

July 14, 2017

Senator Bill Sample, Chair
Representative David L. Branscum, Chair
Arkansas Legislative Council
Room 315, State Capitol
Little Rock, AR 72201

Dear Senator Sample and Representative Branscum:

Please find enclosed for your review, two annual reports submitted by the Arkansas Economic Development Commission (AEDC).

Pursuant to Act 1282 of 2001 (ACA § 15-4-219) please find enclosed a copy of our annual report to the Arkansas Legislative Council for committees distribution addressing each of the requirements specified in the law.

The second report, attached under separate cover letter, provides an accounting of the Economic Development Incentive Quick Action Closing Fund for Fiscal Year 2017, as required by Act 510 of 2007.

During 2016, the AEDC signed financial assistance agreements for 87 projects that are projected to create 4,355 jobs and stimulate \$1.607 billion in capital investment. The projected average wage of these jobs is \$21.48 per hour, the highest average wage record. With continued support from Governor Hutchinson and the General Assembly, especially through the Quick Action Closing Fund, the Arkansas Economic Development Commission is aggressively and proactively working to meet Arkansas's economic challenges.

If there are any questions, or if we can be of any assistance, please feel free to contact me.

Sincerely,



Michael Preston
Executive Director

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Enclosure

Summary of Act 1282 Report (Calendar Year 2016)

Enabling Legislation: Act 1282; April 4, 2001; 83rd General Assembly, Regular Session

Purpose: Requires the Arkansas Economic Development Commission (AEDC) to make annual reports to the Arkansas Legislative Council to inform the legislature about the state's economic health and potential growth; Arkansas's economic position relative to neighboring states; and, the AEDC's programs, goals, and strategies for the past, current, and forthcoming years.

Submitted: Annually. The current report for calendar year 2016 is the 16th edition.

Summary of Recent Act 1282 Reports (Calendar Years 2014-2016)

Between January 1, 2014 and December 31, 2016, the AEDC signed *financial incentive agreements* for 303 projects with companies proposing the creation of 15,237 new jobs. *(Please note: these are jobs counted after all financial incentive agreements have been executed. Jobs "announced by AEDC" have been committed to by companies, some of which may be in the process of finalizing incentive agreements.)* The proposed average hourly wage of \$21.48 for jobs proposed in 2016, was the highest average wage ever recorded by the AEDC and exceeded the state's per capita personal income (see Chart 1).

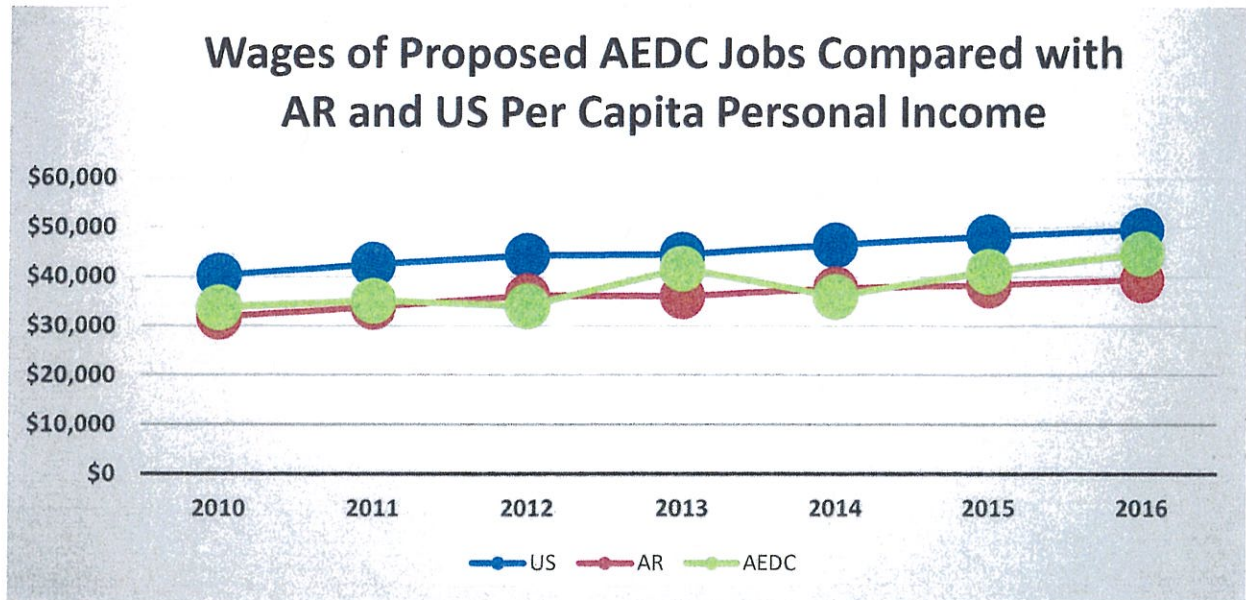
Table 1

Economic Indicators: 2014-2016

Economic Indicators	2014 Calendar Year	2015 Calendar Year	2016 Calendar Year	2014-2016 Total/Average
AEDC Projects	248	206	210	664/221
Signed AEDC Incentive Agreements	98	118	87	303/101
Proposed New and Expanded Jobs	5,929	4,953	4,355	15,237/5,079
Proposed Project Investment	\$3,046,844,489	\$2,225,240,467	\$1,607,156,848	\$6,879,241,804/ \$2,293,080,601
Proposed Average Hourly Wage	\$17.30	\$19.75	\$21.48	\$19.29 (avg.)
Cost Benefit Ratio*	\$2.30/\$1	\$4.00/\$1	\$5.11/\$1	\$3.12/\$1 (avg.)

* The cost-benefit ratio is the ratio of state tax revenue to state incentive cost expected to accrue during a ten-year period from job creation incentive agreements signed during the calendar year. For example, a 3.12 ratio projects that \$3.12 in state tax revenues will result from each \$1 in state tax incentives offered for job creation projects.

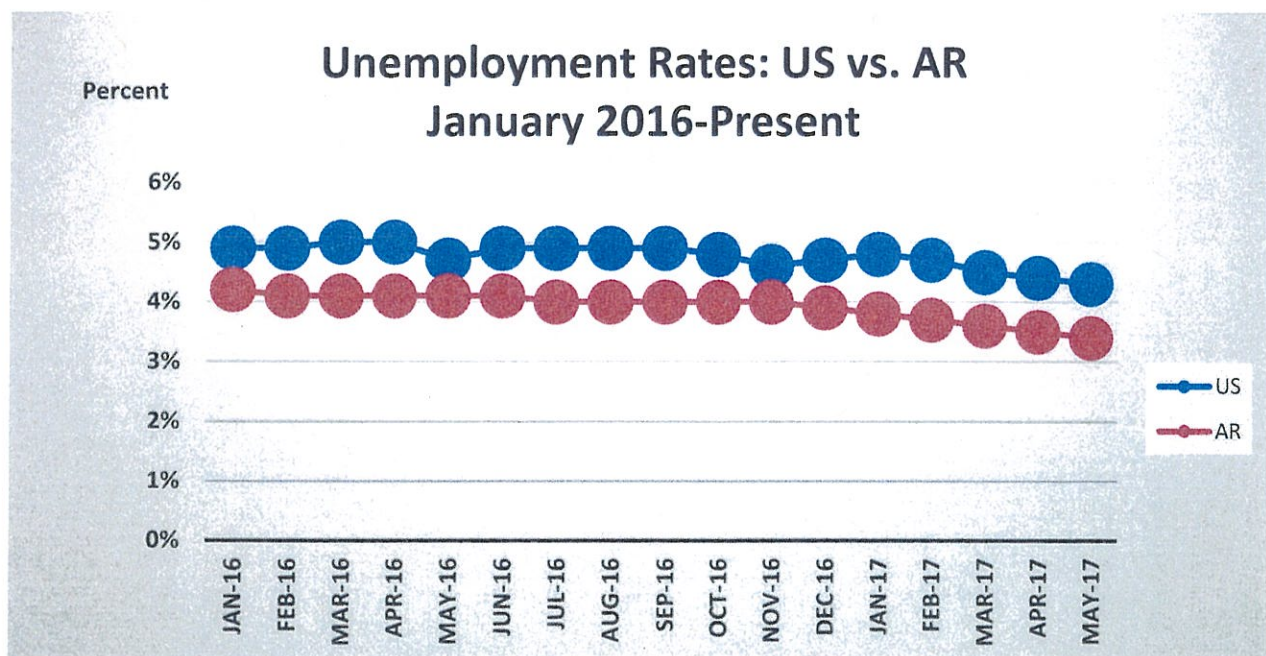
Chart 1



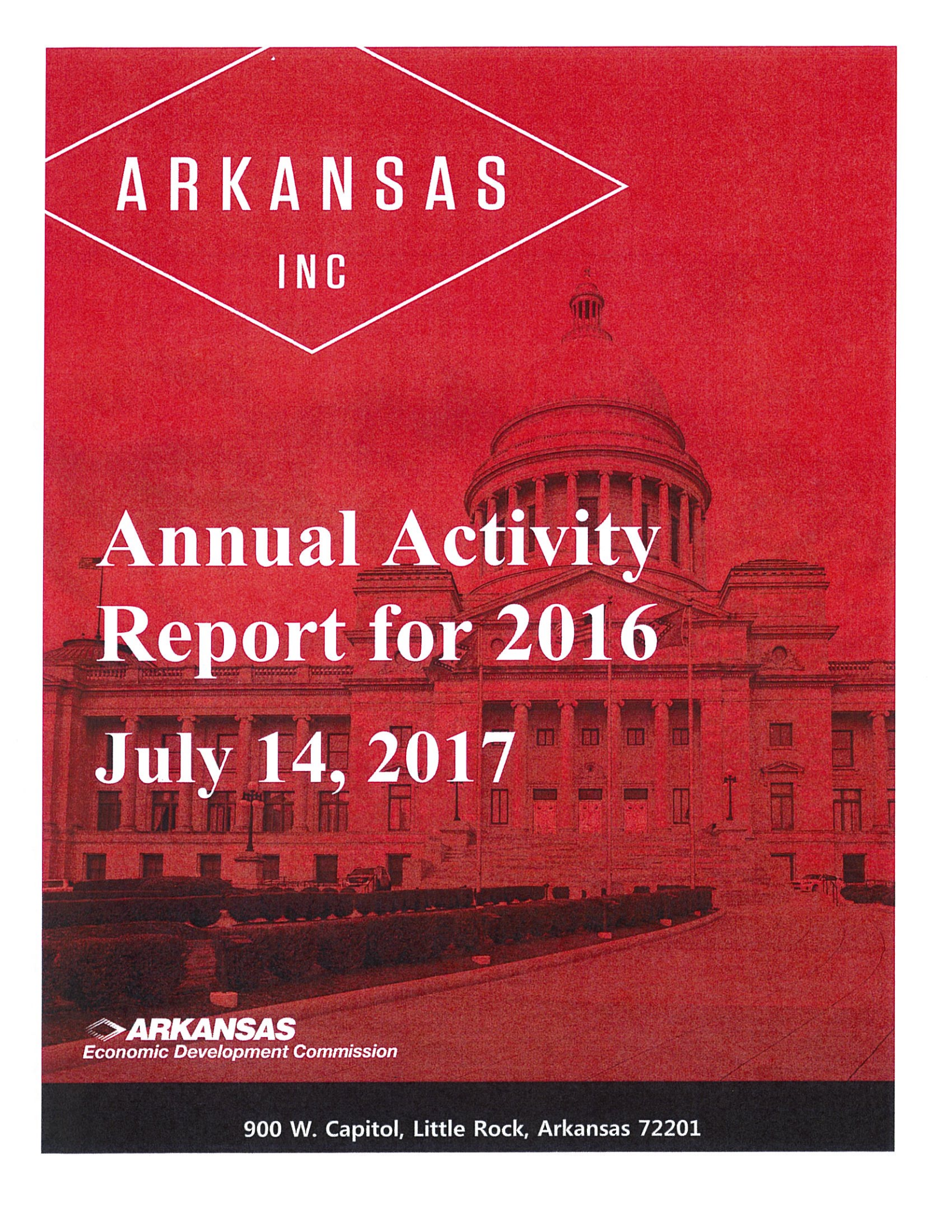
Source: Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income, 15 June 2017, online, available from <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=29&isuri=1&7022=21&7023=0&7024=non-industry&7001=421&7090=70> and AEDC New and Expanded Company Database 2010-2016.

Monthly seasonally-adjusted unemployment rates in Arkansas have been consistently below the US rates during the past 18 months and are at historic lows (3.4% for May 2017).

Chart 2



Source: Arkansas Department of Workforce Services, Unemployment Rates and Labor Force Statistics, 26 June 2017, online, available from <http://www.discover.arkansas.gov/>

The background of the entire cover is a photograph of the Arkansas State Capitol building in Little Rock. The building is a large, classical-style structure with a prominent central dome and many windows. The entire image is overlaid with a semi-transparent red filter. A white diamond shape is superimposed on the upper left portion of the image, containing the text 'ARKANSAS INC'.

ARKANSAS
INC

Annual Activity Report for 2016

July 14, 2017

 **ARKANSAS**
Economic Development Commission

900 W. Capitol, Little Rock, Arkansas 72201

ACT 1282 Report Outline

ACT 1282 – SECTION 2

Part 1. An accounting of all projects

- a) Type of company
- b) Location
- c) Number of jobs
- d) Average hourly wage
- e) Incentives offered

Part 2. Assessment of projects that did not materialize

- a) Type of company
- b) Number of jobs
- c) Average hourly wage
- d) Incentives offered
- e) Reason company did not locate in Arkansas
- f) General Assembly proposals to assist AEDC

Part 3. An accounting of major factory and plant closures

- a) Location city
- b) Number of jobs lost
- c) Reason for closure

Part 4. Strategies and recommendations for the current year

- a) Plans for preventing closures and job loss
- b) Assessment of the relative risk of losing factories, plants, and jobs
- c) Plans for increasing the number of economic development proposals
- d) Plans for creating new initiatives/incentives

Part 5. Director's assessment of the Department's performance

- a) Comparison of the Department's performance over the past two years
- b) Comparison of actual performance to projections
- c) Arkansas's economic performance compared to neighboring states
- d) Evaluating Arkansas's business climate in 2016

ACT 1282 – SECTION 2

Part 1. AN ACCOUNTING OF ALL PROJECTS

Table 1
Job Opportunities by New & Existing Companies with Arkansas Economic Development Commission Incentive Agreements
Signed During 2016

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Van Buren	20	\$12.13	Advantage Arkansas, Tax Back
Manufacturing	Batesville	160	\$19.42	InvestArk, Create Rebate, Community Development Block Grant
Manufacturing	Batesville	485	\$12.00	Advantage Arkansas
Manufacturing	Ola	**0	N/A	InvestArk
Corporate Headquarters	Springdale	**0	N/A	InvestArk
Corporate Headquarters	Springdale	**0	N/A	InvestArk
Manufacturing	Nashville	**0	N/A	InvestArk
Manufacturing	Berryville	**0	N/A	InvestArk
Manufacturing	Pine Bluff	**0	N/A	InvestArk
Manufacturing	Little Rock	**0	N/A	InvestArk
Manufacturing	Arkansas City	**0	N/A	InvestArk
Manufacturing	Foreman	**0	N/A	InvestArk
Manufacturing	Osceola	33	\$15.90	Advantage Arkansas, Tax Back
Manufacturing	Lonoke	84	\$20.29	InvestArk, Create Rebate, Training, Quick Action Closing Fund***

