

ARKANSAS REGISTER

Proposed Rule Cover Sheet



Secretary of State
John Thurston
500 Woodlane Street, Suite 026
Little Rock, Arkansas 72201-1094
(501) 682-5070
www.sos.arkansas.gov



Name of Department _____

Agency or Division Name _____

Other Subdivision or Department, If Applicable _____

Previous Agency Name, If Applicable _____

Contact Person _____

Contact E-mail _____

Contact Phone _____

Name of Rule _____

Newspaper Name _____

Date of Publishing _____

Final Date for Public Comment _____

Location and Time of Public Meeting _____



Hugh McDonald
SECRETARY OF COMMERCE
Clint O'Neal
EXECUTIVE DIRECTOR,
ARKANSAS ECONOMIC
DEVELOPMENT COMMISSION

NOTICE OF PUBLIC HEARING

Pursuant to the Arkansas Administrative Procedures Act, and all other applicable statutes or rules, NOTICE is hereby given that a PUBLIC HEARING will be held on April 29, 2025, at 8:30 a.m. in the Diamond Mine Room on the second floor of the offices of the Arkansas Department of Commerce, 1 Commerce Way, Little Rock, AR 72202.

The purpose of the Public Hearing will be to determine whether the Arkansas Economic Development Commission ("AEDC") should adopt proposed revised rules to the Community Assistance Grant Program ("CAGP"). The proposed revised rules would amend the CAGP as follows: 1) increase the maximum grant award from \$50,000 to \$1,500,000; and 2) include non-profit organizations as eligible grant recipients.

All interested persons are encouraged to send their comments, statements, or opinions to the address below or to attend the Public Hearing and present, orally or in writing, statements, arguments, or opinions on the proposed amendments. The record will remain open for public comment until the close of the 30-day period outlined in the Arkansas Administrative Procedures Act; in this instance, May 15, 2025.

Persons who wish to testify or make comments are requested to submit intended statements in writing in advance of the Public Hearing.

Inquiries should be directed to:

Bo Loftis, Staff Attorney
AEDC ph. 501-682-7329,
email: travis.loftis@arkansasedc.com.

A copy of the proposed amendments may be obtained or viewed at:
<https://www.arkansasedc.com/data-reports/rules>.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT _____
BOARD/COMMISSION _____
PERSON COMPLETING THIS STATEMENT _____
TELEPHONE NO. _____ **EMAIL** _____

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE _____

1. Does this proposed, amended, or repealed rule have a financial impact?
Yes No

2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes No

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If no, please explain:

(a) how the additional benefits of the more costly rule justify its additional cost;

(b) the reason for adoption of the more costly rule;

(c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

(d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:
(a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

 Total _____

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

 Total _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____
 Total __\$0_____

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

 Total _____

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

Amended Community Assistance Grant Program Rule Summary

The Department of Commerce, specifically the Arkansas Economic Development Commission, provides the following summary for the Amended Community Assistance Grant Program Rule:

The objective of the Rule is to further AEDC's goal to create economic opportunity by attracting higher paying jobs, expanding and diversifying our state and local economies, increasing incomes and investment, and generating positive growth throughout Arkansas by providing grant funds to non-profit organizations in good standing with the Secretary of State's office, cities of the first class, cities of the second class, incorporated towns, unincorporated communities, counties, or governmental entities of the State of Arkansas for eligible community and economic development projects and eligible non-profit organization projects. Eligible project examples include but are not limited to: repair or construction of government buildings, community centers, transportation infrastructure, parks, libraries, fire-protection equipment, public health facilities, police equipment, emergency shelters, county fairs, childcare centers and or senior centers. The Amended Rule increases the grant awards from \$50,000 maximum to \$1,500,000 maximum per year and also expands the program to include non-profit entities thereby increasing economic development and growth in the eligible communities.

Stricken language would be deleted from and underlined language would be added to the Code of Arkansas Rules.

Proposed Rulemaking

Title

Promulgated by:
Arkansas Economic Development Commission

Title 15. Natural Resources and Economic Development
Chapter VIII. Arkansas Economic Development Commission, Department of Commerce
Subchapter C. Community Development Grants
Part 181. Community Assistance Grant Program
Subpart 1. Generally

15 CAR § 181-101. Introduction — Overview.

(a) Pursuant to authority granted by Arkansas Code § 15-4-209, the Arkansas Economic Development Commission shall administer the Community Assistance Grant Program (CAGP).

(b) The objective of the CAGP is to foster the commission's mission ~~statement~~ "to create economic opportunity by attracting higher paying jobs, expanding and diversifying our state and local economies, increasing incomes and investment, and generating positive growth throughout Arkansas" by providing grant funds to non-profit organizations in good standing with the Secretary of State's office, cities of the first class, cities of the second class, incorporated towns, unincorporated communities, counties, or governmental entities of the State of Arkansas for eligible community and economic development projects and eligible non-profit organization projects. The CAGP is a matching program. The applicant may be required to match its grant award with cash, in-kind labor, in-kind materials, or land. Funds for general support, reserves, or other unrestricted cash-on-hand may also be used as a matching source. Such

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determination shall be made based on the application, and not all matching will be waived.

