



# Reshoring Institute

# ARKANSAS

## State Economic Survey and Incentive Comparison

## CONTACT INFORMATION

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**US State Name:** Arkansas

**State Abbreviation:** AR

**State Economic Development**

**Web:** [www.arkansasedc.com](http://www.arkansasedc.com)

**State Economic Development**

**Email:** [info@arkansasedc.com](mailto:info@arkansasedc.com)

**State Economic Development**

**Phone Number:** 1-800-ARKANSAS or  
501-682-1121

**Additional Relevant Links for  
Relocating Companies:** N/A

## INCOME AND OUTPUT

Gross Domestic Product, in millions (2022): \$146.3B (BEA, current dollars)

Gross Domestic Product % Growth (2014-2021): 20.5% (BEA, current dollars)

Per Capita Personal Income (2021): \$37,729 (BEA, current dollars)

Per Capita Personal Income % Change (2014-2021): 32.1% (BEA, current dollars)

## WORKFORCE

Total Population (2021): 3,025,891 (Census)

Population % Change (2014-2021) *Used to determine economic growth, land development, potential talent, and available workforce:* 2% (Census)

Total Civilian Labor Force (2021): 1,332,620 (Annual, AR Department of Workforce Services)

Total Number of Persons Employed (2021): 1,278,984 (Annual, AR Dept. of Workforce Services)

Total Number of Persons Unemployed (2021): 53,636 (Annual, AR Dept. of Workforce Services)

Unemployment Rate % (2021): 4.1% (Annual, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Labor Force Participation Rate % (2021) *Used as a more accurate unemployment measurement by including discouraged workers: 56.9%* (BLS Labor Force Participation Rate Report)

Nonagricultural Employment (2021): 1,283,800 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Nonagricultural Employment % Change (2014-2021): 8% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Manufacturing Employment (2021): 162,500 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Manufacturing Employment % Change (2014-2021): 5.44% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Manufacturing Employment as % of Nonagricultural Employment (2021): 12.7% (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Professional and Business Services Employment (2021): 151,100 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Professional and Business Services % Change (2014-2021): 13.1 (Annual, Nonfarm Payroll Jobs, Not Seasonally Adjusted, Arkansas Department of Workforce Services)

Professional and Business Service Employment as % of Nonagricultural Employment (2021): 11.8% (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 (2021): 3.9%

% Union Membership (2021): 4.4%

% Private Sector Union Membership (2021): 3.3% ([www.unionstats.com](http://www.unionstats.com))

Large Factory Openings during Previous year (2021): Owens Corning development of a new 55,000 sq ft manufacturing facility in Fort Smith, approximately 85 new and retained employees; Trex Company, a brand of wood-alternative decking and high-performance out living products, announced the development of a new multi-faceted production site in Little Rock. This will provide customers with significantly better access to Trex residential product. The project is a \$400M investment and will create over 500 new jobs over the next few years; Mars PetCare expanded its Fort Smith, AR facility with a \$145M investment that will create more than 120 new jobs. The project will add more than 200,000 sq ft and two additional production lines; Anchor Packaging announced an expansion in Paragould, AR that will include an additional 90,000 sq ft for its manufacturing facility and create 45 new jobs. The \$21.5M investment adds to over 2 million of production and distribution facilities the company operates in Northeast Arkansas; Camfil Air Pollution Control, a manufacturer of industrial dust, fume, and mist collection systems, had a groundbreaking on the construction of a new manufacturing facility in Jonesboro, AR. The company plans to invest \$37M in the facility and create 67 additional jobs.

Large Factory Closures during Previous year (2021): 2021: Stant Manufacturing, Pine Bluff, approximately 250.

