



**Reshoring
Institute**

ARKANSAS

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

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US State Name: Arkansas

State Abbreviation: AR

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State Economic Development

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Additional Relevant Links for Relocating
Companies: N/A

INCOME AND OUTPUT

Gross Domestic Product, in millions (2014): \$121.395B (BEA, current dollars)

Gross Domestic Product % Growth (2009-2014): 20.2% (BEA, current dollars)

(*GDP/Population) This is often used as a standard of living measurement: \$37,334 (BEA, chained 2009 dollars)

Per Capita Personal Income (2014): \$37,751 (BEA, current dollars)

Per Capita Personal Income % Change (2009-2014): 19.3% (BEA, current dollars)

WORKFORCE

Total Population (2014): 2,966,369 (Census)

Population % Change (2009-2014) Used to determine economic growth, land development, potential talent, and available workforce: 2.7% (Census)

Total Civilian Labor Force (2014): 1,300,600 (Annual, Arkansas Department of Workforce Services)

Total Number of Persons Employed (2014): 1,220,900 (Annual, Arkansas Department of Workforce Services)

Total Number of Persons Unemployed (2014): 79,700 (Annual, Arkansas Department of Workforce Services)

Unemployment Rate % (2014): 6.1% (Annual, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Labor Force Participation Rate % (2014) *Used as a more accurate unemployment measurement by including discouraged workers*: 57.6% (December 2014, BLS Labor Force Participation Rate Report)

Nonagricultural Employment (2014): 1,188,800 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Nonagricultural Employment % Change (2009-2014): 2% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Manufacturing Employment (2014): 154,114 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Manufacturing Employment % Change (2009-2014): -6.5% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Manufacturing Employment as % of Nonagricultural Employment (2014): 13% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Professional and Business Services Employment (2014): 133,600 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Professional and Business Services % Change (2009-2014): 17.8% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Professional and Business Service Employment as % of Nonagricultural Employment (2014): 11.2% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

State Right-to-Work Law (2015) Y/N: Yes

% of Workers Represented by Unions (2014): 5.4% (BLS)

% Union Membership (2014): 4.7% (BLS)

% Private Sector Union Membership (2014): 2.9% (www.unionstats.com)

Large Factory Openings during Previous year (2015): FY 2015: BlueOak Resources, the first urban mining refinery in the U.S. capable of retrieving valuable metals from e-waste, broke ground on a \$35 million facility in Osceola. Midcontinent Independent System Operator (MISO), a regional transmission organization, broke ground on a regional operations center in Little Rock where they expect to hire approximately 50 employees. Peco Foods announced plans to locate a new poultry processing plant and hatchery near Pocahontas and a feed mill in Corning. Through both locations, the company plans to add 1000 new jobs and invest an estimated \$165 million. TeleTech Holdings, Inc. announced plans to establish a new customer experience center in Sherwood, creating more than 250 jobs in the area. Thermold Magazines will relocate its U.S. headquarters from North Carolina to Fort Smith. Several companies announced plans for new facilities, including Vikon Farms in Arkadelphia, nGage Labs in Little Rock, Vinh Long in Morrilton, Ben E. Keith in North Little Rock, Trinity Rail Maintenance in Jonesboro (350 jobs) and Big River Steel in Mississippi County, AR (525 jobs \$1.13B investment).

Large Factory Closures during Previous year (2015): 2014: Superior Industries 497. 2015: Apex Tools 250; AAR Corporation 113; ConAgra Foods 250; and, Epoxyn Products 117.

EDUCATION

% High School Diploma or More (2014): 83.7% (2009-2013, Census American Community Survey)

% Bachelor's Degree or Higher (2014): 20.1% (2009-2013, Census American Community Survey)

Enrollment in Higher Education Institutions (Fall 2014): All Students-168,621 (Arkansas Department of Higher Education)

Science and Engineering Graduate Students (2014): 3,373 (Arkansas Department of Higher Education)

Expenditures per Pupil in Public Schools (2014-2015): \$9,457 (Arkansas department of Education)

List of High School, College, or University Manufacturing Partnership Programs (2015) *These are partnerships with manufacturers to help train future employees in certain skills:*

Programs	Institution	Specialty Area	Year
Young Manufacturers Academies (Grades 6th-11th)	National Park Community College	Aerospace & Defense	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	North Arkansas College	Robotic & 3D Printing	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	Southeast Arkansas College	Manufacturing Technology	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	Southern Arkansas University - Technical Branch	Aerospace & Defense	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	South Arkansas Community College	Chemical Processes	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	College of the Ouachitas	Plastics & Engineering Technology	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	Arkansas Northeastern College	Advance Manufacturing	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	University of Arkansas Community College at Morrilton	Wood Technology & Industrial Machinery	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	Arkansas State University - Mountain Home	Welding Technology	Summer 2015
Young Manufacturers Academies (Grades 6th-11th)	NorthWest Arkansas Community College Springdale	Robotic & PLC Automation	Summer 2015
Manufacturing Technology Partnership	Arkansas State University - Beebe	John Deere Program Building and Tools	2015 - Ongoing
Manufacturing Technology Partnership	South Arkansas Community College	Advanced Manufacturing & Materials	2015 - Ongoing
Manufacturing Technology Partnership	Pulaski Technical College	Entry Level Manufacturing/Machine Operator Training	2015 - Ongoing
Manufacturing Technology Partnership	Arkansas State University - Mountain Home	Mechatronics	2015 - Ongoing
Manufacturing Technology Partnership	Arkansas State University - Mountain Home	Computer Integrated Machining	2015 - Ongoing
Manufacturing Technology Partnership	Arkansas State University - Mountain Home	Ready2Work	2015 - Ongoing
Manufacturing Technology Partnership	Arkansas Northeastern College	W.O.R.K Program	2015 - Ongoing
Manufacturing Technology Partnership	Arkansas Northeastern College	Construction Technology CP	2015 - Ongoing