~~(c) All project expenditures shall be completed within eighteen (18) months after the date of the grant award, unless such date has been extended by the commission at the request of the grantee.~~

~~(d,c)~~ **Contact information.** For more information, please contact:

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Arkansas Economic Development Commission
1 Commerce Way, Suite 601
Little Rock, AR 72202
(501) 682-~~1121~~ 3292

15 CAR § 181-102. Definitions.

As used in this part:

(1) "AEDC" means the Arkansas Economic Development Commission;

(2) "Director" means the Director of the Arkansas Economic Development Commission;

(3) "Eligible applicant" means a non-profit organization in good standing with the Secretary of State's office pursuant to Ark. Code Ann. § 4-33-101 et seq., city of the first class, city of the second class, incorporated town, unincorporated community, county, or governmental entity of the State of Arkansas;

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(4) "Eligible community and economic development project" means a project that effectuates the construction, improvement, upgrading, renovation, retrofitting, equipping, rehabilitation, purchase, or addition of assets owned, leased, or otherwise under the jurisdiction of the eligible applicant including without limitation:

- (A) Government buildings;
- (B) Community centers;
- (C) Transportation infrastructure;
- (D) Memorials;
- (E) Parks;

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- (F) Amphitheaters;
- (G) Libraries;
- (H) Recreational facilities;
- (I) Fire-protection equipment;
- (J) Cemeteries;
- (K) Utilities;
- (L) Museums;
- (M) Public health facilities;
- (N) Public safety facilities;
- (O) Police equipment;
- (P) Emergency shelters;
- (Q) Recycling centers;
- (R) County fairs;
- (S) Childcare centers;
- (T) Senior centers;
- (U) Youth centers; ~~or~~
- (V) Real estate; or

(W) Training related to workforce development enhancement.

(5) "Eligible non-profit organization project" means a project which effectuates the construction, improvement, upgrading, renovation, retrofitting, equipping, rehabilitation, purchase, or addition of assets owned, leased, or otherwise under the jurisdiction of the eligible applicant, as well as routine repair, maintenance, and operations, including supplies, utilities, training, travel, and other personnel-related expenses, including salaries.

(5.6) "Leased" means the grant of use and possession of an asset for a term of at least ten (10) years beyond the date of award of a Community Assistance Grant Program award; and

(6.7) "Review Committee" means an ad hoc committee comprising at least three (3) Arkansas Economic Development Commission staff members with grant review and administration experience selected by the Director of the Arkansas Economic

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Development Commission, or his or her designee, to review and recommend for funding-eligible community and economic development projects submitted by eligible applicants under the Community Assistance Grant Program.

15 CAR § 181-103. Community Assistance Grant Program funding.

(a) The Arkansas Economic Development Commission may utilize any funds legally appropriated and available to the CAGP to provide grants to eligible applicants for eligible community and economic development projects and eligible non-profit organization projects.

(b)(1) CAGP grants may be awarded, pending availability of funds, at the discretion of the Director of the Arkansas Economic Development Commission, or his or her designee.

(2) The amount of the grant award shall be determined by the commission based upon eligibility criteria, availability of funding, and program demand for funds which may result in grant offers that are less than application requests.

(c) Funds shall not be made available for the following expenditures:

~~—— (1) Routine repair, maintenance, and operation including:~~

~~—— (A) Supplies;~~

~~—— (B) Utilities; and~~

~~—— (C) Salaries;~~

(2.1) State or private fairgrounds;

(3.2) Principal and interest on any financed debt;

~~—— (4) Any and all travel, training, or other personnel-related expenses;~~

(5.3) Obligations incurred prior to grant award;

(6.4) Expenditures that are unsupported by documentation;

(7.5) Lobbying expenses;

(8.6) Purchases of alcohol;

(9.7) Entertainment expenses, including meals and activity fees;

(10.8) Purchases of material and services that result in benefits accruing to

areas outside the State of Arkansas; and

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(~~11.9~~) Other ineligible expenses identified in the grant agreement. specified at the discretion of the commission.

