

Sales Tax for Economic Development in Arkansas



Arkansas State University Delta Center for Economic Development • East Arkansas Planning and Development District • UALR Institute for Economic Advancement

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Introduction

Successful economic development requires strong partnerships. The ASU Delta Center for Economic Development is appreciative of the support provided by the United States Economic Development Administration. EDA shares our commitment to provide economic development services and resources to areas of Arkansas. Our working partnership provides the critical technical support necessary for communities to develop strategic plans for their economic future.

The Delta Center is equally appreciative of our working relationship with the East Arkansas Planning and Development District and the University of Arkansas Little Rock Institute for Economic Advancement. Our recent collaboration was made even more successful through the expertise of EAPDD members Richard Spelic and Pam Alexander. Recognizing the importance of economic development is much more evident when individuals give of their own time and resources to seek best practices and learn from the success of others.

Alan McVey, Executive Director
Arkansas State University
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Acknowledgements

The following report is intended to demonstrate how communities and counties in Arkansas have been able to utilize local sales tax revenues to fund economic development activity. The report does not include all municipalities currently using a tax dedicated for economic development, but is what we hope a beginning to opening up dialogue and discussion about the benefits of such an approach.

We encourage other communities or counties currently using a sales tax or interested in sharing information relative to recent campaigns to contact our office as this report will be updated and displayed on the ADAPT website, a project shared by the University of Arkansas Little Rock, East Arkansas Planning and Development District and the ASU Delta Center for Economic Development. The ADAPT website provides important labor analysis and case studies of rural community and economic development best practices from around the country.

Thank you to my colleagues and friends in communities highlighted in this report: Jon Chadwell, Newport EDC; Aaron Stewart, Cross County EDC; Mike Smith, Crossett Economic Development Foundation; Vanessa Wyrick, Booneville Development Corporation; Norm MacNeil, Ouachita Partnership for Economic Development; Jeff Pipkin, Russellville Chamber of Commerce; Clif Chitwood, Great River Economic Development Foundation and Don Wales, El Dorado Chamber of Commerce. Persons working in local economic development programs wear many hats and I appreciate the time devoted to responding to the survey.

Frankie Gilliam, Economic Development Specialist
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Funding Economic Development With Local Sales Tax in Arkansas

In 1987, the Arkansas General Assembly enacted legislation authorizing local government, both county and municipalities to generate additional revenue through the levy of a sales tax. To date, there are over 300 local taxes in the state of Arkansas. Many include a “sunset” provision that specifies the end-date of the local tax and defines in the ordinance authorizing the vote, the intended use of revenue generated by the tax. Over the past two decades, proponents and persons directly involved in organized campaigns for the tax find the public may be more receptive if general details on how the money is going to be used are made available. In cases where the revenue is used for specific projects, detailed information and renderings can be a powerful aid in sharing a vision such as a new recreation park or as in the case in El Dorado, a downtown multi-purpose convention center.

This report includes communities and counties in Arkansas utilizing local sales tax to run economic development programs. The places targeted for this study include those that dedicate all or a portion of the tax to “economic development” and upon passing the vote, were able to organize a new or enhance an existing program.

It should be noted that many other cities and counties utilize local tax revenues for capital improvement projects that in turn support economic development. Infrastructure, police and fire protection, recreation, health care facilities, and colleges are important community development projects that have occurred through local tax collection around the state. High quality living conditions and building a place where people want to live are important factors in growing the population and retaining our state’s best and brightest.

In other cases, local government contracts for economic development services by allocating a percentage or set dollar amount out of its general funds (which may include a local sales tax but economic development is not specified in the ordinance). This approach provides much needed support to the local economic development effort and the governing body latitude from one budget year to the next.

To provide a more accurate accounting, communities that appear in this report dedicate all or a portion of a local or county sales tax to run a program or initiate projects directly involved with economic development.

