

Why Arkansas Needs SJR15

1. Where Our Neighbors Outcompete Arkansas

- **Texas**
 - *Tools:* TIRZ (Tax Increment Reinvestment Zones), Chapter 380/381 agreements
 - *Project Types:*
 - i. TIRZ can fund infrastructure and redevelopment for commercial, residential, and mixed-use areas, sports complexes, and major public venues.
 - ii. Chapter 380/381 agreements allow direct incentives for retail, corporate expansions, technology projects, and more.
- **Louisiana**
 - *Tools:* Broad TIF authority (including local and state-level increments), Cooperative Endeavor Agreements
 - *Project Types:*
 - i. Almost any publicly beneficial project—from manufacturing plants to hotels, entertainment complexes, sports facilities, and retail or mixed-use developments.
 - ii. Localities commonly assist tourism venues (e.g., convention centers), large commercial redevelopments, and housing projects in blighted zones.
- **Missouri**
 - *Tools:* TIF capturing all local taxes (including school), Chapter 100 bonds for tax abatement, Community Improvement Districts
 - *Project Types:*
 - i. TIF used for urban renewal, major retail centers, mixed-use, industrial expansions, and sports arenas.
 - ii. Chapter 100 property tax abatements primarily benefit manufacturing, distribution, and sometimes large office or commercial projects.
- **Tennessee**
 - *Tools:* Industrial Development Board (IDB) PILOTs, TIF through redevelopment authorities
 - *Project Types:*
 - i. PILOTs strongly focus on manufacturing, HQs, distribution, R&D, with some exceptions for mixed-use in special cases.
 - ii. TIF helps fund downtown revitalization, retail/hospitality projects, and residential or civic redevelopment plans.
- **Oklahoma**
 - *Tools:* TIF under Article 10, §6C (property or sales tax increment), public trusts for financing
 - *Project Types:*
 - i. Broadly supports commercial, industrial, retail, and mixed-use developments in blighted or underdeveloped areas.

- ii. Public trusts also finance infrastructure or facilities for private entities (e.g., manufacturing plants, office complexes).
- **Alabama**
 - *Tools:* Amendment 772 (direct grants/loans, bonds for virtually any project), robust TIF law
 - *Project Types:*
 - i. All sectors: manufacturing, retail, sports venues, entertainment, industrial parks, and mixed-use expansions—there's no restriction on the type of economic project.
- **Kansas**
 - *Tools:* 10-year property tax abatement via IRBs (Industrial Revenue Bonds), TIF, STAR bonds for tourism
 - *Project Types:*
 - i. Manufacturing, distribution, HQ expansions get full property tax abatement with IRBs.
 - ii. TIF/STAR bonds commonly used for retail, entertainment, sports complexes, and tourism attractions (e.g., stadiums, amusement destinations).
- **Kentucky**
 - *Tools:* IRB/PILOT lease structures for property tax abatement, multiple TIF programs (local & state-participating)
 - *Project Types:*
 - i. IRBs finance manufacturing, agribusiness, healthcare, and certain tourism or mixed-use projects.
 - ii. TIF can support downtown redevelopment, large retail/entertainment districts, and significant sports or tourism venues (like arenas).

Common Thread: All these states use *tax abatements, TIF districts, and direct incentives* to attract diverse projects—**manufacturing, retail, commercial, sports, tourism, mixed-use, and more.**

2. How SJR15 Evens the Playing Field

1. Full TIF-Style Districts

- Economic Development Districts under SJR15 can capture local tax growth and reinvest it in the project—just like TIRZ in Texas or TIF in Missouri.
- Finally allows full or partial property tax exemption within a district, closing a longstanding gap where Arkansas couldn't abate taxes the way Kansas or Tennessee routinely do.

2. Direct Local Incentives

- Authorizes cities/counties to lend or grant money to private projects—matching Alabama's Amendment 772 or Texas 380/381 authority.

- This ensures local leaders can negotiate quickly with prospects, offering the same cash, infrastructure, or tax rebates that neighboring states use to seal deals.
- 3. **Broader Scope of Projects**
 - Clearly includes retail, sports complexes, tourism, headquarters, and more, not just manufacturing—a mirror of Louisiana’s wide range of eligible economic development projects.
 - Enables Arkansas to compete for major entertainment venues, mixed-use developments, or logistics/warehousing expansions that currently go elsewhere.
- 4. **Bonding & Debt Limit Protections**
 - *Bonds issued by an economic development district don’t count against city/county debt—like Oklahoma’s or Missouri’s TIF bonds, which are self-supporting from the project’s future revenues.*
 - No lengthy referendums; local governments can act nimbly to finance infrastructure, similar to how other states do TIF or PILOT bonds.
- 5. **Constitutional Certainty & Speed**
 - SJR15 explicitly overrides conflicting clauses (e.g., anti-gift or strict debt caps), providing legal clarity.
 - Lets localities respond fast—no drawn-out lawsuits or major constitutional obstacles—so Arkansas can match its neighbors’ competitive timelines.

3. Why It Matters for Arkansas

- **Retain & Attract Major Investment:** Neighboring states dangle robust deals, luring big projects away. SJR15 lets **Arkansas meet or beat those** offers.
- **Revitalize Communities:** TIF-like districts can fund public infrastructure, repair blight, and spark *private* redevelopment—*exactly what’s fueling growth* in states like Texas and Oklahoma.
- **Diversify Beyond Manufacturing:** With broader project eligibility, we can boost **retail, tourism, mixed-use, sports, and tech**—creating jobs and stable tax bases across the state.
- **Keep Arkansas Dollars at Home:** Competitive incentives **stop leakage** of local talent and investment to neighboring states, building a stronger economy **right here**.

Bottom Line

Our neighbors have long enjoyed flexible tax abatements, TIF tools capturing school and local taxes, direct incentives, and broad coverage for all kinds of projects. SJR15 **brings Arkansas on par** with these proven systems—ensuring we no longer lose out on transformative projects. It gives us the **comprehensive, constitutionally sound** powers we need to **grow jobs, revitalize cities**, and stay competitive in today’s regional and national market.