INCENTIVES REPORT

ARKANSAS INC

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Table of Contents

Eligibility

CONSOLIDATED INCENTIVE ACT

- Manufacturers in NAICS codes 31-33
- Businesses primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing, data preparation services or information retrieval services. Eligible computer-related businesses must derive at least 75% of their revenue from out-of-state sales
- Businesses primarily engaged in motion picture production must derive at least 75% of their revenue from out-of-state sales
- Distribution centers that derive at least 75% of their sales revenue from out-of-state customers
- Intermodal facilities with more than one mode of interconnected movement of freight, commerce or passengers
- Office sector businesses that support primary business needs and that are nonretail businesses deriving at least 75% of their sales revenue from out-of-state
- National or regional corporate headquarters as classified in the NAICS code 551114
- Firms primarily engaged in commercial, physical and biological research as classified in the NAICS codes 541711 and 541712
- Scientific and technical services businesses must derive at least 75% of their revenue from out-of-state sales. The average hourly wage paid by these businesses must exceed 150% of the county or state average hourly wage, whichever is less.

Investment Incentives

TAX BACK (Sales and Use Tax Refund)

The Tax Back program provides sales and use tax refunds on the eligible purchase of building materials and taxable machinery and equipment to qualified businesses investing at least $100,000 and having either a) signed a job creation agreement under the Advantage Arkansas or Create Rebate programs within 24 months of signing the Tax Back agreement or b) signed an Advantage Arkansas or Create Rebate agreement within the previous 48 months.

Applicants for Tax Back must also obtain an endorsement resolution from a local governing authority authorizing the refund of its local taxes. Applicants must meet the qualification criteria under the requisite Advantage Arkansas or Create Rebate program in which they are participating and must be approved by AEDC.

The refund of sales and use taxes shall not include the refund of taxes dedicated to the Educational Adequacy Fund provided in § 19-5-1227 or the taxes dedicated to the Conservation Tax Fund provided in § 19-6-484; which totals 1%. The state tax rate is 6.5%, so the eligible refund of state taxes would be 5.5%.

Job Creation Incentives

Arkansas's job creation incentives are based on payroll and use a tier system based on poverty rate, unemployment rate, per capita personal income and population growth to determine qualification criteria and benefits. Tiers are assigned annually based on current data.

ADVANTAGE ARKANSAS (Income Tax Credit)

Advantage Arkansas offers a state income tax credit for job creation based on the payroll of new, full-time, permanent employees hired as a result of the project.

To qualify for the Advantage Arkansas program (all tiers), the proposed average hourly wage of the new employees hired as a result of the project must be equal to or greater than the lowest county average hourly wage. Currently, the average hourly wage threshold for the Advantage Arkansas program is $11.60.

The Advantage Arkansas income tax credit is earned each tax year for a period of five years. The income tax credit cannot offset more than 50 percent of a business' income tax liability in any one year and may be carried forward for nine years beyond the tax year in which the credit was first earned. The credit begins in the tax year in which the new employees are hired. Employees included in the new additional payroll under the project must be Arkansas taxpayers.

ARKPLUS (Income Tax Credit)

ArkPlus is a state income tax credit program that provides tax credits of 10% of the total investment in a new location or expansion project. This discretionary incentive is offered in highly competitive situations.

ArkPlus requires both a minimum investment and a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates. Total project expenditures must be incurred within four years of the date the project is approved by AEDC. New, full-time, permanent employees must be hired within 48 months of the date the financial agreement is signed.

The income tax credits may be used to offset 50% of the Arkansas income tax liability in the tax year the credit is earned. Any unused credits may be carried forward for nine years beyond the tax year in which the credit was first earned.

CREATE REBATE (Cash Rebate)

Incentives are negotiated and offered at the discretion of the Executive Director of the Arkansas Economic Development Commission.

Create Rebate provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. To qualify, the company must create a minimum of $2 million annually in new payroll. The minimum payroll must be met within 24 months of the effective date of the financial incentive agreement. No benefits may be claimed until the $2 million annual payroll threshold is met.

Create Rebate benefits are available after the business certifies to the Arkansas Department of Finance & Administration that it has fulfilled the minimum payroll requirements and the reported payroll has been verified by the Arkansas Department of Finance & Administration. The amount of the benefit depends on the tier assignment of the county where the job creation occurs.