# EDUCATION

% High School Diploma or More (2021): 86.6% (American Community Survey)

% Bachelor's Degree or Higher (2021): 23% (Census American Community Survey)

Enrollment in Higher Education Institutions (Fall 2021): All Students-183,646 (Arkansas Department of Higher Education) STEM Graduate Students (2021): N/A

Expenditures per Pupil in Public Schools (2021): \$7,349 (Arkansas department of Education)

List of High School, College, or University Manufacturing Partnership Programs (2021) The below listed also have High School Career Centers Associated:

## Arkansas Career and Technical Centers

### Arkansas Northeastern College Technical Center

2501 South Division Street, Blytheville, AR 72315

Programs: Aviation Technology, Construction Technology, Criminal Justice, Industrial Equipment Technologies, Medical Professions, Welding

<http://www.anc.edu/technicalcenter/index.htm>

### Arkansas State University Beebe Regional Career Center

1800 East Moore Avenue, P.O. Box 909, Searcy, AR 72145

Programs: Advanced Manufacturing, Automotive Service Technology, HVACR, Industrial Equipment Technologies, Medical Professions, Medium/Heavy Truck Technology, Power Equipment Technology, Welding

<https://www.asub.edu/regional-career-center/>

### Arkansas State University Mid-South Technical Center

2000 W. Broadway, West Memphis, AR 72301

Programs: Advanced Manufacturing, Computer Science: Hardware Engineer/Network Architect, Culinary Arts, Medical Professions, Medium/Heavy Truck Technology, Welding

<https://www.asumidsouth.edu/>

### Arkansas State University Mountain Home Technical Center

4034 Hwy 62W, Mtn. Home, AR 72653

Programs: Advanced Manufacturing, Automotive Service Technology, Construction Technology, Criminal Justice, Medical Professions, Welding

[www.asumh.edu](http://www.asumh.edu)

### Arkansas State University Newport IGNITE Academy

7648 Victory Blvd., Newport, AR 72112

Programs: Computer Science: Hardware Engineer/Network Architect, Medical Professions, Medium/Heavy Truck Technology, Welding

<https://www.asun.edu/programs/ignite>

### **Arkansas State University Three Rivers Career Center**

One College Drive, Malvern, AR 72104

Programs: Automotive Service Technology, Construction Technology, Criminal Justice, Medical Professions, Welding

<https://asutr.edu/asutrcc>

### **Arkansas Tech University Career Center**

2201 S. Knoxville Ave, Russellville, AR 72802

Programs: Advanced Manufacturing, Automotive Service Technology, Computer Science: Hardware Engineer/Network Architect, Construction Technology, Criminal Justice, Culinary Arts, Medical Professions, Precision Machine Manufacturing, Welding

<https://www.atu.edu/careercenter/>

### **Black River Technical College Career & Technical Center**

1410 Highway 304 East, P.O. Box 468, Pocahontas, AR 72455

Programs: Automotive Collision Repair Technology, Electronics, Medical Professions, Precision Machine Manufacturing, Welding

[www.blackrivertech.org](http://www.blackrivertech.org)

### **Conway Area Career Center**

2300 Prince St., Conway, AR 72034

Programs: Architectural CAD, Automotive Collision Repair Technology, Computer Science: Hardware Engineer/Network Architect, Construction Technology, Culinary Arts, Medical Professions, Welding

<https://www.conwayschools.org/site/Default.aspx?PageID=354>

### **Cossatot Community College of the University of Arkansas (CCCUA) Secondary Technical Center**

183 College Drive, DeQueen, AR 71832

Programs: Automotive Service Technology, Industrial Equipment Technologies, Medical Professions, Medium/Heavy Truck Technology, Welding

[www.cccua.edu](http://www.cccua.edu)

### **East Arkansas Secondary Career Center**

1700 New Castle Road, Forrest City, AR 72335-9598

Programs: Automotive Service Technology, HVACR, Industrial Equipment Technologies, Medical Professions, Medium/Heavy Truck Technology, Welding

<https://www.eacc.edu/eastark-secondary-center>

### **Jefferson Area Technical Career Center**

2505 W. 18th St, Pine Bluff, AR 71603

Programs: Computer Science: Software Development/Engineering, Criminal Justice, Industrial Equipment Technologies, Medical Professions, Welding

<https://www.aresc.k12.ar.us/jatcc>

### **Metropolitan Career and Technical Center**

7701 Scott Hamilton Drive, Little Rock, AR 72209

Programs: Automotive Collision Repair Technology, Automotive Service Technology, Construction Technology, Criminal Justice, Culinary Arts, Emergency Preparedness (Firefighting), Medical Professions, Welding