Manufacturing Technology Partnership	Northwest Arkansas Community College	La-Z-Boy Pre-Employment & New Hires Training	2015 - Ongoing
Manufacturing Technology Partnership	College of the Ouachitas	Triumph Fabrication - CATIA & ENOVIA	2015 - Ongoing
Manufacturing Technology Partnership	College of the Ouachitas	Center of Excellence: Plastics & Injection Molding	2015 - Ongoing
Arkansas Career Academy	Eureka Springs High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	Farmington High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	Harbor High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	Hope High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	Maumelle High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	West Memphis High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	Wynne High School	16 Career Cluster/Local Industry Partnerships	2015 - Ongoing
Arkansas Career Academy	Little Rock Metropolitan	Manufacturing Technology	2015 - Ongoing

List of Additional Manufacturing Training Programs (2015):

Programs	Institution	Specialty Area	Year
Minecraft Literacy Camp	Arkansas State University - Beebe	Middle/High School	2015 - Ongoing
Real Deal - STEM/Leadership	Arkansas State University - Newport	Middle/High School	2015 - Ongoing
Real Deal - STEM	Arkansas State University - Newport	Middle/High School	2015 - Ongoing
Tek Starz Manufacturing Camp	Arkansas State University - Newport	Middle/High School	2015 - Ongoing
3D Printing Camp	College of the Ouachitas	Middle/High School	2015 - Ongoing
Chemical Detectives	South Arkansas Community College	Middle/High School	2015 - Ongoing
Designing Engineers	South Arkansas Community College	Middle/High School	2015 - Ongoing

Design & Construct Camp	North Arkansas College	Middle/High School	2015 - Ongoing
Robotics Camp	North Arkansas College	Middle/High School	2015 - Ongoing
Logo Robotics Camp	NorthWest Arkansas Community College Springdale	Middle/High School	2015 - Ongoing
Teen College	PTC North Little Rock	Middle/High School	2015 - Ongoing
Kid's College	Arkansas Baptist College	Middle/High School	2015 - Ongoing
Kid's College	Arkansas Baptist College	Middle/High School	2015 - Ongoing
Career Exploration Explosion	University of Arkansas at Monticello	Middle/High School	2015 - Ongoing
Modern Workplace Program	Arkansas Economic Development Commission (Existing Business)	Middle/High School	Ongoing
Maker Program	Arkansas Regional Innovation Hub	Elementary/Middle/High School	Ongoing

List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:*

Programs	Institution	Specialty Area	Year
Science and Engineering Institutes	Arkansas School for Mathematics, Sciences and the Arts	Middle/High School	Ongoing
Engineering Summer Camps	University of Arkansas, Fayetteville (College of Engineering)	Middle/High School	Ongoing
STEM Preparation Program	University of Arkansas, Fayetteville (College of Engineering)	Community College	Ongoing
Summer Camp Academy	Arkansas State University (College of Education)	Elementary/Middle/High School	Ongoing
Lean 101 for Educators	Arkansas Economic Development Commission (Manufacturing Solutions)	Middle/High School	By Contract
Engineering Outreach Programs	University of Arkansas at Little Rock (College of Engineering and Information Technology)	Middle/High School	Ongoing

COST OF DOING BUSINESS

Average State and Local Sales Tax % (2014): 9.59% (Unweighted average of city and county sales tax rates, derived from data from the Arkansas Department of Finance and Administration)

State and Local Taxes per Capita (2014): \$3,469

State and Local Taxes per \$1000 Income (2014): State and Local Revenue as a Percentage of Personal Income (2012): 10.4% (latest data we could find was from 2012) www.taxadmin.org

State Corporate Income Tax % (2015):

Taxable income is apportioned according to a three-factor formula (property, payrolls and sales attributed to Arkansas) with a double-weighted sales factor.

Taxable Income	Tax Rate
First \$3,000	1%
Next \$3,000	2%
Next \$5,000	3%
Next \$14,000	5%
Next \$75,000	6%
Over \$100,000	6.5%

State Individual Income Tax % (2015):

Resident and non-resident individuals, estates and trusts deriving income from within the state are subject to a tax on their net income at the following rates:

2015 Tax Rates

At Least	But Not More Than	Tax Rate
\$0	\$4,299	0.9%
\$4,300	\$8,399	2.4%
\$8,400	\$12,599	3.4%
\$12,600	\$20,999	4.4%
\$21,000	\$35,099	6.0%
\$35,100	and over	7.0%

State Level Sales Tax % (2015): 6.5%

State Single Sales Factor Apportionment: Sales is double-weighted in state's three-factor corporate income tax formula.

