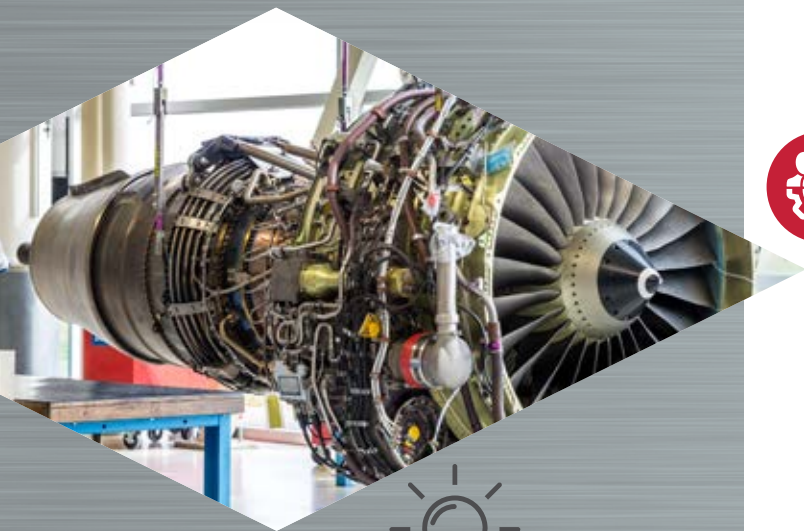


EXECUTIVE OVERVIEW  
AEROSPACE  
AND DEFENSE

ARKANSAS  
INC





### WHY ARKANSAS FOR AEROSPACE AND DEFENSE?

- Arkansas's #1 export is aircraft and aircraft-related parts and services.
- 1.5M square feet of available space at the Arkansas Aeroplex including an aviation park.
- Centrally located between coasts, as well as Canada and Mexico borders.
- Arkansas's Highland Industrial Park is one of the nation's fastest growing defense corridors.
- The Little Rock Air Force Base is home to the C-130 Hercules, and the 19th and 314th maintenance groups.



## AEROSPACE AND DEFENSE IN ARKANSAS



### WORKFORCE

- 8,276 employees in aerospace and defense manufacturing; 4,050 directly engaged in aerospace products and parts manufacturing
- Arkansas is one of 28 right to work states
- 2,528 Airframe and Powertrain (A&P) mechanics
- The Little Rock Air Force Base has over 6,600 personnel, including civilians, active duty and Army Reserve Forces.



### EDUCATION

- 45 colleges, universities & 2-year colleges throughout Arkansas
- Five educational institutions offer a certification in Aviation Maintenance Technology including both Powerplant and Airframe mechanic career education
- 21 colleges, universities, 2-year colleges, all high schools and other organizations offer coursework, instruction or degrees in cybersecurity. The Arkansas Department of Education cybersecurity education initiative offers free coursework to all high school students with an interest in the field.
- Over 2,100 engineering-related certificates and degrees awarded annually.



### INFRASTRUCTURE

- Three U.S. Interstates connecting, including I-30, I-55, and I-40, connecting east and west coasts, and the Canada and Mexico borders.
- 16,418 miles of state and U.S. Highways – 12th largest system in the U.S.
- Eight Intermodal freight facilities with four riverports.
- 2,505 miles of rail and three Class 1 rail systems.
- #3 in the nation with 1,000 miles of inland, navigable waterways.
- More than 90 public airports including Clinton National, Northwest Arkansas National, and close proximity to Memphis International Airport and the FedEx hub.





"We greatly value our longstanding partnership with Arkansas and their support for our continued growth in Camden."

- Eileen Drake, CEO and President of Aerojet Rocketdyne





IN THE U.S.  
FOR RELATIVE  
VALUE OF \$100



BALANCED  
BUDGET SINCE  
1945



INCOME TAX CUTS  
SIGNED IN 2015,  
2017, 2019



LOWEST  
COST OF DOING  
BUSINESS



## ARKANSAS' HOME-GROWN FORTUNE 500s

Walmart

Tyson

MURPHY  
USA

J.B. HUNT

3<sup>RD</sup>

ON THE COST OF LIVING INDEX

(second Qtr 2021, Source: C2er)