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Fayetteville	**0	N/A	InvestArk
Manufacturing	Rogers	109	\$22.64	InvestArk, Create Rebate
Manufacturing	Texarkana	*0	N/A	Create Rebate, Quick Action Closing Fund***
Manufacturing	Manila	35	\$18.50	Advantage Arkansas, Tax Back, Community Development Block Grant
Manufacturing	Fort Smith	83	\$25.00	Tax Back, Create Rebate, Training, Quick Action Closing Fund***
Manufacturing	Fayetteville	*120	\$17.81	Create Rebate
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Office Administrative Services	Springdale	4	\$19.23	Advantage Arkansas, Tax Back
Drafting Services	Paragould	28	\$21.07	Advantage Arkansas
Manufacturing	El Dorado	6	\$37.50	Advantage Arkansas, Tax Back
Manufacturing	Batesville	20	\$20.24	Advantage Arkansas, Tax Back
Distribution	Forrest City	84	\$12.84	Advantage Arkansas, Tax Back, Community Development Block Grant
Corporate Headquarters	Bentonville	15	\$40.00	Advantage Arkansas
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Rogers	25	\$18.00	InvestArk
Manufacturing	Melbourne	50	\$18.34	Advantage Arkansas, InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Corporate Headquarters	Little Rock	83	\$46.63	Create Rebate, Training
Manufacturing	Fort Smith	7	\$24.60	Advantage Arkansas, InvestArk
Manufacturing	Harrison	**0	N/A	InvestArk
Manufacturing	Paragould	48	\$22.15	Create Rebate
Manufacturing	Jonesboro	160	\$18.25	Tax Back, Create Rebate, Training, Quick Action Closing Fund***
Manufacturing	Hope	**0	N/A	InvestArk
Manufacturing	Jonesboro	30	\$25.00	Advantage Arkansas, Tax Back
Manufacturing	Searcy	**0	N/A	InvestArk
Manufacturing	Batesville	**0	N/A	Tax Back
Manufacturing	Fayetteville	3	\$20.04	Advantage Arkansas
Manufacturing	Little Rock	5	\$17.50	Advantage Arkansas, Tax Back
Manufacturing	Little Rock	45	\$32.00	Advantage Arkansas
Manufacturing	Glenwood	136	\$15.67	Community Development Block Grant
Manufacturing	Fort Smith	126	\$13.46	Advantage Arkansas, Tax Back
Distribution	West Memphis	10	\$22.00	Advantage Arkansas, Tax Back
Manufacturing	Paragould	20	\$14.79	Advantage Arkansas, Tax Back, Community Development Block Grant
Manufacturing	Monticello	27	\$19.19	Advantage Arkansas, Tax Back
Manufacturing	Center Hill	7	\$14.00	Advantage Arkansas, Tax Back
Distribution/Warehousing	Fort Smith	53	\$16.25	Advantage Arkansas, Tax Back

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Harrisburg	15	\$15.00	Advantage Arkansas, Tax Back
Manufacturing	Jonesboro	30	\$15.00	InvestArk
Call Center	Fort Smith	500	\$24.04	Create Rebate
Distribution	North Little Rock	*330	\$31.84	Create Rebate
Manufacturing	Siloam Springs	70	\$15.00	Create Rebate
Manufacturing	Helena/West Helena	**0	N/A	Tax Back
Aircraft Maintenance	Little Rock	60	\$19.50	Quick Action Closing Fund***
Manufacturing	Batesville	400	\$17.42	Create Rebate, Tax Back, Community Development Block Grant
Manufacturing	Jonesboro	**0	N/A	InvestArk
Manufacturing	Texarkana	20	\$20.00	Advantage Arkansas, Tax Back
Software Development	Little Rock	15	\$36.06	Quick Action Closing Fund***
Distribution/Warehousing	North Little Rock	15	\$15.00	Advantage Arkansas, Tax Back
Manufacturing	Stuttgart	**0	N/A	InvestArk
Computer Systems Design	Conway	388	\$31.57	Tax Back, Create Rebate, Training
Distribution/Warehousing	North Little Rock	4	\$19.23	Advantage Arkansas, Tax Back
Manufacturing	Springdale	15	\$11.00	Advantage Arkansas, InvestArk
Manufacturing	Hope	**0	N/A	InvestArk
Manufacturing	Atkins	16	\$25.00	Advantage Arkansas, Tax Back
Manufacturing	Helena/West Helena	8	\$30.00	Advantage Arkansas, Tax Back

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Fort Smith	130	\$25.92	Create Rebate, Tax Back
Manufacturing	Blytheville	**0	N/A	InvestArk
Manufacturing	Little Rock	43	\$20.00	Advantage Arkansas, Tax Back, Quick Action Closing Fund***
Manufacturing	Little Rock	73	\$21.95	Advantage Arkansas, Tax Back, Quick Action Closing Fund***
Manufacturing	Fayetteville	50	\$14.80	Advantage Arkansas, InvestArk
Corporate Headquarters	Rogers	**0	N/A	InvestArk
Manufacturing	Black Rock	28	\$20.00	Advantage Arkansas, Tax Back
Manufacturing	Ashdown	**0	N/A	InvestArk
Manufacturing	Hot Springs	10	\$20.00	Advantage Arkansas, Tax Back
Manufacturing	El Dorado	**0	N/A	InvestArk
Manufacturing	Pottsville	10	\$13.10	Advantage Arkansas, Tax Back
Manufacturing	Blytheville	**0	N/A	InvestArk
Manufacturing	Armored	**0	N/A	InvestArk
Manufacturing	El Dorado	**0	N/A	InvestArk
Manufacturing	Paragould	**0	N/A	Targeted Research and Development
Software	Lowell	**0	N/A	Targeted Research and Development
Nano Materials Research and Development	Fayetteville	4	\$38.24	Targeted Research and Development
	87 Projects	4,355	\$21.48 Average Hourly Wage	

* **No new jobs were created, only retained jobs incentivized.**

** **The following investment incentive programs do not require job creation:**

- **InvestArk** is primarily a retention incentive to encourage our existing businesses to continue to invest in Arkansas. As investment in infrastructure increases, the likelihood of closure decreases. No new job creation was associated with those InvestArk projects denoted **0 jobs/N/A average hourly wage. Benefits accrued through investment in buildings, machinery, and/or equipment.
- Projects exclusively receiving **Research and Development** and **Tourism** investment tax credits are not required to create new jobs.
- **Tax Back** requires that a company must either have an existing job creation agreement (no older than 48 months) or agree to sign one within two years.

*****Clawback Provisions:** All AEDC-administered incentive programs require recipients to meet performance standards as a condition of receiving benefits. Incentives under the Consolidated Incentive Act (Advantage Arkansas, InvestArk, Create Rebate, Tax Back, ArkPlus, Research and Development) are performance-based, meaning that recipients are required to meet requisite investment and/or payroll/job requirements and be audited by the Department of Finance and Administration (DFA) prior to receiving benefits. *(The InvestArk program is slightly different because the DFA conducts the verification audit after the tax credit amount is determined. Credits, however, may be recaptured by the DFA should audit findings warrant.)* Other incentive programs including Tourism, Equity Investment Tax Credits and Digital Product and Motion Picture Industry Development have submittal, review and award processes that require proof of performance to receive benefits. Written agreements for loans and grants specify reimbursement, repayment or recapture provisions for non-compliance. Typical language includes grant reimbursement amounts for each job not created and personal guaranties, collateral, etc. on loans. Each job creation project that will receive funds from the Quick Action Closing Fund (as denoted in Table 1) has a grant agreement with specific grant reimbursement “clawback” provisions for failure to create requisite jobs.

Equity Investment Tax Credit and Digital Product and Motion Picture Industry Development Projects

Information pertaining to projects involving the Equity Investment Tax Credit Incentive Program and the Digital Product and Motion Picture Industry Development Act are presented separately below because benefits are offered for investments in equity capital and digital content production expenditures for short-term projects, rather than for job creation and traditional long-term, fixed capital investments.

Act 566 of 2007 created the **Equity Investment Tax Credit Incentive Program**, a discretionary incentive that is targeted toward new, technology-based businesses that pay wages in excess of 150 percent of the state or county average wage, whichever is less. This program, jointly administered by AEDC and the Arkansas Development Finance Authority, allows approved businesses to offer 33 1/3% income tax credits to investors purchasing an equity investment in approved businesses. In 2016, 20 financial incentive agreements were approved. Cumulatively, these projects are projected to raise \$15,625,000 in equity from investors. The locations, projected employment and projected average hourly wages of 2016 projects are as follows:

Table 2
Equity Investment Tax Credit Projects

Project Location	Proposed Investment (Minimum Equity Raise)	Proposed Jobs	Proposed Wages
Conway	\$300,000	12	\$30.50
Fayetteville	\$500,000	118	\$30.00
Rogers	\$350,000	10	\$37.00
Bentonville	\$250,000	18	\$40.00
Little Rock	\$250,000	22	\$25.00
Fayetteville	\$3,000,000	77	\$28.65
Little Rock	\$700,000	13	\$37.94
Little Rock	\$2,000,000	35	\$45.00
Fayetteville	\$2,000,000	55	\$55.71
Searcy	\$250,000	8	\$41.80
Bentonville	\$1,000,000	25	\$39.00
Little Rock	\$600,000	10	\$35.75
North Little Rock	\$500,000	20	\$50.00
Little Rock	\$500,000	10	\$35.75
Little Rock	\$300,000	17	\$35.00
Little Rock	\$500,000	20	\$38.46
Little Rock	\$500,000	10	\$55.00
Little Rock	\$125,000	23	\$44.00
Little Rock	\$500,000	15	\$37.00
Fayetteville	\$1,500,000	16	\$30.00
Total	\$15,625,000	534	\$37.21

Act 816 of 2009 created the **Digital Product and Motion Picture Industry Development Incentive Program**, an incentive that offers rebates to qualified production companies for eligible production costs and payroll incurred for Arkansas productions. There were no Digital Product and Motion Picture Industry Development Incentive Program projects approved during calendar year 2016.

Programs of the Division of Science and Technology of the Arkansas Economic Development Commission

Incentive programs administered by the Division of Science and Technology of the AEDC - unlike Consolidated Incentive Act programs which are principally recruitment and modernization incentives - are used to nurture entrepreneurial activity indigenous to Arkansas. Therefore, these programs are listed separately below because benefits are offered for investments in seed and equity capital rather than for job creation and traditional long-term, fixed capital investments.

The Seed Capital Investment Program (SCIP) provides 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. During calendar year 2016, \$395,000 in funding was provided to seven (7) different companies.

Table 3
Seed Capital Investment Program

Project Type	Location	Amount
Neonatal camera systems	Little Rock	\$25,000
Wireless sensing, monitoring, and control products	Fayetteville	\$75,000
Tear-based breast cancer screening	Fayetteville	\$35,000
High-tech glass coating company	Little Rock	\$80,000
Wireless sensing, monitoring, and control products	Fayetteville	\$30,000
Digital resource for teachers and homeschooling families	Conway	\$100,000
Software	Little Rock	\$50,000

The Technology Development Program provides royalty financing for qualified projects possessing a well-developed, comprehensive project plan, and which utilize the benefits of science and technology to provide economic and employment growth potential in Arkansas. The maximum investment is \$100,000 with terms negotiated on an individual basis. These terms are a maximum five percent (5%) of net sales for a maximum term of ten (10) years. During calendar year 2016, \$315,696 in funding was provided to six (6) different companies.

Table 4
Technology Development Program

Project Type	Location	Amount
Pharmaceutical manufacturing platform	Fayetteville	\$90,000
Cardiac imaging analysis	Fayetteville	\$50,000
Diagnose Acetaminophen overdose	Little Rock	\$40,000
Bone and tissue regeneration technology	Little Rock	\$57,585
Sensor glasses for visually impaired	Magnolia	\$28,111
Plant-based compound that protects humans from radiation exposure	Little Rock	\$50,000

The **Technology Transfer Assistance Grant (TTAG) Program** assists Arkansas firms in developing or improving products or processes through the transfer of technical solutions to technology-based, industry-driven problems, thus enhancing the market competitiveness of firms. The TTAG Program provides limited financial support for the transfer and deployment of innovative technology to Arkansas-based enterprises. It funds costs associated with transferring new or existing technology from a qualified applicant -- such as a public or private enterprise, laboratory, college or university -- to an enterprise based in Arkansas. During calendar year 2016, \$258,614 in funding was provided to 40 different entities.

Table 5
Technology Transfer Assistance Grant Program

Project Type	Location	Amount
Consulting for technology adoption	Hope	\$11,250
Consulting for technology adoption	Newport	\$3,750
Consulting for technology adoption	Stuttgart	\$3,750
Small Business Innovation Research consulting	Jonesboro	\$3,750
Small Business Innovation Research consulting	Magnolia	\$7,500
Consulting for technology adoption	Little Rock	\$3,750
Small Business Innovation Research consulting	Little Rock	\$3,750
Consulting for technology adoption	Paragould	\$3,750
Commercialize disruption technology	Springdale	\$3,750
Perform energy assessment, consulting for technology adoption	Rogers	\$11,250

Project Type	Location	Amount
Small Business Innovation Research consulting	Fayetteville	\$7,500
Consulting for technology adoption	Rogers	\$3,750
Development of hormone patch pump, Small Business Innovation Research consulting	Fayetteville	\$7,500
Software development, consulting for technology adoption	Conway	\$7,363.63
Small Business Innovation Research consulting	Fayetteville	\$3,750
Consulting for technology adoption	Harrison	\$15,000
Small Business Innovation Research consulting	Little Rock	\$7,500
Implementing new technology	Fayetteville	\$3,750
Small Business Innovation Research consulting, implementing new technology	Fayetteville	\$7,500
Consulting for technology adoption	Waldo	\$7,500
Consulting for technology adoption	Rogers	\$3,750
Consulting for technology adoption	Fayetteville	\$3,750
Consulting for technology adoption, Small Business Innovation Research consulting	Searcy	\$7,500
Consulting for technology adoption	Jonesboro	\$3,750
Implementing new technology	Paragould	\$3,750
Consulting for technology adoption	Russellville	\$7,500
SunShot consulting	Fayetteville	\$3,750
Consulting for technology adoption	Little Rock	\$3,750
Consulting for technology adoption	North Little Rock	\$7,500
Consulting for technology adoption	Mena	\$3,750
Consulting for technology adoption	Prescott	\$30,000
Small Business Innovation Research consulting	Fayetteville	\$3,750
Consulting for technology adoption	Van Buren	\$22,500
Consulting for technology adoption	Oden	\$3,750
Consulting for technology adoption	Russellville	\$3,750

Project Type	Location	Amount
Consulting for technology adoption	Springdale	\$3,750
Implementing new technology	Fayetteville	\$3,750
Consulting for technology adoption	Lowell	\$3,750
Consulting for technology adoption	Little Rock	\$3,750
Consulting for technology adoption	Little Rock	\$3,750

Part 2. ASSESSMENT OF PROJECTS THAT DID NOT MATERIALIZE

During the 2016 calendar year, the Arkansas Economic Development Commission worked 210 projects, 87 of which signed incentive agreements. Of these projects, 19 were new projects and 68 were by existing companies. Upon completion, these 87 projects are projected to create/retain 4,355 jobs and generate \$1,607,156,848 in new capital investment. The remaining 123 projects are summarized below:

Table 6
Project Status

Project Status	Number of Projects
Project committed to Arkansas-signed incentive agreements in 2016	87
Project has or is likely to announce in 2017	28
Project is active but no decision has been made	41
Project is on hold/status pending*	5
Project did not materialize-will not locate in Arkansas*	39
Project proceeded without AEDC assistance	7
Project only requested Replacement and Repair sales tax refund	3
Total Projects	210

* Information regarding the 44 non-active projects is provided below.

Table 7
2016 Projects That Did Not Materialize and Reason

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	20	\$13.50	Advantage Arkansas	The layout of the existing building did not meet the company's needs.
Headquarters	8	\$48.38	Create Rebate	The company could not meet the incentive payroll threshold.
Information Technology	55	\$28.85	Create Rebate	The company decided not to relocate to Arkansas.
Information Technology	50	\$48.08	Create Rebate	The company decided not to relocate to Arkansas.
Manufacturing	Unspecified	Unspecified	General Incentive Summary	The company decided to expand at its existing facility in Kentucky.
Manufacturing	Unspecified	Unspecified	Advantage Arkansas, Tax Back	The company decided not to pursue the project.
Packaging	6	\$11.00	Advantage Arkansas, Tax Back	The company has not responded to numerous requests for updates.
Food Services	6	\$18.35	General Incentive Summary	The company was ineligible for incentives.
Manufacturing	110	\$11.00	Advantage Arkansas, Tax Back	The consultant has not responded to numerous requests for updates.
Manufacturing	500	\$21.00	General Incentive Summary	The company declined to pursue the project. The stated reason was "due to factors that were outside of your proposal."
Manufacturing	110	\$14.78	Create Rebate, Tax Back, Community Development Block Grant	Geographic proximity to existing sites was better in other states.
Manufacturing	345	\$35.48	General Incentive Summary	Other sites were more cost-efficient.
Manufacturing	1,000	\$13.00	Create Rebate, Tax Back, Community Development Block Grant	Arkansas was too far west to serve the company's customer base.