State Use Tax: 6.5%

Unemployment Insurance Tax % (2014 estimate): 3.7% (new employers) 0.9%-12.8% for experienced employers (Arkansas Department of Workforce Services)

Unemployment Insurance Tax per Employee (2014 estimate): average 4% of \$12,000 taxable wage (Arkansas Department of Workforce Services)

Taxable Wage Base for Unemployment Insurance (2014 estimate): \$12,000 (Arkansas Department of Workforce Services)

Additional Relevant Taxes: Corporate Franchise Tax: Generally 0.3% of outstanding capital stock, \$150 minimum.

Workers' Compensation Employer Insurance Costs per \$100 of Payroll (2014): July 2014-Advisory Loss Cost \$1.41; Assigned Risk \$2.84 (National Council on Compensation Insurance)

Average Industrial Electric Rate (2015): Latest we found was 2013 (6.04 c/kWh) (Energy Information Administration)

Average Price of Natural Gas Delivered to Industrial Consumers (2014): 6.98 (\$/Thousand Cubic Feet) (Energy Information Administration)

Average Annual Cost Paid by Employers for Health Premiums for Family Coverage (2014): (BLS Regional Data) \$9,565 (Note: 2013, BLS, this is for South Region-no data available for the State of Arkansas)

Average Annual Cost of Employment-Based Health Premiums for Family Coverage (2014): (BLS Regional Data) \$3,951 (Note: 2013, BLS, this is for South Region-no data available for the State of Arkansas)

Average Hourly Earnings of Production Workers in Manufacturing (2014): \$15.96 (Annual, BEA)

Minimum Wage (2015): Current \$7.50; \$8.00 (1/1/2016); \$8.50 (1/1/2017)

Pending Legislation Regarding Minimum Wage: None

If you answered YES to the above question, What is the proposed minimum wage? N/A

If you answered YES to the above question, What is the legislative bill number? N/A

FISCAL STRENGTH

General Obligation Bond Ratings (2015): Generally AA1 (Moody's); AA (Standard and Poor's)

State and Local Long Term Debt per Capita (2014) ??

I do not have a data source that I am comfortable using. www.usgovernmentspending.com reports \$17.2 billion total state and local debt. That would average approximately \$5,700 per capita.

Total State Debt per Capita (2014): Approximately \$1,266 (FY Ending June 30, 2014) ??

Again, I'm not sure what numbers to report. Our state's CAFR report for FY ending 6/30/2014 shows long-term liabilities due greater than one year from 6/30/2014 to be \$ 3.035 billion. That would be about \$1,000 per capita. This number does not have unfunded pension liabilities.

Attached is a link to Arkansas's recent CAFR reports which provide much more detail regarding the state's finances. <http://www.dfa.arkansas.gov/offices/accounting/Pages/CAFR.aspx>

ENTREPRENEURSHIP AND INNOVATION

% of Total Federal Obligations for R&D and Plants (2015) *Used to determine the portion of US funding to be used in individual state:*

Total Small Business Innovation Research (SBIR) Awards (2014) *Found at: https://www.sbir.gov/reports/state-summary?year=2014&program_tid=105791*: 17 awards \$6,612,145.69.

Total Small Business Technology Transfer (STTR) Awards (2014) *Found at: https://www.sbir.gov/reports/state-summary?year=2014&program_tid=105792*: 2 awards \$1,217,524.

Total Value of SBIR and STTR Awards (2014): \$7,829,669.69

Venture Capital Deals, in millions (2014): While there is not a comprehensive and exact number of venture capital deals in Arkansas, the state's venture capital network is growing as evidenced by the list of venture capital firms <http://innovation.arkansasbusiness.com/resources/databases/venture-capital> . Additionally, the State of Arkansas administers incentive programs such as the Equity Investment Tax Credit program which provides up to \$6.25 million annually in tax credits to investors in small, technology-based startup companies. Additionally, the Seed Capital Investment Program (SCIP), Administered by the Arkansas Economic Development Commission, can provide working capital to help support the initial capitalization or expansion of technology-based companies located in Arkansas. The program can provide working capital up to \$500,000 of the company's total financing needs. Investments made by the SCIP fund can be repaid through a variety of instruments, including direct loans, participations and royalties.

Value of Venture Capital Deals, in millions (2014): See above.

% of State with Internet Accessibility (2014): Almost all (100%) of the State of Arkansas is Internet accessible via mobile-wireless, satellite and cable/fiber. Approximately 70% of the state is broadband accessible. Approximately 70% of the state's population uses the Internet on a daily basis.

Newly Registered Businesses (2014): No reliable source for data

Newly Registered Patents (2014): 204

FOREIGN DIRECT INVESTMENT

Foreign Direct Announcements (2015):

	Projects	Companies	Jobs	Investment
2014	14	10	560	\$238.153M
2015 (Through June 30, 2015)	2	2	155	\$14M

Foreign Direct Employment (2014): 41,500 (Annual 2012, BEA)

Foreign Direct Investment, in millions (2014): See table above

TRANSPORTATION AND INFRASTRUCTURE

of major 2 or 4-Lane Highways running through state: 29 (9 Interstates and 20 US Highways)

of major railways going through state: 3 Class I Railroads

of major ports connected to state: 9 Public Ports

of airports throughout state: Approximately 100; 8 provide commercial service

of International airports throughout state: none in State; however, the Memphis International Airport is minutes from West Memphis (Eastern) Arkansas <http://www.mscaa.com/>

Distance from largest manufacturing region to nearest metro area: N/A. Arkansas's largest manufacturing regions are located in MSAs.

of distribution centers: Approximately 80

of foreign trade zones: 2: FTZ #14 (Little Rock) and FTZ #272 (West Memphis)

INCENTIVES

Pending Legislation

Proposed Incentives Currently Pending Approval (Y/N): No

If you answered YES above, please describe the pending incentives including the bill number if applicable: N/A

Cash Incentives

Does the state provide any CASH incentives? (Y/N): Yes.