Booneville

In 1995, the city of Booneville passed a one-cent sales tax with 2.5 percent apportioned for economic development. The tax is scheduled for renewal every five years. The economic development portion of the tax generates \$20,000 annually and is directed to the Booneville Development Corporation. The Booneville Development Corporation and South Logan County Chamber of Commerce merged into one organization and board of directors to maximize the use of public money and other local resources.

Revenues generated from the tax are used for business promotion, industrial recruitment and existing industry support. The funds are administered by the Booneville Development Corporation staff. Since its passage in 1995, four new industries and one expansion have occurred. There has also been 15 new retail and other businesses established since 1995.¹

Camden

In June 2001 voters in the city of Camden passed a 1 percent economic development sales tax for four years. From October 2001 to October 2005, \$1,500,000 was collected annually. Proceeds have been allocated to cover costs as follows:

| | |
|--|----------------|
| Business Park Purchase (500 acres @ \$3,000.00 per acre) | \$1,500,000.00 |
| Infrastructure (Water & Sewer lines, utilities, roads) | 1,000,000.00 |
| Shell Speculative Building (50,000 sq ft @ \$16.00 sq ft) | 800,000.00 |
| Operations (\$300,000.00 for 4 years) | 1,200,000.00 |
| Business Incubator (\$75,000.00 for 4 years) | 300,000.00 |
| Incentives (\$300,000.00 for 4 years) | 1,200,000.00 |

Funds to cover the costs associated with these projects are administered by the Ouachita Partnership for Economic Development (OPED). Any revenues exceeding the cost of the projects represented above are managed by the city of Camden with the exception of monies allocated to the operation of OPED. The Ouachita Partnership serves as the area's lead economic development organization. Primary funding comes from the city of Camden and is led by a 14-member board and managed by a full-time executive director. Partners include the Camden Area Chamber of Commerce, Camden Area Industrial Development Corporation and Highland Industrial Park, a 15,000 acre area with over 5 million square feet of manufacturing and warehouse space.²

Since 2001, five new industries have located in the area and seven more have expanded for a net gain of 769 committed jobs. Norm MacNeill, OPED Executive Director reported many of the job commitments are high wage and knowledge-based tied to defense contracts and included the following summary in his response:

- a. Many of our new job commitments are high wage knowledge jobs with defense contractors. For example our most recent incentivized commitment of 302 new jobs by Lockheed Martin is expected to have an average base wage of \$49,000/yr.

Arquest, with a mix of production and technical jobs, paid an average of \$16.65/hr for 96 jobs. General Dynamics, primarily production jobs, expects to pay an average of \$12.19/hr for 55 new jobs. Spectra Technologies, with primarily production jobs, is paying an average of \$21,965/yr for 505 new jobs. Raytheon, with a mix of production and technical jobs, expects to pay an average of \$29.50/hr; \$60,000 to \$150,000 per year for salaried jobs depending on experience and \$12 to \$20.35 per hour for the hourly jobs depending on experience. Victory Lumber projected an average salaried worker to earn \$12.79/hr, and an average hourly worker to earn \$19.93/hr. Phoenix Renewable Energy has projected an average wage of \$33,481/yr for 48 new jobs. Incentive awards are not based on amount of payroll, rather the number of jobs created in different wage ranges.

Although job creation is occurring, there continues to be a decline in the city's population. In 1990, the city had a population of 14,380 and by 2000 the number was 13,154 representing an 8.5 percent decline. July 2007 estimates show 11,657 people reside in the city. The decline in population has also impacted residential construction which continues to be weak.

An election in 2006 was attempted to create a successor sales tax of .25 percent. The campaign was unsuccessful and may have been due in large part to two major plant closings. International Paper and General Dynamics "tends to wipe successes away," according to MacNeil. Camden and Ouachita County voters came back in 2008 to vote a 1 percent permanent county sales tax for public safety and a .75 percent city tax also earmarked for public safety – both with no sunset provisions. While public safety is important, MacNeil cited the current city and county sales tax is at 9.75 percent and the ability to pass a new economic development sales tax is unlikely.