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	300	\$15.50	Create Rebate, Tax Back, Community Development Block Grant	The company decided to choose an option closer to its plant in Illinois.
Information Technology	1,000	\$33.52	Create Rebate, Quick Action Closing Fund	Arkansas was not selected as a finalist. No reason was disclosed.
Manufacturing	Unspecified	Unspecified	Advantage Arkansas, Tax Back	Arkansas was not selected as a finalist. No reason was disclosed.
Manufacturing	70	\$18.00	General Incentive Summary	The company decided to expand at its existing facility in Kentucky.
Manufacturing	35	\$19.50	General Incentive Summary	The company chose Indiana.
Manufacturing	170	Unspecified	General Incentive Summary	Arkansas did not make the short list of finalists. The consultant did not disclose a reason.
Call Center	200	\$10.99	General Incentive Summary	The company never responded to AEDC's Request for Information submittal.
Manufacturing and Distribution	100	\$19.71	General Incentive Summary	Arkansas did not make the second cut and was not informed as to why.
Manufacturing	Unspecified	Unspecified	General Incentive Summary	Arkansas was eliminated due to the costs and characteristics of the available site.
Finance	2	Unspecified	Advantage Arkansas	The project located in Georgia.
Distribution	100	\$17.88	General Incentive Summary	There were no available buildings in the site search area. The company located in Kentucky.
Manufacturing	100	\$20.78	Create Rebate, Tax Back, Quick Action Closing Fund	Arkansas did not make the final three-state cut and was not given a reason by the company.
Warehouse and Distribution	200	Unspecified	General Incentive Summary	Arkansas was eliminated due to the lack of a suitable building.

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	50	\$22.00	Advantage Arkansas, Tax Back	The company eliminated all of the Arkansas sites.
Distribution	272	\$16.00	Create Rebate, Tax Back, Quick Action Closing Fund	The company decided to expand at its existing location in Missouri.
Manufacturing	150	\$14.42	Create Rebate, Tax Back, Community Development Block Grant	The company chose Texas.
Manufacturing	Unspecified	Unspecified	Advantage Arkansas, Tax Back, Community Development Block Grant	The project never materialized.
Data Center	100	\$13.00	Advantage Arkansas or Create Rebate, Community Development Block Grant	The company could not find a building to suit their needs.
Call Center	400	Unspecified	General Incentive Summary	The company could not find a building to suit their needs.
Call Center	Unspecified	Unspecified	General Incentive Summary	The company could not find a building to suit their needs.
Manufacturing	60	\$15.00	Advantage Arkansas, Tax Back, Community Development Block Grant	The company was unable to obtain outside financing.
Unspecified	135	Unspecified	General Incentive Summary	Arkansas was eliminated but was not told as to why.
Manufacturing	125	Unspecified	General Incentive Summary	The project is on hold as the consultant has revised the search criteria and is evaluating Arkansas against two other states.
Manufacturing	28	Unspecified	General Incentive Summary	The project is on hold as another company considers purchasing the assets of the company that is the subject of the project.
Manufacturing	Unspecified	Unspecified	General Incentive Summary	The project is on hold until final review is commenced.

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	308	\$22.04	Create Rebate, Tax Back, Quick Action Closing Fund	The project did not materialize as the company was acquired (in bankruptcy) by another company who will not pursue the project.
Manufacturing	650	\$34.00	Create Rebate, Tax Back, Quick Action Closing Fund	The company choose Mississippi because upfront site costs were lesser.
Manufacturing	150	\$33.00	Create Rebate, Tax Back, Quick Action Closing Fund	The project never materialized.
Information Technology	50	\$36.06	Create Rebate	The corporate official driving the project left the company and the project never materialized.
Manufacturing	1,500	Unspecified	General Incentive Summary	The project is on hold to resolve building issues.
Manufacturing	8	\$17.00	Advantage Arkansas, Tax Back or InvestArk, Community Development Block Grant	The project is on hold to resolve infrastructure issues.
Totals (44 Projects)	8,473	\$23.19 Average Hourly Wage (unspecified wages not included)		

f. General Assembly proposals to assist AEDC

The 91st General Assembly passed several laws that directly and indirectly impact AEDC's mission. A brief summary of major laws follows:

AEDC Programs/Projects Legislation

1. Act 165/SB 250 (Sanders) Arkansas Business and Technology Accelerator Act.

Creates the Arkansas Business and Technology Accelerator Grant Program to be administered by the Division of Science and Technology of the AEDC. The program provides discretionary grants up to \$250,000 to eligible applicants administering a business and technology accelerator. "Business and technology accelerator" means a full-time, immersive program administered by an eligible applicant to potentially invest in, mentor, and accelerate commercial development of start-up businesses. "Eligible applicant" means an entity that is registered as a business entity in good standing with the Arkansas Secretary of State; and is principally engaged in one (1) or more of the following categories of business or industry:

- A. A manufacturer;
- B. A business primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing and data preparation services, or information retrieval services that derives at least seventy-five percent (75%) of its sales revenue from out of state;
- C. An office sector business whose business operations support primary business needs, including without limitation customer service, credit accounting, telemarketing, claims processing, and other administrative functions that derives at least seventy-five percent (75%) of its sales revenue from out of state;
- D. A national or regional corporate headquarters;
- E. A scientific and technical services business that derives at least seventy-five percent (75%) of its sales revenue from out of state;
- F. A firm primarily engaged in commercial, physical, and biological research;
- G. A firm engaged in one (1) or more of the following categories:
 - i. Advanced materials and manufacturing systems;
 - ii. Agriculture, food processing, and environmental sciences;
 - iii. Biotechnology, bioengineering, and life sciences;
 - iv. Information technology;
 - v. Transportation logistics; and
 - vi. Internet-enabled technology or service solutions for any of the preceding five (5) categories.

The Arkansas Business and Technology Accelerator Act will be funded by Arkansas Acceleration Fund allocations.

Effective Date: October 1, 2017.

2. Act 166/SB 249 (Sanders) Arkansas Small Business Innovation Research Matching Grant Program.

Creates the Arkansas Small Business Innovation Research Matching Grant Program to be administered by the Division of Science and Technology of the AEDC. The program provides discretionary grants of up to fifty percent (50%) of the amount of a federal Small Business Innovation Research (SBIR) grant; up to \$50,000 for a Phase I award and \$100,000 for a Phase II award for each approved matching grant application. Eligible businesses must be principally engaged in one (1) or more of the following targeted business activities:

- A. Advanced materials and manufacturing systems;
- B. Agriculture, food, and environmental sciences;
- C. Biotechnology, bioengineering, and life sciences;
- D. Information technology;
- E. Transportation logistics; and
- F. Bio-based products.

The Arkansas Small Business Innovation Research Matching Grant Program will be funded by Arkansas Acceleration Fund allocations.

Effective Date: October 1, 2017.

3. Act 1046/SB 688 (Wallace) Amend the Recycling Equipment Tax Credit.

Adds additional subdivisions to the Recycling Equipment Tax Credit at § 26-51-506(b) to include "Qualified expansion project" and "Qualified steel specialty products manufacturing facility" as eligible for recycling equipment tax credits for projects conducted on or after January 1, 2017 and under agreement with the State of Arkansas.

- A. A "qualified expansion project" must:
 - i. Invest at least one billion dollars (\$1,000,000,000);
 - ii. Commit to hire at least 500 net new direct positions and independent direct positions, as defined in Section 8 of Act 1084 of 2013, with an annual average wage of at least seventy-five thousand dollars (\$75,000);
 - iii. Provide a positive cost-benefit analysis before an incentive agreement is executed;
 - iv. Be certified as having a closing date before July 1, 2018, and have necessary capital acquisition and borrowing for the qualified expansion project; and
 - v. Be conducted on the site of a qualified manufacturer of steel, as defined in §§ 26-51-1211, 26-52-901, 26-52-911, Acts 2013, No. 1084, or Acts 2013, No. 1476.
- B. A "qualified steel specialty products manufacturing facility" must:
 - i. Invest at least two hundred million dollars (\$200,000,000);
 - ii. Commit to hire at least 150 net new direct positions and independent direct positions, as defined in Section 8 of Act 1084 of 2013, with an annual average wage of at least seventy-five thousand dollars (\$75,000);

- iii. Provide a positive cost-benefit analysis before an incentive agreement is executed;
 - iv. Be certified as having a closing date before July 1, 2018, and have necessary capital acquisition and borrowing for the qualified steel specialty products manufacturing facility; and
 - v. Melt scrap steel in an electric arc furnace to produce one (1) or more specialty steel products, including without limitation billets, structural shapes, reinforcing bars, coiled reinforcing bars, wire rods, and merchant bars.
- C. If a "qualified expansion project" does not have a public retirement system of the State of Arkansas as a member, no more than eleven million dollars (\$11,000,000) of income tax credits may be claimed in any tax year.
- D. If a "qualified steel specialty products manufacturing facility" does not have a public retirement system as a member, no more than:
- i. \$4,000,000 of income tax credits can be claimed each year if the total investment in the facility is at least \$200,000,000 but less than \$275,000,000;
 - ii. \$5,000,000 of income tax credits can be claimed each year if the total investment in the facility is at least \$275,000,000 but less than \$350,000,000; or
 - iii. \$6,500,000 of income tax credits can be claimed each year if the total investment in the facility is at least \$350,000,000.
- E. Earned and unused tax credits for C. and D. above may be carried forward past the normal carry forward period one (1) additional year at a time.
- F. If the "qualified expansion project" or the "qualified steel specialty products manufacturing facility" does have a public retirement system of the State of Arkansas as a member, the public retirement system shall have possession and control of all tax credits earned. The public retirement system shall sell the income tax credits back to the State for eighty percent (80%) of the face value of the credit.
- i. For a "qualified expansion project", no more than \$11,000,000 of tax credits in possession or control of the public retirement system can be sold each year.
 - ii. For a "qualified steel specialty products manufacturing facility", no more than:
 - a. \$4,000,000 of income tax credits can be sold if there is a total investment of at least \$200,000,000 but less than \$275,000,000;
 - b. \$5,000,000 of income tax credits can be sold if there is a total investment of at least \$275,000,000 but less than \$350,000,000; or
 - c. \$6,500,000 of income tax credits can be sold if there is a total investment of at least \$350,000,000.

- G. Earned and unused tax credits for F. above may be carried forward past the normal carry forward period one (1) additional year at a time.
- H. The act stipulates that the total amount of tax credits authorized shall not exceed the amount determined by an AEDC cost-benefit analysis. A performance and clawback agreement between the taxpayer and AEDC shall establish:
 - i. Capital investment for the project;
 - ii. The number of new full-time direct positions and independent direct positions;
 - iii. Annual salary requirements;
 - iv. The timeline for fulfilling the investment and job creation targets stated in the performance and clawback agreement; and
 - v. Conditions for which the clawback provisions will be triggered, including the failure to maintain a positive cost-benefit analysis for the longer of the life of the tax credits or fourteen (14) years.

Effective Date: Emergency Clause; April 6, 2017.

- 4. **Act 167/SB 248** (Sanders) Amend the Arkansas Acceleration Fund Act.
Changes the Arkansas Acceleration Fund advisory body from the Arkansas Research Alliance to the Board of Directors of the Division of Science and Technology of the AEDC.
Effective Date: 91st day Sine Die.
- 5. **Act 208/SB 160** (Wallace) Repeal the Nonprofit Incentive Act of 2005.
Repeals the Nonprofit Incentive Act at § 15-4-3101 et seq.
Effective Date: 91st day Sine Die.
- 6. **Act 271/SB 256** (Irvin) Transfer the Arkansas Energy Office to the Arkansas Department of Environmental Quality by Type 2 transfer. **Act 851/HB 1735** (Pilkington) Amend the Arkansas Clean-Burning Motor Fuel Development Act.
Transfers administrative responsibility for the Clean-Burning Motor Fuel Development Program (by the Arkansas Energy Office) from AEDC to the Arkansas Department of Environmental Quality under a Type 2 Transfer, effective August 1, 2017. Funds for the program, which provide rebates for private electric vehicle charging stations, public electric vehicle charging stations, CNG refueling stations, LNG refueling stations, and LPG refueling stations, are disbursed from the Clean Burning Motor Fuel Development Fund (renamed the Alternative Motor Fuel Development Fund (§ 19-5-1249(c)) by Act 851 of 2017. Use of the fund was amended by deleting AEDC and inserting ADEQ.
Effective Date: 91st day Sine Die.
- 7. **Act 465/SB 362** (Eads, et al.) Sunset the Retention Tax Credit; Sunset the Tax Refund for Major Maintenance and Improvement Projects; Phase in an Exemption from Tax for Purchases Related to the Repair and Partial Replacement of Manufacturing Machinery and Equipment.

The two (2) primary purposes of the act are to:

- A. Sunset the InvestArk Tax Credit Program. No applications for InvestArk will be accepted on or after July 1, 2017. However, all projects that qualified for InvestArk based on applications filed through June 30, 2017, shall continue to earn and carry forward credits under rules then in effect.
- B. Gradually phase out the state sales and use tax on repair and replacement manufacturing parts. Legislation from Act 1404 of 2013, provided two options by which manufacturers could receive “refunds” of sales and use taxes.
 - i. The first option, which provides for a refund of one percentage point (1%) of the 5.875% sales and use taxes levied under §§ 26-52-301, 26-52-302, 26-53-106, and 26-53-107, may be claimed by a taxpayer for the purchase and installation of certain machinery and equipment used directly in manufacturing and processing. To qualify for this refund, a taxpayer shall hold a direct pay or a limited direct pay sales and use tax permit from the Arkansas Department of Finance and Administration (DFA).
 - ii. 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 Executive Director of 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.

Act 465 of 2017 gradually increases the refund percentage under the first option as follows:

Effective Date	Option 1 Percentage
July 1, 2014	1%
July 1, 2018	2%
July 1, 2019	3%
July 1, 2020	4%
July 1, 2021	5%
July 1, 2022	Full exemption

The only change to option 2 (the AEDC discretionary refund) is to sunset the program as of July 1, 2022, since all state sales and use taxes on these purchases will be exempt.

Effective Date: Emergency Clause; March 13, 2017.

8. Act 813/SB 651 (Sanders) Partnership for Public Facilities and Infrastructure Act; Regulate Public-Private Partnerships for Public Facilities and Infrastructure.

Authorizes the formation of public-private partnerships to develop private “qualifying projects” for “public entities” (i.e., public infrastructure and government facilities that serve a public purpose). The definition of “qualifying projects” is broad and encompasses transportation infrastructure, utilities, public buildings, parking, educational facilities, administrative offices, and emergency services facilities. Projects

of the Arkansas Department of Transportation do not qualify. Facilities may be acquired, designed, constructed, improved, renovated, expanded, equipped, maintained, operated, implemented, and installed.

“Public entity” means an agency or instrumentality of the state, including without limitation a department, an agency, an institution of higher education, a board, or a commission. “Public entity” does not include a political subdivision of the state or any other local or regional government entity.

A summary of the process (first instance of terms defined in the act are in quotes) is as follows:

- A. “Public entity” determines that there is a public need/benefit from the project; that timely development of the project is anticipated; and that all program criteria can be met.
- B. Public entity seeks advice and consent of AEDC and ADFA to issue a “request for proposals” (RFP) for a proposed project.
- C. AEDC reviews the project for compliance with program rules. Compliant project is designated as a “qualifying project”.
- D. The public entity receives designation as a “responsible public entity”.
- E. Responsible public entity publicly issues guidelines for the qualifying project.
- F. Public entity notifies each “affected local jurisdiction” of the project.
- G. Public entity publishes RFP notification for bids one (1) time per week for three (3) consecutive weeks in a newspaper of statewide circulation. Competitive bidding is disallowed.
- H. Private entities submit proposals.
- I. Public entity receives and evaluates responses to RFP.
- J. Public entity selects the most “qualified respondent”.
- K. AEDC assists in negotiation of an “interim agreement” or “comprehensive agreement”, or both, between parties.
- L. Public entity submits proposed agreement(s) to DFA for approval.
- M. Public entity conducts a public hearing on the project.
- N. (For comprehensive agreements) Public entity submits the proposed agreement to the Governor for approval and authorization to execute the agreement.
- O. Public entity authorizes execution of the agreement(s).
 - i. Interim (preliminary) written agreements are optional and are developed before or in connection with comprehensive agreements. The focus is on the development, scope, and feasibility of the project. If negotiations fail, the public entity can negotiate with the next respondent.
 - ii. Comprehensive agreements are final written agreements which provide all requisite details and are required to move the project forward.

- P. Financing is varied and flexible and will comprise terms and conditions of all written agreements. Projects may be financed by the qualified respondent or the responsible public entity, or both, utilizing a wide variety of sources (see § 22-10-304).
- Q. Items deemed confidential and proprietary, or that would give an advantage to competitors or bidders are exempt under the Freedom of Information Act.

