

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

# A Bill

SENATE BILL 647

5 By: Senator J. Dismang  
6 By: Representative Beaty Jr.  
7

## For An Act To Be Entitled

8  
9 AN ACT TO CREATE THE ECONOMIC DEVELOPMENT DISTRICT  
10 ACT OF 2025; AND FOR OTHER PURPOSES.  
11

## Subtitle

12  
13  
14 TO CREATE THE ECONOMIC DEVELOPMENT  
15 DISTRICT ACT OF 2025.  
16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
18

19 SECTION 1. Arkansas Code Title 14 is amended to add an additional  
20 chapter to read as follows:

### CHAPTER 177

### ECONOMIC DEVELOPMENT DISTRICT ACT OF 2025

#### Subchapter 1 – General Provisions

#### 14-177-101. Title.

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22  
23  
24  
25  
26  
27 This chapter shall be known and may be cited as the “Economic  
28 Development District Act of 2025”.  
29

#### 14-177-102. Definitions.

#### As used in this chapter:

30  
31  
32 (1) “Alcoholic beverage sales tax” means the taxes levied under  
33 §§ 3-7-201 and 3-9-213;

34  
35 (2) “Available funds” means revenues, grant funds, and other  
moneys received by an economic development district minus:

36 (A) The property charge baseline;



1                   (B) The sales charge baseline;

2                   (C) Any reserved property charge; and

3                   (D) Any reserved sales charge;

4                   (3) “Cooperative area” means an area designed by one (1) or more  
5 municipalities, one (1) or more counties, or a combination of one (1) or more  
6 municipalities and one (1) or more counties operating under a written  
7 agreement in which the participating municipalities or participating  
8 counties, or both, agree to establish an economic development district by  
9 mutually adopting a formation charter;

10                   (4) “Economic development” means one (1) or more of the  
11 following:

12                   (A) Job creation;

13                   (B) Job retention;

14                   (C) Job attraction;

15                   (D) Economic growth; and

16                   (E) Economic diversification;

17                   (5)(A) “Economic development construction” means the process of  
18 constructing, improving, modifying, or removing improvements within an  
19 economic development district for purposes that directly contribute to the  
20 economic development goals of the economic development district in accordance  
21 with the economic development plan.

22                   (B) “Economic development construction” includes without  
23 limitation manufacturing, technology, research and development, business  
24 incubators, retail, entertainment, housing, healthcare, restaurants,  
25 hospitality, childcare, energy production, infrastructure projects, and any  
26 other type of venture or facility that the board of an economic development  
27 district determines is beneficial to an economic development district under §  
28 14-177-304;

29                   (6) “Economic development district” means a designated area  
30 within a municipality, county, or cooperative area that is established under  
31 this chapter to promote, facilitate, or secure economic development and  
32 revitalization within the designated area;

33                   (7) “Economic development plan” means a document detailing the  
34 goals, strategies, and initiatives to be undertaken to stimulate economic  
35 development within an economic development district;

36                   (8) “Establishing authority” means:

1           (A) For a municipality or county, the governing body of  
2 the municipality or county; and

3           (B) For a cooperative area, the group of persons  
4 designated for the cooperative area in the written agreement establishing the  
5 cooperative area;

6           (9) "Formation charter" means the foundational governing  
7 document of the economic development district that establishes the formation  
8 of the economic development district under § 14-177-204;

9           (10) "Property charge" means a monetary charge equal to what the  
10 applicable ad valorem property tax and special assessments would be if the  
11 economic development district did not exist, including any additional ad  
12 valorem-based charge equal to an additional millage rate assessed by the  
13 board of an economic development district;

14           (11) "Property charge baseline" means an amount equal to a  
15 property's ad valorem property tax and special assessments due the year  
16 before the property became part of an economic development district;

17           (12) "Property charge increment" means the amount by which the  
18 property charge exceeds the property charge baseline;

19           (13)(A) "Public infrastructure" means a facility, service, or  
20 installation that is useful for the operation and growth of an economic  
21 development district.

22           (B) "Public infrastructure" includes without limitation:

23                   (i) A transportation system, including without  
24 limitation a road, a trail, lighting, a traffic signal, a sidewalk, and  
25 parking;

26                   (ii) Demolition;

27                   (iii) A public safety measure;

28                   (iv) Stormwater drainage;

29                   (v) A utility, including without limitation a water  
30 utility, a sewer utility, an electric power utility, and a gas utility;

31                   (vi) Digital infrastructure, including without  
32 limitation broadband and telecommunications infrastructure;

33                   (vii) Energy production; and

34                   (viii) Green infrastructure, including without  
35 limitation parks, green spaces, and renewable energy systems;

36           (14) "Reserved property charge" means the portion of a property

1 charge, if any, in excess of the property charge baseline reserved by an  
 2 establishing authority in the formation charter;

3 (15) "Reserved sales charge" means the portion of a sales  
 4 charge, if any, in excess of the sales charge baseline reserved by an  
 5 establishing authority in the formation charter;

6 (16)(A) "Sales charge" means a monetary charge equal to what the  
 7 following taxes would be if the economic development district did not exist:

8 (i) Sales and use tax, including without limitation  
 9 the taxes levied under Title 26, Chapters 52, 53, 74, and 75; and

10 (ii) Alcoholic beverage sales tax.

11 (B) "Sales charge" includes:

12 (i) The sales and use tax on a transaction in which  
 13 the end-user or purchaser takes possession of tangible personal property,  
 14 specified digital products, or a digital code or makes the first use of a  
 15 taxable service; and

16 (ii) Any additional percentage-based charge equal to  
 17 an additional rate assessed by the board of an economic development district.

18 (C) "Sales charge" does not include any tax applicable to  
 19 the possession of tangible personal property by a shipping company on behalf  
 20 of a purchaser;

21 (17) "Sales charge baseline" means the amount of sales and use  
 22 tax and alcoholic beverage sales tax generated from transactions occurring  
 23 within a property the year before the property became part of an economic  
 24 development district; and

25 (18) "Sales charge increment" means the amount by which the  
 26 sales charge exceeds the sales charge baseline.

27  
 28 14-177-103. Assistance from Department of Commerce.

