

Regional Economic Development Partnerships (Act 895 of 2011) Rules and Regulations

I. Program Summary

Act 895 of 2011 (§ 15-4-3401 et seq.) authorized the creation of regional economic development partnerships and addressed the governance of these partnerships as well as funding opportunities and responsibilities. The 2011 act outlined many of the provisions needed to implement the legislation and provided the Arkansas Economic Development Commission the ability to promulgate rules and regulations addressing all aspects of the approval and funding of a regional economic development partnership.

It is the purpose of this rulemaking to make as clear as possible the procedures and approvals required by this act.

II. Definitions

- A. “Commission” means the state agency known as the Arkansas Economic Development Commission;
- B. “Economic development region” means a group of municipalities or counties that:
 - 1. Includes at least two (2) counties; and
 - 2. Is willing to form a regional economic development partnership for the purposes of regional economic development;
- C. “In-kind contributions” means items given to a regional economic development partnership, including, without limitation, donated office space, equipment, staff, and other items specifically approved by the commission; and
- D. “Regional economic development partnership” means an organization whose mission is to promote specific regions within the state for business, retail, nonprofit, and industrial location, relocation, and expansion.

III. Membership in a Regional Economic Development Partnership

- A. A regional economic development partnership may be formed, and include an economic development region that encompasses local governments willing to form a partnership, if the following requirements are met:

1. The economic development region proposed includes the active participation of at least two (2) counties;
 2. The participating counties are from the same geographic region of the state;
 3. The economic development region is of adequate size in population to:
 - a. Effectively undertake economic development activities while remaining a distinct and viable region for attracting new investment; and
 - b. Generate adequate regional resources to provide matching funds;
 4. The economic development region is economically integrated as determined by commuting patterns, economic base, major employers, membership in a defined metropolitan statistical area, or other indicators determined by the Arkansas Economic Development Commission;
 5. Any municipality or county seeking to join a regional economic development partnership must:
 - a. Be within the geographic region in which the partnership is located; and
 - b. Adopt an ordinance seeking membership in the regional economic development partnership; and
 6. The regional economic development partnership, by a majority vote of its board of directors, may approve the membership of a requesting municipality or county after having received a copy of the approved ordinance seeking membership.
- B. The Arkansas Economic Development Commission may allow an existing entity that applies to be a regional economic development partnership to maintain the entity's existing rules regarding membership, terms, and duties of the board of directors.

IV. Board of Directors

- A. Appointments
1. The Board of Directors shall contain one (1) representative from each municipality or county that is a member of the regional economic development partnership.
 2. The governing body of each municipality or county that is a member of the regional economic development partnership shall appoint one (1) member of the board of directors.
 3. The board of directors shall meet at least one (1) time each year.
- B. Terms
1. Each member of the board shall serve for a term of five (5) years.
 2. Each member of the board shall serve at the pleasure of the chief executive officer of the municipality or county that appointed the member.
 3. A member of a board of directors may serve for a maximum of three (3) terms.

- C. Eligibility
 - 1. A public official may serve on the board of directors during his or her term of office.
 - 2. A person appointed to the board of directors may be a representative of either a public or a private entity.
 - 3. a. A member of the board of directors shall not receive compensation for service on the board of directors;
b. However, a member of the board of directors is entitled to reimbursement by the regional economic development partnership for expenses the member incurs in serving on the board of directors.

V. Application for Approval

- A. An entity seeking approval from the Arkansas Economic Development Commission as a regional economic development partnership under §15-4-3401 et seq. shall submit an application provided by AEDC.
- B. The application shall contain at least a three-year business plan which includes the following:
 - 1. An outline of the need for a regional economic development partnership;
 - 2. The proposed activities of the partnership; and
 - 3. Two detailed budgets, including:
 - a. One (1) budget based on full state funding, as outlined in § 15-4-3407; and
 - b. One (1) budget that assumes zero dollars (\$0.00) of state funding.
- C. Also, the application shall provide the following information:
 - 1. Proof of organization (include copies of corporation filings with the Secretary of State);
 - 2. A copy of the bylaws and/or articles of incorporation;
 - 3. A map of the economic development region and the population served by the partnership, based on the latest decennial census;
 - 4. The identity of each public organization and private organization, active in economic development, within the economic development region and the role, if any, each organization will undertake in the regional economic development partnership;
 - 5. A list of the initial members of the board of directors and the entity each member represents;
 - 6. The equivalent of one and one-half full-time staff positions, or one full-time staff person and one part-time staff person; and
 - 7. Be prepared to provide local match, in a ratio of 2:1, to access state funding for regional economic development. These agreements between the regional partnerships and the state will be for a term of one-year and may be renewed beyond the year in which funding was first provided under this act.

VI. Staff

- A.
 - 1. The regional economic development partnership must show evidence of at least one (1) full-time staff member and one (1) part-time staff member; or
 - 2. The equivalent of one and one-half full-time staff positions.
 - 3. Staff members and positions may be comprised in whole or in part by direct employees hired by the regional economic development partnership, persons employed by entities contracting with and performing services on behalf of the regional economic development partnership, volunteers or interns contributing in-kind staffing services to the regional economic development partnership, and persons employed and compensated by third-party entities to perform services on behalf, and at the request of, the regional economic development partnership.
- B. The primary responsibility of the staff is to market, promote and develop the economic development region to attract site selectors and economic developers and to accomplish the goals and objectives of the strategic plan required by §15-4-3405 (b)(7)(B).