4<sup>TH</sup>

LOWEST INDUSTRIAL ELECTRICITY RATES

Source: Business Facilities Magazine 2020, 16th  
Annual State Ranking Report

6<sup>TH</sup>

LOWEST IN UNION MEMBERSHIP RATES IN THE U.S

Source: Bureau of Labor Statistics

7<sup>TH</sup>

TOP MANUFACTURING STATE BY PERCENTAGE OF  
WORKFORCE, THIRD IN THE SOUTH

Source: BLS Employment & Earnings, Annual 2019

7<sup>TH</sup>

RANKED IN QUALITY OF LIFE

Source: U.S. News



FOREIGN OWNED OPERATIONS IN THE STATE

Source: Global Business Alliance, 2021

## ADVANTAGE ARKANSAS PROGRAM

- Income tax credit
- 1-4% of new payroll
- 5 year accrual; 9 year carry forward

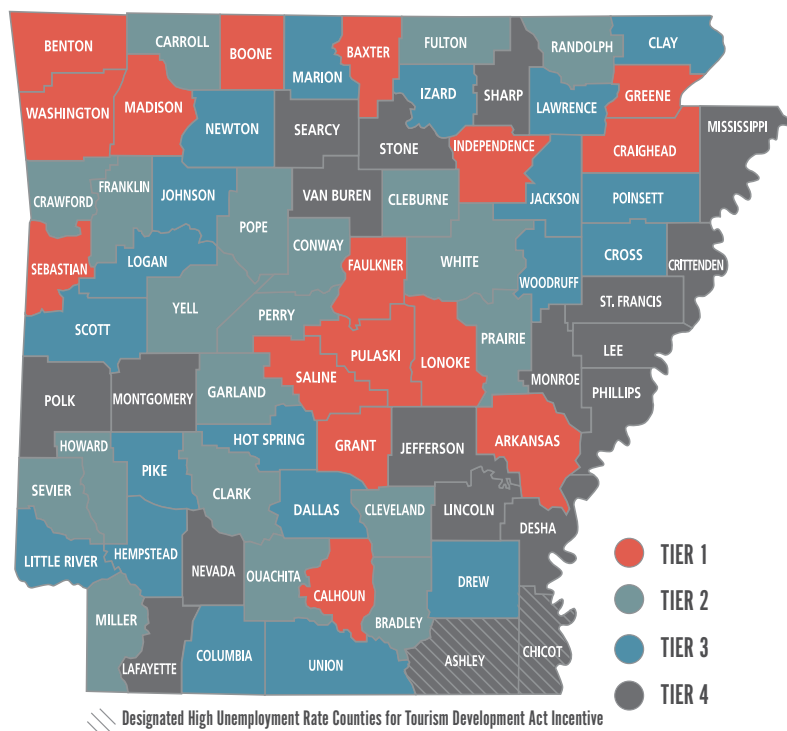
## ARKPLUS PROGRAM

- Income tax credit
- 10% of initial investment
- 9 year carry forward

## CREATE REBATE PROGRAM

- Cash payment
- 3.9-5% of new payroll
- 1-10 year accrual

## ARKANSAS INCENTIVE TIER MAP - EFFECTIVE JULY 1, 2021



|        | ADVANTAGE ARKANSAS |                         | TAX BACK             | CREATE REBATE     |                        | ARKPLUS                                            |                   |
|--------|--------------------|-------------------------|----------------------|-------------------|------------------------|----------------------------------------------------|-------------------|
|        | PAYROLL THRESHOLD  | BENEFIT* (% OF PAYROLL) | INVESTMENT THRESHOLD | PAYROLL THRESHOLD | BENEFIT (% OF PAYROLL) | INVESTMENT THRESHOLD (BENEFIT = 10% OF INVESTMENT) | PAYROLL THRESHOLD |
| TIER 1 | \$125,000          | 1%                      | \$500,000            | \$2,000,000       | 3.9%                   | \$5,000,000                                        | \$2,000,000       |
| TIER 2 | \$100,000          | 2%                      | \$400,000            | \$1,750,000       | 4.25%                  | \$3,750,000                                        | \$1,500,000       |
| TIER 3 | \$75,000           | 3%                      | \$300,000            | \$1,500,000       | 4.5%                   | \$3,000,000                                        | \$1,200,000       |
| TIER 4 | \$50,000           | 4%                      | \$200,000            | \$1,250,000       | 5%                     | \$2,000,000                                        | \$800,000         |

Minimum average hourly wage to qualify for an incentive program is \$14.11.

\*Qualified businesses shall receive an additional tax credit of 1% of payroll if the new employees average hourly wage exceeds 125% of the lesser of the state or county average wage

## INFRASTRUCTURE ASSISTANCE

- Offset infrastructure costs
- State and Federal funds
- Based on need and due diligence

## TAX BACK PROGRAM

- Sales and use tax refund
- Full refund less 1% on eligible expenditures
- 4 year accrual

## CUSTOMIZED TRAINING PROGRAM

- Reimbursement of eligible costs
- On and Off-site training
- Customized based on need

## EQUITY INVESTMENT TAX CREDIT

- Transferable income tax credit given to investor
- 33% of amount invested
- Used to attract investment in new, tech-based, high-wage businesses

## RESEARCH & DEVELOPMENT TAX CREDITS

- In-house R&D = 20% of eligible costs
- University-based R&D = 33% of eligible costs
- Must qualify for federal R&D tax credit

## PROPERTY TAX ABATEMENT

- Authorized and offered by city or county
- Up to 65% abatement
- Length of abatement = length of bond issuance