Effective Date: 91st day Sine Die. AEDC Guidelines are due 90 days after the effective date of the act.

9. Act 1080/HB 2218 (M. Gray, et al.) Amend the Minority Business Economic Development Act; Repeal Certain Contracting Goals.

The act:

- A. Expands/amends the program to include women-owned business enterprises.
- B. Modifies procurement spending targets as follows:
 - i. Ten percent (10%) for minority business enterprises with two percent (2%) allocated for service-disabled veteran-owned minority business enterprises and eight percent (8%) for all other minority business enterprises; and
 - ii. Five percent (5%) for women-owned business enterprises.
- C. Requires state agencies to publish all state contract solicitations on the website of the DFA Office of State Procurement.
- D. Expands the (renamed) Minority and Women-Owned Business Advisory Council by two (2) members to be appointed by the AEDC Executive Director and limits Council terms to five (5) years.
- E. Amends state procurement law by stipulating that a procurement that does not exceed two (2) times the amount stated in § 19-11-204(13) may be procured without seeking competitive bids or competitive sealed bids if the procurement is with a certified minority business enterprise or certified women-owned business enterprise.

Effective Date: 91st day Sine Die.

AEDC Appropriations

10. Act 1048/SB 106 (Joint Budget Committee) Appropriation for Personal Services and Operating Expenses of AEDC for the Fiscal Year Ending June 30, 2018.

Provides appropriation for salaries of 119 regular employees; extra help; state operations including appropriation for the newly established Military Affairs Grant Program (\$750,000) and the newly established Small Business Innovative Research Matching Grant (\$2,000,000); and the following programs:

Sections	Total Amount Appropriated
CDBG (federal)	\$36,255,640
State Energy Plan (federal)	\$1,223,315
Energy Efficiency Arkansas	\$1,407,003

Sections	Total Amount Appropriated
Clean Cities Coalition	\$189,005
Technology Acceleration Program/Fund	\$30,000,000
Amendment 82	\$200,000,000
Weatherization Assistance Program (federal)	\$5,851,010
New Markets Performance Program	\$875,781
Quick Action Closing Fund	\$75,000,000 *\$30,000,000 Rainy Day Fund- Act 1123/SB 552 (July 1, 2017 or before)
Division of Science and Technology (state ops)	\$8,432,526
Division of Science and Technology (seed capital)	\$1,900,000
Arkansas Manufacturing Extension Network (state)	\$257,182
Arkansas Manufacturing Extension Network (federal)	\$814,928
Arkansas Manufacturing Extension Network (cash)	\$1,415,952
EPSCoR (federal)	\$20,000,000
EPSCoR RII (federal)	\$3,132,830
Energy Efficiency	\$150,000
Arkansas Acceleration Fund	\$30,000,000
STEM Education	\$40,000
Innovate Arkansas	\$5,000,000
Rural Services (state ops)	\$1,243,767
Rural Services (conference cash)	\$100,000
Rural Services (animal rescue/shelters)	\$5,328
Rural Services (administration)	\$45,395
Unpaved Roads Program	\$250,000
Internet Service Provider Grant Program	\$25,000,000
Fish and Wildlife Conservation Education Grants	\$800,000

11. Act 468/SB 331 (Joint Budget Committee) AEDC General Improvement Appropriation for Capital Improvement Projects, Grants, and Programs.

The following appropriations have been appropriated:

Sections	Total Amount Appropriated
Quick Action Closing Fund	\$50,000,000 *\$30,000,000 Rainy Day Fund- Act 1123/SB 552 (July 1, 2017 or before)
Workforce Training Incentive	\$3,000,000
Amendment 82 Bond Payments	\$7,000,000
General Economic Development	\$20,000,000
Economic Stimulus Activities	\$10,000,000
Business Technology Accelerator Fund	\$2,000,000 *\$2,000,000 Rainy Day Fund- Act 1123/SB 552 (July 1, 2017 or before) for business technology accelerator program

Sections	Total Amount Appropriated
State ED Strategic Plan	\$500,000
Create Rebate	\$37,500,000

Emergency Clause: Effective July 1, 2017.

12. Act 715/SB 393 (Joint Budget Committee) Reappropriate the Balances of AEDC Capital Improvement Appropriations.

There are 44 separate line-item reappropriations.

Emergency Clause: Effective July 1, 2017.

13. Act 942/SB 411 (Joint Budget Committee) Appropriation for Operating Expenses for AEDC Which Shall be Supplemental and in Addition to Those Funds Appropriated by Act 226 of 2016. Adds \$300,000 in supplemental appropriation for capital outlay.

Emergency Clause: Effective April 5, 2017.

New Task Forces

14. Act 1010/HB 2063 (Hammer) Create the Feral Hog Eradication Task Force.

Creates a fifteen (15) member Feral Hog Task Force to develop a plan, due no later than December 31, 2017, for the eradication of feral hogs. The Director of the Rural Services Division of AEDC is a member. The Task Force expires on June 30, 2018.

Effective Date: 91st day Sine Die.

15. Act 1056/SB 376 (Clark) Create the Water Provider Legislative Task Force.

The AEDC Executive Director, or designee, is one of an eighteen (18) member task force which will meet at least quarterly "to determine if water providers are providing the best service to the most people and to enhance economic development". The task force is required to compile the following:

- A. A vision report for where Arkansas should be in the future.
- B. An action report.
- C. Best practices for providing new service and any other area the task force chooses to report on.
- D. A report on all tasks completed by January 1, 2019, to be submitted to the Governor, the Executive Director of AEDC, the Arkansas State Chamber of Commerce, the Arkansas Municipal League, the Association of Arkansas Counties, water providers, and the members of the Senate Committee on City, County, and Local Affairs and the House Committee on City, County, and Local Affairs of the Ninety-Second General Assembly.

The task force expires on January 1, 2019.

Effective Date: 91st day Sine Die.

16. Act 951/SB 441 (English) Create a Legislative Task Force to Review Technical and Workforce Education Programs and Recommend Ways to Align Technical and Workforce Education Programs to Produce an Efficient, Technologically Advanced Technical and Workforce Education System.

Creates a 16-member Legislative Task Force on Workforce Education Excellence to:

- A. Review the current structure, fiscal performance, compliance, and outcomes of the state's career and technical education programs and workforce development programs.
- B. Review the current and future workforce needs of the state.
- C. Recommend strategies to meet the workforce needs of the state.
- D. Research and recommend ways to improve the delivery of career and technical education programs and workforce development programs.
- E. Research and recommend strategies to align the state's career and technical education programs and workforce development programs.
- F. Research and recommend strategies that:
 - i. Reduce skill shortages.
 - ii. Enhance the state's economic growth.
 - iii. Meet industry demands.
 - iv. Improve fiscal and operational consistency and efficiency.
 - v. Create alignment among educational and career pathways, concurrent credit opportunities, apprenticeship credits for relevant secondary and college courses, and work-based learning opportunities for students transitioning among high schools, secondary vocational area centers, apprenticeship programs, two-year state-supported institutions of higher education, and employment.
 - vi. Identify and overcome barriers.
 - vii. Provide access to high-quality, globally competitive career and technical education programs and workforce development programs.
- G. Review best practices among other states.
- H. Review regional, prioritized occupations and skills needed.
- I. Review methods to create and implement a statewide plan for promotion and recruitment of talent to opportunities in the highest priority occupations.
- J. Review ways to reduce duplication of effort and achieve alignment and collaboration.
- K. Review methods to create and adopt an interagency data and information sharing plan that includes accounting for necessary information technology infrastructure that records and makes available to all agencies the funding provided and obligated, whether federal or state funds, to support education, training, workforce development, and related equipment and infrastructure.

Timeline

- A. On or before February 1, 2018, the task force shall file a written preliminary report of their activities, findings, and recommendations.
- B. On or before September 1, 2018, the task force shall file a written, final report of their activities, findings, and recommendations.

C. The task force may file an updated final report on or before July 1, 2019.

D. The task force expires on July 1, 2019

Effective Date: 91st day Sine Die.

17. Act 595/HB 2278 (Jett) Amend the Sales Tax Exemption for Sales of Aircraft.

Allows a state sales tax exemption (§ 26-52-451(a)) to a seller located in Arkansas if the aircraft that is sold has a certified maximum take-off weight of more than nine thousand five hundred pounds (9,500 lbs.) and will be based outside of the State of Arkansas, notwithstanding the fact that possession of the aircraft may be taken in this state for the sole purpose of removing the aircraft from the state under its own power.

Emergency Clause: Effective March 23, 2017.

18. Act 734/HB 1405 (Lundstrum, et al.) Amend the Taxable Wage Base, Weekly Benefit Amount, Maximum Benefit Amount, and Certain Eligibility Requirements Under the Department of Workforce Services Law.

- A. Reduces the taxable wage base for unemployment remuneration from \$12,000 to \$10,000 for calendar years beginning after December 31, 2017.
- B. Reduces the maximum number of weeks in which benefits may accrue from 20 to 16 weeks, effective January 1, 2018.
- C. Significantly reduces benefits based upon separation payments.

Effective Date: 91st day Sine Die.

Local Economic Development

19. Act 685/SB 581 (J. Hendren, Irvin) Local Job Creation, Job Expansion, and Economic Development Act of 2017. (See also Act 686/SB 538 and Act 533/HB 1732 below.)

The key components of the act are to:

- A. Provide enabling legislation (via new Chapter 176 - § 14-176-101 et seq.) for Arkansas Constitutional Amendment 97, commonly known as Issue 3 of 2016, or SJR16 of 2015, to permit funding of local economic development projects and services.
- B. Amend the Arkansas Amendment 82 Implementation Act to incorporate Arkansas Constitutional Amendment 97's removal of the five percent (5%) cap on Amendment 82 bonds issued by the State of Arkansas. The act also incorporates the definition of "Infrastructure" (see below) into the Arkansas Amendment 82 Implementation Act's definition of "Infrastructure needs". (These changes were minor.)
 - i. Note: Arkansas Constitution Amendment 97 provides an exemption to Arkansas Constitution, Article 12, § 5, permitting any county, city, town, or other municipal corporation to obtain or appropriate money for a corporation, association, institution, or individual to finance economic development projects or provide economic development services.
- C. Authorize municipalities and counties to obtain and appropriate money for a corporation, association, institution, political subdivision of the state, the

federal government, or an individual to finance economic development projects or to provide economic development services.

- D. Define "Economic development project" as the land, buildings, furnishings, equipment, facilities, infrastructure, and improvements that are required or suitable for the development, retention, or expansion of:
 - i. Manufacturing, production, and industrial facilities.
 - ii. Research, technology, and development facilities.
 - iii. Recycling facilities.
 - iv. Distribution centers.
 - v. Call centers.
 - vi. Warehouse facilities.
 - vii. Job training facilities.
 - viii. Regional or national corporate headquarters facilities.
- E. Define "Infrastructure" as:
 - i. Land acquisition.
 - ii. Site preparation.
 - iii. Road and highway improvements.
 - iv. Rail spur, railroad, and railport construction.
 - v. Water service.
 - vi. Wastewater treatment.
 - vii. Employee training, which may include equipment for employee training.
 - viii. Environmental mitigation or reclamation.
- F. Specify that contracts for economic development projects must:
 - i. (For projects where total appropriations exceed \$100,000) have an economic impact and cost-benefit analysis of the project reviewed and approved by the governing body. Such analysis must be an economic analysis created with an economic modeling software program or industry-recognized software program that measures the anticipated local or regional economic benefits of an economic development project against the costs of the incentive proposal of the economic development project and prepared by a nationally or regionally recognized independent economic forecasting firm or an Arkansas-based four-year institution of higher education with an active economic research or analysis department.
 - ii. Follow applicable bidding, procurement, and professional services procedures.
 - iii. Be in writing.
 - iv. Be approved by the governing body by resolution or ordinance.
 - v. Not exceed one (1) year in length (unless specifically stated by the governing body under specific circumstances, subject to annual renewal by vote of the governing body).
 - vi. State a proper public purpose.

- vii. Articulate specific criteria to measure the progress toward, or achievement of, the stated public purpose.
 - viii. Contain recapture provisions (see § 14-176-104(b)(7)).
 - ix. Be monitored via quarterly progress reports.
- G. Define "Economic development service" as:
 - i. Planning, marketing, and strategic advice and counsel regarding job recruitment, job development, job retention, and job expansion.
 - ii. Supervision and operation of industrial parks or other such properties.
 - iii. Negotiation of contracts for the sale or lease of industrial parks or other such properties.
- H. Contracts for economic development services must:
 - i. Follow applicable bidding, procurement, and professional services procedures.
 - ii. Be in writing.
 - iii. Be approved by the governing body by resolution or ordinance.
 - iv. Not exceed one (1) year in length unless specifically stated by the governing body under specific circumstances, subject to annual renewal by vote of the governing body.
 - v. State a proper public purpose.
 - vi. Articulate specific criteria to measure the progress toward, or achievement of, the stated public purpose.
 - vii. Be monitored via quarterly progress reports.
- I. Establish budget parameters:
 - i. Appropriations for projects by a governing body under § 14-176-101 et seq. shall not exceed, in a fiscal year, five percent (5%) of the municipality's or county's unobligated general revenue and reserves of the previous fiscal year, without regard to the number of economic development projects.
 - ii. If a governing body chooses to participate in an economic development project that exceeds the five percent (5%) level in a fiscal year, the governing body shall secure a financial forecast and then determine whether the municipality or county will participate in the economic development project or projects. (Must be done each time the five percent (5%) level is exceeded.)
 - iii. However, the use of the whole or partial amount of revenue specifically dedicated by law, ordinance, or resolution and public vote for economic development for the purposes in this chapter are excluded from the restrictions and limitations of this section.
- J. Other key considerations:
 - i. Freedom of Information Act (FOIA) exemptions for economic development project contracts include:

- a. Files and materials that if disclosed would give advantage to the competitors or bidders.
 - b. Records maintained by the municipality or county related to an economic development project's:
 - i. Planning.
 - ii. Site location.
 - iii. Expansion.
 - iv. Operations.
 - v. Product development and marketing.
- ii. FOIA exemptions for economic development services contracts include:
 - a. Files and materials that if disclosed would give advantage to the competitors or bidders.
 - b. Records maintained by an economic development service provider for a municipality or county related to any economic development project.
- iii. This act does not affect the tax exempt status of the state or any municipality or country engaged in work under this act.
- iv. A singular entity may be engaged to administer both economic development projects and economic development services.
- v. The act does not prohibit or restrict the use of funding economic development projects through the proceeds of Amendment 65 revenue bonds or Amendment 62 capital improvement or economic development bonds.
- vi. The uses of federal and state grant funds are excluded from the restrictions and limitations of the act.
- vii. The use of Interlocal agreements under the Interlocal Cooperation Act § 25-20-101 et seq., is excluded from the restrictions and limitations of the act.
- viii. Economic development projects that are underway on January 1, 2017, are exempt from the restrictions and limitations of this act.

Effective Date: 91st day Sine Die.

20. Act 686/SB 538 (Maloch) Amend the Law Concerning Economic Development Taxes and Public Corporations for Economic Development; Implement Arkansas Constitution, Amendment 97; Amend the Provisions Concerning Economic Development Taxes to Provide for Uses of Economic Development Taxes; and Amend the Public Corporations for Economic Development Act to Provide for the Use of Economic Development Taxes.

Act 686 of 2017 enhances the scope by which economic development taxes levied under § 14-174-101 et seq., may be used for "economic development projects" and "economic development services" by adding those definitions, as defined by Arkansas Constitution Amendment 97 (see Act 685 of 2017 above), to § 14-174-105. Act 686 of 2017 also specifies that tax revenue can be used to obtain or appropriate money for a *corporation, association, institution, or individual* to finance economic development projects and economic development services as defined and as a pledge to secure the issuance of

bonds under the Local Government Bond Act of 1985, § 14-164-301 et seq., by a municipality, a county, or a corporation organized under the Public Corporations for Economic Development Act, § 14-175-101 et seq. Finally, Act 686 of 2017 specifies that public corporations for economic development may contract for “economic development projects” or “economic development services” and may utilize economic development taxes levied under § 14-174-103 to do so.

Emergency Clause: Effective March 27, 2017.

21. Act 533/HB 1732 (Shepherd) Amend the Local Government Bond Act of 1985;

Implement Amendment 97 as it Relates to the Local Government Bond Act.