If you answered YES above, please provide details of this incentive including the contact information and website if applicable:

Create Rebate:

The Create Rebate program provides financial incentives to companies based upon a percentage of new payroll created as a result of approved projects. This incentive requires a minimum payroll of \$2 million for the new permanent employees and provides annual financial incentive payments up to 10 years based upon a percentage of payroll for the new permanent employees. The annual payroll threshold of the new employees must be met within 24 months following the date a financial incentive agreement is signed with AEDC. Payments under this program, ranging from 3.9 percent to 5 percent of new payroll, are determined in relation to the tier in which the business locates. The state is segmented into four tiers based on poverty rate, population growth, per capita personal income and unemployment rate.

Non-Profit Incentive Program:

Offered at the discretion of the AEDC Executive Director, this incentive encourages the location or expansion of national or regional nonprofit headquarters in Arkansas. An eligible organization must create a payroll for new, fulltime, permanent employees of at least \$500,000, pay an average wage in excess of 110 percent of the state or county average wage (whichever is less) in the county in which the organization locates or expands, and receive 75 percent of its income from out-of-state sources. This program provides a payroll rebate equal to four percent of the payroll of the new, full-time, permanent employees for a period of up to five years.

Contact Hunter Hauk, Incentives Manager 501-682-1682; <mailto:hhauk@arkansasedc.com>

<http://www.arkansasedc.com/incentives/incentives>

State Tax Credits

Does the state provide any Tax Credit incentives? (Y/N): Yes

If you answered YES above, please describe the available tax credits:

Advantage Arkansas:

The program offers a state income tax credit for job creation based on the payroll of the new employees hired as a result of the project. The benefits under this program are determined in relation to the tier in which the business locates. The state is segmented into four tiers based on poverty rate, population growth, per capita personal income and unemployment rate. Benefits range from four percent of payroll per year for five years in a Tier 4 county, to one percent of payroll per year for five years in a Tier 1 county

InvestArk:

The InvestArk program is available to businesses established in Arkansas for two years or longer investing \$5 million or more in a new construction, expansion or modernization project. The incentive offered by this program is a sales and use tax credit based upon a percentage of eligible project expenditures equal to one-half percent above the state sales and use tax rate in effect at the time the project is approved by AEDC. The credit may be used to offset 50 percent of the businesses' state sales and use tax liability. The credit can be applied against the businesses' state sales and use tax liability in the year following the year of the expenditure. If the entire credit cannot be used in the year earned, the remainder may be carried forward for five years, or until the credit is entirely used. Total project expenditures must be incurred within four years of the project plan certification.

ArkPlus:

This program offers an income tax credit equal to 10 percent of the investment in land, buildings and equipment associated with an approved project.

The benefits under this program are the same regardless of the tier in which the business locates; however, the company must meet the investment and income thresholds established for the tier in which it locates or expands. This incentive may only be offered at the discretion of the AEDC Executive Director

Targeted Business Incentives:

These discretionary incentives are for start-up companies in emerging sectors that are less than five years old, have an annual payroll between \$100,000 and \$1 million, and pay at least 150 percent of the lesser of the state or county average hourly wage in which the business locates, and have a minimum equity investment of \$250,000.

Emerging technology sectors include:

- Advanced materials and manufacturing systems
- Agriculture, food, and environmental sciences
- Biotechnology, bioengineering, and life sciences
- Information technology
- Transportation logistics
- Bio-based products

Companies meeting these criteria are eligible for a transferable income tax credit equal to 10 percent of payroll for up to five years, a transferable income tax credit equal to 33 percent of eligible research and development costs.

Research And Development Incentives:

Arkansas provides a 33 percent income tax credit for taxpayers who pay for research performed at Arkansas universities. In addition, a 20 percent income tax credit is available for eligible businesses performing in-house research. Targeted businesses may also earn income tax credits equal to 33 percent of approved expenditures for in-house research.

Equity Investment Incentive Act:

The Equity Investment Incentive Program is a discretionary incentive targeted toward new, technology-based businesses that pay wages in excess of the state or county average wage. This program allows an income tax credit to investors purchasing an equity investment in eligible businesses. The income tax credits issued under this program are equal to 33 1/3 percent of the approved equity investment in an eligible business. Any unused credit may be carried forward for nine years.

Childcare Facility Tax Incentives:

A corporate income tax credit of 3.9 percent of the total annual payroll of the workers employed exclusively to provide childcare services, or a \$5,000 income tax credit for the first year the business provides its employees with a day-care facility is also available.

Recycling Equipment Tax Credit:

A tax credit is available for the purchase of equipment used exclusively for reduction, reuse, or recycling of solid-waste material for commercial purposes, whether or not for profit, and the cost of installation of such equipment by outside contractors. Ten percent of the recycled solid waste must be post-consumer content. The tax credit shall equal 30 percent of the cost of eligible equipment and installation costs. Credits may be carried forward for a maximum of three consecutive years following the taxable year in which the credits accrued.

Tourism Development Credit:

The Arkansas Tourism Development Act provides state sales tax credits and income tax credits to eligible businesses initiating approved tourist attraction projects with a minimum project cost of \$500,000 in high-unemployment counties and \$1 million in any other county.