<https://www.lrsd.org/site/Default.aspx?PageID=75>

### **Monticello Occupational Education Center**

741 Scogin Drive, Monticello, AR 71655

Programs: Automotive Service Technology, Construction Technology, Medical Professions, Precision Machine Manufacturing, Welding

### **National Park Technology Center**

101 College Drive, Hot Springs, AR 71913

Programs: Automotive Service Technology, Medical Professions, Precision Machine Manufacturing, Pre-Engineering, Wood Technologies (Furniture Manufacturing)

<https://np.edu/academics/nptc/>

### **North Central Career Center**

402 Oak Street, Leslie, AR 72645

Programs: Automotive Collision Repair Technology, Automotive Service Technology, Construction Technology, Criminal Justice, Medical Professions

<http://ncccleslie.weebly.com/>

### **NorthArk Technical Center**

1515 Pioneer Drive, Harrison, AR 72601

Programs: Advanced Manufacturing, Automotive Collision Repair Technology, Automotive Service Technology, Construction Technology, Industrial Equipment Technologies, Medical Professions, Welding

<http://www.northark.edu/admissions/high-school-students/technical-center/>

### **Northeast Arkansas Career & Technical Center**

1727 S. Main, Jonesboro, AR 72401

Programs: Advanced Manufacturing, Automotive Collision Repair Technology, Automotive Service Technology, Computer Science: Hardware Engineer/Network Architect, Culinary Arts, HVACR, Industrial Equipment Technologies, Medical Professions, Unmanned Aerial Systems (UAS), Welding

[www.neactc.com](http://www.neactc.com)

### **Northwest Technical Institute Secondary Career Center**

709 South Old Missouri Road, Springdale, AR 72765

Programs: Automotive Service Technology, Criminal Justice, Medical Professions, Medium/Heavy Truck Technology, Welding

<https://nwti.edu/high-school-programs/>

### **Ozarka College Technical Center**

218 College Drive Melbourne, Melbourne, AR 72556

Programs: Automotive Service Technology, Medical Professions, Welding

[www.ozarka.edu](http://www.ozarka.edu)

### **Phillips Community College Career and Technical Center**

1000 Campus Drive, P.O. Box 785, Helena, AR 72342

Programs: Advanced Manufacturing, Computer Science: Hardware Engineer/Network Architect, Criminal Justice, Medical Professions, Welding

<http://www.pcc.edu/>

### **SAU Tech Career Academy**

6415 Spellman Road, P.O. Box 3499, Camden, AR 71711-1599

Programs: Computer Science: Hardware Engineer/Network Architect, Industrial Equipment Technologies, Medical Professions, Welding

<http://www.southark.edu/academics/career-and-technical-education/secondary-technical-center-for-high-school-students>

### **South Arkansas Community College Secondary Technical Center**

3696 East Main Street, P.O. Box 7010, El Dorado, AR 71730-7010

Programs: Advanced Manufacturing, Automotive Service Technology, Criminal Justice, Medical Professions, Welding  
Website

### **Southeast Arkansas Community Based Education Center**

P.O. Box 968, Warren, AR 71671

Programs: Computer Science: Hardware Engineer/Network Architect, Construction Technology, Criminal Justice, Medical Professions, Welding

<http://wsdsb.warrensd.org/>

### **UA-Pulaski Tech Career Center**

13000 Interstate 30, Little Rock, AR 72210

Programs: Automotive Service Technology, Culinary Arts, Medical Professions, Welding

<http://www.uaptc.edu/>

### **University of Arkansas at Rich Mountain Technical Center**

1100 College Drive, Mena, AR 71953

Programs: Medical Professions, Precision Machine Manufacturing, Welding

<https://www.uarichmountain.edu/career-center>

### **University of Arkansas Community College Batesville Career Center**

2005 White Drive, P.O. Box 3350, Batesville, AR 72503

Programs: Advanced Manufacturing, Computer Science: Hardware Engineer/Network Architect, Construction Technology, Medical Professions, Welding