Applies definitions from Arkansas Constitution, Amendment 97 regarding “Economic development projects” and “Infrastructure” to the Local Government Bond Act of 1985, codified at § 14-164-301, et seq. (The Local Government Bond Act – Amendment 62 – allows county and municipal governments the authority to create bonded indebtedness for capital improvements of a public nature and the financing of economic development projects.)

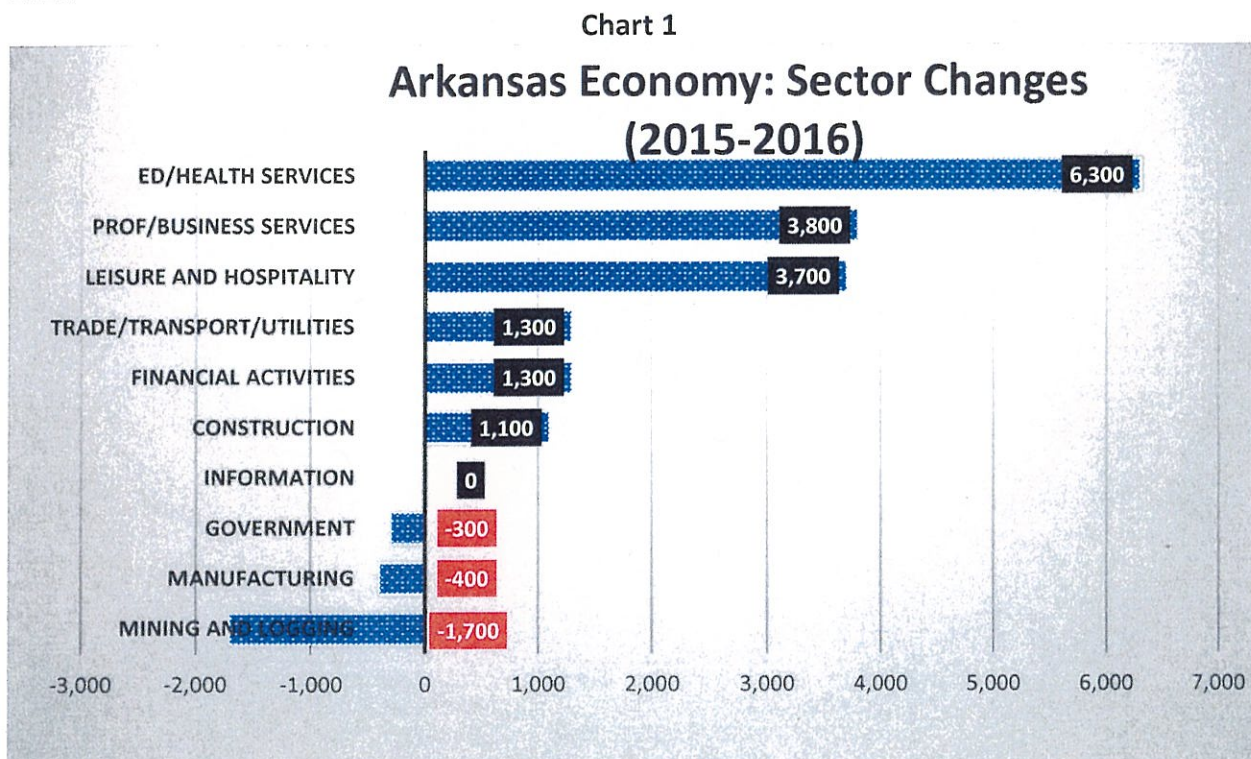
- A. "Economic development projects" means the land, buildings, furnishings, equipment, facilities, infrastructure, and improvements that are required or suitable for the development, retention, or expansion of:
 - i. Manufacturing, production, and industrial facilities.
 - ii. Research, technology, and development facilities.
 - iii. Recycling facilities.
 - iv. Distribution centers.
 - v. Call centers.
 - vi. Warehouse facilities.
 - vii. Job training facilities.
 - viii. Regional or national corporate headquarters facilities.
- B. "Infrastructure" means:
 - i. Land acquisition.
 - ii. Site preparation.
 - iii. Road and highway improvements.
 - iv. Rail spur, railroad, and railport construction.
 - v. Water service.
 - vi. Wastewater treatment.
 - vii. Employee training, which may include equipment for such purpose.
 - viii. Environmental mitigation or reclamation.

Effective Date: 91st day Sine Die.

Part 3. AN ACCOUNTING OF MAJOR FACTORY AND PLANT CLOSURES

Overall, Arkansas’s labor force increased by 10,112 from 1,332,579 in 2015 to 1,342,691 in 2016. Among nonfarm payroll jobs* the education/health services; professional/business services; leisure and hospitality; trade, transportation and utilities; financial activities; and construction sectors grew. Employment losses occurred in the government; manufacturing, and mining and

logging sectors. Employment in the information sector remained steady. Chart 1 below shows employment growth/decline by major sector. Table 8 lists factory and plant closures during 2016.



**Sources: (Sector Employment) Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, <http://www.bls.gov/sae/> and (Labor Force) Local Area Unemployment Statistics <http://www.bls.gov/lau/data.htm>*

Table 8
Major Factory and Plant (Manufacturing) Closures During 2016

a. Location City	b. Number of Jobs Lost	c. Reason for Closure
Searcy	45	Corporate decision to move production to another US-based facility.
Bentonville	4	Corporate decision to move production to another US-based facility.
Paris	14	Consolidating operations in another state.
Warren	200	Consolidating operations into another in-state facility.
Newark	8	Downturn in industry.
Osceola	49	Decrease in production; moving production to another state and Mexico.
Russellville	71	Unfavorable market conditions.
Morrilton	150	Loss of service contracts.

Part 4. STRATEGIES AND RECOMMENDATIONS FOR THE CURRENT YEAR

a. Plans for preventing closures and job loss

The AEDC recognizes that the key to preventing business closures is to ensure companies' competitive advantages. While there are many economic factors such as global competition, recessions, and corporate restructuring that cannot be influenced by AEDC, there are other issues such as technical and operational expertise, training, financial assistance, and finding suppliers and markets for which AEDC can assist businesses. The best defense against closure and job loss is a strategic offense that addresses the issues related to company productivity and profitability.

Knowledge about workforce, products, markets, suppliers and supply chains is critical to our ability to understand the health and growth potential of our industries. The AEDC Existing Business Resource Division (EBRD) works closely with existing employers and their representatives to stimulate job retention and expansion.

Key objectives of the EBRD include: leveraging staff expertise and resources to enhance profitability and productivity of clustered industries (e.g., "Supply Chain Symposiums"); aligning existing business efforts with AEDC Business Development recruitment targets and, operating more efficiently and effectively by developing programs and alliances with multiple companies simultaneously (e.g. Arkansas Aerospace Alliance).

Comprehensive EBRD programming includes:

- Total Quality Management
 - Partnership with the Arkansas Institute for Performance Excellence
- Market Development (Business-to-Business Workshops)
 - Aerospace Summit annual business-to-business event
- Utilization of the Arkansas Career Readiness Certification Process
 - Partnership with the Arkansas Department of Workforce Services

The Arkansas Manufacturing Extension Partnership (Arkansas Manufacturing Solutions) provides companies with access to professional field engineers who have the training and expertise to help companies grow. Areas that Arkansas Manufacturing Solutions can assist companies with include:

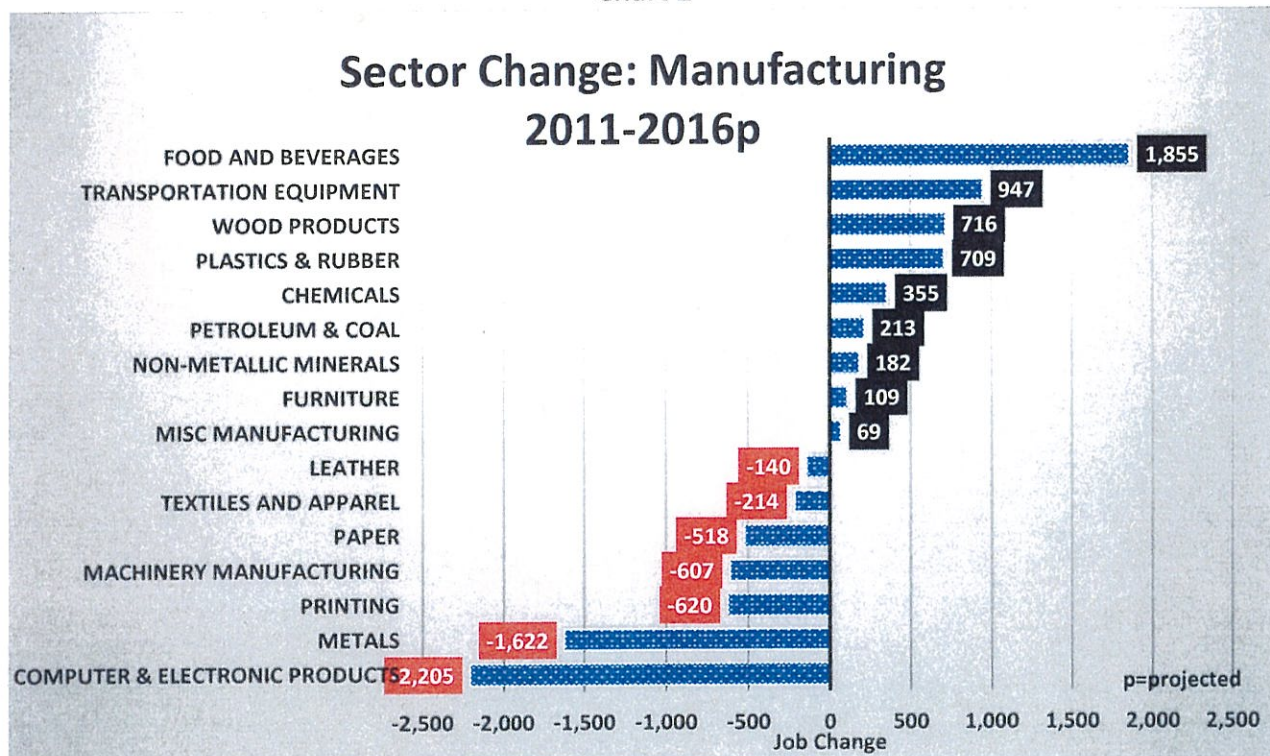
- Expansion
- Growth and Innovation
- Operational Excellence
- Product Development
- Sustainability
- Transformational Management
- Workforce Improvement

Act 892 of 2015 created a structure for a Statewide Workforce Development System. An EBRD representative is part of a three agency team that reviews each training application submitted by Arkansas companies. During 2016, the AEDC assisted 11 different companies by providing training to 807 workers.

b. Assessment of the relative risk of losing factories, plants, and jobs

Between 2011 and 2016*, Arkansas lost 4,565 private sector manufacturing jobs. However, since 2013, the number of manufacturing jobs in Arkansas has increased by 2,222.

Chart 2



*Source: Bureau of Labor Statistics, 2011-2016^p (preliminary) private sector Quarterly Census of Employment and Wages, 7 June 2017, <http://data.bls.gov/pdq/querytool.jsp?survey=en>

As Table 9 below illustrates, the magnitude of manufacturing change between 2011 and 2016 has differed among industries. Arkansas has fared better than many other Southern states; noting manufacturing gains in food and beverages, transportation equipment, wood products, plastics and rubber, chemicals, petroleum and coal, non-metallic minerals, furniture, and miscellaneous manufacturing. However, several key industries, including leather, textiles and apparel, paper, machinery manufacturing, printing, metals, and computer and electronic equipment were significantly changed by persistent job losses.

Table 9
Arkansas Manufacturing Transitions: 2011-2016^P

Arkansas Manufacturing Transitions: 2011-2019		
Growth	Small to Moderate Decline (-0.1%-10%)	Large Decline (-10%+)
Petroleum & Coal (+22.5%)	Paper (-5.1%)	Leather (-10.7%)
Wood Products (+8.2%)	Machinery Manufacturing (-5.3%)	Printing (-13.5%)
Chemicals (+7.6%)	Metals (-6.6%)	Computers and Electronic Products (-23.5%)
Transportation Equipment (+7.5%)	Textiles and Apparel (-9.9%)	
Plastics and Rubber (+6.9%)		
Non-Metallic Minerals (+5.3%)		
Food and Beverages (+4.2%)		
Furniture (+3.3%)		
Miscellaneous Manufacturing (+2.1%)		

**Source: Bureau of Labor Statistics, 2011-2016p (preliminary) private sector Quarterly Census of Employment and Wages, 7 June 2017, <http://data.bls.gov/pdq/querytool.jsp?survey=en>*

Below is a summary of manufacturing sector job losses by percentage.

Computers and Electronic Products: (2011-2016 net loss 2,205/-23.5%) Most job losses have occurred in the consumer electronics, electronic assembly, and electric tool sectors due to foreign imports. Job losses have stabilized recently for electronic motors and computer components. Some growth has occurred in electric cables, switching, and hardware.

Printing: (2011-2016 net loss 620/-13.5%) Three key business closures have accounted for significant job losses since 2013. The AEDC has recorded only one expansion project, in flexographic printing, in the last five years. Short-term growth in this sector is not expected at this time.

Leather: (2011-2016 net loss 140/-10.7%) Three closures and one significant layoff have resulted in most jobs lost since 2011. Predominantly comprised of shoe manufacturing, the leather industry in Arkansas has suffered significant downsizing and is not anticipated to grow in the short term.

Textiles and Apparel: (2011-2016 net loss 214/-9.9%) About one-half of job losses have occurred due to two closures while attrition comprises the balance. There has been growth in the manufacturing of nonwoven products and hosiery and the recent announcements by Chinese apparel companies provide opportunities for industry resurgence. If on-shoring trends continue, net job gains could accrue in the next few years.

Metals: (2011-2016 net loss 1,622/-6.6%) Most significant job losses have occurred in the fabricated metals sector while primary metals continues to increase, especially in northeast Arkansas. The future

addition of more than 500 jobs by Big River Steel and their suppliers, coupled with growth in die castings, aluminum, and structural steel should add considerable high-wage employment opportunities in primary metals. Fabricated metals, especially in steel pipe, valves, and arms/ammunition are growth targets that are currently experiencing job growth.

Machinery Manufacturing: (2011-2016 net loss 607/-5.3%) Most job losses have occurred in HVAC equipment manufacturing. Losses have been offset by growth in outdoor equipment, construction equipment, and conveyors. As employment of recent announcements ramps up, slight growth may occur in the next year or two.

Paper: (2011-2016 net loss 518/-5.1%) Paperless technology continues to result in paper employment losses throughout Arkansas. However, recent announcements by companies such as Sun Paper and Glatfelter, plus expansions of paperboard facilities could buoy future employment.

c. Plans for increasing the number of economic development proposals

Marketing and Communications

The AEDC Marketing and Communications Division promotes Arkansas and its businesses and industries through advertising and public relations, promotional materials, special events, and AEDC's web site. It also develops and produces various internal and external communications, including newsletters, press releases, reports and other collateral pieces. Marketing and Communications handles all news media inquiries on a daily basis and coordinates the gathering of information and responses to Freedom of Information (FOI) requests.

Specific communications activities occurring since January 1, 2016 include:

- Drafted and distributed 62 news releases about economic development activity and AEDC initiatives in Arkansas.
- Coordinated all aspects of 22 job creation announcements throughout the state. This included media notification, development of agendas, creating briefing information, drafting and distributing news releases, logistics coordination, etc. Worked closely with AEDC's advertising agencies on media outreach projects including production of several videos highlighting major economic development announcements.
- Wrote several Arkansas feature editorials for trade publications such as *Area Development* and *Trade and Industry Development* magazines.
- Responded to numerous daily media inquiries. Worked closely with each AEDC Division to provide accurate, timely information to members of the media.
- Worked with Arkansas Manufacturing Solutions and Rural Services, divisions of AEDC, on media outreach for their initiatives and the 2016 Rural Services Conference.
- Worked with AEDC's Small and Minority Business Division to promote AEDC's Small and Minority Business Directory, the Minority Business Enterprise Certification Program, and the 2016 Minority Business Matchmaker Event.