The sales tax credits of the approved cost depend on the amount of investment. The credit earned may only be used to offset the increased tax liability incurred as a result of the project. Any unused credit may be carried forward for a period of 9 years.

The income tax credit provided by this program is equal to four percent of the payroll of the new, full-time, permanent employees of the approved tourism project. The credit is applied against the tax liability for the tax year the credit was earned. Any unused credit may be carried forward 9 years. Other review criteria may be requested by the AEDC to determine whether the tourism-attraction project will further the purposes of the act.

Tuition Reimbursement Act:

The Tuition Reimbursement Act provides a 30 percent income tax credit to eligible businesses for the costs they incur in reimbursing employees for tuition, books and fees for training or courses at accredited Arkansas postsecondary educational institutions to improve job skills. A business' tax credit cannot offset more than 25 percent of its income tax liability in any year. An employee must be a permanent full-time employee to qualify.

Contact Hunter Hauk, Incentives Manager 501-682-1682; <mailto:hhauk@arkansasedc.com>

<http://www.arkansasedc.com/incentives/incentives>

State Tax Exemptions

Does the state provide any Tax Exemptions? (Y/N): Yes

If you answered YES above, Please describe the available tax exemptions:

Freeport Law:

Raw materials and finished goods in transit or awaiting shipment to out-of-state customers are exempt from property tax.

Machinery And Equipment:

An exemption from sales and use taxes is provided for machinery and equipment used directly in manufacturing and purchased for a new manufacturing facility or to replace existing machinery or equipment. Machinery and equipment required by Arkansas law to be purchased for air- or water-pollution control or for removal of sulfur pollutants from refined petroleum are also exempt.

Industrial Fuels And Raw Materials:

Property that becomes a recognizable, integral part of property manufactured, compounded, processed, or assembled for resale is exempt from sales and use taxes.

Crude oil, electricity used in the production of aluminum metal by the electrolytic reduction process, and fuel for railroads are exempt from sales and use taxes.

Catalysts, chemicals, re-agents and solutions consumed or used in producing, manufacturing, fabricating, processing, or furnishing articles of commerce at manufacturing or processing plants or facilities and/or to prevent or reduce air, water and other contamination are also exempt from sales and use tax.

New aircraft manufactured or substantially completed within the state and sold for use outside the state are exempt from the sales tax. An exemption from the use tax is allowed for aircraft and aircraft equipment, railroad cars, parts and equipment, and property leased by the railroad and aircraft companies if these items are brought into the state for refurbishing and removed from the state within 60 days, or if they are stored in the state for use outside the state.

Energy (electricity and natural gas) used by manufacturers in the manufacturing process is subject to a reduced sales and use tax rate of Sales Tax Reduction on Electricity and Natural Gas July 1, 2015 = 0.625%.

Individual Exemptions From Sales And Use Taxes

- Any interstate or international private communications service and any interstate or international 800 or 900 service.
- Sewer services.
- Electricity, liquified petroleum gas and natural gas used (and separately metered) for qualifying agricultural structures and qualifying aquaculture and horticulture equipment and for commercial grain drying and storage.
- Gas produced from biomass in a facility meeting federal eligibility requirements and sold to an entity for the purpose of generating steam, hot air or electricity to be sold to the gas producer.
- Dental appliances sold by or to dentists or other professionals.
- Electricity used in the chlor-alkali manufacturing process.
- Feedstuffs and medicines used in livestock production, including poultry for commercial production in Arkansas.

- Agricultural chemicals, fertilizer and limestone used in the commercial production of agricultural products.
- Electricity and natural gas used by steel manufacturers.
- Timber harvesting equipment.
- New or used farm equipment or machinery.
- Natural gas used as fuel in the process of manufacturing glass.
- Forms which are consumed or destroyed during the manufacture of the item for which the form was built.
- Natural gas and electricity used in the manufacture of new motor vehicle tires.
- Products used for baling, packaging, tying, wrapping or sealing animal feed products.
- Certain parts and services to incorporate the parts or other tangible personal property into commercial jet aircraft components and subcomponents

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State Tax Rebates/Refunds

Tax Back:

The Tax Back program provides sales and use tax refunds on the purchase of building materials and machinery and equipment in conjunction with an approved project. Tax Back requires a minimum investment of \$100,000 for a new construction, expansion or modernization project approved by AEDC. This program also requires a job creation agreement under the Advantage Arkansas or Create Rebate programs.

Targeted Business Tax Back:

Start-up companies in emerging sectors that are less than five years old, have an annual payroll between \$100,000 and \$1 million, and pay at least 150 percent of the lesser of the state or county average hourly wage in which the business locates, and have a minimum equity investment of \$250,000 may receive sales and use tax refunds on the purchase of building materials and machinery and equipment in conjunction with an approved project.

Non-Profit Business Tax Back:

An eligible organization that creates a payroll for new, fulltime, permanent employees of at least \$500,000, pays an average wage in excess of 110 percent of the state or county average wage (whichever is less) in the county in which the organization locates or expands, and receives 75 percent of its income from out-of-state sources may be eligible for a refund of sales and use taxes paid on construction materials, machinery and equipment.