29 (a) The Department of Commerce shall:

30 (1) Provide ongoing support and assistance to municipalities,  
 31 counties, cooperative areas, and economic development districts in the  
 32 establishment, management, and strategic development of economic development  
 33 districts;

34 (2) Allocate resources, including without limitation expert  
 35 advice, administrative guidance, and access to state-level economic  
 36 development tools, to assist municipalities, counties, cooperative areas, and

1 economic development districts;

2 (3) Offer technical assistance to assist municipalities,  
3 counties, and cooperative areas in drafting an initial proposal to form an  
4 economic development district, defining the boundaries of a proposed economic  
5 development district, and conducting the economic and impact assessments  
6 necessary for the establishment of an economic development district;

7 (4) Provide training programs for municipality and county  
8 officials and members of a board of an economic development district on  
9 topics that include economic development strategies, financial management,  
10 and grant administration;

11 (5)(A) Assist in setting up systems for monitoring and  
12 evaluating the performance of an economic development district to ensure that  
13 each economic development district meets the economic development objectives  
14 for the economic development district.

15 (B) To facilitate meeting the requirements of subdivision  
16 (a)(5)(A) of this section, the department shall maintain an online repository  
17 of projects that includes publicly available information about each project;

18 (6) Assist economic development districts in establishing clear  
19 and effective grant application processes to ensure transparency and fairness  
20 in the distribution of funds under this chapter; and

21 (7)(A) Provide guidance to economic development districts on  
22 financial oversight practices to ensure that all grant funds are used  
23 appropriately and effectively.

24 (B) To facilitate meeting the requirements of subdivision  
25 (a)(7)(A) of this section, the department may:

26 (i) Review and conduct audits of any economic  
27 development district; and

28 (ii) Adopt appropriate rules to promote the orderly  
29 administration of economic development districts and prevent malfeasance,  
30 mismanagement, or fraud in the operation of an economic development district.

31 (b) To compensate the department for its obligations under this  
32 section, each board of an economic development district shall remit to the  
33 department the following:

34 (1) Two percent (2%) of the property charge increment, minus the  
35 reserved property charge, received by the economic development district  
36 annually; and

1           (2) Two percent (2%) of the sales charge increment, minus the  
 2 reserved sales charge, received by the economic development district  
 3 annually.

4  
 5           Subchapter 2 – Economic Development Districts – Creation and Termination

6  
 7           14-177-201. Authorization to establish economic development district.

8           (a) A municipality, county, or cooperative area may establish one (1)  
 9 or more economic development districts within the boundaries of the  
 10 municipality, county, or cooperative area.

11           (b) A county may establish an economic development district within the  
 12 boundaries of a municipality only with consent of the mayor of the  
 13 municipality.

14           (c) A municipality may use county tax revenues for an economic  
 15 development district only with the consent of the county judge of the county  
 16 that levied the tax.

17           (d) An economic development district is not required to have  
 18 contiguous boundaries.

19  
 20           14-177-202. Proposal to create economic development district.

21           (a) The creation of an economic development district may be proposed  
 22 by the:

23           (1) Delivery of a proposal signed by the owners of at least  
 24 twenty-five percent (25%) of the assessed value of the property within the  
 25 boundaries of the proposed economic development district to the proposed  
 26 establishing authority;

27           (2) Delivery of a proposal by a mayor or county judge to the  
 28 proposed establishing authority; or

29           (3) Creation of a proposal by the proposed establishing  
 30 authority.

31           (b) A proposal for the creation of an economic development district  
 32 under this section shall include:

33           (1) A map of the boundaries of the proposed economic development  
 34 district;

35           (2) A preliminary economic development plan; and

36           (3) An assessment of the current economic conditions within the

1 boundaries of the proposed economic development district and the expected  
 2 impact of the proposed economic development district.

3  
 4 14-177-203. Approval process for establishment of economic development  
 5 district.

6 (a) An establishing authority considering the creation of a proposed  
 7 economic development district under this subchapter shall:

8 (1) Conduct a public hearing on the creation of the proposed  
 9 economic development district within ninety (90) days after receiving a  
 10 proposal under this subchapter; and

11 (2)(A) Provide notice of the public hearing required under  
 12 subdivision (a)(1) of this section at least thirty (30) days before the  
 13 public hearing.

14 (B) Notice provided under subdivision (a)(2)(A) of this  
 15 section shall be:

16 (i) Published in a newspaper of general circulation  
 17 in the proposed economic development district; or

18 (ii) Provided by means of public notification other  
 19 than a newspaper of general circulation that is authorized by the  
 20 establishing authority and reasonably calculated to provide notice to  
 21 property owners within the boundaries of the proposed economic development  
 22 district.

23 (b) After holding the public hearing required under subsection (a) of  
 24 this section, an establishing authority may create an economic development  
 25 district by approving a formation charter that meets the requirements of §  
 26 14-177-204 by the adoption of an ordinance by a majority vote of the present  
 27 and participating members of the establishing authority.

28  
 29 14-177-204. Formation charter – Amendment.

30 (a) A formation charter shall include:

31 (1) The boundaries of the economic development district;

32 (2) The term of the economic development district, which shall  
 33 not exceed thirty (30) years;

34 (3) The economic development plan for the economic development  
 35 district;

36 (4) The number of members of the board of the economic

1 development district;

2 (5) Any reserved property charge;

3 (6) Any reserved sales charge; and

4 (7) Any restrictions on the powers of the board of the economic  
5 development district.

6 (b)(1) The establishing authority for an economic development district  
7 may amend the formation charter upon the petition of the:

8 (A) Mayor of the municipality governed by the establishing  
9 authority;

10 (B) County judge of a county governed by the establishing  
11 authority;

12 (C) Mayor of any municipality or the county judge of any  
13 county participating in a cooperative area governed by the establishing  
14 authority;

15 (D) Board of the economic development district; or

16 (E) Establishing authority.

17 (2) An amendment to a formation charter under this subsection  
18 may expand or contract the:

19 (A) Boundaries of the economic development district; or

20 (B) Authority granted to the board of the economic  
21 development district.

22 (3) If an economic development district is party to an executory  
23 contract or has outstanding bonds secured by revenue of the economic  
24 development district, the establishing authority for the economic development  
25 district shall not amend the formation charter to do any of the following in  
26 a manner that would reasonably impair the performance of the executory  
27 contract or the repayment of the outstanding bonds, unless the establishing  
28 authority agrees to assume the economic development district's obligations  
29 under the executory contract or the repayment of the outstanding bonds:

30 (A) Reduce the boundaries of the economic development  
31 district;

32 (B) Increase the reserved property charge;

33 (C) Increase the reserved sales charge;

34 (D) Decrease the term of the economic development  
35 district; or

36 (E) Modify the powers of the board of the economic



1 development district.

