTION 10. Arkansas Code § 15-4-3410(a), concerning the use of state
7 funds by a regional economic development partnership, is amended to read as
8 follows:

9 (a) ~~Except as provided in § 15-4-3409, state~~ State funds under this
10 subchapter shall not be used for administrative costs.

11
12 SECTION 11. Arkansas Code § 15-4-3411 is amended to read as follows:
13 15-4-3411. Annual reports.

14 (a)~~(1)~~ A regional economic development partnership that receives state
15 funding under this subchapter shall submit an annual report to the Arkansas
16 Economic Development Commission.

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

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

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

25 (2) A detailed financial report;

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

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

30 ~~(5) A comprehensive demographics report;~~

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

33 ~~(7) An updated business strategic plan as described in § 15-4-~~
34 ~~3405.~~

35 (4) A description of the prioritized activities of the regional
36 economic development partnership for the next twelve (12) months for which

1 state funding under this subchapter is being requested.

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/s/D. Douglas