An important measure of success in Camden has been consistency in reporting the good news – jobs that have been created. Expansions in the existing business community represent the majority of new jobs in the city. An issue that has long been prevalent in the economic development field is the acclaim that comes with new business announcements versus expansion

projects. MacNeil sites that in spite of this dynamic; community's should make any effort to "head off or avoid a major shutdown or layoff" and when that happens – tout it as a success.³

Cross County

In 1999, a 1 percent sales tax was passed in Cross County for the express purpose of economic development. The three-year tax closed in 2002. Over the life of the tax, \$4,636,544.47 was generated. The revenue has and continues to be used for operations including staff compensation, rent, utilities and supplies. Infrastructure improvements, land acquisition, buildings, promotion and marketing materials are also funded. Aaron Stewart is the Executive Director of the Cross County Chamber of Commerce and Cross County Economic Development Corporation (CCEDC). Revenue generated by the sales tax is administered through the CCEDC, a 501(c) (6) non-profit corporation. The county's nine quorum court members appoint two persons each to the board and are joined by the county judge, mayors from all four municipalities and seven at-large members.

Stewart reported that cash incentives are utilized based on anticipated economic impact measured by the number of new jobs, new wages and new capital investment. A formal contract is utilized and includes clawback provisions. Although is not required by the CCEDC, it is preferred that incentive monies be used for infrastructure or workforce training and education. The board is also considering amendments to current incentive guidelines that require employers to pay 105 percent of the current hourly wage within the employer's industrial sector.

Since 1999, three new industries and eight expansions have occurred for a net gain of 850 jobs. One of the county's most successful endeavors is the establishment of the Technology Center of the Delta. The facility is home to the chamber of commerce and economic

development corporation, East Arkansas Community College-Wynne and Department of Workforce Services. Funds generated by the tax were also used to construct a spec building recently acquired by a new company and to develop a Select Site, a shovel-ready program initiated by Entergy. To date, \$630,000 has been provided in direct company incentives.

The sales tax has also provided the necessary resources to run an effective economic development program on a day-to-day basis; develop a new web site and fund networking opportunities.

In order to fully understand what the economic impact has been to the county, an analysis was conducted by Dr. Gary Latanich and Dr. Dan Marburger, economic professors with the Arkansas State University College of Business. Stewart provided the following statistics from the 2007 report:

Net Change in the Number of Jobs: 850+

Increase in Average Wage of Jobs (1Q 2001 – 4Q 2008):

Natural resources and mining – Total wages up 96%; Avg. weekly wage up 41%

Construction – Total wages up 81%; Avg. weekly wage up 57%

Manufacturing – Total wages down 37%, Avg. weekly wage up 8%

Trade, Transportation & Utilities – Total wages up 52%, Avg. weekly wage up 61%

Information – Total wages down 11%, Avg. weekly wage up 21%

Financial Activities – Total wages no change; Avg. weekly wage up 6%

Professional & Business Services – Total wages up 26%, Avg. weekly wage up 45%

Educational & Health Services – Total wages up 97%, Avg. weekly wage up 53%

Leisure & Hospitality – Total wages up 60%, Avg. weekly wage up 48%

Other Services – Total wages up 16%, Avg. weekly wage up 47%

Average wage of the new jobs created: Approx. \$12/hr

Total Amount of Annual Wages of New Jobs: More than \$14.6 million

The executive summary by Latanich and Marburger provides more insight on how the local economy changed from September 1999 to December 2007:

Cross County Arkansas Economic Impact Analysis Executive Summary

The purpose of this study is to measure the economic impact of the 1% sales tax that was approved in September 1999 to fund economic development efforts through the Cross County Economic Development Corporation. By December 31, 2007, \$4,636,544.47 was generated by the tax. Most of these funds were used to attract firms into Cross County. Of the \$4.6 million in tax revenues, \$617,500 was used to induce firms to locate into the region and to induce existing firms to expand via incentives, such as purchasing land or assisting in workforce training. The tax revenues were also used to leverage state and federal grants totaling \$5,250,740. The economic development efforts also induced local utilities to commit to additional investment to meet the needs of new and existing firms.