2 (4) A petition to amend a formation charter under this  
3 subsection is subject to the same approval process and requirements provided  
4 for the establishment of an economic development district under § 14-177-203.

5  
6 14-177-205. Renewal of term of economic development district.

7 (a) The establishing authority for an economic development district  
8 may renew the economic development district for successive terms of up to  
9 thirty (30) years each upon the petition of the:

10 (1) Mayor of the municipality governed by the establishing  
11 authority;

12 (2) County judge of a county governed by the establishing  
13 authority;

14 (3) Mayor of any municipality or the county judge of any county  
15 participating in a cooperative area governed by the establishing authority;

16 (4) Board of the economic development district; or

17 (5) Establishing authority.

18 (b) A petition to renew the term of an economic development district  
19 under this subsection is subject to the same approval process and  
20 requirements provided for the establishment of an economic development  
21 district under § 14-177-203.

22  
23 14-177-206. Termination of economic development district.

24 (a)(1) Except as provided in subdivision (a)(2) of this section, the  
25 establishing authority of an economic development district may terminate the  
26 economic development district upon the petition of the board of the economic  
27 development district or by revoking the formation charter.

28 (2) If an economic development district is party to an executory  
29 contract or has outstanding bonds secured by revenue of the economic  
30 development district, the establishing authority for the economic development  
31 district shall not terminate the economic development district to do any of  
32 the following in a manner that would reasonably impair the performance of the  
33 executory contract or the repayment of the outstanding bonds, unless the  
34 establishing authority agrees to assume the economic development district's  
35 obligations under the executory contract or the repayment of the outstanding  
36 bonds:

1                   (A) Reduce the boundaries of the economic development  
 2 district;

3                   (B) Increase the reserved property charge;

4                   (C) Increase the reserved sales charge;

5                   (D) Decrease the term of the economic development  
 6 district; or

7                   (E) Modify the powers of the board of the economic  
 8 development district.

9           (b) Upon termination of an economic development district, all assets  
 10 remaining with the economic development district shall be turned over to the  
 11 establishing authority to be used for the purposes stated in the economic  
 12 development plan for the economic development district.

13           (c) A petition to terminate an economic development district and the  
 14 revocation of a formation charter under this section are subject to the same  
 15 approval process and requirements provided for the establishment of an  
 16 economic development district under § 14-177-203.

17  
 18           14-177-207. Cooperative areas.

19           (a) An agreement creating a cooperative area may allocate the:

20                   (1) Property charge baseline, reserved property charge, sales  
 21 charge baseline, and reserved sales charge among the municipalities and  
 22 counties participating in the economic development district based on an  
 23 agreed-upon percentage allocation of the entire economic development district  
 24 instead of basing the revenue on the physical nexus from where the revenue is  
 25 generated; and

26                   (2) Provision of governmental services within the economic  
 27 development district among the taxing authorities participating in the  
 28 economic development district.

29           (b) The ad valorem property tax rate used to establish the property  
 30 charge, property charge baseline, and property charge increment for a  
 31 cooperative area shall be:

32                   (1) Uniform throughout the economic development district; and

33                   (2) Equal to the highest ad valorem tax of the municipalities  
 34 and counties participating in the economic development district.

35           (c) The percentage-based sales and use tax rate and the alcoholic  
 36 beverage sales tax rate used to establish the sales charge, sales charge

1 baseline, and sales charge increment for a cooperative area shall be:

- 2 (1) Uniform throughout the economic development district; and  
 3 (2) Equal to the highest sales and use tax rate and the  
 4 alcoholic beverage sales tax rate of the municipalities and counties  
 5 participating in the economic development district.

6  
 7 14-177-208. Annexation prohibited.

8 Property within the boundaries of an economic development district  
 9 shall not be involuntarily annexed into a municipality.

10  
 11 Subchapter 3 – Boards of Economic Development Districts

12  
 13 14-177-301. Board of economic development district generally.

14 (a) An economic development district shall be governed by a board  
 15 consisting of at least five (5) but not more than nine (9) members.

16 (b) Except as provided in subsection (d) of this section, the  
 17 formation charter shall provide that:

18 (1) At least one (1) member of the board of the economic  
 19 development district shall be a property owner or business owner within the  
 20 economic development district; and

21 (2) At least one (1) member of the board of the economic  
 22 development district shall be an individual who holds no ownership interest  
 23 in any property or business within the economic development district.

24 (c) All members of the board of an economic development district shall  
 25 be qualified electors of the establishing authority.

26 (d) The establishing authority may serve as the board of the economic  
 27 development district.

28 (e) For a board of an economic development district established in a  
 29 cooperative area, the agreement establishing the cooperative area shall  
 30 provide for the allocation of members of the board of the economic  
 31 development district among the participants of the cooperative area.

32  
 33 14-177-302. Appointment – Terms.

34 (a)(1) The members of the board of an economic development district  
 35 shall be appointed:

36 (A) By the mayor if the establishing authority is a

1 municipality;

2 (B) By the county judge if the establishing authority is a  
3 county; and

4 (C) As designated in the agreement establishing the  
5 cooperative area if the economic development district was established in a  
6 cooperative area.

7 (2)(A) An appointee to a board of an economic development  
8 district is subject to confirmation by the establishing authority of the  
9 person making the appointment.

10 (B) If an appointee is not ratified or rejected by a  
11 majority of the establishing authority present and participating within sixty  
12 (60) days of the appointment, the appointment is deemed to be rejected.

13 (b)(1) Except as provided in subdivision (b)(2) of this section, the  
14 formation charter shall reserve a seat on the board of the economic  
15 development district for a person appointed by the:

16 (A) Mayor of each municipality having corporate limits  
17 within the economic development district at the time of formation; and

18 (B) County judge of each county in which the economic  
19 development district is located.

20 (2) The establishing authority of an economic development  
21 district may elect not to provide a seat on the board of the economic  
22 development district to a municipality or county in which the economic  
23 development district is located if the formation charter designates a  
24 reserved property charge and a reserved sales charge in favor of the excluded  
25 municipality or county equal to the ad valorem property tax, sales and use  
26 tax, and alcoholic beverage sales tax that would have been received by the  
27 municipality or county but for the existence of the economic development  
28 district.