<http://www.uaccb.edu/>

### **University of Arkansas Community College Morrilton Career Center**

1537 University Blvd., Morrilton, AR 72110

Programs: Automotive Collision Repair Technology, Automotive Service Technology, Construction Technology, Industrial Equipment Technologies, Medical Professions, Welding

<http://www.uaccm.edu/>

### **University of Arkansas Hope Texarkana Secondary Career & Technical Education Center**

2500 South Main Street, Hope, AR 71801

Programs: Computer Science: Software Development/Engineering, Construction Technology, HVACR, Industrial Equipment Technologies, Medical Professions, Welding

<https://www.uaht.edu/secondary-career-center/>

## **Western Arkansas Technical Center**

5210 Grand Avenue, P.O. Box 3649, Fort Smith, AR 72904

Programs: Architectural CAD, Automation Robotic Technology, Automotive Service Technology, Computer Science: Hardware Engineer/Network Architect, Electronics, Medical Professions, Unmanned Aerial Systems (UAS), Welding

<http://academics.uafr.edu/watc/watc-home>

# COST OF DOING BUSINESS

Average State and Local Sales Tax % (2022): 9.47% (AR Dept of Finance and Administration)

State and Local Individual Income Taxes per Capita (2017): \$922

State and Local Taxes per \$1000 Income (2019) \$97/\$1,000 in personal income: State and Local Revenue as a Percentage of Personal Income (2019): 10.4% [www.taxfoundation.org](http://www.taxfoundation.org)

Capital Gains Tax (2022): 50% of net capital gains are considered income and subject to state income tax. Net capital gains in excess of \$10,000,000 are exempt from state income tax.

## State Corporate Income Tax % (2022-2025):

Arkansas corporate income tax is a graduated rate applied to the Arkansas Net Taxable Income (NTI). For tax year beginning January 1, 2022, corporate income tax is as follows:

Taxable Income	Tax Rate
First \$3,000	1%
Next \$3,000	2%
Next \$5,000	3%
Next \$14,000	5%
Next \$25,000	5.9%

For tax year beginning on January 1, 2023, corporate income tax will be as follows:

Taxable Income	Tax Rate
First \$3,000	1%
Next \$3,000	2%
Next \$5,000	3%
Next \$14,000	5%
Next \$25,000	5.7%

For tax year beginning on January 1, 2024, corporate income tax will be as follows:

Taxable Income	Tax Rate
First \$3,000	1%
Next \$3,000	2%
Next \$5,000	3%
Next \$14,000	5%
Next \$25,000	5.5%



For tax years beginning on January 1, 2025, corporate income tax will be as follows:

<b>Taxable Income</b>	<b>Tax Rate</b>
First \$3,000	1%
Next \$3,000	2%
Next \$5,000	3%
Next \$14,000	5%
Next \$25,000	5.3%

### **State Individual Income Tax % (2022-2025):**

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:

For tax year beginning on January 1, 2022:

For individuals with a net income of less than or equal to \$84,500

<b>At Least</b>	<b>But Not More Than</b>	<b>Tax Rate</b>
\$0	\$4,999	0%
\$5,000	\$9,999	2%
\$10,000	\$14,299	3%
\$14,300	\$23,599	3.4%
\$23,600	\$39,699	5.0%
\$39,700	\$84,500	5.5%

For individuals with a net income of great than or equal to \$84,500

<b>At Least</b>	<b>But Not More Than</b>	<b>Tax Rate</b>
\$0	\$4,300	0%
\$4,301	\$8,500	0%
\$8,501	over	0.5%

For tax year beginning on January 1, 2023:

For individuals with a net income of less than or equal to \$84,500

<b>At Least</b>	<b>But Not More Than</b>	<b>Tax Rate</b>
\$0	\$4,999	0%
\$5,000	\$9,999	2%
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At Least	But Not More Than	Tax Rate
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501	over	5.3%

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For individuals with a net income of less than or equal to \$84,500

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\$10,000	\$14,299	3%
\$14,300	\$23,599	3.4%
\$23,600	\$39,699	5.0%
\$39,700	\$84,500	5.1%

