Dear Fellow Arkansans,

On my first day as Governor in 2015, I made economic development one of the top priorities of my administration by calling the CEOs of six companies and inviting them to do business in Arkansas. Now, as I enter my final year as Governor, I look back on the past seven years and reflect on the accomplishments and challenges we have experienced regarding our economic growth. Within the past seven years, the state has signed agreements with nearly 600 new and expanding companies. And today, I am happy to say that there are over 100,000 more Arkansans employed than on that first January day in 2015. It hasn’t always been easy, but Arkansans have a spirit of persistence and entrepreneurship, and together we prevailed.

Our Computer Science Initiative continues to expand our talent base as the number of students taking computer science courses increases each year. With students now required to take a computer science course as a graduation credit, we are more prepared than ever to fill 21st century tech jobs.

The tech economy brought another opportunity for us to promote Arkansas to both individuals and businesses. Because more people can work remotely, a collaboration between the Arkansas Economic Development Commission and the Department of Parks, Heritage and Tourism, “See Why Arkansas,” was launched to attract both newcomers and former residents to live and work in Arkansas.

With a shortage in skilled workers throughout the country, Arkansas is ahead of the game by implementing a workplace resilience program for companies to focus on skills and management training as well as expanding the Future Fit training program. These programs will ensure that we have workers with the skills that today’s manufacturers need each and every day.

Finally, we ended 2021 with a fourth round of tax reforms, including two of the largest income tax cuts in the state’s history. The two bills passed by the Legislature and signed into law in December will provide about half a billion dollars in annual tax relief for all incomes, putting more money into the pockets of Arkansas taxpayers and leading to a brighter future here in the Natural State. In addition to cutting personal income taxes, we have also lowered corporate income taxes to make the state even more competitive in attracting industry and talent.

These are just a few of the ways that we are working to improve the quality of life for every Arkansan. In addition, we continue to recruit businesses that pay higher-than-average wages and invest in our communities.

The past seven years have seen both ups and downs, but we remain on a trajectory that will allow us to accomplish our goals. Together, anything is possible.

Sincerely,

Asa Hutchinson
Dear Arkansans,

The past two years have brought unprecedented challenges for Arkansas’ businesses and workers, but I’m pleased to report that our economy remains healthy and vibrant. Because of our resiliency, we kept our economy open and were recognized as second in the country for “states with the most pandemic-proof small businesses” by WalletHub. Arkansas is also one of the first ten states in the nation to recover all jobs that were lost because of the pandemic.

In 2021, AEDC worked with companies to bring new jobs to communities in every corner of the state—communities like Rogers, Hope, Blytheville, and El Dorado. In the past year alone, AEDC worked with 29 companies to create a projected 4,286 announced jobs with an average hourly wage of $23.04 and a total projected investment of $1,612,506,661. In addition, our Manufacturing Solutions team did significant training and consulting with clients that led to 2,202 created and retained jobs, $596 million in retained sales, $66 million in new investment, $13 million in cost savings, and $53 million in new sales.

In May 2021, we created our Small Business and Entrepreneurship Development Division to streamline agency services, assist small business owners and entrepreneurs, and develop partnerships among resource providers, state agencies, and business communities. The division also created a new webpage for small businesses that includes a database of business resources and incentives, a business process checklist, funding sources, and more.

Our Community Development team rolled out a pilot program in Prescott, Warren, Mena, and Corning to help communities identify realistic retail targets and give them the tools needed to recruit those targets.

This past year, we executed more than $24 million in Community Development Block Grants (CDBG), and AEDC’s Rural Services Division awarded grants totaling more than $1.89 million across four programs.

The Film Commission saw an uptick in both physical production of films in the state as well as inquiries for the next few years. Three films produced in Arkansas in 2021 – Chariot, Pursuit, and Ghosts of the Ozarks – were named to the USA Today’s list of “Movies You’ll Want to Watch in 2022.”

Recent legislation was instrumental in Arkansas becoming one of only four states that meet or exceed all Department of Defense requirements to support military missions.

The Division of Science and Technology worked with the state’s research institutions to enable research that led to 350 scientific publications, $35 million in federal research funding to the state, and 20 patents and intellectual property that is fueling six startup companies.

Arkansans has a history of a diverse and thriving economy and 2021 was no different. With strong partnerships and a will to improve our quality of life, Arkansas continues its momentum of growth.

Sincerely,

Mike Preston
'The mission of the Arkansas Economic Development Commission is to create economic opportunity by attracting higher-paying jobs, expanding and diversifying our state and local economies, increasing incomes and investment, and generating positive growth throughout Arkansas. Arkansas is a pro-business environment operating leaner, faster, and more focused through a streamlined state government designed to act on corporate interests quickly and decisively.'
2021 MILESTONES

Here is a rundown of key milestone events that happened throughout 2021.