29 (c)(1) A member of a board of an economic development district:

30 (A) Shall serve a term of four (4) years; and

31 (B) Is eligible for reappointment for additional terms.

32 (2) Initial appointments to a board of an economic development  
33 district shall be staggered so that:

34 (A) One (1) member serves an initial term of one (1) year;

35 (B) One (1) member serves an initial term of two (2)  
36 years; and

1                   (C) One (1) member serves an initial term of three (3)  
2 years.

3                   (d) A vacancy on a board of an economic development district shall be  
4 filled in the same manner as provided for appointments under this section.

5  
6                   14-177-303. Conflicts of interest – Removal.

7                   (a) A member of a board of an economic development district shall:

8                   (1) Disclose any potential conflicts of interest arising from  
9 his or her duties on the board of the economic development district; and

10                   (2) Recuse from any decisions in which a conflict of interest is  
11 present unless the conflict of interest is disclosed and waived by a majority  
12 vote of the other members of the board of the economic development district.

13                   (b) A member of a board of an economic development district may be  
14 removed by the establishing authority for the economic development district  
15 for cause, including without limitation nonperformance, malfeasance, or  
16 conflict of interest.

17  
18                   14-177-304. Powers and duties.

19                   (a) The board of an economic development district shall:

20                   (1) Develop and approve a strategic plan outlining the vision,  
21 goals, and strategies for economic development within the economic  
22 development district;

23                   (2) Annually review and update the strategic plan approved under  
24 subdivision (a)(1) of this section;

25                   (3) Approve an annual budget and oversee the financial  
26 management of the economic development district, ensuring that funds are used  
27 efficiently and aligned with the strategic plan of the economic development  
28 district;

29                   (4) Oversee the distribution of grant funds, ensuring that all  
30 grants align with the economic development district's objectives and comply  
31 with established criteria for the grants;

32                   (5) Establish and monitor performance metrics for the economic  
33 development district's initiatives and use the data obtained to guide the  
34 strategic decisions of the board of the economic development district; and

35                   (6)(A) Prepare an annual report detailing the economic  
36 development district's financial status, progress toward the goals of the

1 economic development district, and ongoing and planned activities of the  
2 economic development district.

3 (B) The annual report prepared under subdivision (a)(6)(A)  
4 of this section shall be:

5 (i) Made publicly available; and

6 (ii) Presented to the establishing authority of the  
7 economic development district.

8 (b) The board of an economic development district may:

9 (1) Exercise zoning and land use planning authority within the  
10 economic development district in accordance with rules established by the  
11 board of the economic development district;

12 (2) Reduce or waive franchise fees as an incentive for utilities  
13 to provide or enhance services within the economic development district;

14 (3) Determine that a venture or facility is beneficial to the  
15 economic development district if the venture or facility promotes economic  
16 development;

17 (4) Enter into and enforce contracts in accordance with the  
18 procurement requirements of the establishing authority of the economic  
19 development district;

20 (5) Acquire, hold, and possess real and personal property; and

21 (6)(A) Except as provided in subdivision (b)(6)(B) of this  
22 section, exercise any lawful powers not denied the economic development  
23 district by the formation charter.

24 (B) The board of an economic development district shall  
25 not exercise the powers granted under this section in a manner that adversely  
26 impairs any outstanding debt obligations that are specifically secured by  
27 fees and charges or that would reasonably impair the repayment of an  
28 outstanding bond.

29 (c) A board of an economic development district has the powers stated  
30 in this section unless specifically restricted under the formation charter.

31  
32 14-177-305. Meetings of board of economic development district.

33 (a) A board of an economic development district shall meet at least  
34 quarterly but may meet more frequently as needed.

35 (b)(1) A meeting of a board of an economic development district shall  
36 be open to the public, except when the board of the economic development

1 district calls an executive session under subdivision (b)(2) of this section.

2 (2) A board of an economic development district may call an  
3 executive session to discuss matters that:

4 (A) Require confidentiality under state or federal law;

5 (B) Require confidentiality under a contract to which the  
6 economic development district is a party; or

7 (C) Constitute records that are exempt from the Freedom of  
8 Information Act of 1967, § 25-19-101 et seq.

9 (c) Minutes of all meetings of a board of an economic development  
10 district shall be recorded and made available to the public.

11  
12 14-177-306. Records exempt from disclosure.

13 (a) Records of a board of an economic development district and records  
14 of employees of the economic development district that, if disclosed, would  
15 give an advantage to competitors or bidders are exempt from the Freedom of  
16 Information Act of 1967, § 25-19-101 et seq., unless approval for release of  
17 the records is granted by the business entity that is the subject of the  
18 records.

19 (b) The exemption allowed under subsection (a) of this section does  
20 not apply to records of expenditures or grants that are made or administered  
21 by the board of the economic development district and are otherwise  
22 disclosable under this chapter.

23  
24 14-177-307. Financial oversight and transparency.

25 (a)(1) The financial operations of an economic development district  
26 shall be audited annually by an independent auditor to ensure proper use of  
27 funds and adherence to all legal requirements.

28 (2) The audit report obtained under subdivision (a)(1) of this  
29 section shall be submitted to the establishing authority of the economic  
30 development district within ninety (90) days after receipt of the audit  
31 report by the board of the economic development district.

32 (b) Financial records related to the economic development district's  
33 operations, including the sources and uses of funds received by the economic  
34 development district, shall be accessible to the public to ensure  
35 transparency and accountability.

36

1           14-177-308. Authority to place economic development district in  
2 receivership – Appointment of receiver – Bankruptcy prohibited.

3           (a) The establishing authority or the board of an economic development  
4 district may place the economic development district into receivership if:

5                   (1) The board of the economic development district fails to  
6 fulfill its duties or obligations under this chapter;

7                   (2) The economic development district becomes insolvent or lacks  
8 sufficient financial resources to meet the obligation of the economic  
9 development district; or

10                   (3) There is evidence of malfeasance, mismanagement, or fraud by  
11 the board of the economic development district that threatens the effective  
12 operation of the economic development district or the proper administration  
13 of the financial resources of the economic development district.