Discretionary Replacement And Repair Sales Tax Refund:

Two options by which certain state sales and use taxes relating to the partial replacement and repair of machinery and equipment used directly in manufacturing may be refunded. The second option is administered by AEDC. The second option, which provides for an increased refund of all sales and use taxes (5.875%) levied under §§ 26-52-301, 26-52-302, 26-53-106 and 26-53-107, is a discretionary incentive that may be offered by the Director of the Arkansas Economic Development Commission (AEDC) to a taxpayer who undertakes a major maintenance and improvement project to purchase and install certain machinery and equipment used directly in manufacturing and processing.

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State Grants

Does the state provide any Grant incentives? (Y/N): Yes

If you answered YES above, please describe the available grants:

Community Development Block Grant Program:

The AEDC administers the federally-funded state Community Development Block Grant Program (CDBG) for Arkansas. CDBG funds may be loaned to eligible companies for fixed-asset financing on projects that create jobs for low- to moderate-income families. Examples of eligible activities for this set-aside loan program include acquisition of property, purchase of equipment, leasehold improvements, and construction or expansion of buildings or physical plants.

Governor's Quick Action Closing Fund (Discretionary incentive)

The Governor's QACF, established in 2007, is a pool of funds available to AEDC to assist in the attraction and retention of jobs. Businesses meeting job and investment guidelines may be granted QACF – at the discretion of the Governor – to undertake eligible economic development projects. The QACF has received appropriations totaling \$156.252 million.

General Obligation State Bond Financing (Amendment 82) (Infrastructure/Training)

The State of Arkansas may issue General Obligation bonds for economic development projects that create or retain jobs. Eligible costs include, but are not limited to infrastructure, utilities, training, and costs incidental or appropriate to project financing. Total bonds cannot exceed 5 percent of general revenue available for distribution.

State Loans

Does the state provide any Low-Interest Financing incentives? (Y/N): Yes

If you answered YES above, please describe the available financing opportunities:

Industrial Revenue Bonds:

Industrial revenue bonds provide manufacturers with competitive financing. Interest on tax-exempt issues, which is normally 80 percent of prime, may vary depending on terms of the issue.

The primary goal of industrial revenue bonds is to enable manufacturers to purchase land, buildings and equipment to expand their operations. In addition to tax-exempt bonds, taxable industrial revenue bonds may be used for distribution facilities and company headquarters at long-term fixed rates and for manufacturing projects that exceed \$10 million in capital costs or do not meet other federal guidelines relative to tax-exempt bond financing. Businesses that use either tax-exempt or taxable industrial revenue bond financing can negotiate with the local community for a payment in lieu of property taxes.

Industrial Revenue Bond Guaranty Programs:

Arkansas's Bond Guaranty Program helps companies that have a financial history but are unable to sell industrial revenue bonds to the public by providing a credit enhancement. Bonds can be sold at a higher credit rating, thus lowering the effective interest rate for the company. Bondholders are assured of payment up to \$5 million of a bond issue. For larger projects, the Arkansas Economic Development Commission (AEDC) can partner with the Arkansas Development Finance Authority (ADFA), a statewide issuer, which has a similar bond guaranty program, to guarantee up to \$11 million, when combined. The AEDC and ADFA charge a five percent fee for guaranteeing Industrial Revenue Bonds

Training Programs

Does the state provide any Specialized Training Program incentives? (Y/N): Yes

If you answered YES above, please describe the available training programs:

The State of Arkansas has traditionally provided funding for existing and new businesses through its Existing Workforce Training Program and Business and Industry Training Program.

The BITP program recruits workers, provides pre-employment training and on-the-job training for new and expanding business and industry.

Eligible Businesses:

- Manufacturing Firms
- National and Regional Corporate Headquarters
- Distribution Centers
- Intermodal Facilities
- Knowledge-Based Companies
- Biotechnology Companies
- Office Sector Businesses
- Scientific & Technical Services

Recruiting Workers:

The BITP provides financial assistance to recruit workforce required for new and expanding businesses and industries in Arkansas. Workers are usually recruited through newspaper ads, but other forms of recruitment may be used. The company-specific recruitment can include working with the [Department of Workforce Services](#), locating a site to receive applications, and providing temporary help for receiving applications.

Pre-Employment Training:

Pre-employment training is a plus for both the company and the trainees. It gives trainees an opportunity to look at the company and the job, and the company an opportunity to view trainees before they are hired.

For more than 35 years, AEDC has operated a successful pre-employment training program for new and expanding companies, customizing the number of hours and content of the training to fit the specific needs of each company.

BITP project managers work with AEDC's Business Development team when negotiating with new and expanding companies. The project manager then works closely with the company throughout the training project, meeting with the local educational institution and the company coordinator to find the best trainers for the company's needs. If the company chooses to use its own out-of-state trainers for the pre-employment training, AEDC provides financial assistance for travel and lodging.

Trainees are required to sign an affidavit that relieves the company and AEDC of any obligations to the trainee.

On-the-Job Training:

Following pre-employment training, if the trainee is hired by the company, AEDC helps pay the instructional costs to train the new employee. Hours of instruction and the number of instructors depend on the types of jobs that require on-the-job training. Financial assistance is not allowed for salary of trainees or new hires.

For more information on the BITP program, please contact Becky Rheinhardt at brheinhardt@arkansasedc.com or 501-

682-1172

The EWTP program provides financial assistance to Arkansas's eligible businesses for upgrading the skills of the existing workforce to remain competitive and economically viable.

