



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB361

**Bill Subtitle: TO CREATE THE INDUSTRIAL DEVELOPMENT AUTHORITIES EXPANSION ACT;
AND TO PROVIDE FOR THE CREATION OF INDUSTRIAL DEVELOPMENT AUTHORITIES TO
SECURE AND DEVELOP INDUSTRY AND FOSTER ECONOMIC DEVELOPMENT.**

Sponsors:

Sen. Dees and Rep. Beaty

Basic Change:

SB361 creates the "Industrial Development Authorities Expansion Act" to encourage the creation and expansion of economic development facilities by cities and counties. The bill allows local governments to organize and establish an industrial development authority (authority) to secure and develop industry in the area served by the authority.

The authority is created as a separate legal entity with a separate Board of Directors. The authority is authorized to issue bonds and use the bond proceeds to acquire, develop, and improve various economic development facilities including industrial parks, research and technology facilities, job training facilities, air cargo operations, and railroad lines. The bonds are secured by a pledge of revenues from the lands, buildings, and facilities acquired or constructed with the bond proceeds.

The industrial facilities purchased or constructed by the authority are exempt from ad valorem taxes. This tax exemption applies regardless of whether the facilities are owned by the authority or if they have been transferred to a lessee or purchaser. If the property is transferred to a lessee or purchaser, the authority is required to enter into an agreement for a payment in lieu of ad valorem taxes. The aggregate amount of payments in lieu of tax during the initial term of the lease or sale contract shall not be less than 35% of the taxes that would be paid if the property was on the tax rolls, unless the Director of the Arkansas Economic Development Commission and the Chief Fiscal Officer of the State approve a lesser amount.

Fiscal Impact:

Undetermined impact to property tax collections.

Taxpayer Impact:

Authorities may accept funds and may charge for the use of their facilities and services. Amendment 62 bonds issued for industrial development may be retired with an ad valorem tax on real and personal property.

Resources Required:

None.

Time Required:

None.



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Procedural Changes:

None.

Other Comments:

None.

Legal Analysis:

None.