Through its efforts, several firms located into and expanded in Cross County. The eight firms that the Economic Development Corporation worked with combined for a total of ten different projects. The different firms involved included Eakas Arkansas, Muller, Inc., FMI, House Manufacturing, Osceola Pallet, Inc., Matthews Ridgeview Farms, NMF, Inc. and K-Tops Manufacturing. Eight of the ten successful projects involved existing businesses, while two of the successful projects were firms that were new to the county.

These firms injected roughly \$54,111,000 into the region via capital expenditures, and created at least 746 jobs with an annual payroll of \$15,250,851. Although the annual payroll alone exceeds the economic development expenditures made possible by the tax, these figures do not incorporate the spillover benefits into other sectors of the local economy. When the indirect benefits are included in the analysis, approximately \$90,119,000 in net economic benefits flowed into the county as a result of the tax, with a total increase of 852 jobs.

One means of evaluating the benefits of the tax is to determine the net present value (NPV) of the tax revenues. The net present value compares the benefits generated by using the tax revenues for economic development against the principal and interest that would have been created by investing the tax proceeds in risk-free government securities.

Based on a CD rate of 3.8%, the economic benefits from the Cross County Economic Development Corporation generated \$74,969,329 over and above that which could have been produced by investing the tax proceeds in government securities. If the discounted revenue stream is divided by the discounted expenditures associated with economic development, the payoff margin is \$14.55 in benefits for each \$1 expended.

One should note that the net present value is understated to the extent that it only reflects economic benefits to date. If the time horizon were extended to assume each firm would remain in Cross County with a similar payroll through 2015, the NPV would be \$138,117,202, or a payoff margin of \$25.58.⁴

Stewart noted that prisons in Forrest City have brought new residents to Cross County. Reasons for selecting the Wynne area included a better quality of life and public schools. Cross County's retail sector has also grown and has one of the highest rates of retail sales per capita in eastern Arkansas, highest rate of bank deposits per capita, highest rate of home ownerships and one of the highest rates of home values. The measure of success associated with the 1 percent sales tax in Cross County has been the growth in wages and the impact those wages have had on sales tax collections (due to retail growth), property tax collections and unemployment rate.

Stewart also references that outside of the state's MSA areas, few communities without a designated economic development tax are meeting their potential. Exceptions are those that have a strong private sector driven organization and may receive some public support. He also notes that the absence of a dedicated tax doesn't mean a community will not be successful but the chances for success will likely be more sporadic.⁵

Crossett

The city of Crossett passed a one-quarter percent sales tax in July 2000 and renewed the same in March 2008. The tax generates \$300,000 annually. Mike Smith serves as executive director for the Crossett Economic Development Foundation (CEDF) which contracts with the city of Crossett for economic development services. All proceeds from the tax are directed to the CEDF. Smith reports the proceeds are used for "very broad economic development purposes." One example is the improvement to a major traffic corridor carrying more than 8,000 vehicles daily. CEDF staff wrote a grant that allowed the city to leverage \$400,000 to \$5,000,000 and will be used to widen the road providing safer driving conditions. Other projects that may not typically be considered economic development have been awarded grants through CEDF. Smith

explained that in his discussion with individuals and groups in the area, the conversation includes the importance of enhancement projects that improves the community’s overall business climate.