- Worked with AEDC's Division of Science and Technology on media outreach to promote the EPSCoR program.
- Fulfilled 12 Freedom of Information Act requests from media and citizens.
- Planned and launched digital marketing campaigns in support of professional events including:
 - Site Selectors Guild Forums
 - Hannover Messe Tradeshow
 - Farnborough Air Show
 - IAMC Forums
 - SHOT Show
 - Walmart Manufacturing Summit
 - Area Development Forum
 - Select USA.
- Planned and launched digital marketing campaigns in support of targeted industry initiatives, including aerospace, technology, and timber/forestry.
- Planned and launched three other digital marketing campaigns, including support for the 2016 Republican National Convention, Issue 3, and the ongoing "Good Company" brand campaign.
- Developed and launched lead generation tools via Pardot landing pages.
- Distributed 11 AEDC monthly email newsletters to more than 1,900 recipients.
- Created a new AEDC blog, and posted 21 blog entries from a variety of internal and external writers.
- Implemented search engine optimization (SEO) best practices that resulted in increased website traffic to arkansasedc.com from organic search of more than 40%.
- Increased overall website traffic to arkansasedc.com by more than 95%.
- Helped recruit more than 40 companies to join artechjobs.com, including Walmart, Acxiom, JB Hunt, Windstream, FIS and several Arkansas startup companies.
- Launched the new Arkansas Inc. brand campaign.
- Assisted the Business Development division with networking events in which AEDC leadership and economic developers from around the state furthered relationships with site location consultants.
- Assisted the Arkansas Film Office with promotion and screen hosting of God's Not Dead 2 and the Czech Film Festival.
- Placed media buys which included a mix of print and digital ads in state publications including Arkansas Business, Talk Business, and Arkansas Money and Politics.
- Collaborated with VisionFirst Advisors to craft and develop a strategic plan.

Expanding Knowledge-Based Entrepreneurship

The AEDC continues to work with multifaceted partners in a variety of programs to encourage entrepreneurship at all levels. Engaging students' entrepreneurial skills early through programs such as the **Youth Entrepreneurship Showcase (YES)** and **Environmental and Spatial Technologies (EAST)** have encouraged students to develop viable ideas into workable concepts/plans (YES) and student-driven service projects (EAST). Ongoing initiatives such as the **Donald W. Reynolds Governor's Cup**, a tri-state undergraduate and graduate business plan competition begun in Arkansas, have nurtured student teams to win national business plan competitions and incorporate their ideas into products and services.

Entrepreneurship is also being enhanced through post-secondary educational and private business research. To enhance coordination of these efforts, the **Arkansas Research Alliance**, a private, non-profit collaborative of Arkansas universities, businesses and government was established in January 2009 to guide the focus of research initiatives in Arkansas.

Turning entrepreneurs' ideas into viable products and services was the idea behind Innovate Arkansas, a program of the AEDC and Winrock International that works with technology-based entrepreneurs at any stage to turn inventions and high-tech concepts into viable businesses.

Since inception in 2008 and through March 2017, Innovate Arkansas has assisted over 525 companies to create more than 700 jobs with average annual salaries of more than \$50,000 per year. Additionally, it has helped raise more than \$325 million in capital for its client companies and helped establish five of the state's six private venture capital funds. Innovate Arkansas clients have received \$262,700,884 from private investment funds, and during that same period, Innovate Arkansas companies have generated \$330,063,814 in new operating revenues. As a result, Innovate Arkansas has leveraged a return to the state's overall economy of \$42.87 for every dollar spent.

Global Business Recruitment

Ten (10) of the 87 projects that signed financial assistance agreements with AEDC in 2016 were by foreign-owned corporations. Cumulatively, these projects propose the creation of 175 jobs. Additionally, during 2016, the AEDC fostered international trade and investment through the following activities:

Table 10
2016 International-Related Activities Attended and/or Conducted

Event	Timeframe	Location	Type of Activity
JETRO US Business Seminar	February 1, 2016	Tokyo, Japan	Event/Proactive
Select USA Roadshow	February 2-4, 2016	Osaka, Nagoya, Tokyo, and Fukuoka, Japan	Event/Proactive
US Embassy Food Industry Business Development Seminar	February 19, 2016	Kobe, Japan	Event/Proactive
Visit to Consulates in Houston	February 22-24, 2016	Houston, TX	Event
Transatlantic Investment Forum	March 3, 2016	Berlin, Germany	Event (Sponsorship)
Invest in America Summit	March 12, 2016	Shanghai, China	Event/Proactive

Event	Timeframe	Location	Type of Activity
Hyogo Prefecture Global Business Seminar	March 17, 2016	Kobe, Japan	Event/Proactive
Vietnam Dong Nai Province Delegation Visit & Seminar	April 11, 2016	Osaka, Japan	Event/Proactive
75th China Medical Equipment Fair	April 19, 2016	Shanghai, China	Event/Proactive
AEDC Investment Mission Hannover Messe	April 22-30, 2016	Hannover & Berlin, Germany	Trade Show/Proactive
Japan DIY Industry Association Leadership Meeting	May 18, 2016	Tokyo	Event/Proactive
Invest USA	May 26, 2016	Ningbo, Zhejiang Province	Event/Proactive
Verein Berliner Kaufleute und Industrieller (VBKI) Event	May 26, 2016	Berlin, Germany	Event
Berlin Air Show	June 2, 2016	Berlin, Germany	Trade Show
"Go Overseas" Entrepreneur Seminar	June 3, 2016	Suzhou, Jiangsu Province, China	Event/Proactive
Jiangsu-US States Economic and Cultural Cooperation Symposium	June 13, 2016	Nanjing, Jiangsu Province, China	Event/Proactive
U of A Economics Program Japan Visit & Presentation	June 13, 2016	Tokyo	Event
German-American Business Forum	June 16, 2016	Frankfurt, Germany	Event
SelectUSA Summit	June 19-21, 2016	Washington, D.C.	Event/Proactive
Visit to Selected Embassies	June 21-22, 2016	Washington, D.C.	Event
Healthplex Expo	June 21, 2016	Shanghai, China	Event/Proactive
4 th of July US Embassy Reception	July 1, 2016	Berlin, Germany	Event
Governor's Mission to Europe – Farnborough International Air Show; Company Meetings; Arkansas US Embassy Reception (Germany), Official Opening of the Berlin Office	July 8–14, 2016	United Kingdom and Germany	Event/Prospects/Proactive
"China US Academic Technology Transfer and Innovation Cooperation" Conference	July 10, 2016	Suzhou, Jiangsu Province, China	Event/Proactive
WTC Tokyo Global Economic Seminar	July 17, 2016	Tokyo, Japan	Event/Proactive
Vietnam Business Seminar	July 26, 2016	Osaka, Japan	Event/Proactive
Union of Kansai Governments Meeting	August 4, 2016	Osaka, Japan	Event

Event	Timeframe	Location	Type of Activity
Arkansas Roadshow – Meetings with Local Chambers of Commerce and Companies	August 1-6, 2016	Bavaria and Baden-Württemberg, Germany	Proactive
Prospect Meeting	August 16, 2016	Berlin, Germany	Prospect
Recruiting Trip	August 22-23, 2016	Weifang/Jinan, Shandong Province, China	Prospect
Prospect Meeting	August 25-26, 2016	Ulm, Germany	Prospect
United Kingdom Investment Roadshow with Arkansas Presentations, Company Meetings	September 12-17, 2016	Birmingham, Manchester, Liverpool, Leeds and Glasgow, all United Kingdom	Event/Proactive
The 4th China High-Tech and Science Expo in Mianyang	September 20-22, 2016	Mianyang, Sichuan Province, China	Event/Proactive
Southeast US-Japan Association Conference	September 20-22, 2016	Tokyo, Japan	Conference
Mayor Stodola and Little Rock Delegation's Visit	September 23-24, 2016	Jining, Shandong Province, China	Culture & Business/Proactive
North Rhine-Westphalia Foreign Trade Day, Company Meetings, Roedl & Partner Reception Bielefeld	September 28-29, 2016	Bielefeld, Germany	Event/Proactive
US Commercial Service in South Korea meeting	October 4, 2016	Seoul, South Korea	Event/Proactive
AMCHAM Korea President meeting	October 5, 2016	Seoul, South Korea	Meeting
Governor Hutchinson's Mission to China	October 17-21, 2016	Shanghai, Suzhou, Jinan, Jining, Beijing, China	Proactive
International Suppliers Fair Wolfsburg; Company Meetings	October 19, 2016	Wolfsburg, Germany	Trade Show/Proactive
K-Show (Plastics and Rubber), SelectUSA Investment Event with AR Presentation, Company Meetings	October 20-21, 2016	Düsseldorf, Germany	Trade Show/Event/Proactive
Union of Kansai Governments Policy Panel Event	October 26, 2016	Osaka, Japan	Event
EuroBelch; Company Meetings	October 27-28, 2016	Hannover, Germany	Trade Show/Proactive
Prospect Meeting	November 3-4, 2016	Prague, Czech Republic	Prospect/Proactive
Keidanren Presentation	November 8, 2016	Tokyo, Japan	Event

Event	Timeframe	Location	Type of Activity
German Council on Foreign Relations Event	November 9, 2016	Berlin, Germany	Event/Proactive
AmCham Germany Transatlantic Business Conference	November 9-11, 2016	Frankfurt, Germany	Event (Sponsorship)/Proactive
Invest USA	November 15, 2016	Wuhan, Hubei Province, China	Event/Proactive
"Two-Way Street: 25 Years of US-China Direct Investment" Seminar	November 17, 2016	Shanghai, China	Event/Proactive
Prospect Meeting	November 17-18, 2016	Einbeck, Germany	Prospect
Meetings with Chambers of Commerce	November 23-24, 2016	Düsseldorf and Hannover, both Germany	Proactive
US Department of Commerce & JETRO North American SME Business Seminar & Forum	December 2, 2016	Tokyo	Event/Proactive
Hamburg Aviation Forum	December 5-6, 2016	Hamburg, Germany	Event/Proactive
Grey Construction European Networking Event	December 12-13, 2016	Munich, Germany	Event/Proactive
2017 Industry Summit	December 14-15, 2016	Chengdu, Sichuan Province, China	Event/Proactive
Cologne US Investment Promotion Event and Arlanxeo Meeting	December 15-16, 2016	Cologne, Germany	Event/Proactive/Prospect

d. Plans for creating new initiatives/incentives

AEDC's Strategies and Recommendations for the Next Legislative Session

While not fully vetted with the Governor's Office or the Department of Finance and Administration, AEDC is considering the following legislative initiatives for introduction at the 2019 Regular Session of the Arkansas General Assembly:

1. Sustain funding for AEDC programs including the Quick Action Closing Fund, Create Rebate, the Military Affairs Grant Program; grant programs of the Division of Science and Technology and Rural Services; and tax incentive programs.
2. Improve business competitiveness through legislative and Governor's initiatives to reduce, eliminate, and streamline taxes; reduce burdensome regulations; and stimulate statewide business formation.
3. Support enhanced workforce development programs, systems, and funding.
4. Product development focused on proactive, targeted marketing, lead development and business recruitment.

5. Identify and increase the inventory of available buildings, sites, and programs to augment job creation, attraction, retention, and expansion strategies.
6. Assist the legislature with strengthening existing economic development legislation, repealing outdated and unused incentive programs, and developing new tools to effectuate economic development.
7. Secure funding for the Governor's Blue Ribbon Commission on Computer Analytics and Data Science.

Part 5. DIRECTOR'S ASSESSMENT OF THE DEPARTMENT'S PERFORMANCE

a. Comparison of the Department's performance over the past two years

Table 11
2015-2016 Job Opportunities from Signed Incentive Agreements: New and Expanded Year-End Results

<i>Year</i>	<i>Type</i>	<i>Projects</i>	<i>Jobs</i>	<i>Total Investment</i>	<i>Average Hourly Wage</i>	<i>Cost Benefit Ratio</i>
2015	New	14	664	\$107,064,957	\$24.40	4.00
	Expanded	103	4,289	\$1,968,175,510	\$19.03	
	Total	117	4,953	\$2,075,240,467	\$19.75	
2016	New	19	849	\$294,541,234	\$18.70	
	Expanded	65	3,056	\$1,162,615,614	\$21.28	
	Retention	3	450	\$150,000,000	\$28.10	
	Total	87	4,355	\$1,607,156,848	\$21.48	*5.11

** a cost benefit ratio of 5.11 means that, over a ten-year period, the state will get back, in taxes, \$5.11 for each dollar of incentives used for job creation projects.*

Table 12
2015-2016 Arkansas Job Creation and Job Loss Comparison

Jobs from Signed Incentives Agreements with AEDC Involvement - AEDC Eligible Businesses Only*	9,308
Jobs Lost Due to Layoffs/Closures – AEDC Eligible Businesses only*	4,424
Net Gain (+) / Loss (-) AEDC Eligible Businesses	+4,884
<i>Above data from Arkansas Department of Workforce Services Dislocated Worker Task Force and AEDC New & Expanded Database. *Does not include retail, health, trucking, banking, etc.</i>	

Table 13
2015–2017 Year-to-Date Unemployment Comparison

	AR Unemp Rate	US Unemp Rate
2015 annual average unemployment rate	5.1%	5.3%
2016 annual average unemployment rate	4.0%	4.9%
Current Month (May 2017) seasonally adjusted	3.4%	4.3%
<i>Sources: Arkansas Department of Workforce Services, Unemployment Rates and Labor Force Statistics, annual rates are not seasonally adjusted.</i>		

b. Comparison of actual performance to projections

Table 14
2017 Year-to-Date* Job Creation/Closures

<i>Job Creation</i>	<i>Jobs</i>	<i>Total Investment</i>	<i>Average Hourly Wage</i>
2017 Year-to-Date Signed Incentive Agreements*	1,565	\$2,773,858,711	\$25.02

2017 Year-to-Date* Non-Retail/Non-Service Closures

<i>Job Closures</i>	<i>Companies</i>	<i>Jobs</i>
2017 Year-to-Date	11	1,169

*Through June 30, 2017.

**These projects will likely be reported in 2017.

c. Arkansas's economic performance compared to neighboring states

Gross Domestic Product by State

Gross Domestic Product (GDP) by State is the market value of goods and services produced by labor and property located within a state. It also includes transfer payments from businesses and governments computed as income. Because labor and property vary among states, GDP by State is more usefully compared among states by calculating GDP per capita to adjust for population.

Table 15
2016 Per Capita Real GDP by State: Arkansas and Surrounding States

<i>State</i>	<i>2016 GDP Per Capita*</i>	<i>National Rank</i>
United States	\$50,577	--
Texas	\$53,795	13
Oklahoma	\$44,623	31
Louisiana	\$43,917	34
Missouri	\$43,317	37
Tennessee	\$43,267	38
Arkansas	\$36,368	47
Mississippi	\$31,881	50

*In chained 2009 dollars. Source: Gross Domestic Product by State, Bureau of Economic Analysis, 2016 Per Capita Real GDP by State,

<https://www.bea.gov/itable/itable.cfm?ReqID=70&step=1#reqid=70&step=10&isuri=1&7003=1000&7035=-1&7004=naics&7005=1&7006=xx&7036=-1&7001=11000&7002=1&7090=70&7007=2016,2013&7093=levels> , 30 May 2017.

Table 16
Percentage Change in GDP Per Capita by State (2013 to 2016)*
Arkansas and Surrounding States

<i>State</i>	<i>2013 Per Capita GDP by State</i>	<i>2016 Per Capita GDP by State</i>	<i>Percentage Change in GDP Per Capita by State (2013-2016)</i>
United States	\$48,538	\$50,577	4.2%
Tennessee	\$41,487	\$43,267	4.3%
Texas	\$52,018	\$53,795	3.4%
Oklahoma	\$43,288	\$44,623	3.1%
Missouri	\$42,487	\$43,317	2.0%
Arkansas	\$35,865	\$36,368	1.4%
Louisiana	\$43,725	\$43,917	0.4%
Mississippi	\$31,923	\$31,881	-0.1%

**In chained 2009 dollars. Source: Gross Domestic Product by State, Bureau of Economic Analysis, Per Capita Real GDP by State, <https://www.bea.gov/itable/itable.cfm?ReqID=70&step=1#reqid=70&step=10&isuri=1&7003=1000&7035=-1&7004=naics&7005=1&7006=xx&7036=-1&7001=11000&7002=1&7090=70&7007=2016,2013&7093=levels>, 30 May 2017.*

Labor Force

Table 17
Percent Labor Force Growth (2012-2016)
Arkansas and Surrounding States

<i>State</i>	<i>Percentage Labor Force Growth (2012-2016)</i>	<i>National Rank</i>
United States	2.3	--
Texas	4.6	4
Louisiana	4.2	6
Oklahoma	3.9	9
Missouri	2.2	22
Tennessee	-2.0	43
Arkansas	-2.4	44
Mississippi	-5.2	50

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, <http://data.bls.gov/pdq/querytool.jsp?survey=la> and Labor Force Statistics from the Current Population Survey, <http://www.bls.gov/cps/data.htm>, 14 June 2017.