14           (b)(1) The board of an economic development district or the  
15 establishing authority of the economic development district may petition the  
16 circuit court in the county where the economic development district is  
17 located for an order placing the economic development district into  
18 receivership.

19                   (2) A petition under subdivision (b)(1) of this section shall  
20 demonstrate the specific grounds for the receivership, including without  
21 limitation documentation of the failures of the board of the economic  
22 development district or the insolvency of the economic development district.

23                   (3) The circuit court receiving a petition filed under this  
24 subsection shall hear the petition on an expedited basis.

25           (c) Upon the determination by a circuit court that grounds for  
26 receivership of an economic development district exist, the circuit court  
27 shall:

28                   (1) Appoint the establishing authority of the economic  
29 development district or its designee as the receiver of the economic  
30 development district; and

31                   (2) Grant the receiver full authority to suspend the board of  
32 the economic development district and administer the economic development  
33 district with all rights, privileges, and obligations conferred on the board  
34 of the economic development district under this chapter.

35           (d) The establishing authority of the economic development district  
36 may replace any members of the board of the economic development district



1 during the receivership.

2 (e) A receivership authorized under this section shall:

3 (1) Continue until the economic development district is able to  
 4 fulfill its statutory and financial obligations, as determined by the  
 5 establishing authority of the economic development district; and

6 (2) End upon petition by the establishing authority of the  
 7 economic development district to the circuit court certifying that the need  
 8 for the receivership has ended.

9 (f) An economic development district shall not file for bankruptcy.

10  
 11 Subchapter 4 – Economic Development District Funding

12  
 13 14-177-401. Funds and use of funds.

14 (a) Funding for grants, credits, or abatements under this chapter  
 15 within an economic development district may be derived from any combination  
 16 of the following sources:

17 (1) The payment of a property charge under § 14-177-402;

18 (2) The payment of a sales charge under § 14-177-403;

19 (3) The payment of an additional property charge under § 14-177-  
 20 406;

21 (4) The payment of an additional sales charge under § 14-177-  
 22 407; and

23 (5) Public and private grants.

24 (b) An economic development district may:

25 (1) Solicit and accept grants and other funds from public  
 26 sources; and

27 (2) Accept contributions and donations from private sources.

28 (c) An economic development district may pledge any available funds in  
 29 whole or in part to the repayment of bond financing.

30 (d) All available funds of an economic development district shall be  
 31 used exclusively within the boundaries of the economic development district:

32 (1) For economic development construction and public  
 33 infrastructure in accordance with the economic development plan for the  
 34 economic development district; or

35 (2) To pay expenses necessary to accomplish the economic  
 36 development goals of the economic development district as stated in the

1 formation charter.

2  
3 14-177-402. Property charge – Exemption from ad valorem taxation.

4 (a) All property within an economic development district is exempt  
5 from the payment of ad valorem property taxes.

6 (b)(1) Property located within the boundaries of an economic  
7 development district is subject to a property charge.

8 (2) A property charge shall be collected at the same time and in  
9 the same manner as ad valorem property taxes.

10 (3) Property that would be exempt from ad valorem property taxes  
11 outside of an economic development district is exempt from a property charge  
12 imposed by an economic development district.

13 (c)(1) As long as property is within an economic development district,  
14 the county collector of the county in which the economic development district  
15 is located shall remit:

16 (A) A pro rata portion of the property charge equal to the  
17 property charge baseline:

18 (i) To the taxing authorities and improvement  
19 districts that would have received ad valorem property taxes if the property  
20 were not in an economic development district; or

21 (ii) For a cooperative area, in accordance with the  
22 allocation agreed to by municipalities and counties participating in the  
23 cooperative area; and

24 (B) Any remaining amount to the economic development  
25 district.

26 (2) If the property charge is less than the property charge  
27 baseline in any year, the property charge baseline shall be reduced to the  
28 amount of the property charge actually received by the county collector.

29 (d) A board of an economic development district may receive, spend,  
30 pledge, save, grant, allocate, or abate the property charge increment for  
31 property located within the boundaries of the economic development district  
32 unless specifically prohibited in the formation charter.

33 (e) The failure to pay a property charge under this section is subject  
34 to the same remedies and enforcement as would otherwise apply to the failure  
35 to pay ad valorem property taxes if the property were not within an economic  
36 development district.

1  
2 14-177-403. Sales charge – Exemption from sales and use tax and  
3 alcoholic beverage sales tax.

4 (a) A sales transaction sourced within an economic development  
5 district is exempt from sales and use tax and the alcoholic beverage sales  
6 tax.

7 (b)(1) A sales transaction sourced to property within an economic  
8 development district is subject to a sales charge.

9 (2) A business operating within an economic development district  
10 shall collect and remit a sales charge to the economic development district  
11 that imposed the sales charge.

12 (3) A sales charge shall be collected and administered at the  
13 same time and in the same manner as sales and use taxes.

14 (4) A sales transaction that would be exempt from sales and use  
15 tax or the alcoholic beverage sales tax outside of an economic development  
16 district is exempt from a sales charge imposed by an economic development  
17 district.

18 (c)(1) As long as property is within an economic development district,  
19 the Department of Finance and Administration shall remit:

20 (A) A pro rata portion of the sales charge imposed on  
21 sales transactions sourced to property within the economic development  
22 district equal to the sales charge baseline:

23 (i) To the taxing authorities that would have  
24 received sales and use taxes and alcoholic beverage sales taxes if the sales  
25 transaction had not occurred in an economic development district; or

26 (ii) For a cooperative area, in accordance with the  
27 allocation agreed to by the municipalities and counties participating in the  
28 cooperative area; and

29 (B) Any remaining amount to the economic development  
30 district.

31 (2) If the sales charge is less than the sales charge baseline  
32 in any year, the sales charge baseline shall be reduced to the amount of the  
33 sales charge actually received by the department.

34 (d)(1) The state is entitled to the portion of the sales charge that  
35 would have been received by the state if the sales transaction were not  
36 sourced to property within an economic development district.

1           (2) The board of an economic development district may receive,  
2 spend, pledge, save, grant, allocate, or abate the sales charge increment  
3 unless specifically prohibited in the formation charter.

4           (e) The failure to collect and remit a sales charge under this section  
5 is subject to the same remedies and enforcement as would otherwise apply to  
6 the failure to pay sales or use tax or the alcoholic beverage sales tax if  
7 the sales transaction were not sourced to property within an economic  
8 development district.