The following represents grant projects funded through the CEDF⁶:

| Amount | Recipient | Purpose |
|--------------------|---|--|
| \$1,836 | Crossett School District | Agri Class Project |
| \$40,000 | U. S. Dunnage | Training |
| \$48,725 | Crossett School District | Med-Pro Ed Class |
| \$196,000 | City of Crossett | Historic Preservation |
| \$400,000 | Crossett Economic Development Foundation | Move utilities along Fairview Road |
| \$75,000 | City of Crossett | Extend water/sewer |
| \$750,000 | City of Crossett | Rail Spur |
| \$2,000 | Lazy Rocking G | Therapeutic Riding Equipment |
| \$4,309 | Crossett Police Department | Investigation Equipment |
| \$33,064 | Ashley County Medical Center | Project Pink Breast Cancer Screening Program |
| \$2,000 | Crossett Area Chamber of Commerce | Hosting Arkansas Parks & Tourism Commission |
| \$750,000 | Arkansas Department of Highway & Transportation | I-69 Feasibility Study |
| \$97,000 | Ashley County | Drainage Problems (Ram-Fab) |
| \$3,500 | United Fund of Ashley County | Rural Fire Departments |
| \$250,000 | Crossett Economic Development Foundation | Parking Lot (Atwood's) |
| \$23,000 | City of Crossett | Leaf Mulching System |
| \$5,000 | Boys & Girls Club of Ashley County | Sports Equipment & Storage |
| \$1,000 | Crossett School District | Med Pro Ed Equipment |
| \$1,000 | Crossett Fire Department | Ambulance Equipment |
| \$4,500 | Crossett Police Department | Surveillance Equipment |
| \$48,000 | Crossett Economic Development Foundation | Feasibility Study for additional widening on Fairview Road |
| \$2,735,934 | TOTAL GRANTS | |

The CEDF website is as comprehensive and includes video testimony from community leaders on the area’s business climate, quality of life and keeps the public updated on projects.

Over the past nine years, the city has had good movement in the industrial sector. Four new industries have been added and four have expanded for a net gain of 1,825 jobs. Wages have increased by \$300 per week and hourly earnings average \$14 per hour. Manufacturing jobs represent 7.5 percent of the city’s new growth in employment. Five retail businesses have also been added since 2000.⁷

El Dorado

The El Dorado Chamber of Commerce serves as the lead for economic development program in Union County. Don Wales is President and CEO and joined by a staff of six who manage a wide of array of programs and services. In 2007, voters passed a 1 percent sales tax scheduled to sunset in 2015. Over the eight-year period, the tax is expected to generate \$32 million dollars.

Recently El Dorado was recognized as “America’s Best Downtown,” a designation through the National Trust for Historic Preservation’s Main Street program. Rehabilitated historic buildings and complimentary new construction makes it a top destination for persons that love downtown shopping, dining and having fun. The district will soon be home to a convention center that is a unique partnership between the City of El Dorado and South Arkansas Community College. The center will serve the college as a student union, business office and bookstore and the area as a gathering place for conventions and special events.⁸

The El Dorado campaign included information on the importance of generating revenue to implement the city’s economic development strategic plan. In addition, the El Dorado – SouthArk Convention Center construction project was a major focal point. Renderings were used to showcase the building and benefits it would provide to two major assets in the city – the college and historic downtown district.⁹

The chamber of commerce’s economic development board is charged with administering the funds, however, in the case of El Dorado, the city council must approve all expenditures. To date, the majority of tax revenue generated is being directed to the construction of the convention center.

One component of the city's economic development plan includes a professional marketing campaign led by the New York firm, Development Counsellors International – a company specializing in economic development marketing. In addition to marketing the area's business and tourism opportunities, the firm is charged with promoting El Dorado's quality of life to families, retirees and business executives as a way to grow the city's population. The El Dorado Promise funded and initiated by El Dorado based Murphy Oil is a focal point of the marketing campaign and has gained national attention for its commitment to high school graduates in the El Dorado Public School District. Every college-bound graduate that has been enrolled in the district from grades 9 through 12 are provided tuition moneys for up to five years at any two or four year, public or private college or university in the state of Arkansas.¹⁰

Industrial development has provided some job growth through expansion projects, but there have also been some losses in this sector. The El Dorado strategic plan is early in the implementation stage with the majority of revenue going to the construction of the city – college multi-purpose center. Wales also cites the existence of the tax and level of funding it will bring into the city has generated a high level of interest with persons interested in administering projects. It is hoped the 2010 census reveals a growth in population which will be this city's best measure of success and confirmation that the national marketing initiative promoting the El Dorado Promise and other amenities in the area is working.¹¹