For more information on the EWTP program, please contact Steve Sparks at ssparks@arkansasedc.com or 501-682-1350

Zoning

Does the state provide any Special Zoning incentives? (Y/N): Maybe-if Tax Increment Financing is counted.

If you answered YES above, please describe the available special zoning opportunities:

Tax Increment Financing:

Local governments in Arkansas can issue bonds or notes to finance improvements in a redevelopment district. The bonds will be paid back from the increased tax revenue generated as a result of the improvements. A redevelopment district must be in an area that is considered blighted, deteriorated or underdeveloped.

State Marketing and Promotions

Does the state provide any Marketing and Promotional incentives? (Y/N): No

If you answered YES above, please describe the available special marketing or promotional opportunities: N/A

Innovation Centers

Does the state have Innovation Centers or Additional Resource available for companies? (Y/N): Yes

If you answered YES above, please describe the available innovation centers or additional resources:

Innovate Arkansas

The primary goals of Innovate Arkansas, a program of the Arkansas Economic Development Commission and Winrock International, are to encourage technology-based innovations and create jobs in Arkansas. Innovate Arkansas works with new, technology-based entrepreneurs as they work to turn new inventions and high-tech service concepts into viable commercial enterprises. Innovate Arkansas identifies new technology products and services; helps entrepreneurs and inventors with business start-up and financial support needs; and mentors them as they become commercial enterprises.

Innovate Arkansas
Winrock International
2101 Riverfront Drive
Little Rock, Arkansas 72202
Telephone: 501-280-3021
<http://innovation.arkansasbusiness.com/>

Arkansas Regional Innovation Hub

The Arkansas Regional Innovation Hub is a nonprofit organization dedicated to increasing innovative and entrepreneurial activity in Arkansas by creating a collaborative ecosystem and pipelines that mobilize the resources, programs and educational opportunities necessary to develop, attract and retain talent and to build the state's economy.

Their mission is achieved in several ways, including the creation of their Innovation Center, which has four components: The Launch Pad, which is a maker space with cutting-edge equipment and technology; The STEAM Lab, which is a STEM

classroom and laboratory; The Silver Mine, which is a co-working space for entrepreneurs and startup incubation; and The Art Connection, which is a work program for high school students that develops leadership and innovation through hands-on training in the visual arts industry.

All of their programs have been developed with local, regional, and state partners including Arkansas Manufacturing Solutions, Arkansas Science and Technology Authority, the EAST Initiative, the Arkansas STEM Coalition, regional higher education institutions and public school districts, private industry, Delta Regional Authority, Arkansas Economic Development Commission, Winrock International, the Arkansas Department of Workforce Services, and many others.

Arkansas Regional Innovation Hub
201 E Broadway Street
North Little Rock, Arkansas 72114
Telephone: 501-907-6570
<http://www.arhub.org/about-us>

Delta Technology Education Center

Delta Technology Education Center's main building has 24 computer stations for public access as well as total wireless usage. Full service support has been committed by the Department of Arkansas Workforce Services. Facilities are also available for entrepreneurial development and student internships in technology. Merchants & Farmers Bank has leased space for drive-up windows.

In June of 2012, the renovation of the Education Building was completed. Cooperation between Arkansas, the City of Dumas, foundations and private citizens help make this possible. The Education Building has two large interactive classrooms that are being used by area colleges, public school students, industry, business, agriculture, and medical fields.

Delta Technology Education Center
130 West Waterman
Dumas, Arkansas 71639
Telephone: 870-382-1030
<http://www.delta-tech.org/index.html>

Arkansas Research and Technology Park (Genesis Technology Incubator and University of Arkansas Innovation Center)

University of Arkansas Innovation Center

The University of Arkansas Innovation Center provides an environment that promotes specialized skill-training, education, research and technical support. Moreover, the Innovation Center provides office and laboratory space for technology-intensive companies, especially those graduating from the GENESIS Technology Incubator, to co-locate with university faculty creating a highly interactive culture necessary for innovation. The Innovation Center will be the catalyst for the formation of a collaborative community of companies and faculty, linked interdependently in research and development focused on the following core competencies:

- Health—chronic disease, health care delivery, health and wellness and health policy
- Nanotechnology—nanomaterials, nanolubricants, drug delivery systems and nano-circuits
- Energy and the Environment—power devices, petroleum, photovoltaics, biomass, green initiatives and environmental policy
- Food Science and Safety—food safety, food quality, nutrition and food policy

- Supply Chain, Retail and Transportation—supply chain, distribution, logistics and multi-modal transportation

The Innovation Center also serves as the home office of the University of Arkansas Technology Development Foundation, a university-affiliated non-profit foundation that manages the Arkansas Research Technology Park and provides essential technology transfer functions to corporate partners.

Genesis Technology Incubator

GENESIS is a technology-oriented business incubator located at the Arkansas Research and Technology Park in Fayetteville, Arkansas. GENESIS offers a variety of services to qualifying technology-intensive entrepreneurs who desire to base their operations here during the critical early stages of company development. There is an established track record of helping to launch successful firms that have a lasting positive impact on the economy of Northwest Arkansas, and we have an important role to fulfill in advancing the state into the new, knowledge-based economy of the 21st Century.

Since its inception, GENESIS has assisted a number of technology-based entrepreneurs in growing their firms to the point of economic viability. The incubator has an important role as the entry point to the ARTP for start-up companies that are working to develop emerging technologies in a variety of fields. Providing support to these young firms enables GENESIS to serve as a catalyst for increasing the number of knowledge-based jobs in Northwest Arkansas and for improving the economic base of the region and the state.