INFRASTRUCTURE GRANTS (Governor's Quick Action Closing Fund, Community Development Block Grants)

AEDC shares the cost of project infrastructure needs by committing grants from state and federal infrastructure funds. The amount of assistance committed is dependent upon the strength of the company, number of jobs, average wage, project investment and costs associated with facility/site improvements.

EQUITY INVESTMENT TAX CREDIT

The Equity Investment Incentive Program is a discretionary incentive targeted toward new, technology-based businesses paying wages at least 150% of the lesser of the state or county average wage. If offered, this program allows an approved business to offer an income tax credit to investors purchasing an equity investment in the business.

The income tax credit/credits issued under this program are equal to 33.3% of the amount invested by an investor in an eligible business.

The income tax credit earned may be used to offset 50% of the investor's Arkansas income tax liability in any one tax year. Any unused credit may be carried forward for a period of nine years. The income tax credit earned may be sold upon approval by AEDC.

DIVISION OF SCIENCE AND TECHNOLOGY OF THE ARKANSAS ECONOMIC DEVELOPMENT COMMISSION

Research and Development Tax Credits are intended to provide incentives for donations to universities, university-based research, in-house research of several kinds, and research and development in start-up, technology-based enterprises. It is important for the applicant to understand the different incentives and to select the most appropriate for the eligible research and development activity.

The Seed Capital Investment Program (SCIP) can provide working capital to help support the initial capitalization or expansion of technology-based companies located in Arkansas. The program can provide working capital up to $500,000 of the company's total financing needs. Investments made by the SCIP fund are repaid through a royalty agreement.

The Technology Development Program (TDP) provides cash financing of up to $100,000 for a qualified business which utilizes the benefits of science and technology to provide economic and employment growth potential in Arkansas through commercialization of new technology based on products and processes.

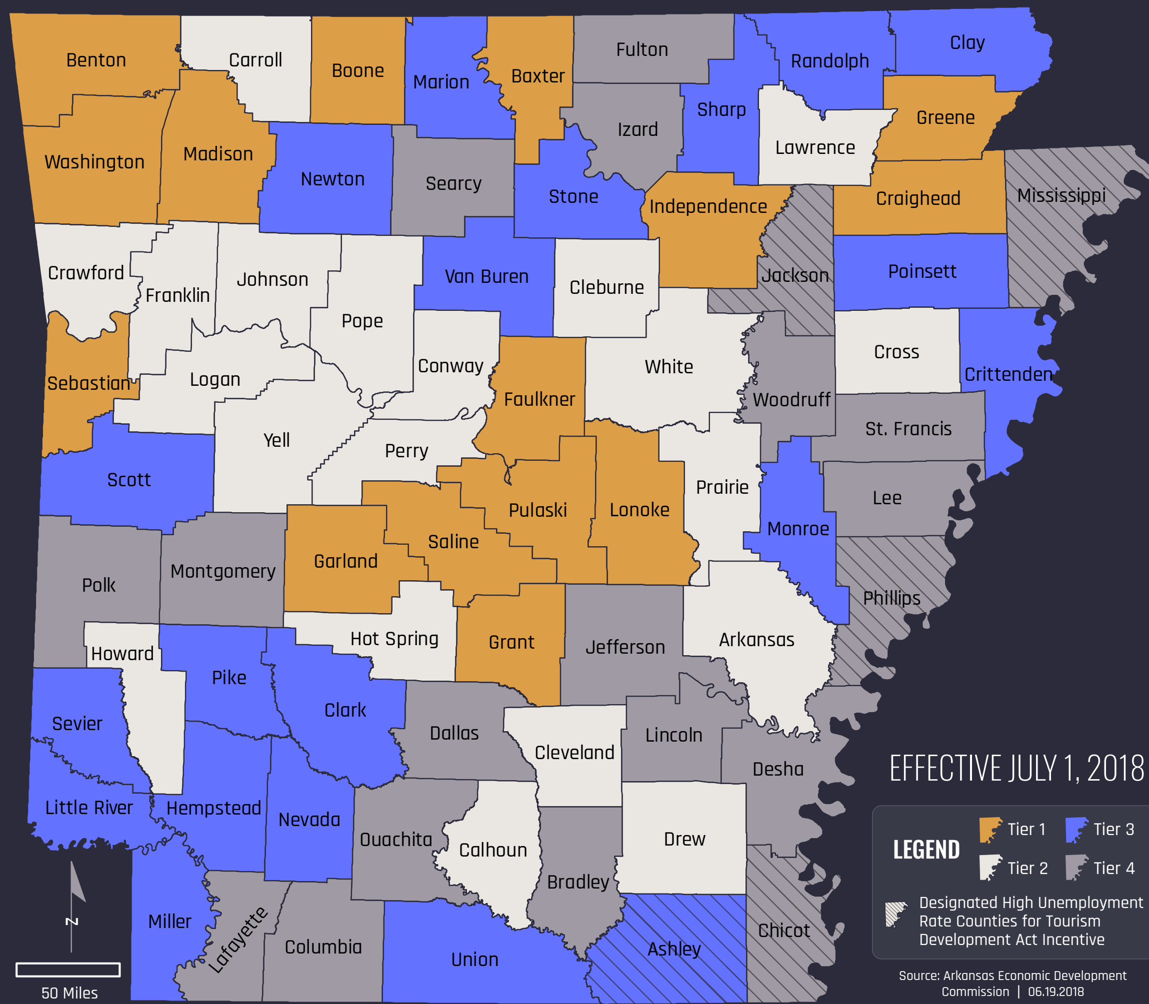
The Technology Transfer Assistance Grant (TTAG) provides limited financial support for the transfer and deployment of innovative technology to Arkansas-based enterprises. TTAG grants are awarded to the technology transfer resource provider. The resource provider must possess the capability to locate and transfer innovative technology to the specified Arkansas enterprise. In certain cases, to be determined on a case-by-case basis, the resource provider could be the company requesting assistance if they have the capability to locate and transfer the innovative technology. The technology being transferred must resolve a company's technology-based problem, issue or concern.