Newport

In April 2002, the City of Newport passed a one-half percent sales tax for ten years and is scheduled to sunset April 2012. The tax passed by just 22 votes less than a year after a county-wide tax was defeated. A one-half cent tax generates \$575,000 annually and has surpassed

previous collections in the amount of \$505,000. The funds are administered through the Newport Economic Development Commission (NEDC) whose members are appointed by the city council. The commission operates and oversees the budget autonomously from the city council, thus removing the politics out of decision making. Since passing the tax in 2002, 8 industries and 3 expansions have occurred. A total of 52 new businesses have started up – not a net gain but substantial even taking into account those that have closed.

The NEDC has assisted with three new buildings at ASU-Newport, provided high-speed internet to the airbase industries, funded a \$2.7 million road and spur development, \$1.5 million sewage treatment plant expansion and developed an Entergy Select Site.

In addition to capital improvements, the city is well prepared for business prospects. A new website, available buildings database, prospect package and maps are available and consistently updated. The NEDC has also launched successful community development events, including a job fair, downtown revitalization effort, farmers market, regular community art shows and is actively involved with the Crossroads Coalition.

Jon Chadwell is the Executive Director for the Newport EDC and as evidenced by the broad array of activity, is committed to comprehensive development and growing the community in a very holistic way. He reports the following in response to using proceeds from the sales tax:

Infrastructure: A minimum of 50% must be used for “Capital Projects” which includes infrastructure development, industrial incentives, land acquisition, etc. All “Capital Projects” must have some tie to industrial development or job creation, but can include community projects with a direct link.

Operations: A maximum of 50% can be used for “Operations” which includes salaries, occupancy expenses, marketing, promotion etc.

Cash Incentives: Cash incentives are part of the “Capital Fund” and are awarded based on anticipated economic impacts of a project. Most often the impact is job creation. The incentives are structured to be a forgivable loan, so when the company creates the

economic benchmark the balance of the loan is forgiven. If the company fails to reach the benchmark they owe a prorated portion of the incentive back to the NEDC. Incentives are also staggered according to benchmarks, rather than being paid all upfront.

Promotion and Marketing: The marketing budget is a component of the “Operations Fund.” Typically, \$35,000 is budgeted per year on direct marketing activities such as magazine, newspaper, radio, television, sponsorships and direct mail advertising.

Job Training: No specific amount of funding is set aside for job training, however, a company can use the incentive funds they receive for job training if they choose to do so.

Other areas in the “Operations” budget include: funding an annual “Job Fair” to help local companies find employees, funding the Select Site certified sites program and funding a host of community development meetings.

The ordinance specifies the number of commissioners (9), the process of selection (city council), the length of terms (5 years), the number and title of officers (Chair, Vice Chair, Secretary-Treasurer) and the division of money (no more than 50 percent in operations and a minimum of 50 percent in capital projects).

To date, there has been a net gain of 625 jobs and average manufacturing wages increased 24 percent between 2002 and 2008. Average covered wages which include retail, service and professional increased 18 percent during the same time period. The average wage of new jobs created range from \$8.50 per hour to \$17.50 per hour. An increase in wages has injected \$9,885,200 into the local economy and is led by the manufacturing sector which represents 42 percent of new jobs in the area.

A 2006 Housing Study conducted by the ASU College of Business and Delta Center indicate a housing need. Newport’s three largest manufacturers use temporary agencies and require workers to go through a 3 to 12 month trial prior to full employment with the company. One of the most important and accurate measures of success according to Chadwell is the gain in

manufacturing jobs and sales tax collections which reflects growth in the community's economic base.