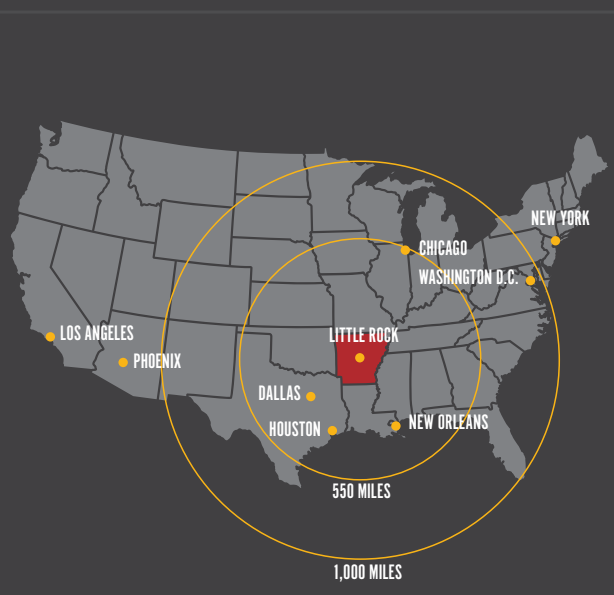
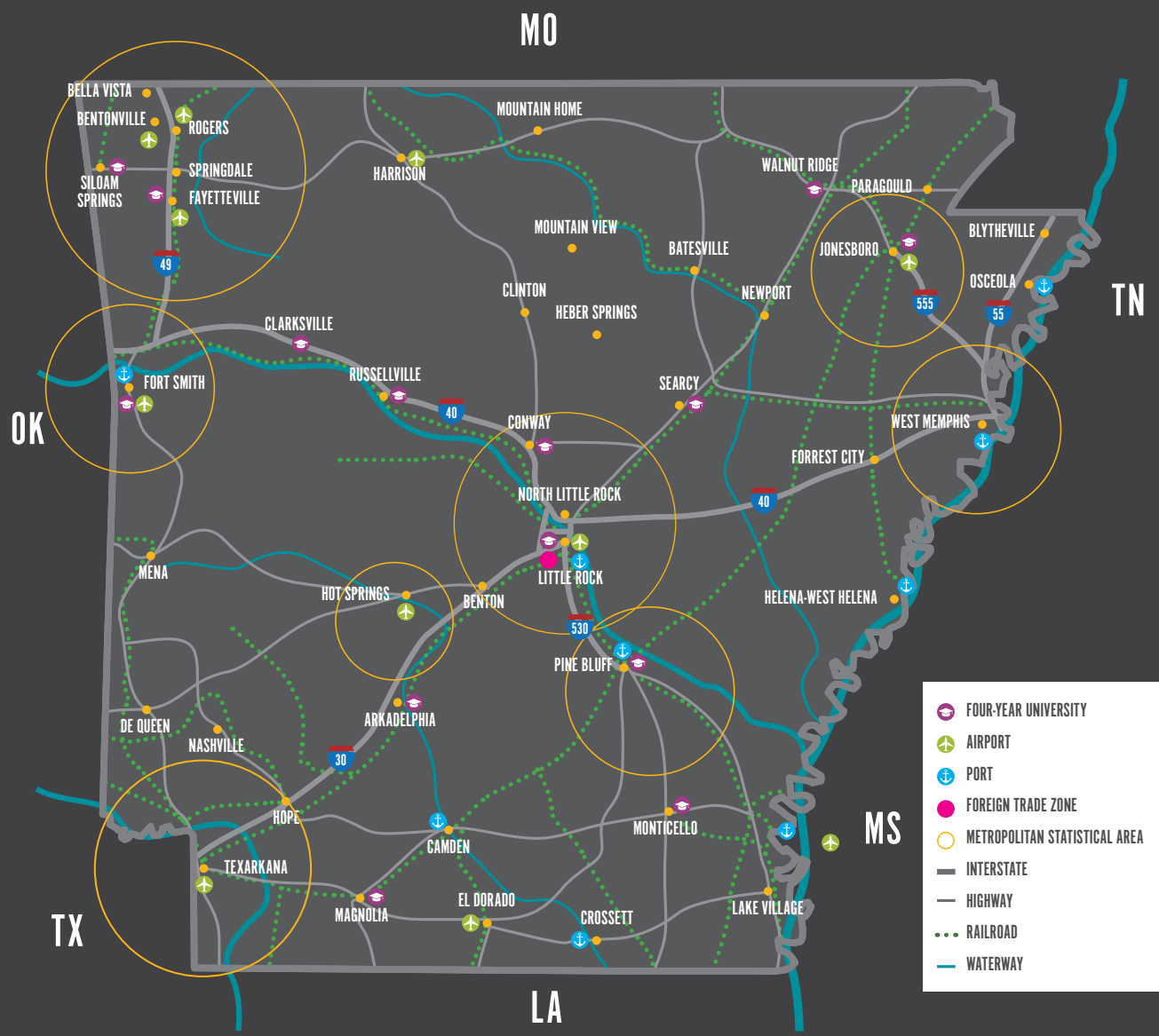
## OTHER INCENTIVES:

- Recycling Tax Credit
- Tourism Tax Credit
- Early Stage-Knowledge Based Programs
- Tuition Reimbursement Tax Credits





6 | INFRASTRUCTURE AND TRANSPORTATION



-  **NAVIGABLE WATERWAYS**  
1,000 miles
-  **CLASS I RAILROAD**  
1,670 miles
-  **STATE AND U.S. HIGHWAYS**  
16,418 miles
-  **PUBLIC AIRPORTS**  
approximately 90+



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