Arkansas Research and Technology Park
535 W. Research Center Boulevard, Suite 109
Fayetteville, Arkansas 72701
Telephone: 479-575-6964
<http://www.uark.edu/ua/artp/innovationcenter.html>

The Venture Center

The Venture Center grows startups, entrepreneurs and technical talent through experiential programs, mentorship, partnerships, and the celebration of success. In May 2014, the Venture Center officially launched and has moved quickly ever since with numerous Ideation programs including BarCamp Little Rock, Little Rock Startup Weekend, a hackathon with ArkansasDEV and more. Through their partnership with the Nashville Entrepreneur Center, they were able to leverage and launch Pre-Flight (a 14 week pre-accelerator business model course) in September 2014. Since the launch of Pre-Flight, the Venture Center has seen the expansion of its Mentorship Program with quarterly mentor training.

The Venture Center
107 E. Markham
Little Rock, Arkansas 72201
501-404-9875

Arkansas Women's Business Center

The Arkansas Women's Business Center provides technical assistance, training, and access to capital services to meet the needs of women business owners. The Center is funded in part through a cooperative agreement with the [U.S. Small Business Administration](#). It is in a network of over 100 Centers located through the nation.

Staff and consultants provide the following technical and financial assistance to women entrepreneurs:

- Assess interested companies to ensure disadvantaged entrepreneurs receive support.
- Assess current client capabilities.
- Provide opportunities to participate in training activities.

- Provide business plan development support.
- Develop market feasibility studies.
- Provide mentoring assistance.
- Enhance links to capital investments.
- Locate federal, state, and local funding assistance.

Computers are available for clients to prepare business documents, access online information, and participate in online training activities. In addition, space at the Center is set aside to serve as a business accelerator.

Arkansas Women's Business Center
 South Arkansas Community College
 404 South West Avenue
 El Dorado, Arkansas 71730
 Telephone: 870-864-8430

Startup Junkie Consulting

Start-Up Junkie is comprised of investors, entrepreneurs and project managers with a shared mission to catalyze and foster emerging startup/venture ecosystems. Services include:

- Project Management
- Contract Management
- IP and Tech Transfer
- Startup Mentoring
- Marketing & Public Relations
- Message Development
- Content Development
- Program Development & Management
- Event Planning
- Community Bridging

Named one of SBA's second annual Growth Accelerator Fund Competition winners.

Startup Junkie Consulting
 East Square Plaza
 1 East Center, Suite 270
 Fayetteville, Arkansas 72701
 Telephone: 479-225-7550

Arkansas Small Business and Technology Development Centers (7 locations Statewide)

The Arkansas Small Business and Technology Development Center is a university-based economic development program that assists entrepreneurs, both new and seasoned with every aspect of business creation, management, and operation.

Through [seven offices](#) around the state, ASBTDC provides all types of for-profit businesses, from home-based to high-tech with one-to-one confidential consulting, cutting-edge market research at no charge , and affordable training. As the state's premier business assistance provider, the ASBTDC is dedicated to helping small businesses achieve success and to promoting economic development throughout the state.

Unique among Arkansas economic development organizations, ASBTDC serves businesses from any county in Arkansas, in any industry sector, at any stage of business development.

Lead Location:

ASBTDC
University of Arkansas at Little Rock
2801 South University
Little Rock, Arkansas 72204
Telephone: 501-683-7700
<http://asbtdc.org/locations/little-rock-ualr-lead-center/>

Other Statewide Locations:

- Arkadelphia
- Fayetteville
- Jonesboro
- Magnolia
- Monticello
- Russellville

INDUSTRY

- Aerospace
- Apparel
- Appliances
- Automotive
- Biomedical
- Building Materials and Equipment
- Computer and Electronic Products
- Distribution Centers
- Food or Beverage
- Furniture
- Machinery and Capital Equipment
- Paper
- Plastics
- Telecom
- Toys or Children's Products
- Warehousing
- Other

The Arkansas Economic Development Commission works with many non-retail businesses that meet requisite job, wage, investment and NAICS requirements. Our premier incentive programs, through the Consolidate Incentive Act of 2003, define the following as eligible businesses (certain out-of-state sales requirements may apply):

- Manufacturers in NAICS Sectors 31-33;
- Businesses engaged in the design and development of pre-packaged software, digital content production and preservation;

- Computer processing and data preparation services, or information retrieval services;
- Motion picture production;
- Distribution centers;
- Office sector businesses;
- Headquarters;
- Commercial, physical and biological research;
- Other non-retail companies meeting certain sales and wage requirements.

Other industries supported: Chemicals; wood products (other than paper); tourism; non-profits; and, research and development.

Arkansas also supports other industries such as agriculture indirectly through manufacturing, distribution and trade promotion.

AMERICAN MADE LABEL REQUIREMENTS

Made In USA Requirements

Does the state have any specific requirements for labeling products "Made in USA"? (Y/N): No

If you answered YES to the question above, What are the requirements for labeling products "Made in USA": N/A

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, Please describe the proposed legislation including the bill number: N/A

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): No

If you answered YES to the question above, what are the requirements for labeling products "Made in YOUR STATE": N/A

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number: N/A

Is there an organization or entity that monitors state labeling? (Y/N): No

If you answered YES to the question above, please provide the name and contact information for the organization or entity: N/A