Chadwell cites that a dedicated tax for economic development eliminates any political debate that can occur when elected officials disagree with decisions and then have the authority to reduce a budget. Wage and benefit packages for professional economic developers can be an issue also as they are sometimes compared to city department heads or elected officials. The other advantage Chadwell sees in an organization run with dedicated public monies is the removal of raising funds in the private sector – a necessary task but one that takes time and the focus off economic development activity.

One of the EDC's newer projects is the ReNewport Façade Improvement Grant. After learning of a similar program in North Carolina, Chadwell approached the commission about designating \$25,000 into a pool to allow local business facelifts. To date, 11 businesses have utilized the program and the EDC is "very pleased" at the responsiveness and ability to provide a very direct, meaningful service to local store owners.¹² If voters are asked after the sunset date in 2012 passes if they would do it again, it would be hard to imagine anyone casting a no vote with the remarkable and broad-based change this community has seen in a short period of time.

Mississippi County

Mississippi County is one of the few in the state that has successfully passed a county-wide sales tax for economic development. In 2003, voters agreed to a one-half cent sales tax for ten years. The county-wide tax generates \$2.5 to 3 million annually. The Great River Economic Development Foundation leads the county's economic development program. An annual budget is submitted to the Mississippi County Quorum Court and upon approval, funds are dispersed

quarterly. All funds are managed by the county and are allocated to other entities and projects on a case-by-case basis. Cliff Chitwood serves as the Executive Director for the Great River Economic Development Foundation.

Proceeds from the sales tax may be used to fund infrastructure, land, buildings and training. Funding directed to business and industrial development is contingent on the number of jobs that will be created and secured through a formal contract between the company and county. The company is responsible for repaying any funds if criteria in the contract are not met during the specified timeline.

Funding the construction of spec buildings is not allowed, but electronic infrastructure is an important piece of the county's plan. Ongoing promotion and marketing is conducted through the website <http://www.misscoeda.com/>, an impressive site that emphasizes the region's assets including an ample supply of land and location on the Mississippi River.

Since 2003, the county has gained 3,000 jobs and continues to aggressively pursue more through print materials, its web site, and foreign trade shows. In addition to manufacturing, projects have included upgrades to medical centers, supporting regional partnerships, an enhanced technical center and three Entergy designated Select Sites. The county's average wage rate has risen by \$2.50 and now ranges from \$12 to \$18. New jobs in the area represent 15 percent of the county's employment and are adding an additional \$90 million per year to the local economy. Prior to the decline in the nation's housing market, the county was also seeing a comeback in housing starts. Proponents for the Mississippi County sales tax based its campaign on the need to create jobs in the region. Population loss and severe cuts in employment over two decades had put the county in double digit unemployment. The Mississippi County story is one

that has captured the attention of communities across the mid-south. Significant work lies ahead, but the turn around in attitude and the economy has been swift and impressive.¹³

Russellville

In August 2007, a one-cent sales tax was passed in Russellville for general purposes. The ballot title called for one-eighth of the one-cent to be directed for economic development activity projects and programs. The tax is scheduled to sunset in December 2013. The one-eighth cent generates approximately \$700,000 annually. The Russellville City Council authorizes how funds may be expended. The funds are administered through the Arkansas Valley Alliance for Economic Development as designated by the ordinance. Jeff Pipkin is the President and CEO of the Russellville Chamber of Commerce and serves as the lead economic developer in the area and contact for the alliance.

Industrial development has experienced good movement with one new industry locating to the area and an existing industry expansion. Since 2007, there has been a net gain of 575 jobs with an average hourly wage of \$13 representing a total of \$15,500,000 in new wages for the region. Manufacturing represents 27 percent of the jobs in the Russellville area. Pipkin stated an important measure of success is 575 jobs in 17 months in spite of the “terrible economic times.” The other big plus is increased cooperation between the city and the Alliance. All tax monies must be directed to projects and may not be used for operation of the Alliance. Operating funds are secured from the region’s private sector. The approach to fund economic development in the Russellville area using a public-private formula was well supported - the tax passed with 80 percent of the voters saying “yes.”¹⁴

Endnotes

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