

**ECONOMIC DEVELOPMENT TASK FORCE**  
**REPORT TO**  
**BATESVILLE AREA CHAMBER OF COMMERCE**  
**CITY OF BATESVILLE**  
**INDEPENDENCE COUNTY**

JULY 14, 2008

**TASK FORCE MEMBERS**

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## REPORT

In March, 2008, Kip Norton, Chairman of the Batesville Area Chamber of Commerce, Rick Elumbaugh, Mayor of the City of Batesville, and Bill Hicks, Independence County Judge appointed this Task Force. The Task Force was created because these leaders saw an urgent need for a meaningful and successful economic development program for this area.

The closure of GDX Automotive facility and the impending closure of the Emerson Electric White Rodgers facility were the specific events that led to the creation of this Task Force. The Task Force was charged with the following responsibilities:

1. Research, review and recommend whether this area needs an adequately funded economic development program.
2. Research, review and recommend possible sources of funds for a successful economic development program in this area.
3. Research, review and recommend the amount of funding needed for a successful economic development program.
4. Research, review and recommend an appropriate entity to manage an economic development program and to develop an economic development plan.

The Task Force has completed its duties and is now prepared to make its findings and recommendations to you.

## BACKGROUND

As part of fulfilling its duties the Task Force has collected information from appropriate agencies of the State of Arkansas, from the Arkansas and U.S. Chambers of Commerce, the offices of United States Senators Lincoln and Pryor as well as various communities who have funded economic development programs.

Numerous cities in Arkansas have funded economic development programs. Three counties either have or have had funded programs. Task Force members traveled to five communities and interviewed appropriate officials regarding their funded economic development programs. These programs were located in the cities of El Dorado, Jonesboro, Paragould and Pocahontas and in Mississippi County.

The Task Force would like to express its thanks and appreciation to the officials of each of these communities. These officials freely shared information and experience with us and described in detail their programs along with the path they traveled in the initial adoption of their programs. Without their assistance this report would have been far more difficult to develop. A summary of each site visit is attached to this report as an exhibit to the report.

The summaries will provide you and other interested parties with valuable information regarding successful economic development programs in communities

similar to ours. They contain some remarkable success stories and we enumerate a few in the in the body of this report.

1). Mississippi County: In 2003 Mississippi County was mired in a desperate depression. Their unemployment rate was in excess of 16% and 78% of their residents were living below the poverty level. Population and jobs had been in a steady decline for twenty years.

The voters of the county adopted 0.5% sales tax dedicated to economic development. In 2004 this tax raised \$1,700,000.00 in revenue. The tax is scheduled to sunset in ten years. Since the adoption of the tax, Mississippi County has created 2,750 new jobs. The unemployment rate has been cut in half and a substantial number of residents have economically moved above the poverty level. In addition to this success, another industry has announced its location in the county with an additional 500 jobs. The local economy has grown to the point where the 0.5% sales tax now produces \$3,000,000.00 per year.

2). El Dorado and Paragould have also grown in population and jobs since the implementation of a funded economic development program. Pocahontas has overcome the loss of its largest employer, Brown Shoe Company, and now has a net increase in jobs. Jonesboro is the brightest story of economic success in Northeast Arkansas and its growth has rivaled the phenomenal growth of Northwest Arkansas. All of these communities

attribute their success to an adequately funded economic development program.

Following our site visits and collection of information, the Task Force members were polled on various questions relevant to its Mission. Attached to this report is a compilation of the responses of the Task Force members to these difficult, but important questions. This exhibit is available to you and other interested parties for informational purposes.

### FINDINGS AND RECOMMENDATIONS

1. In order to successfully recruit new jobs and retain existing jobs, the city or county needs an adequately funded economic development program. While it may only be feasible for one of these entities to formally establish such a program, it is critical that all entities, city, county, chamber and others, establish a collaborative partnership in promoting economic development for this area. It is apparent that economic development efforts are more successful when there is a unified approach, and all members benefit from the success of other members.

2. Sales tax or a combination of sales tax, other tax (such as an A&P tax), private contributions and grants are the best available sources for adequately funding an economic development program. A majority of the Task Force prefers

a county tax, but a substantial minority prefers a city tax. Most Task Force members believe it would be easier to pass such a tax in the city.

3. An economic development tax should sunset seven (7) years following its effective date. At that point, citizens would have the opportunity to evaluate the performance of economic development efforts and determine if a tax renewal or modification is warranted.

4. Because the issue is so important to the economic vitality of the area, an economic development tax should be submitted to the voters in a special election. A special election would permit the voters to understand all issues without competition from other issues.

5. An adequately funded economic development plan should be administered by a non-profit entity created by the elected officials for the jurisdiction that adopts the economic development tax. The board of this entity should be appointed by the Mayor or County Judge. The appointees should be affirmed by the Council or Quorum Court. The entity should be independently audited annually and quarterly financial reports should be published. Any expenditure of funds should require the adoption of an appropriation ordinance by the Council or Quorum Court. All board members should execute an appropriate code of conduct designed to avoid actual or perceived conflicts of interest. The

entity should be subject to Freedom of Information Law. It should act in a totally transparent manner in order to foster public confidence.

6. The economic development tax should produce at least \$1,000,000.00 per year in order for the economic development plan to be adequately funded. Thus, a tax rate of 0.25% or more would be needed.

7. Economic development should be defined as an activity which creates jobs, retains jobs or enhances jobs in this area.

8. Once a non-profit entity to manage economic development is created, voluntary contributions should be solicited on a one-time basis in the community for start-up or seed money. Such contributions initially would bridge the gap between creation of the economic development program and receipt of economic development tax revenues.