9  
10           14-177-404. Reserved property charge – Allocation.

11           (a)(1) Except as provided in subdivision (a)(2) of this section, the  
12 establishing authority for an economic development district may designate a  
13 reserved property charge in the formation charter as a percentage of the  
14 total property charge in excess of the property charge baseline.

15           (2) A reserved property charge shall not include any additional  
16 property charge authorized by the board of an economic development district  
17 under § 14-177-406.

18           (b) The formation charter may designate a reserved property charge  
19 that applies for only a specified time period.

20           (c) A reserved property charge is invalid unless the reserved property  
21 charge is expressly provided for in the formation charter.

22           (d)(1) If there is a reserved property charge, the reserved property  
23 charge shall be remitted in accordance with:

24                   (A) The allocation provided by the formation charter; or

25                   (B) For a cooperative area, the agreement of the  
26 municipalities and counties participating in the cooperative area.

27           (2) Unless otherwise provided by agreement among the taxing  
28 authorities that would otherwise have received ad valorem property taxes if  
29 the economic development district did not exist, the formation charter shall  
30 provide that any reserved property charge be allocated among the taxing  
31 authorities in the same percentage as the ad valorem property taxes would  
32 otherwise have been allocated if the economic development district did not  
33 exist.

34  
35           14-177-405. Reserved sales charge – Allocation.

36           (a)(1) Except as provided in subdivision (a)(2) of this section, the

1 establishing authority for an economic development district may designate a  
2 reserved sales charge in the formation charter as a percentage of the total  
3 sales charge in excess of the sales charge baseline.

4 (2) A reserved sales charge shall not include any additional  
5 sales charge authorized by the board of an economic development district  
6 under § 14-177-407.

7 (b) The formation charter may designate a reserved sales charge that  
8 applies for only a specified time period.

9 (c) A reserved sales charge is invalid unless the reserved sales  
10 charge is expressly provided for in the formation charter.

11 (d)(1) If there is a reserved sales charge, the reserved sales charge  
12 shall be remitted in accordance with:

13 (A) The allocation provided by the formation charter; or

14 (B) For a cooperative area, the agreement of the  
15 municipalities and counties participating in the cooperative area.

16 (2) Unless otherwise provided by agreement among the taxing  
17 authorities that would otherwise have received sales and use taxes and  
18 alcoholic beverage sales tax if the economic development district did not  
19 exist, the formation charter shall provide that any reserved sales charge be  
20 allocated among the taxing authorities in the same percentage as the sales  
21 and use taxes and alcoholic beverage sales tax would otherwise have been  
22 allocated if the economic development district did not exist.

23  
24 14-177-406. Additional property charge.

25 (a)(1) The board of an economic development district may impose an  
26 additional millage rate-based charge on the value of property within the  
27 economic development district.

28 (2) An additional property charge imposed under subdivision  
29 (a)(1) of this section shall be collected and allocated in the same manner as  
30 the property charge that applies to property within the economic development  
31 district.

32 (b) The additional property charge allowed under this section shall  
33 not apply to property that would be exempt from ad valorem tax if the  
34 property were not located within an economic development district.

35 (c)(1) Except as provided in subdivision (c)(2) of this section, a  
36 board of an economic development district shall not increase an additional

1 property charge imposed under this section by more than ten percent (10%) of  
2 the millage rate that would have applied to the property if the property were  
3 not located in an economic development district.

4 (2) A board of an economic development district may increase an  
5 additional property charge imposed under this section by more than ten  
6 percent (10%) of the millage rate that would have applied to the property if  
7 the property were not located in an economic development district if, at the  
8 time of the proposed increase, all property owners within the economic  
9 development district to which the additional property charge would apply  
10 provide written consent to the increase.

11  
12 14-177-407. Additional sales charge.

13 (a)(1) The board of an economic development district may impose an  
14 additional percentage-based charge on sales transactions occurring within the  
15 economic development district.

16 (2) An additional sales charge imposed under subdivision (a)(1)  
17 of this section shall be collected and allocated in the same manner as the  
18 sales charge that applies to sales transactions sourced to property within  
19 the economic development district.

20 (b) The additional sales charge allowed under this section shall not  
21 apply to sales transactions that would be exempt from sales and use taxes if  
22 the sales transaction did not occur within an economic development district.

23 (c)(1) Except as provided in subdivision (c)(2) of this section, a  
24 board of an economic development district shall not increase an additional  
25 sales charge imposed under this section by more than ten percent (10%) of the  
26 sales and use tax rate that would have applied to the sales transaction if  
27 the sales transaction had not been sourced to property within an economic  
28 development district.

29 (2) A board of an economic development district may increase an  
30 additional sales charge imposed under this section by more than ten percent  
31 (10%) of the sales and use tax rate that would have applied to the sales  
32 transaction if the sales transaction had not been sourced to property within  
33 an economic development district if, at the time of the proposed increase,  
34 all property owners within the economic development district to which the  
35 additional sales charge would apply provide written consent to the increase.  
36

1       14-177-408. Cooperation of county officials and Department of Finance  
2 and Administration.

3       (a)(1) A county assessor serving an area within the boundaries of an  
4 economic development district shall cooperate with the board of the economic  
5 development district to assess property within the economic development  
6 district for the amount of the property charge for the economic development  
7 district.

8       (2) A county assessor shall calculate the property charge for an  
9 economic development district applying the same timing, methods, and  
10 penalties used to appraise and assess the property located in the economic  
11 development district that would apply if the property were not in an economic  
12 development district.

13       (3)(A) A county assessor is entitled to any commission to which  
14 the county assessor would be entitled if the economic development district  
15 did not exist, based on the amount of the property charge baseline and the  
16 reserved property charge.

17       (B) Any commission to which a county assessor is entitled  
18 shall be paid out of the property charge baseline and any reserved property  
19 charge.

20       (b)(1) A county collector serving an area within the boundaries of an  
21 economic development district shall cooperate with the board of the economic  
22 development district to collect the property charge for the economic  
23 development district.

24       (2) A county collector shall apply the same timing, methods, and  
25 penalties used for the collection of the property charge that would be  
26 applicable if the property were not in an economic development district.