January 15 - Mars Petcare expands manufacturing footprint in Arkansas with $145 million investment.
January 28 - AEDC names Esperanza Massana-Crane director of Minority and Women-Owned Business Enterprise Division.

February 10 - Dansons set to open the country’s largest barbecue wood pellet mill and distribution center in Hope.
February 22 - Owens Corning to invest in building a new 550,000-square-foot manufacturing facility in Fort Smith.

March 2 - Anchor Packaging, LLC breaks ground on a 90,000 square-foot, $21.5 million expansion in Paragould.

April 22 - Tyson Foods to invest $48 million as part of its commitment to accelerate the long-term growth of its poultry business and continued success of its Pine Bluff poultry plant.

May 6 - Drax to kickstart development of $40M Arkansas pellet plants.
May 13 - AEDC establishes Small Business and Entrepreneurship Division.

June 7 - Fort Smith Ebbing Air National Guard Base selected to host F-35 training center.

July 7 - Arkansas ranks 2nd for "Most Pandemic-Proof Small Businesses."

August 5 - Arkansas ranked #3 for Food Processing in the United States.
August 12 - Americold announces $84 million investment with expansion at Russellville plant.

October 26 - Trex announces plans to develop a new multifaceted production site in Little Rock.

November 3 - AEDC has partnered with the Arkansas Department of Parks, Heritage, and Tourism on a new talent recruitment initiative called “See Why Arkansas.”
November 15 - Canoo selects Northwest Arkansas for its headquarters, R&D center and EV industrialization facility.

December 15 - Arkansas passes the largest income tax cut in the state’s history.
December 16 - Westrock Coffee announces major expansions including nation’s largest roasting to ready-to-drink packaging facility.
MARKETING

The AEDC Marketing team featured Arkansas executives in targeted, paid media in 2021, letting the “executive voice” carry the message of the benefits of doing business in The Natural State. Through print and digital marketing efforts, the department reached executives and site selection consultants in strategic industries and locations. The Marketing team kept AEDC engaged with our priority audiences through events, email newsletters, podcasts, promotional items, custom landing pages, and more.

The Marketing team’s goal in 2022 is to grow AEDC’s connections, from leads to social media followers, and to grow AEDC’s engagement with those connections by consistently creating and distributing informative and relevant content and supporting business development and other AEDC divisions by helping to provide personalized, high quality experiences through events, landing pages, videos, promotional items, and more. The Marketing team plans to build on the “Executive Voice” strategy by creating more content, including videos, blogs, and podcasts that feature the state’s executive leaders highlighting the benefits of doing business in Arkansas.

Content Produced:

- 42 blog posts
- 9 Podcasts
- Updated AEDC website with new style guide colors and fonts for a fresh, consistently-branded look
- Interactive Storymap
- New video featuring David Peacock, President of Hytrol
- Support for multiple events
- New promotional items
- Email marketing: 28 email newsletters sent to 6,135 subscribers
- 13 unique prospect landing pages
- 4 Executive LinkedIn articles

Reach:

Websites launched:
- Opportunity Arkansas
- Department of Commerce

Social media:
- LinkedIn: 20% follower increase
- Twitter: 3% follower increase
- Facebook: 7% follower increase

“The AEDC Marketing team strives to build and broaden awareness of Arkansas among our key audiences, to grow key connections, and to build engagement with those connections through multiple marketing and communications tactics.”

- Clark Cogbill, Director of Marketing
BUSINESS DEVELOPMENT

From electric vehicles to wood pellets, the Business Development team worked with a wide variety of new and expanding businesses across the state this year. When looking at 2021 as a whole, it becomes clear just how strong the diversity of Arkansas’ economy is. We celebrated announcements in cities from Rogers to Hope and Blytheville to El Dorado. This year, our state’s economy saw new growth in an array of sectors including technology, food production, steel manufacturing, timber processing, and logistics.

The Business Development team is poised to have another record-breaking year, and we are entering 2022 with a renewed commitment to advancing the business community in the state and increasing the quality of life for all Arkansans.

BUSINESS DEVELOPMENT HIGHLIGHTS IN 2021

Announcement totals:

• In 2021, AEDC worked with 29 companies to create a projected 4,286 announced jobs.
• The total announced investment for the year was $1,612,506,661.
• The average announced wage for the year was $23.04.

*The above projections are based on announced company expansions.

For a more comprehensive look at our 2021 wins, check out our Announced Projects Map at aedc.link/ixqMcY.

Ground breaking for new Camfil site on November 4.
**LEGISLATION**

2021 was an important year for economic development policy in Arkansas. The Arkansas legislature passed significant legislation that supports economic development, improves the state’s tax climate, and increases the state’s competitiveness for creating and retaining jobs and a world class workforce.