For individuals with a net income of great than or equal to \$84,500

At Least	But Not More Than	Tax Rate
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501	over	5.1%

For tax years beginning on January 1, 2025:

For individuals with a net income of less than or equal to \$84,500

At Least	But Not More Than	Tax Rate
\$0	\$4,999	0%
\$5,000	\$9,999	2%
\$10,000	\$14,299	3%
\$14,300	\$23,599	3.4%
\$23,600	\$84,500	4.9%

For individuals with a net income of great than or equal to \$84,500

At Least	But Not More Than	Tax Rate
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501	over	4.9%

State Level Sales Tax % (2022): 6.5%

Average Local Sales Tax % (2022) 2.633%

State Single Sales Factor Apportionment (2022): Business income of both general corporations and financial institutions is apportioned using a single-sales or receipts factor.

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 (2021): 6.51 c/kWh (Energy Information Administration)

Average Price of Natural Gas Delivered to Industrial Consumers (2021): 6.25 (\$/Thousand Cubic Feet) (Energy Information Administration)

Average Annual Cost Paid by Employers for Health Premiums for Family Coverage : N/A

Average Annual Cost of Employment-Based Health Premiums for Family Coverage:

Average Hourly Earnings of Production Workers in Manufacturing (2020): \$24.67

Minimum Wage (2021): \$11.00

## 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](http://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 (2019) to Arkansas: 0.15%

Total Small Business Innovation Research (SBIR) Awards (2021) 542 awards \$168, 825,938.56.

Total Small Business Technology Transfer (STTR) Awards (2021): 5 awards, \$565,066.

Total Value of SBIR and STTR Awards (2021): \$199,391,004.56

Venture Capital Deals, in millions (2022): While there is not a comprehensive and exact number of venture capital deals in Arkansas, the state's venture capital network is growing. More information about funding partners can be found at: <https://www.arkansasedc.com/community-resources/financial-resources/funding-partners>. 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.

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.

% of State with Internet Accessibility Almost 100% of the State of Arkansas is Internet accessible via mobile- wireless, satellite and cable/fiber. Approximately 80% of the state has access to FCC defined broadband speeds.

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
2015 -2022	85	60	3380	\$2.5B

Foreign Direct Employment (2019): 47,400

Foreign Direct Investment, in millions (2015-2022: 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 (2022) None

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:

Create Rebate provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. This incentive is offered at the discretion of the AEDC Executive Director.

Create Rebate requires a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates. The business must reach the payroll threshold for the tier in which it is located within 24 months from the date of the signing of the financial incentive agreement.

### 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.

### 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. ArkPlus requires both a minimum investment and a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates. The business must reach the investment threshold for the tier in which it is located within four years from the date of the signing of the financial incentive agreement and the payroll threshold for the tier in which it is located within 24 months from the date of the signing of the financial incentive agreement.

This incentive may only be offered at the discretion of the AEDC Executive Director

### Targeted Business Incentives:

These discretionary incentives are for companies in emerging sectors that are less than five years old 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. The company must also meet requisite payroll thresholds.

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 above an established baseline for companies 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 the Arkansas Economic Development Commission's Business Finance Division at: 501-682-1121, or visit [www.ArkansasEdc.com](http://www.ArkansasEdc.com) for more information about Arkansas 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

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

## **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 based on the tier in which the company locates. This program also requires a job creation agreement under the Advantage Arkansas or Create Rebate programs. Applicants for the Tax Back program must also obtain an endorsement resolution from a local governing authority authorizing the refund of its local taxes.

### **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.

### **Replacement And Repair Sales Tax Refund:**

Through June 30, 2022:

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.

Starting July 1, 2022 sales and use taxes on these items is fully exempt.

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

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



## State Grants

Does your 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 Quick Action Closing Fund is an incentive offered at the discretion of the Governor to assist in the attraction and retention of jobs for highly competitive projects. Businesses meeting job and investment guidelines may be granted QACF – at the discretion of the Governor – to undertake eligible economic development projects.

### 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 your 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 your 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.