27       (3)(A) A county collector is entitled to any commission to which  
28 the county collector would be entitled if the economic development district  
29 did not exist, based on the amount of the property charge baseline and any  
30 reserved property charge.

31       (B) Any commission to which a county assessor is entitled  
32 shall be paid out of the property charge baseline and any reserved property  
33 charge.

34       (c) The Department of Finance and Administration shall:

35       (1) Receive and collect the sales charge for an economic  
36 development district from all retailers and persons responsible for paying

1 the sales charge within the economic development district; and

2 (2) Apply the same timing, methods, and penalties for the  
 3 collection of the sales charge that would be applicable if the sales  
 4 transaction were not sourced to property within an economic development  
 5 district.

7 Subchapter 5 – Economic Development District Grants

9 14-177-501. Authorization for grants.

10 (a) The formation charter may authorize the board of an economic  
 11 development district to provide assistance in the form of grants of  
 12 forgivable loans or transferable credits against future payments of the  
 13 property charge for the economic development district above the property  
 14 charge baseline or the sales charge for the economic development district  
 15 above the sales charge baseline, or both.

16 (b) The board of an economic development district may waive or reduce  
 17 utility franchise fees that would have otherwise been due within the economic  
 18 development district.

19 (c) The board of an economic development district may make payments of  
 20 cash for economic development construction and public infrastructure within  
 21 the economic development district.

23 14-177-502. Grant eligibility and terms.

24 (a) A grant under this subchapter may be made available only to:

25 (1) An owner of property within the boundaries of an economic  
 26 development district;

27 (2) A tenant of property within the boundaries of an economic  
 28 development district if the tenant has a lease term that extends beyond the  
 29 loan forgiveness period under the grant; or

30 (3) A public or franchised utility service provider.

31 (b)(1) A grant may be awarded under this subchapter in the form of a  
 32 forgivable loan in an amount based on the scope and expected impact of the  
 33 proposed project, as evaluated and determined by the board of the economic  
 34 development district.

35 (2) A grant awarded under this subchapter as a forgivable loan  
 36 may be structured so that some or all of the amount due may be forgiven if



1 the conditions of the grant are met.

2 (3) The interest rate for a forgivable loan granted under this  
3 subchapter may be below market or zero percent (0%) to encourage uptake and  
4 project initiation.

5 (4) The board of an economic development district may require  
6 security for the repayment of a forgivable loan granted under this  
7 subchapter.

8 (c) A grant may be awarded under this subchapter in the form of  
9 transferable credits useable against future payments of the property charge  
10 above the property charge increment or the sales charge above the sales  
11 charge increment, or both.

12 (d) The recipient of a grant under this subchapter shall submit an  
13 annual report to the board of the economic development district detailing the  
14 recipient's progress toward meeting the criteria for the forgivable loan or  
15 transferable credits awarded under the grant.

16 (e) The board of an economic development district may employ an  
17 independent review committee or third-party auditor to verify that a  
18 recipient of a grant awarded under this subchapter has met the criteria for  
19 the grant before approving forgiveness of the loan or additional allocation  
20 of transferable credits.

21  
22 14-177-503. Grant application process.

23 (a) An applicant for a grant under this subchapter shall submit to the  
24 board of the economic development district a detailed proposal outlining the  
25 proposed project, the expected outcomes of the proposed project, the budget  
26 for the proposed project, and the alignment of the proposed project with the  
27 objectives of the economic development district.

28 (b)(1) A grant awarded under this subchapter is contingent on the  
29 recipient's meeting predefined performance targets established by the board  
30 of the economic development district.

31 (2) The predefined performance targets for a grant awarded in  
32 the form of transferable credits shall be based on any combination of job  
33 creation, job retention, average salary increases, investment of funds other  
34 than grant funds received from the economic development district and spent  
35 within the economic development district, and the provision of specific  
36 services or amenities within the economic development district.



1        (a) To qualify for abatement of the property charge increment or the  
2 sales charge increment, or both, under this subchapter, an applicant shall  
3 demonstrate to the board of the economic development district that the  
4 applicant's business or project will contribute to or facilitate job  
5 creation, job retention, job attraction, economic growth, or economic  
6 diversification within the economic development district.

7        (b)(1) Criteria for abatement of the property charge increment or the  
8 sales charge increment, or both, under this subchapter may include without  
9 limitation the scale of the investment by the applicant, the number of jobs  
10 created or retained by the applicant, the longevity and sustainability of the  
11 applicant's business, and the strategic importance of the applicant's  
12 business to the economic objectives of the economic development district.

13        (2) Abatement of the property charge increment or the sales  
14 charge increment, or both, under this subchapter may also be granted to  
15 applicants whose business or project is complimentary to the goals of the  
16 economic development district.

17        (c) An applicant for abatement of the property charge increment or the  
18 sales charge increment, or both, under this subchapter shall not be granted  
19 an abatement under this subchapter unless the applicant is in good standing  
20 with the State of Arkansas.

21        (d)(1) The terms of an abatement of the property charge increment or  
22 the sales charge increment, or both, under this subchapter, including the  
23 duration and percentage of the abatement, shall be determined by the board of  
24 the economic development district based on the expected economic impact of  
25 the applicant's proposed business or project.

26        (2) The duration of any abatement of the property charge  
27 increment or the sales charge increment, or both, under this subchapter shall  
28 not exceed thirty (30) years.

29        (e) The board of an economic development district may require periodic  
30 reviews of a business or project for which an applicant has been granted an  
31 abatement of the property charge increment or the sales charge increment, or  
32 both, under this subchapter to ensure that the business or project continues  
33 to meet the eligibility criteria established at the time the abatement was  
34 granted.

35  
36        14-177-603. Application process for abatement – Agreement.

1       (a) An applicant seeking abatement of the property charge increment or  
 2 the sales charge increment, or both, under this subchapter shall submit a  
 3 detailed proposal to the board of the economic development district  
 4 outlining:

5           (1) The nature of the proposed business or project;

6           (2) The expected economic benefits of the proposed business or  
 7 project; and

8           (3) A justification for the request for abatement of the  
 9 property charge increment or the sales charge increment, or both.

10       (b) The board of an economic development district shall:

11           (1) Review all applications submitted under this section; and

12           (2) Determine whether to approve each application based on the:

13                   (A) Strategic fit of the proposed business or project with  
 14 the goals of the board of the economic development district;

15                   (B) Potential economic benefit of the proposed business or  
 16 project to the economic development district; and

17                   (C) Any other criteria as provided in § 14-177-602.