Additionally, the division provides cash-matching grants for applied research. The purpose of this program is to create applied research partnerships between private industry and Arkansas colleges and universities to stimulate the transfer of science and technology, and to provide a cash match to Arkansas colleges and universities for contributions of funds and new equipment from private industry.

Arkansas Incentive Tier Map

Benefits provided by the Advantage Arkansas, Create Rebate and ArkPlus programs are determined in relation to the tier of the county in which the project is located. The state's 75 counties are divided into four tiers, with Tier 1 counties being the most prosperous counties and Tier 4 counties being the least prosperous counties. Tiers are determined annually by the Arkansas Economic Development Commission (Commission) by ranking four variables: poverty rate, population growth, per capita personal income and unemployment rate. A county ranking is determined for each of these variables using a consistent source and the four rankings are totaled and divided by four to obtain an overall ranking. It is the intention of the Commission to place 15 counties in Tier 1 and 20 counties in Tier 2,3 and 4 respectively.

A county's tier ranking, determined on the effective date of any incentive agreement under the Consolidated Incentive Act of 2003, as amended, shall establish the thresholds and benefits for the term of the agreement.



	ADVANTAGE ARKANSAS		CREATE REBATE*	ARKPLUS	
	Payroll Threshold	Benefit (% of Payroll)	Benefit (% of Payroll)	Minimum Investment	Minimum Payroll
				(Benefit = 10% of Investment)	
TIER 1	$125,000	1%	3.9%	$5,000,000	$2,000,000
TIER 2	$100,000	2%	4.25%	$3,750,000	$1,500,000
TIER 3	$75,000	3%	4.5%	$3,000,000	$1,200,000
TIER 4	$50,000	4%	5.0%	$2,000,000	$800,000

* Minimum payroll of $2,000,000 required to qualify, regardless of tier.

Exemptions/Reductions

EXEMPTIONS FROM SALES AND USE TAXES

Machinery and equipment used directly in manufacturing that are purchased for a new manufacturing facility or to replace existing machinery and equipment are exempt. Machinery and equipment required by Arkansas law to be purchased for air or water pollution control or for removal of sulfur pollutants from refined petroleum are also exempt. Property which becomes a recognizable, integral part of property manufactured, compounded, processed or assembled for resale is also exempt.

Catalysts, chemicals, reagents and solutions that are consumed or used in producing, manufacturing, fabricating or finishing articles of commerce at remanufacturing or processing plants are exempt.

COMPANY CHILDCARE FACILITIES

Arkansas offers tax incentives for businesses that provide childcare for their employees.