15 CAR § 181-104. Eligibility criteria.

Applicant eligibility requirements include the following:

(1) The applicant is an eligible non-profit organization in good standing with the Secretary of State's office, a city of the first class, city of the second class, incorporated town, unincorporated community, county, or governmental entity of the State of Arkansas;

(2) The applicant has submitted a completed application, on forms supplied by the Arkansas Economic Development Commission, that has been signed by the governing official authorized by the applicant's jurisdiction to conduct business on its behalf;

(3) The application is for an eligible non-profit organization project or an eligible community and economic development project that meets the objective of the CAGP;

(4) Requested funding is for eligible project costs;

(5) The amount of funding available to any one (1) project in any state fiscal year shall not exceed one million five hundred thousand dollars (\$1,500,000). Award amounts shall be determined by AEDC based upon overall available funding, and award amounts may vary to what was requested by the applicant. fifty thousand dollars (\$50,000);

(6) The applicant must be able to match its grant award with cash, in-kind labor, in-kind materials, or in-kind land at a flexible 20% rate, dependent on project need. The value of all matching, including any in-kind matching, must be documented by bank statements for cash, official cost estimates for in-kind materials and labor, or official appraisals for land. Official cost estimates for in-kind materials and professional labor should document what the material or professional labor would cost if it were not being donated. Community labor being donated is equal to \$18.04 per hour. Official appraisals for land may be in the form of an appraisal from a certified appraiser or a

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copy of the property assessment from the county clerk. The amount of matching funds or in-kind donations provided by the grantee will be considered in the scoring process. A match is dependent on the project need, and not all match requirements will be waived. This determination will be made in the application review process.

(6 ~~7~~) The application is accompanied by a resolution passed by the city council or quorum court, or non-profit board; whichever is appropriate, instructing the governing official authorized by the applicant's jurisdiction to conduct business on its behalf to apply for CAGP funding; and

(~~7~~ 8) The applicant shall complete the application submittal and review processes delineated in 15 CAR §§ 181-105 and 181-106.

15 CAR § 181-105. Application submittal process.

(a) Potential applicants for CAGP funds shall submit their applications through the AEDC's online grant submission portal, which shall be signed and completed two (2) completed applications signed by the president of the non-profit organization or governing official authorized by the applicant's jurisdiction to conduct business on its behalf, in accordance with Arkansas Economic Development Commission submittal instructions, using forms provided by the commission.

(b) Applications shall include:

- (1) The name, address, and phone number of the applicant;
- (2) The contact person's name, title, and contact information;
- (3) Source or sources, amount or amounts, and use or uses of commission and non-commission funds, including a completed budget delineating cost estimate breakdowns and backup documentation for all items;
- (4) A brief description of the project;
- (5) A statement of project need, including a discussion of any emergencies or urgent needs to be addressed by the project and proposed metrics to assess the effectiveness of the project to meet desired outcomes;
- (6) A list of beneficiaries of the proposed project, how they will benefit, and how they will utilize the project;

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(7) A copy of a deed, title, lease, or other instrument showing proof of public ownership or legal possession of properties being improved by this project;

(8) A signed certification letter from the non-profit organization or the governing official authorized by the applicant's jurisdiction to conduct business on its behalf agreeing to accept responsibility for administering any grant award;

(9) A copy of a signed resolution passed by the city council, ~~or~~ quorum court, or board authorizing the local elected official or non-profit to apply for CAGP funds on behalf of the local jurisdiction; ~~and~~

(10) Non-profit organizations shall provide a Certificate of Good Standing from the Secretary of State's office; and

~~(10 11)~~ Other information as requested by the commission.

15 CAR § 181-106. Application review and approval process.

No financial commitment shall be made by the Director of the Arkansas Economic Development Commission, or his or her designee, to an applicant until the applicant has completed the following Arkansas Economic Development Commission review and approval process:

(1) All applications will be date-stamped and reviewed in order of receipt by the Review Committee, assigned by the director, or his or her designee, for completeness and eligibility, including a determination that the:

(A) Applicant is a non-profit in good standing with the Secretary of State's office, city of the first class, city of the second class, incorporated town, unincorporated community, county, or governmental entity of the State of Arkansas;

(B) Application is complete, signed, and includes all attachments;

(C) Scope of the project meets the definition of eligible community and economic development project or eligible non-profit organization project;

(D) Sources and uses of funds are sufficient to ensure the successful completion and initial operation of the project; and

(E) Project costs are eligible for funding;

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(2) Applicants may be subject to an interview, a site visit, or both, during the application review process;

(3) The Review Committee may ask applicants for additional information before recommending projects for funding;

(4) The Review Committee will provide a project summary of each project reviewed to the director, or his or her designee;

(5) The director, or his or her designee, may seek the advice of boards and commissions advising the Arkansas Economic Development Commission or other officials with expert community and economic development knowledge in making final funding decisions;

(6)(A) The director, or his or her designee, will specify which applicants may receive funding.

(B) Unsuccessful applicants will be notified in writing by the director, or his or her designee.

(C) Approved applicants will receive a grant award notification letter outlining the amount, terms, and conditions of the funding;

(7) Grant funds will be disbursed to successful applicants;

(8) All project expenditures shall be completed within ~~eighteen (18)~~ twenty-four (24) months after the date of the grant award, unless such date has been extended by the Arkansas Economic Development Commission at the request of the grantee; and

(9) A final report including cancelled checks and receipts of all funds expended along with the state's portion of any unspent funds shall be submitted to the Arkansas Economic Development Commission no more than sixty (60) days following the project's completion or ~~within the eighteen-month period of the grant award, or~~ other date as approved by the Arkansas Economic Development Commission, whichever comes first.