18       (c) If a board of an economic development district approves an  
 19 application submitted under this section, the board of the economic  
 20 development district and the applicant shall execute an agreement concerning  
 21 the terms of the abatement of the property charge increment or the sales  
 22 charge increment, or both, under this subchapter.

23  
 24       14-177-604. Reporting requirement.

25       (a) A recipient of an abatement of the property charge increment or  
 26 the sales charge increment, or both, under this subchapter shall submit an  
 27 annual report to the board of the economic development district that awarded  
 28 the abatement detailing the recipient's compliance with the terms of the  
 29 abatement agreement, including without limitation updates on investment  
 30 levels, employment figures, and other relevant performance-based criteria.

31       (b) The failure of a recipient of an abatement under this subchapter  
 32 to meet the agreed-upon terms of the abatement may result in the:

33           (1) Revocation of the abatement of the property charge increment  
 34 or the sales charge increment, or both; and

35           (2) Board of the economic development district's requiring:

36                   (A) Repayment of the abated property charge increment and

1 the sales charge increment; or

2 (B) Payment of any performance security.

3  
4 Subchapter 7 – Economic Development District Bonds

5  
6 14-177-701. Issuance of bonds – Terms and conditions.

7 (a) The formation charter may authorize the board of the economic  
8 development district being formed to issue bonds to finance economic  
9 development construction within the economic development district in  
10 accordance with the economic development plan.

11 (b) The board of an economic development district shall determine the  
12 terms of bonds issued under this subchapter, including the maturity, interest  
13 rate, and repayment schedule for the bonds, based on the projected cash flow  
14 from available funds and the financial needs of the projects proposed to be  
15 funded by the bonds.

16 (c) A two-thirds majority vote of the board of an economic development  
17 district is required to approve bonds issued under this subchapter.

18 (d) Approval for the issuance of bonds from the establishing authority  
19 of the economic development district may be included in the formation  
20 charter.

21  
22 14-177-702. Repayment of bonds – Oversight.

23 (a) The repayment of bonds issued under this subchapter may be funded  
24 through, paid for, and secured by available funds as determined by the board  
25 of the economic development district.

26 (b)(1) Available funds may be pledged as security for bonds issued  
27 under this subchapter to allow the economic development district to use the  
28 available funds to service debt obligations related to the bonds.

29 (2) If available funds are pledged for the repayment of bonds  
30 under this subsection, the board of an economic development district shall  
31 establish a detailed plan demonstrating the sufficiency of the available  
32 funds to cover debt service requirements while maintaining the operational  
33 and developmental objectives and obligations of the economic development  
34 district.

35 (c) The board of an economic development district shall:

36 (1) Establish a bond oversight committee to:

1                   (A) Monitor the use of bond proceeds under this  
2 subchapter; and

3                   (B) Ensure that the bond proceeds are used for the  
4 purposes specified in the bond issuance documents; and

5                   (2) Conduct regular audits to assess the:

6                   (A) Management and utilization of bond proceeds under this  
7 subchapter; and

8                   (B) Adequacy of the available funds to service debt  
9 obligations related to the bonds issued under this subchapter.

10  
11           14-177-703. Guarantee of bond repayment.

12           (a) To enhance the creditworthiness of bonds issued under this  
13 subchapter and to support substantial economic development initiatives, an  
14 establishing authority may guarantee the repayment of bonds issued by an  
15 economic development district using any portion or combination of the  
16 property charge baseline, sales charge baseline, reserved property charge,  
17 and reserved sales charge received by the establishing authority.

18           (b) An establishing authority's guarantee of bonds under this section  
19 shall be structured as follows:

20                   (1) For the first three (3) years after the issuance of the  
21 bonds, the establishing authority may guarantee up to one hundred percent  
22 (100%) of the bond repayments;

23                   (2) For the fourth and fifth year after the issuance of the  
24 bonds, the establishing authority may guarantee up to fifty percent (50%) of  
25 the bond repayments; and

26                   (3) For the sixth and seventh years after the issuance of the  
27 bonds, the establishing authority may guarantee up to thirty-three percent  
28 (33%) of the bond repayments.

29           (c) The maturity date of bonds guaranteed under this section may  
30 extend beyond the term of the guarantee provided by the establishing  
31 authority.

32           (d) A decision to guarantee the repayment of bonds under this section  
33 shall be approved by a majority vote of the members of the establishing  
34 authority.

35           (e) An establishing authority that guarantees the repayment of bonds  
36 under this section shall:

1           (1)(A) Establish a special guarantee fund from which guaranteed  
2 amounts will be paid.

3           (B) The special guarantee fund established under  
4 subdivision (e)(1)(A) of this section shall be replenished annually with the  
5 specified portion of the property charge baseline, reserved property charge,  
6 sales charge baseline, and reserved sales charge received by the economic  
7 development district.

8           (C) An establishing authority that establishes a special  
9 guarantee fund under subdivision (e)(1)(A) of this section shall establish  
10 protocols to manage the special guarantee fund to ensure that there are  
11 sufficient funds available to meet the guarantee obligations of the  
12 establishing authority under this section as they become due;

13           (2) Conduct an annual independent audit of the special guarantee  
14 fund established under subdivision (e)(1)(A) of this section and the  
15 management of the special guarantee fund to ensure transparency and proper  
16 use of the establishing authority's revenues; and

17           (3) Implement risk mitigation strategies, including without  
18 limitation setting aside reserve funds or obtaining reinsurance, to manage  
19 the potential fiscal impact of the guarantee provided under this section.

20           (f)(1) Before approving a guarantee under this section, an  
21 establishing authority shall conduct a risk assessment to evaluate the  
22 potential financial impact on the establishing authority's finances.

23           (2) The risk assessment required under subdivision (f)(1) of  
24 this section shall consider the:

25           (A) Viability of the projects funded by the bonds issued  
26 under this chapter; and

27           (B) Expected revenues of the economic development  
28 district.

29  
30           SECTION 1. DO NOT CODIFY. Contingent effective date.

31           This act is effective on and after January 1, 2027, contingent on  
32 Senate Joint Resolution 15 of the Ninety-Fifth General Assembly being  
33 referred to the people and adopted at the 2026 general election.

34  
35  
36