A business may choose between two state income tax credit options:

1. A credit of 3.9% of the total annual payroll of the employees working in the childcare facility, or
2. A one-time $5,000 state income tax credit for the first year that the business provides its employees with a childcare facility. Any unused credit may be carried forward two years.

In addition to either option, businesses may receive a refund on sales and use taxes on construction materials and furnishings purchased to equip an approved childcare facility.

To qualify for these incentives, the business must be approved to operate an early childcare program. Eligibility is determined by the Arkansas Department of Human Services, Division of Child Care and Early Childhood Education. The business may choose to operate the facility or contract the operations.

RECYCLING EQUIPMENT

Arkansas allows taxpayers to receive an income tax credit for the purchase of equipment used exclusively for reduction, reuse or recycling of solid waste material for commercial purposes, whether or not for profit, and the cost of installation of such equipment by outside contractors.

Machinery and waste reduction, reuse or recycling equipment must be used exclusively in the collection, separation, processing, modification, conversion, treatment or manufacturing of products containing at least 50% recovered materials, of which at least 10% of the recovered materials shall be post-consumer waste.

The cost of replacing existing waste reduction, reuse or recycling equipment shall be eligible for certification only if the replacement provides greater capacity for recycling or provides the capability to collect, separate, process, modify, convert, treat or manufacture additional or a different type of solid waste.

The amount of the tax credit shall equal 30% of the cost of equipment and installation costs deemed eligible by the Arkansas Department of Environmental Quality. Credits may be carried forward for three consecutive years following the taxable year in which the credits accrued.

REUSE. RECYCLE.

30% Tax Credit for equipment and installation

Taxpayers receiving credit under this Act for the purchase of machinery and equipment shall not be entitled to any other state or local tax credit or deduction based on the purchase of the machinery or equipment, except normal depreciation.

REPLACEMENT AND REPAIR OF MANUFACTURING MACHINERY AND EQUIPMENT SALES AND USE TAX REFUND

Act 1404 of 2013, as amended and codified in §§ 26-52-447, 26-53-149 and 15-4-3501, establishes two options by which certain state sales and use taxes relating to the partial replacement and repair of machinery and equipment used directly in manufacturing may be refunded to eligible taxpayers beginning July 1, 2014.

The first option, which provides for a graduated refund and subsequent exemption of 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 must hold a direct pay or limited direct pay sales and use tax permit from the Arkansas Department of Finance and Administration (DFA).

Taxes levied under§§ 26-52-301, 26-52-302, 26-53-106 and 26-53-107 subject to refund under this option are the taxes in excess of the following rates:

1. Beginning July 1, 2014, 4.875%;
2. Beginning July 1, 2018, 3.875%;
3. Beginning July 1, 2019, 2.875;
4. Beginning July 1, 2020, 1.875%;
5. Beginning July 1, 2021, 0.875%; and
6. Beginning July 1, 2022, sales qualifying for the tax refund under this option are fully exempt from taxes levied under§§ 26-52-301, 26-52-302, 26-53-106 and 26-53-107.

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 the Arkansas Economic Development Commission (AEDC) to a taxpayer who undertakes a major maintenance and improvement project to purchase and install certain machinery and equipment used directly in manufacturing and processing. A taxpayer may apply for an increased refund under this option through June 20, 2022. To qualify for this discretionary refund, a taxpayer must:

1. Be eligible for a refund of taxes under §§ 26-52-447 or 26-53-149 (partial replacement and repair of certain machinery and equipment);
2. Hold a direct pay or limited direct pay sales and use tax permit from the DFA; and when claiming the refund, must file their monthly direct pay sales and use tax report using the Department's electronic tax report filing system;
3. Enter into a financial incentive agreement with the AEDC for the major maintenance and improvement project;
4. Expend at least $3 million on an approved major maintenance and improvement project that includes the purchase of tangible personal property and services that are either exempt or subject to partial refund of tax under §§ 26-52-402, 26-52-447, 26-53-114, or 26-53-149;
5. File a completed Manufacturing Replacement and Repair Sales and Use Tax Refund Application with the AEDC;
6. Receive approval from the executive director of the AEDC to receive the increased refund of sales and use taxes for the major maintenance and improvement project.

SALES TAX REDUCTION ON ELECTRICITY AND NATURAL GAS

Sales tax on electricity and natural gas used directly in the manufacturing process is subject to a reduced sales tax rate of 0.625%.