**Zoning**

Does your state provide any Special Zoning incentives? (Y/N): Yes

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 your 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 your 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:

## **A-State Innovate**

The Arkansas State University Innovation System is an entrepreneur ecosystem providing support for startups, technology transfer, business resources, and partnerships with businesses and communities.

A-State Innovate 5501 Kruger Drive

Jonesboro, Arkansas 72401 Telephone: 870-972-3981

<http://AStateInnovate.com>

## **The Conductor**

The Conductor is a public-private partnership between the University of Central Arkansas and Startup Junkie, that empowers entrepreneurs, innovators, and makers.

The Conductor, 915 W. Oak St. #1004. Conway, Arkansas 72032

[www.arconductor.org](http://www.arconductor.org)

## **The Hub**

The Brewer Family Entrepreneurship Hub is an interdisciplinary collaboration venue, co-working space, and training center for new and early stage entrepreneurs in Northwest Arkansas. Its members include University of Arkansas student, faculty, and alumni entrepreneurs, many of whom are creating and advancing new knowledge-based ventures in Northwest Arkansas. The Hub offers a variety of free workshops on topics ranging from lean canvas principles to design thinking to how to pitch an idea or find investors.

The Hub

123 W. Mountain Street University of Arkansas Fayetteville, Arkansas 72701

Telephone: 479-575-7347

<http://entrepreneurship.uark.edu/places/the-hub.php>

## **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 204 East 4<sup>th</sup> Street  
North Little Rock, AR 72114 Telephone: 501-280-3021  
<http://innovation.arkansas.org>

## **Little Rock Technology Park**

The Little Rock Technology Park is an innovation center focused on enterprise, collaboration, knowledge-sharing, and commercialization of ideas between Arkansas' entrepreneurs and the private, government, and academic sectors. The Little Rock Technology Park strives to be the junction of science, knowledge, data, research, technology and investment in Central Arkansas. The mission the Little Rock Technology Park Authority is to provide a stimulating environment, including facilities, counseling, programming and financing advice, to accelerate the location of technology-based ventures and formation of new ventures. Its goal is to provide quality job opportunities and economic development in Central Arkansas.

Little Rock Technology Park 417 Main Street Little Rock, Arkansas 72201  
Telephone: 501-658-5231  
[www.lrtpa.com](http://www.lrtpa.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 204 E 4th Street  
North Little Rock, Arkansas 72114 Telephone: 501-907-6570  
<http://www.arhub.org/about-us>

## **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 21<sup>st</sup> 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 <https://artp.uark.edu/genesis-technology-incubator/>

## Spring River Innovation Hub

Spring River Innovation Hub is a rural innovation facility featuring a co-working space, specialized professional development opportunities, networking events, business counseling, mentorships, and community programming.

Spring River Innovation Hub, 7 East Cherokee Village Mall Cherokee Village, Arkansas 72529 Telephone: 870-710-7081  
<https://www.innovatespringriver.org/>

## The Venture Center

The Venture Center focuses on education, collaboration, and acceleration within the startup ecosystem. To fuel innovation, the Center partners with entrepreneurs, corporations, universities, government agencies, non-profits, venture funds, service providers, program alumni and other organizations in communities.

The Venture Center 417 Main Street Little Rock, Arkansas 72201 501-404-9875

[www.venturecenter.co](http://www.venturecenter.co)

## 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: 501-280-3088

## Startup Junkie Consulting

Startup Junkie works to build entrepreneurial ecosystems in Arkansas by providing no-cost, one-on-one consulting; events; workshops; and programs, as well as providing access to capital and talent.

1 E. Center Street, Suite 270 Fayetteville, AR 72702 (479) 310-6261

## 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 and Defense
- Advanced Manufacturing
- Firearms and Ammunition
- Transportation Equipment
- Metals
- Distribution and Logistics
- Food or Beverage
- Corporate and Shared Services
- Timber and Forest Products
- Technology
- 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 your 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

**Date of Submission:**

**April 9, 2022**

**Thank you for your time. Please email your responses to [alevy@reshoringinstitute.org](mailto:alevy@reshoringinstitute.org) and your responses will be recorded and available online for review at [www.reshoringinstitute.org](http://www.reshoringinstitute.org).**