Per Capita Personal Income

Table 18
Per Capita Personal Income Change 2014-2016
Arkansas and Surrounding States

<i>State</i>	<i>2014 Per Capita Income</i>	<i>2014 Rank</i>	<i>2015 Per Capita Income</i>	<i>2015 Rank</i>	<i>2016 Per Capita Income</i>	<i>2016 Rank</i>	<i>Change 2014-2016</i>	<i>National Rank</i>
United States	\$46,464	--	\$48,190	--	\$49,571	--	6.7%	--
Tennessee	\$40,252	38	\$42,127	35	\$43,380	37	7.8%	8
Missouri	\$41,126	33	\$42,352	34	\$43,723	33	6.3%	29
Mississippi	\$34,151	50	\$34,805	50	\$35,936	50	5.2%	36
Arkansas	\$37,581	43	\$38,257	46	\$39,345	45	4.7%	38
Texas	\$45,814	23	\$47,015	24	\$47,636	24	4.0%	44
Louisiana	\$41,821	30	\$42,963	31	\$43,487	36	4.0%	44
Oklahoma	\$45,142	25	\$45,619	27	\$45,682	28	1.2%	48

Source: US Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, State Annual Personal Income

<https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=30&isuri=1&7022=21&7023=0&7024=non-industry&7033=-1&7025=0&7026=xx&7027=2016,2015,2014&7001=421&7028=3&7031=0&7040=-1&7083=levels&7029=21&7090=70> 15 June 2017.

Unemployment Rates

Table 19
Unemployment Rate Annual Averages 2015-2016
Arkansas and Surrounding States

<i>State</i>	<i>2015 Unemployment Rate</i>	<i>2016 Unemployment Rate</i>	<i>National Rank 2016</i>
United States	5.3%	4.9%	--
Arkansas	5.1%	4.0%	14
Missouri	5.0%	4.5%	22
Texas	4.5%	4.6%	23
Tennessee	5.6%	4.8%	24
Oklahoma	4.4%	4.9%	27
Mississippi	6.4%	5.8%	44
Louisiana	6.3%	6.1%	48

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, <http://data.bls.gov/pdq/querytool.jsp?survey=la> , 15 June 2017.

Hourly Earnings

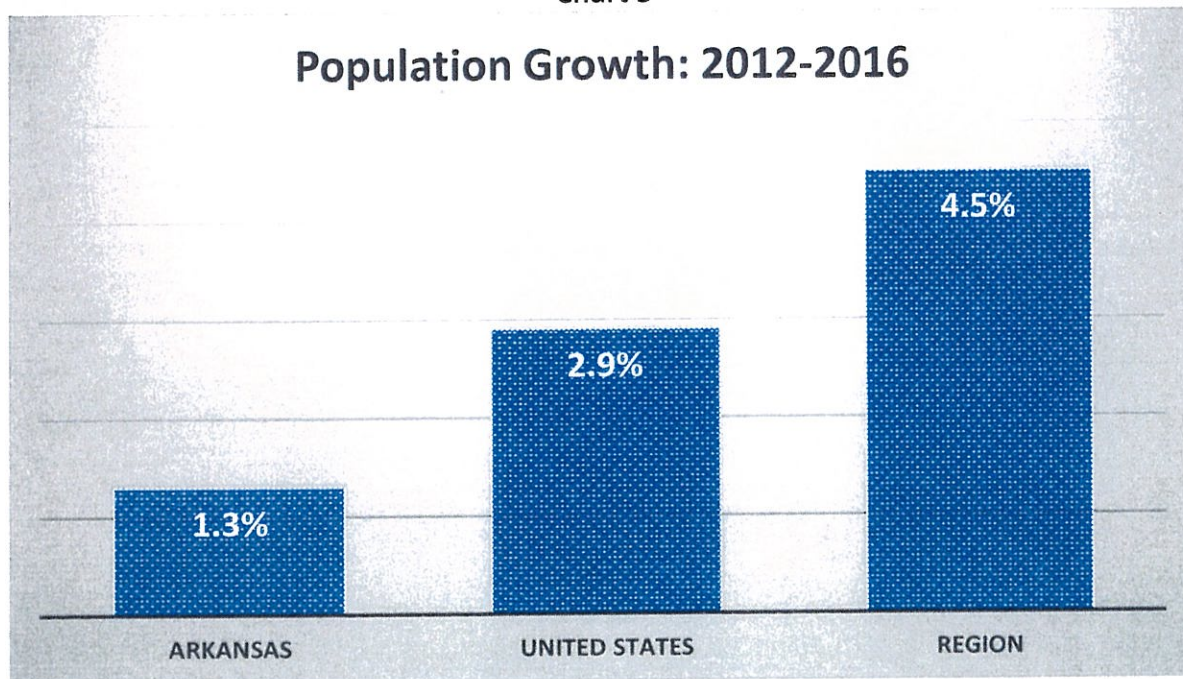
Table 20
Average Hourly Earnings of Manufacturing Production Workers (2016)
Arkansas and Surrounding States

<i>State</i>	<i>Hourly Earnings</i>	<i>National Rank</i>
United States	\$20.43	--
Texas	\$22.66	5
Louisiana	\$22.11	7
Mississippi	\$20.33	19
Missouri	\$20.26	20
Oklahoma	\$18.62	40
Tennessee	\$18.58	42
Arkansas	\$15.84	50

Source: US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2016 Annual Averages, Not Seasonally Adjusted <http://data.bls.gov> (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2016 Annual Averages, Not Seasonally Adjusted <http://www.bls.gov/data/>

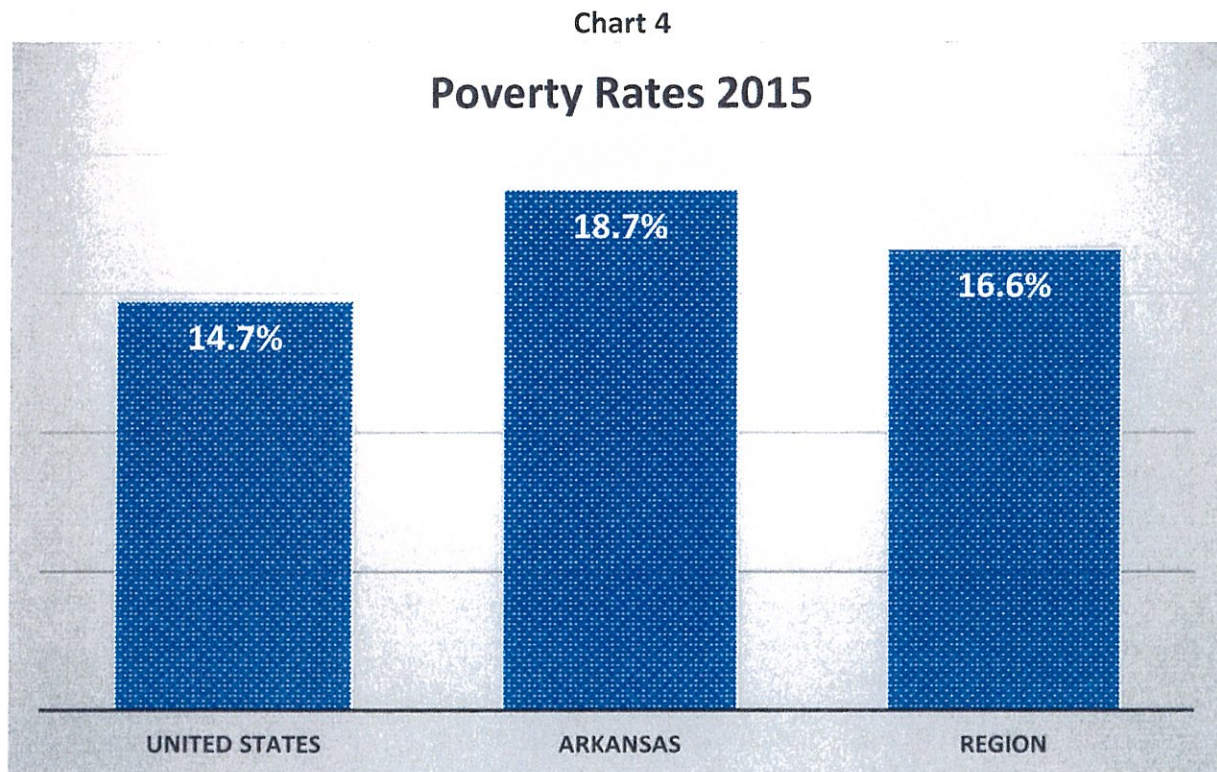
Population Growth (Region*)

Chart 3



Source: US Census Bureau, Annual Estimates of the Resident Population: April 1, 2012 to July 1, 2016, <http://www.census.gov/popest>

Poverty Rates (Region*)



**The 12-state region consists of AL, FL, GA, KY, LA, MS, MO, NC, OK, SC, TN, and TX. Regional averages are weighted averages. Source: US Census Bureau, Small Area Income and Poverty Estimates, <https://www.census.gov/did/www/saipe/data/statecounty/data/2015.html>*

Comparative State Indices

Since the inaugural Act 1282 Report in 2002, the AEDC has utilized various state indices to gauge economic competitiveness and progress of the State of Arkansas. Below, you will find several examples of indices that make comparisons among states.

Assets and Opportunity Scorecard, Published January 2016 Corporation for Enterprise Development (CFED)

The *Assets & Opportunity Scorecard* evaluates state policies and their outcomes which effect citizens' financial security and opportunities to create a more prosperous future by quantifying 130 policy and outcome measures affecting wealth, poverty and financial security. States, and the District of Columbia, are ranked by these measures within the following categories:

- Financial Assets and Income - Are there widespread opportunities for wealth creation and protection, particularly for low-income residents?
- Businesses and Jobs - Is the opportunity to grow a business or get a job that pays a sufficient wage with benefits available to all those who choose to pursue it?
- Housing and Homeownership - Is the opportunity to purchase and maintain a home available to all those who choose to pursue it?

- Health Care - Is there broad access to health insurance as protection against income interruption and asset depletion from medical bills?
- Education - Do residents have access to the education and training they need to get ahead?

Table 21 below contains individual scores for Arkansas and surrounding states for each of the above categories for policy initiatives and outcomes:

Table 21
Assets and Opportunities Scorecard
Arkansas and Surrounding States
Policy Rankings

State	Financial Assets and Income	Businesses and Jobs	Housing and Homeownership	Health Care	Education	Overall
Arkansas	20th	27th	33rd	7th	17th	20th
Oklahoma	20th	27th	33rd	20th	6th	18th
Louisiana	20th	36th	33rd	20th	17th	28th
Tennessee	49th	36th	33rd	20th	5th	40th
Texas	46th	36th	20th	20th	16th	40th
Missouri	49th	17th	41st	44th	41st	48th
Mississippi	40th	36th	50th	20th	46th	50th

Outcome Rankings

State	Financial Assets and Income	Businesses and Jobs	Housing and Homeownership	Health Care	Education	Overall
Missouri	34th	36th	22nd	25th	22nd	31st
Oklahoma	41st	16th	13th	43rd	39th	34th
Texas	43rd	33rd	16th	51st	41st	41st
Arkansas	46th	39th	14th	25th	45th	39th
Louisiana	49th	29th	40th	43rd	46th	46th
Tennessee	45th	35th	35th	39th	36th	43rd
Mississippi	51st	49th	26th	38th	50th	51st

Source: Corporation for Enterprise Development, Assets and Opportunities Scorecard,
http://assetsandopportunity.org/assets/pdf/2016_Scorecard_Report.pdf

The State Competitiveness Index 2015 (Beacon Hill Institute)

The fifteenth annual index, prepared by the Beacon Hill Institute, gauges states' economic competitiveness by ranking states according to the following eight factors: government and fiscal policy, security, infrastructure, human resources, technology, business incubation, openness and environmental policy. The Index defines competitiveness as having in-place the policies and conditions that ensure and sustain a high level of per capita personal income and its continued growth. Scores are indexed at 10.

Table 22
State Competitiveness Index
Arkansas and Surrounding States

<i>State</i>	<i>2015 Index Score</i>	<i>2015 National Rank</i>	<i>2014 National Rank</i>	<i>Change in Rank (2014-2015)</i>
Arkansas	4.1	42	46	+4
Missouri	4.86	28	31	+3
Tennessee	4.70	31	33	+2
Mississippi	2.86	50	50	-
Texas	5.81	10	9	-1
Louisiana	3.98	43	42	-1
Oklahoma	3.87	45	43	-2

Source: Beacon Hill Institute, *State Competitiveness Report 2015*,
<http://www.beaconhill.org/Compete15/Compete2015.pdf>

Among the various factors, Arkansas ranked highest in infrastructure (13th), environmental policy (14th), and business incubation (22nd). Lowest scores were in technology (49th), human resources (43rd) and openness (42nd). Arkansas's major competitive advantages and disadvantages (individual components of the eight factors above) in regard to economic development are listed below in Table 23.

Table 23
Arkansas's Competitive Advantages and Disadvantages
Beacon Hill Institute Competitiveness Index

Competitive Advantage	Rank	Competitive Disadvantage	Rank
Workers Comp Premium Rates	3	Budget Deficit as Percent of GSP	49
Average Rent of Two Bedroom Apartment	4	Science and Engineering Graduate Students per 100,000 Inhabitants	48
Percent of Labor Force Represented by Unions	7	Patents Per 100,000 Inhabitants	47
Electricity Prices per kWh	8	Crime Index	47
Cost of Labor Adjusted for Educational Attainment	8	Scientists and Engineers as a Percentage of the Labor Force	47
The BGA Integrity Index (openness and responsiveness of government)	10	Infant Mortality Rate	47
Average Travel Time to Work	12	Physicians per 100,000 inhabitants	46

America's Top States for Business 2017 (CNBC)

This index, published by CNBC, with input from a broad and diverse array of business and policy experts, official government sources, the CNBC Global CFO Council and state officials, ranks each state according to 60 measures across ten (10) broad categories which include: cost of doing business; workforce; quality of life; infrastructure; economy; education; technology and innovation; business friendliness; access to capital; and, cost of living. Arkansas's ranking of 41st was higher than Oklahoma (43rd), Louisiana (44th) and Mississippi (48th) but lower than Texas (4th), Tennessee (9th) and Missouri (22nd). Among the various factors, Arkansas rated highest in cost of living (4th), cost of doing business (7th) and infrastructure (12th) but lagged in business friendliness (39th), quality of life (47th), and technology and innovation (48th).

Rich States, Poor States ALEC-Laffer State Economic Outlook Rankings, 2017

The tenth edition of this publication ranks states according to their economic performance and economic outlook based upon fifteen state economic policies and economic variables pertaining to per capita personal income, payroll employment, various tax rates and burdens and workforce/labor costs. Arkansas fared well, ranking 23rd in economic outlook and 28th in economic performance. Arkansas's worst rankings were for: sales tax burden (48th), personal income tax progressivity (43rd), state liability system (41st), and public employees per 10,000 of population (39th). Arkansas's best rankings were right-to-work state (1st), estate/inheritance tax (1st), average workers' compensation cost (3rd) and property tax burden (3rd).

Forbes Best States for Business and Careers

This report ranks states according to six (6) categories for business, including: costs, labor supply, regulatory environment, current economic climate, growth prospects and quality of life. Arkansas's overall ranking of 34th in 2015, up five (5) places from 2014, was mixed with high rankings for business costs (5th) and regulatory climate (21st) poor rankings in labor supply (42nd) and growth prospects (48th). Texas ranked highest overall among surrounding states (4th) and Mississippi ranked lowest (48th).

2017 State Business Tax Climate

The Tax Foundation's State Business Tax Climate Index is a relative ranking of states' various taxing components (individual income, sales, corporate income, property and unemployment insurance) by a myriad of factors including base and taxing rates, applicability, complexity and adjustments/credits. States are ranked from 1 to 50 with a score of 1 reflecting the most competitive tax structure.