TUITION REIMBURSEMENT

Arkansas provides a 30% state income tax credit to eligible companies for reimbursements they make on behalf of employees for approved educational expenses. The employees must successfully complete the course at an accredited Arkansas post-secondary educational institution. The credit authorized by this program cannot offset more than 25% of the company's state income tax liability in any tax year.

Research/Development Incentives

Arkansas's Research and Development incentive programs are intended to provide incentives for university-based research, in-house research, and research and development in start-up, technology-based enterprises. Tax credits under these programs may be carried forward for nine years and may offset up to 100% of a business' tax liability in a given year.

IN-HOUSE RESEARCH AND DEVELOPMENT

New and existing eligible businesses that conduct "in-house" research that qualifies for federal research and development tax credits may qualify for in-house research income tax credits. The credit allowed is 20% of qualified research expenditures that exceed the base year, for a period of three years and the incremental increase in qualified research and expenditures for the succeeding two years. For a new in-house research facility, the base year is zero. Therefore, in the first three years following the date of the financial incentive agreement, all eligible expenditures can qualify for the credit.

IN-HOUSE RESEARCH BY A TARGETED BUSINESS

At the discretion of the AEDC executive director, targeted businesses may be offered income tax credits equal to 33% of the qualified research and development expenditures incurred each year for up to five years. The application for this income tax credit shall include a project plan, which clearly identifies the intent of the project, the expenditures planned, the start and end dates of the project, and an estimate of total project costs.

Qualified research expenditures include in-house expenses for taxable wages paid and supplies used in the conduct of qualified research. Qualified research must satisfy all of the following tests in order to qualify:

- The activity must be undertaken for the purpose of discovering information which is technological in nature;
- The application of technological information must be intended to be useful in the new or improved business component; and
- Substantially all of the activities related to the research effort must constitute elements of a process of experimentation relating to a new or improved function, performance, reliability or quality.

Income tax credits for research and development earned by targeted businesses may be sold. The business must make application to AEDC for the sale of credits earned under this section. Upon application and approval by AEDC, the business may sell earned income tax credits.

A targeted business earning research and development tax credits is prohibited from earning other in-house research and development incentives or any other incentive in Act 182 of 2003, as amended, for some expenditures.

RESEARCH AND DEVELOPMENT IN AREA OF STRATEGIC VALUE

These incentives are for qualifying businesses that invest in:

1. In-house research in an area of strategic value; or
2. A research and development project offered by the Division of Science & Technology of the Arkansas Economic Development Commission. Research in an area of strategic value means research in fields having long-term economic or commercial value to the state, and that have been identified in the research and development plan approved from time to time by the Board of Directors of the Division of Science & Technology of the Arkansas Economic Development Commission.

The income tax credit is equal to 33% of qualified research expenditures. The maximum tax credit that may be claimed by a taxpayer under this program is $50,000 per tax year.

UNIVERSITY-BASED RESEARCH AND DEVELOPMENT

An eligible business that contracts with one or more Arkansas colleges or universities in performing research may qualify for a 33% income tax credit for qualified research expenditures.

33% INCOME TAX CREDIT

If your research partners with a state university

Specialized Incentives

DIGITAL PRODUCTION/FILM

For more information on this particular incentive, please contact **Christopher Crane**, Arkansas Film Commissioner, at **501.682.7676** or **ccrane@arkansasedc.com**.

REQUIREMENTS: PRIOR to beginning preproduction activities in Arkansas, register with the film office and submit an application along with an estimate of expenditures; meet the minimum spending requirement of at least $50,000 within a six-month period in connection with a postproduction project or $200,000 within a six-month period in connection with the production of one project; and apply for a production rebate certificate no later than 180 days after the last production expenses are incurred.

QUALIFIED SPEND: Qualified spend includes: costs incurred in Arkansas in the development, preproduction, production or postproduction of a qualified production; the first $500,000 of wages or salaries paid to each resident and nonresident that are subject to Arkansas income taxes and fringe contributions including pension, health and welfare contributions, stipends and living allowances. Payments for production and postproduction expenses are recommended (but not required) to be made from the checking account of an Arkansas institution. Cash payments to vendors may not exceed 40% of the total verifiable costs.

FILMING IN THE NATURAL STATE?

There's a rebate for that.

