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SECRETARY OF COMMERCE
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EXECUTIVE DIRECTOR,
ARKANSAS ECONOMIC
DEVELOPMENT COMMISSION

MEMORANDUM

TO: Cole Jester, Deputy Chief Legal Counsel

FROM: Jake Windley, ACOM Director of Legislative Affairs & Policies

DATE: June 12, 2024

RE: Proposed Amended Rule – Rural Services Block Grant Program

Enclosed for review is a proposed Arkansas Economic Development Commission (“AEDC”) rule that amends the existing Rural Services Block Grant Program (the “Program”), increasing the maximum grant award from \$75,000 to \$100,000. As background, the Program helps fund vital community development projects in rural communities with populations under 3,000 that are majority low to moderate income. The Program itself is funded through the U.S. Department of Housing and Urban Development’s Small Cities Community Development Block Grant Program.

The proposed amended rule incorporates two changes to the existing Program. First, as stated above, the amended rule increases the maximum grant award from \$75,000 to \$100,000. The increase is necessary to account for the effects of inflation and rising material costs for grant recipients. It should be noted that this does not increase the total amount that will be disbursed under the program. While this may ultimately result in fewer grants being issued, AEDC believes that increasing the maximum grant award will encourage more communities to apply for funding on impactful development projects. Second, the amended rule formally codifies the Program in a format that complies with the Code of Arkansas Rules’ style requirements. The existing rule, as can be seen from the attached markup version, consists of the grant application form.

Due to the fact that the Program has been in existence for several years, and that the proposed amendment largely consists of a single change that does not affect total outlays, the Department of Commerce (the “Department”) is requesting approval to waive Executive Order 23-02’s requirement that two rules be repealed for each rule presented for rulemaking to a legislative committee.¹ The deadline for the next cycle of grant funding is in September. Accordingly, the Department is seeking approval of this rule so that it can be presented at the August ALC meeting.

¹ See Ark. Code Ann. § 25-15-202(10) (stating that “Rulemaking” includes the “formulation, *amendment*, or repeal of a rule.”) (emphasis added).