VII. Termination of Partnership

- A. A board of directors of a regional economic development partnership may terminate the regional economic development partnership upon a majority vote of the board of directors.
- B. At least a thirty (30) day notice of intent to terminate a regional economic development partnership must be sent to the Arkansas Economic Development Commission prior to the vote on termination.
- C. Upon termination of a partnership, the board of directors shall promptly remit any unspent state funds to the commission.

VIII. Funding

A. State Funds

- 1. Each regional economic development partnership approved by the commission shall enter into an agreement with the Arkansas Economic Development Commission to receive state funds.
- 2. The agreement shall be:
 - a. For a term not to exceed one (1) year; and
 - b. Should identify the eligible expenses for which the regional economic development partnership intends to use state funds.

3. Subsequent one (1) year agreements may be entered into by the regional economic development partnership and AEDC, following the commission's review of the annual report of the regional economic development partnership.
4. Each year the commission shall allocate funds specifically appropriated by the General Assembly or the commission for regional economic development.
5. Each regional economic development partnership shall receive the portion of the available regional economic development funds that accords to the regional economic development partnership's percentage of population compared to the population of all approved regional economic development partnerships.
6. In determining the allocation of funds, the commission shall:
 - a. Divide the population within the economic development region of the regional economic development partnership by the total population within all approved regional economic development partnerships;
 - b. Multiply the result obtained under (6)(a) by the total amount of available regional economic development funds; and
 - c. Base the population numbers on the most recent federal decennial census results.

B. Matching Funds

1. A regional economic development partnership shall match the state funds allocated to the regional economic development partnership on the basis of at least two dollars (\$2.00) of non-state funds for every one dollar (\$1.00) of state funds.
2. If a regional economic development partnership does not provide proof of sufficient non-state matching funds before the release of state funds, the Arkansas Economic Development Commission shall reduce the award of state funds in the amount necessary to adhere to the required two-to-one ratio of non-state dollars to state dollars.
3. Non-state matching funds may be:
 - a. Provided by public sources, private sources, or a combination of public and private sources;
 - b. Received in the form of cash, in-kind contributions, or a combination of cash and in-kind contributions; and
 - c. In-kind contributions shall not be more than forty percent (40%) of the regional economic development partnership's total non-state matching funds.

C. Eligible Uses of State Funds

1. State funds shall be used only for marketing, advertising, promoting, developing programs and other activities related to implementing the required strategic plan.
2. Eligible uses of state funds include, without limitation, payment for the following expenses:

- a. Research studies;
 - b. Purchase of demographic data;
 - c. Promotion through computer databases;
 - d. Direct mail to targeted economic development audiences;
 - e. Attendance and participation in trade shows and strategic marketing events, including, without limitation, registration fees, booth fees, exhibit fees, booth construction and setup costs, travel and meal expense;
 - f. Production of slide shows, digital video discs, compact discs, print material, brochures, flyers, and other media for dissemination to consultants, executives, industry representatives, and other persons involved in relocation, expansion, and location decisions;
 - g. Mass media advertising costs;
 - h. Public relations expenses, including, without limitation, expenses related to the design, planning and operation of special events related to economic development;
 - i. Design and on-going maintenance of a regional economic development website and geographic information system; and
 - j. Site tours for consultants, recruits, and prospects visiting the region, including, without limitation, transportation, lodging, meals, entertainment, and other related hosting expenses.
3. Upon approval by the commission, up to twenty-five percent (25%) of state funds may be used to pay for administrative costs identified below as ineligible uses of state funds.

D. Ineligible Uses of State Funds

- 1. Except as provided for in subsection C., immediately above, state funds shall not be used for administrative costs.
- 2. Ineligible uses of state funds include, without limitation, payment for the following expenses:
 - a. Administrative salaries, benefits, general administrative costs, and salaries and benefits related to economic development;
 - b. Overhead expenses, including, without limitation, postage, shipping, rent, subscriptions, equipment, furniture, fixtures, telephone and utilities;
 - c. Travel and conference expenses within the state;
 - d. Local promotions or sponsorships;
 - e. Stationery, paper, pens, and general office supplies;
 - f. Construction and infrastructure costs;
 - g. Membership dues;
 - h. Alcoholic beverages; and
 - i. Gratuity on meals, including meals related to activities classified as eligible expenses.

IX. AEDC Responsibilities

- A. The commission shall review each application submitted under the provisions of §15-4-3405 and shall certify that:
 - 1. The applicant satisfies the general qualification requirements in § 15-4-3404;
 - 2. The application submitted under § 15-4-3401 et seq. includes the information required; and
 - 3. A reasonable need exists for the proposed regional economic development partnership.
- B. If an application submitted under § 15-4-3401 et seq. is denied, the commission is encouraged to:
 - 1. Assist the applicant in remedying the deficiencies in the application; and
 - 2. Provide guidance to the denied applicant on reapplication.

X. Annual Reports

- A. A regional economic development partnership that receives state funding shall submit an annual report to the Arkansas Economic Development Commission.
- B. The commission shall make a copy of the annual report required by § 15-4-3401 et seq. available to the public on the commission's website on or before July 1 of each year.
- C. The annual report shall include the following:
 - 1. A description of the economic development activities and organizational activities of the regional economic development partnership in the preceding twelve (12) months;
 - 2. A detailed financial report;
 - 3. A detailed budget for the next twelve (12) months;
 - 4. An inventory of the industrial buildings, commercial buildings, industrial sites, commercial sites, industrial parks, and available building sites for the regional economic development partnership;
 - 5. A comprehensive demographics report;
 - 6. A description of the economic development strengths of the regional economic development partnership's economic development region; and
 - 7. An updated business strategic plan, as described in Section V.

XI. Rules

§ 15-4-3401 et seq. authorizes the Arkansas Economic Development Commission to promulgate these rules.