SUMMARY: Each project submitted for funding under this program is evaluated on a case-by-case basis. An eligible production company may earn a 20% rebate on all qualified production expenditures in Arkansas. Salaries and wages paid to resident and nonresident above-the-line employees, as well as resident and nonresident below-the-line employees, will qualify for the 20% rebate. An additional 10% may be earned on the payroll of below-the-line employees who are full-time Arkansas residents for a total rebate of 30% on such wages. Below-the-line does not include directors and producers but for purposes of the additional 10%, resident actors and writers are defined as below-the-line. The incentive program is scheduled to sunset on June 30, 2019.

TOURISM DEVELOPMENT INCENTIVES

The Arkansas Tourism Development Act provides state sales and use tax credits and income tax credits to businesses initiating approved tourism attraction projects. Sales tax credits shall be determined in accordance with the following criteria:

- Eligible minimum project costs must be $1 million, except in high unemployment counties,* where it is $500,000.
- The sales tax credits are calculated based upon 15% of eligible project cost for projects spending more than $1 million; credits are 25% of eligible project cost for the projects in high unemployment counties.*
- The sales tax credit may be applied against the business's increased sales tax liability that results from the project.
- Other review criteria may be requested by AEDC to determine whether the tourism attraction project meets the intent of the Act.

Additionally, eligible businesses may receive a state income tax credit equal to 4% of the annual payroll of new, full-time, permanent employees.

The income tax credits begin in the year in which the new employees are hired. Any unused portion of the credit may be carried forward against corporate income tax for the succeeding nine years.

* The following Arkansas counties are designated as "high unemployment" counties based upon the 2016 statewide annual labor force statistics compiled by the Arkansas Department of Workforce Services: Ashley, Chicot, Cleburne, Jackson, Mississippi and Van Buren.

Targeted Business Incentives

At the discretion of the AEDC executive director, targeted businesses may be offered special incentives designed to help new, knowledge-based, start-up businesses:

- A refund of sales and use taxes paid on the purchase of building materials and machinery and equipment associated with the approved project
- A transferable income tax credit equal to 10% of payroll for up to five years
- A transferable income tax credit equal to 33% of eligible research and development expenditures

Transferrable income tax credits earned under this program may be sold upon approval by AEDC.

ELIGIBILITY

To qualify as a targeted business, companies must meet the following requirements and be classified by AEDC in one of the six targeted emerging technology sectors listed below:

- Be less than five years old
- Show proof of an equity investment of at least $250,000
- Pay at least 150% of the lesser of the state or county average hourly wage where the business is located
- Meet requisite payroll thresholds
- Additional eligibility criteria may be required for individual targeted programs (sales and use tax refund for targeted businesses, payroll income tax credit for targeted businesses, payroll rebate for targeted businesses and targeted ArkPlus).

EMERGING TECHNOLOGY SECTORS

Advanced Materials & Manufacturing Systems, with emphases on:

- Electronics Manufacturing
- Energy-efficient Storage Devices
- Environmental Issues Related to Materials & Manufacturing
- Photonics, Nanotechnology
- Photovoltaics

Agriculture, Food and Environmental Sciences, with emphases on:

- Agricultural Medicine
- Aquaculture
- Distributed Energy Generation
- Energy Reduction
- Forestry
- Nutrition
- Poultry
- Rice
- Spatial Technology
- Toxicology
- Waste Minimization

Bio-based Products, with emphases on:

- Adhesives
- Automotive Components
- Biodiesel
- Engineered Products from Non-Traditional Biomass Sources
- Ethanol
- Methanol
- Polymers
- Synthetic Transportation Fuels

Biotechnology, Bioengineering and Life Sciences, with emphases on:

- Biopharmaceuticals & Drug Discovery
- Cell Molecular Biology
- Genetics
- Geriatrics
- Medical Devices
- Neuroscience
- Oncology
- Protein Structure & Function
- Rehabilitation
- Sensor Technology

Information Technology, with emphases on:

- Database Systems
- Distributed Systems
- Knowledge and Data Engineering
- Software Development
- State of the Art Applications of Information Technology to Bioinformatics and/or Healthcare
- Wireless Systems

Transportation Logistics, with emphases on:

- Automated Systems
- Intelligent Material Handling
- Transportation Management Systems

SALES AND USE TAX REFUND FOR TARGETED BUSINESSES

This incentive program provides a refund of sales and use taxes paid on eligible purchases of building materials and taxable machinery and equipment associated with the approved project for targeted businesses, as defined above. In addition to meeting targeted business eligibility requirements, the business must invest at least $100,000 and meet the eligibility criteria of the Targeted Business Payroll Income Tax Credit Program § 15-4-2709.