Table 24
State Business Tax Climate Index

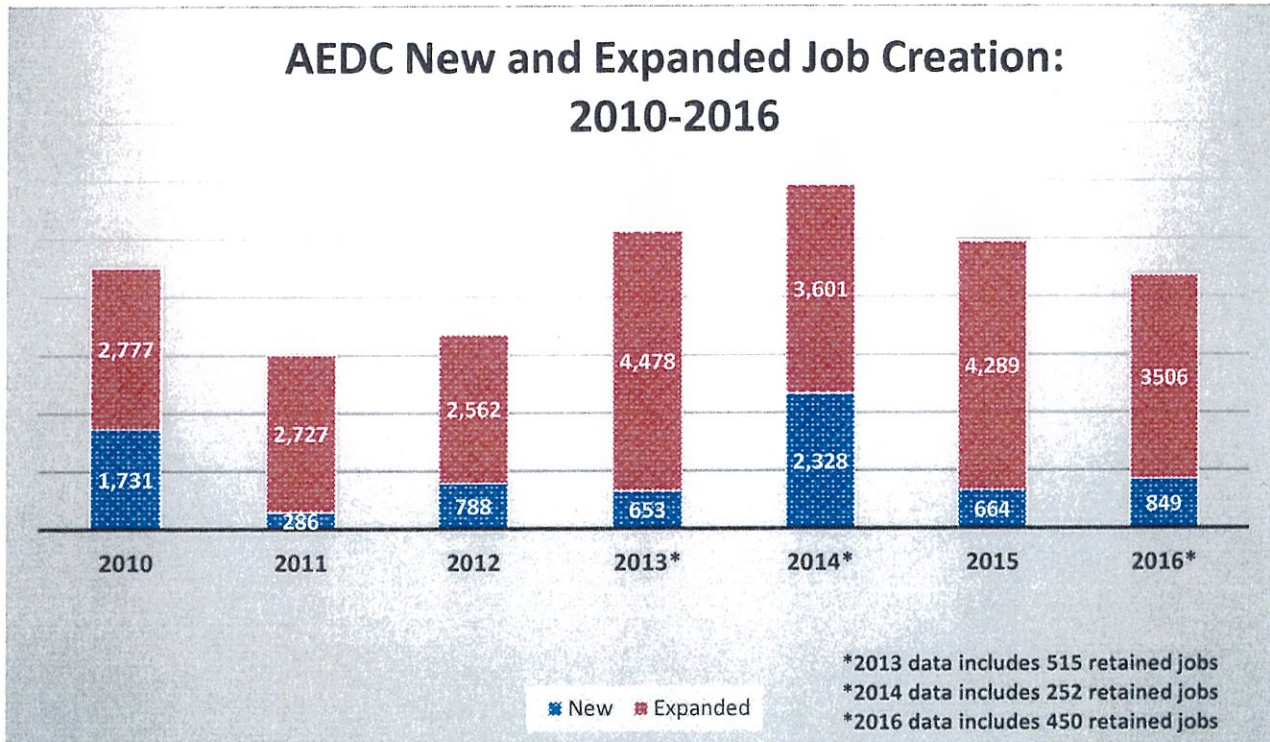
State	Corporate Tax Rate	Individual Income Tax Rate	Sales Tax Rate	Unemployment Insurance Tax Rate	Property Tax Rate	Overall Rank
Tennessee	22	8	46	23	29	13
Texas	49	6	37	12	37	14
Missouri	5	28	24	7	7	15
Mississippi	12	20	38	5	35	28
Oklahoma	9	38	36	1	12	31
Arkansas	40	29	44	30	24	38
Louisiana	36	27	50	9	30	41

d. Evaluating Arkansas's business climate in 2016

Job Creation and Wages

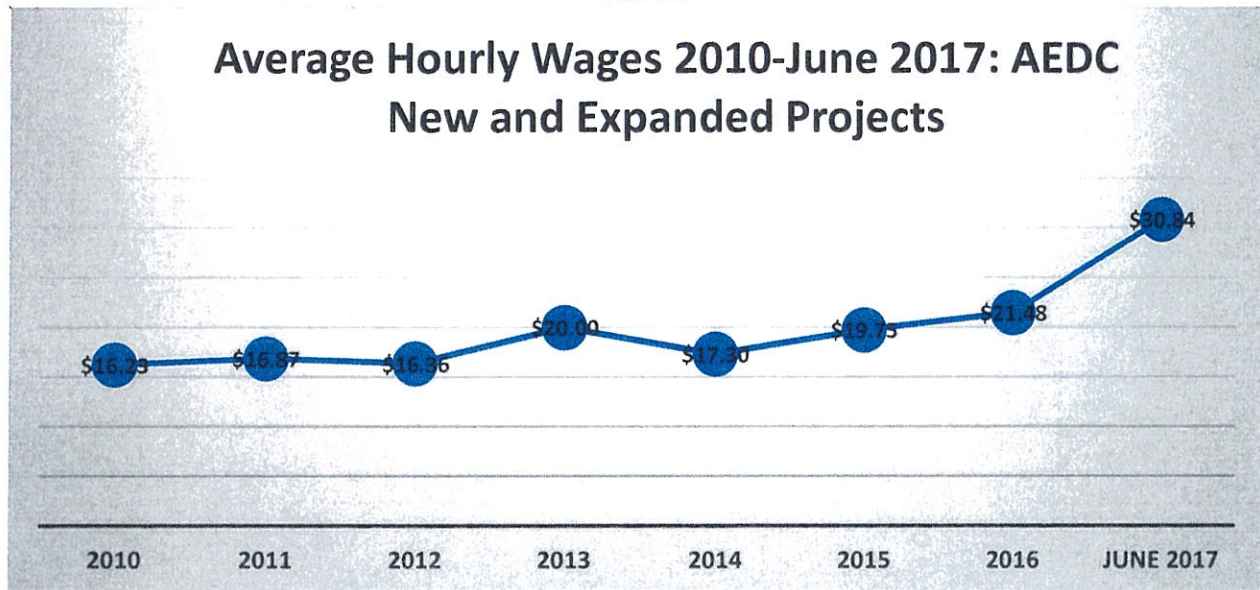
The number of jobs proposed to be created by companies signing assistance agreements with AEDC, at 4,355 was the fourth consecutive year that the number of proposed jobs exceed 4,300. Proposed investment exceeded \$1.5 billion for the third consecutive year. Most impressive, however, was the average hourly wage of \$21.48 which was the highest ever for AEDC. Eighty percent (80%) of proposed job creation will be from existing Arkansas industries.

Chart 5



Existing businesses also accounted for a majority of proposed investment in 2016. Of the \$1,607,156,848 proposed investment by businesses signing financial assistance agreements with AEDC in 2016, eighty-two percent (82%) was proposed by existing business. A vast majority of this investment was proposed by companies manufacturing food and kindred products, metals, plastic and rubber products, paper, and wood products. The average hourly wages of jobs from signed incentive agreements increased from \$19.75 in 2015 to \$21.48 in 2016. (See Chart 6).

Chart 6

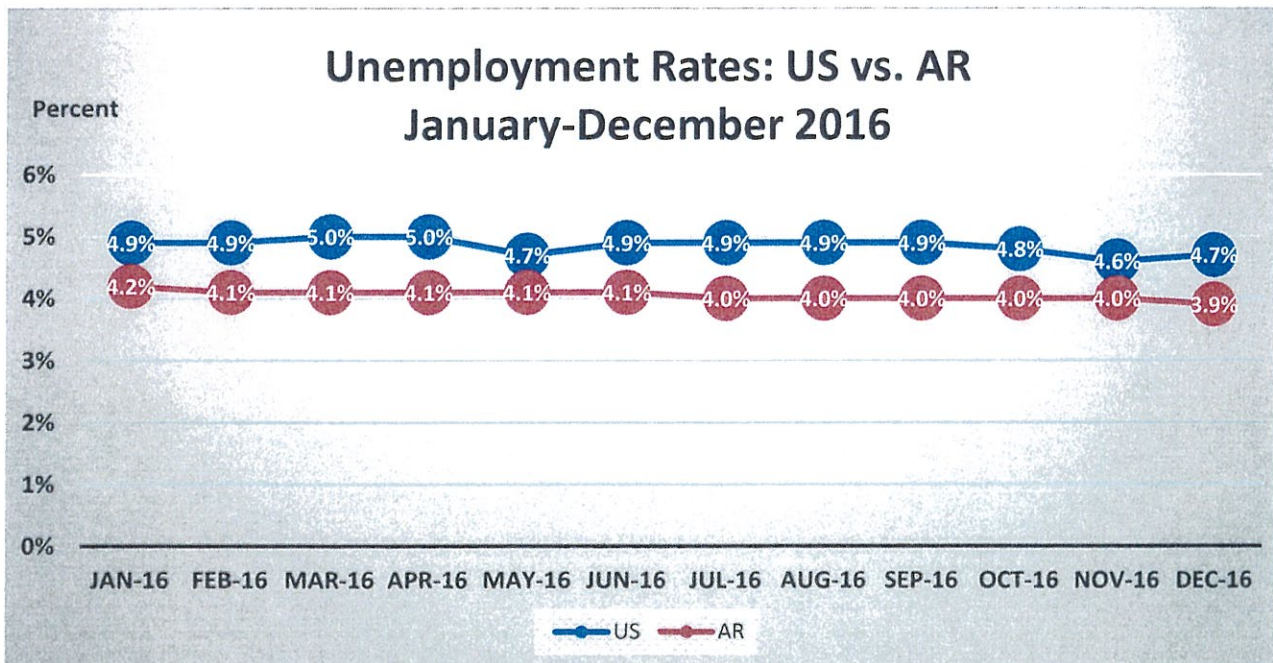


Note: *Data may differ slightly from previous Act 1282 reports due to assistance agreement modifications.

Unemployment Rates

Arkansas's unemployment rate steadily declined throughout 2016 and ended the year in December at 3.9 percent, below the US rate by eight-tenths of one percentage point (See Chart 7).

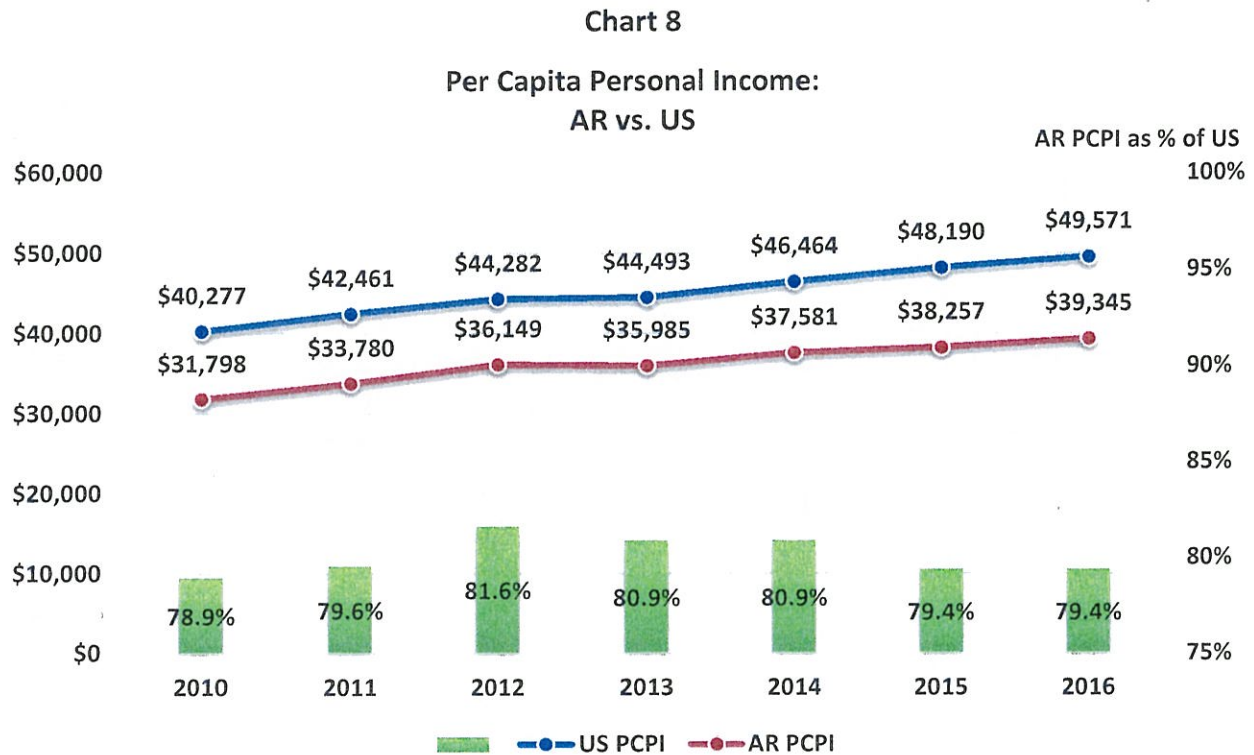
Chart 7



Source: Arkansas Department of Workforce Services, *Unemployment Rates and Labor Force Statistics*, seasonally adjusted rates, <http://www.discoverarkansas.net>, accessed 16 June 2017.

Per Capita Personal Income

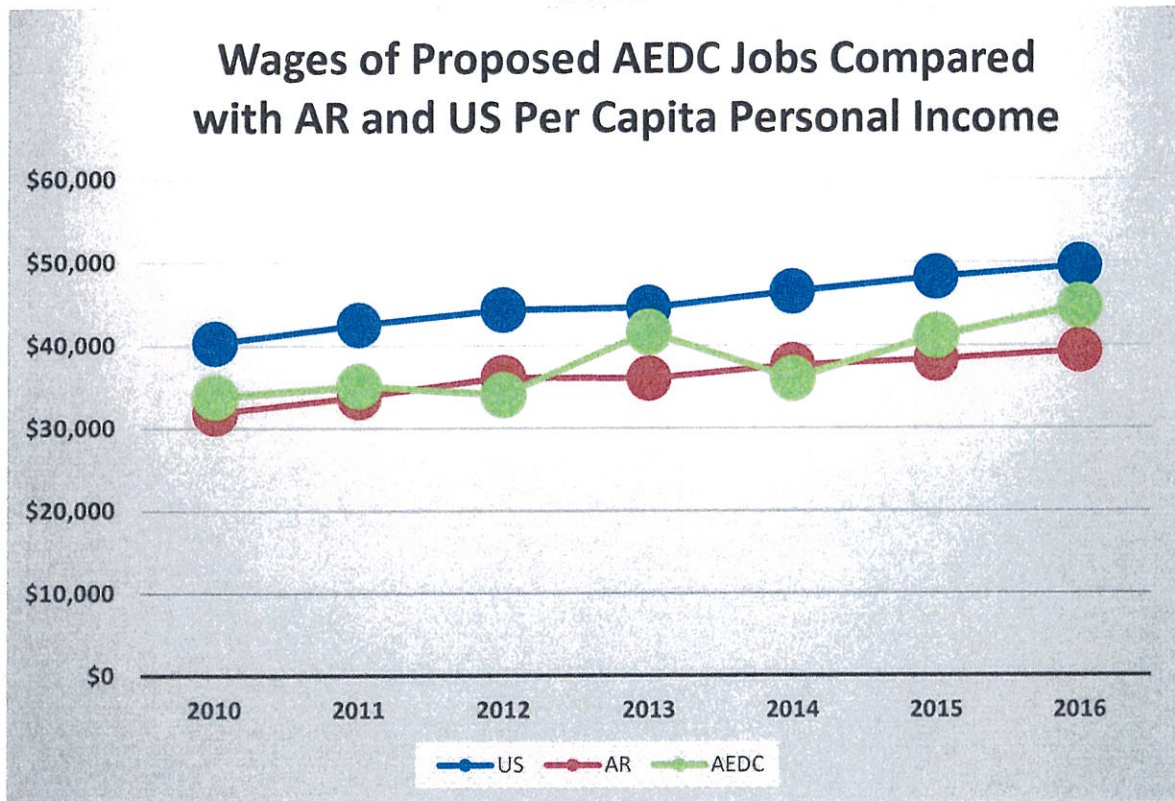
Arkansas's per capita personal income (pcpi), as a percentage of the US average, has averaged 80.4 percent over the last five (5) years. Arkansas's ranking among states is currently 45th.



Source: Department of Commerce, Bureau of Economic Analysis, *Per Capita Personal Income*, 16 June 2017, online, available from <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=29&isuri=1&7022=21&7023=0&7024=non-industry&7001=421&7090=70> Dollar estimates in current dollars (not inflation adjusted).

In 2016, the AEDC signed financial incentive agreements for 87 projects with companies that propose to invest over \$1.6 billion in projects that will create 4,355 jobs paying an average hourly wage of \$21.48. As Chart 9 indicates, the proposed average hourly wage of AEDC-assisted jobs was the highest in history, surpassing the state per capita personal income for the second year and moving closer to the US per capita personal income.

Chart 9



Source: Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income, 15 June 2017, online, available from <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=29&isuri=1&7022=21&7023=0&7024=non-industry&7001=421&7090=70> and AEDC New and Expanded Company Database 2010-2016.