A targeted business with an annual payroll in excess of $1,000,000 is excluded from participating in this program.

The application for a sales and use tax refund must be accompanied by an endorsement resolution from the local governing authority (city council or quorum court or both) that authorizes the refund of its local taxes.

PAYROLL INCOME TAX CREDIT FOR TARGETED BUSINESSES

The discretionary payroll income tax credit for targeted businesses assists start-up businesses in targeted sectors that pay significantly more than the state or county average wage of the county in which the business locates. A targeted business with an annual payroll in excess of $1,000,000 is excluded from participating.

The benefit for a qualifying targeted business is a 10% income tax credit based on its annual payroll, with a cap of $100,000 per year in earned income tax credits. The incentive may be offered for a period not to exceed five years.

A unique feature of this incentive is the ability of the business that earns the targeted business income tax credit to sell the credits. The business must make application to AEDC for the sale of credits. Upon approval by AEDC, the business may sell earned income tax credits.

NOTE: Since one of the allowable costs under research and development tax credits is the salary of a person performing research, a business earning job creation income tax credits for targeted businesses is prohibited from earning other payroll based incentives for the same expenditure.

ARE YOU ON TARGET?

How to earn a Targeted Business Incentive:

1. Your business is less than five years old.
2. You have at least $250K invested in your business.
3. Your payroll will be at least 150% of the average hourly wage of the county where the business will be located.

PAYROLL REBATE FOR TARGETED BUSINESSES

Targeted businesses with payrolls exceeding $250,000 may be offered, at the discretion of the AEDC executive director, rebates of 5% of payroll for up to 10 years. To qualify, the average hourly wage of the new, full-time permanent employees must be at least 175% of the state or county average hourly wage, whichever is less. The payroll rebate for targeted businesses may not be used in conjunction with the payroll income tax credit for targeted businesses.

TARGETED ARKPLUS

Targeted businesses creating new payroll exceeding $250,000 may be offered, at the discretion of the AEDC executive director, income or sales and use tax credits based upon investment. Prior to the execution of the financial incentive agreement, the targeted business must elect to receive the credits as sales and use tax credits or income tax credits.

To qualify, the average hourly wage of the new, full-time permanent employees must be at least 175% of the state or county average hourly wage, whichever is less. Additionally, targeted businesses must invest a minimum of $250,000 within four years of the effective date of the financial incentive agreement.

The credit earned by the targeted business shall be based upon a percentage of the investment as follows:

1. The credit amount shall be 2% of investments from $250,000 up to $500,000;
2. The credit amount shall be 2% of the investment up to $500,000 plus 4% of the investment in excess of $500,000 up to $1,000,000;
3. The credit amount shall be 2% of the investment up to $500,000 plus 4% of the investment in excess of $500,000 up to $1,000,000 plus 6% of the investment in excess of $1,000,000 up to $2,000,000; and,
4. The credit amount shall be 2% of the investment up to $500,000 plus 4% of the investment in excess of $500,000 up to $1,000,000 plus 6% of the investment in excess of $1,000,000 up to $2,000,000 plus 8% of the investment in excess of $2,000,000.

Targeted ArkPlus credits:

2% ON INVESTMENTS

from $250K up to $500K

The percentage of tax liability that may be offset is determined by the average hourly wage paid to the new, full-time permanent employees as follows:

1. A targeted business that pays at least 175% of the state or county average hourly wage, whichever is less, may offset 50% of its tax liability.
2. A targeted business that pays at least 200% of the state or county average hourly wage, whichever is less, may offset 75% of its tax liability.
3. A targeted business that pays at least 225% of the state or county average hourly wage, whichever is less, may offset 100% of its tax liability.

The income tax credit may be applied against the approved company's Arkansas income tax liability. The sales and use tax credit may be applied against the company's state sales and use tax liability as reported on its monthly sales and use tax report in the calendar year following the calendar year of expenditure. Any unused credit may be carried forward for a period not to exceed nine tax years after the tax year in which it was first earned.

FURTHER INFORMATION

For further information regarding incentives offered by the Arkansas Economic Development Commission and the State of Arkansas, please contact:

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