**Arkansas’ Tax Climate**
Governor Hutchinson signed into law the largest tax cut in Arkansas’s history. The legislation will incrementally cut the top individual income tax rate from 5.9% to 4.9% by 2025. Corporate income tax rate will be further incrementally reduced from 5.7% to 5.3% by 2025.

**Growing Arkansas’ Steel Industry**
Act 3 of the 2nd Special Legislative Session amended the credit waste reduction, reuse, or recycling equipment to create an income tax credit of up to $11M for an additional qualified growth project at an existing steel mill facility if the project invests $2 billion or more and creates at least 700 net new direct jobs with an average annual wage of $120,000 or more.

**Military Affairs**
The Arkansas Occupational Licensing of Uniformed Service Members, Veteran, and Spouses Act of 2021 improved the process of automatic and temporary occupational licensure to active-duty service members, recent veterans, and their spouses who hold occupational licensure in another state.

**Supporting the Arkansas Timber and Forest Products Industry**
The Arkansas Wood Energy Products and Forest Maintenance Income Tax Credit creates an income tax credit for wood energy product and forest maintenance projects.

**BUSINESS FINANCE**

The Business Finance Division provides assistance to qualifying applicants that makes it easier to access low-cost funding through either direct debt financing support or indirect equity financing support. Debt support programs within the division are generally limited to fixed-asset financing, while equity support programs generally provide support for working capital needs, both at a cost that is much less than is otherwise available, with each type of program making the applying entity more economically viable.

2021 Highlights include:

- $52,493,819 invested in research and development by Arkansas companies.
- $675,000 invested in early stage companies.
EXISTING BUSINESS RESOURCES/ MANUFACTURING SOLUTIONS

In 2021, the Arkansas Manufacturing Solutions (AMS) team and Business Managers developed a Workplace Resilience program designed to provide in-depth solutions for companies looking to focus on skills and management training. The Future Fit training program continued to evolve as flexible classroom schedules and the development of company-specific training options allowed companies to invest time into training their workforce. With two more Business Managers receiving their licenses as ACT Job Profilers, the team can serve more companies across the state at no charge. As the state continues to expand utilization of the ACT National Career Readiness Certificate (NCRC) by making it available in high schools, companies that take advantage of ACT Job Profiling place themselves in position to better evaluate and hire individuals with these certifications.

The expectation for 2022 is to support companies as they adapt to the “new normal” for workforce development. Identifying company-specific strategies, EBRD will assist employers utilizing programs like Workplace Resilience, Supply Chain Resilience and ACT Job Profiling while exploring opportunities to implement automation where appropriate.

Some 2021 Highlights include:

- Business Managers conducted 344 Discovery Calls with businesses across the state.
- AMS funded over 60 Technology Transfer Acceleration Grants totaling $239,600 to assist companies in the utilization of advanced technology.
- AMS funded 53 projects totaling over $256,000 utilizing CARES Act monies to assist businesses recovering from the pandemic.
- Four additional Community Colleges have signed MOUs to deliver Future Fit (10 total statewide).

AMS did significant training and consulting with 87 clients in 2021. As a result, those clients reported the following impacts:

- 2,202 Created and Retained Jobs
- $596 million in Retained Sales
- $66 million in New Investment
- $13 million in Cost Savings
- $53 million in New Sales

I have worked in various segments of manufacturing for over 30 years and the Leader Starter KATA program is different from any other CI program I have experienced. It guides you down a path towards a solution that consistently provides the best answer.

- Bert Mayer
VP Operations for National Custom Hollow Metal
(detailing the work he and his team did with AMS and Leader Starter KATA)
COMMUNITY DEVELOPMENT

In 2021, the Community Development team was able to celebrate several major accomplishments. These included announcing CCI designation for Mississippi County, and the roll out of a pilot version of a program called Retail Academy, which helps communities identify realistic retail targets and gives them the tools needed to recruit those targets. The pilot or beta rollout of this program included Prescott, Warren, Mena, and Corning.

In 2022, the Community Development Division looks forward to several new initiatives, including working with various partners to provide local elected officials with economic development training. We also hope to continue with the CCI program, Retail Academy program, and continue working on a resource guide identifying resources available for communities.

"AEDC’s Community Development Division was pleased to get back to putting some focus on our primary objective of helping communities by connecting them to resources. Being able to engage with our community leaders and partners in person makes us much more effective at accomplishing our mission."

- Matt Twyford,
  Director of Community Development
SCIENCE AND TECHNOLOGY

The goal of the Division of Science and Technology is to develop the academic and industrial ecosystem needed to support the creation and survival of a knowledge-based economy in Arkansas. A knowledge-based economy is critical to increasing Arkansas’ per capita income and standard of living.

In 2020, the Division of Science and Technology was awarded a new 5-year project with $20 million from the National Science Foundation and $4 million from the State of Arkansas to support cutting edge research in data analytics and build a data science educational ecosystem. This project involves more than 13 Arkansas colleges and universities and more than 100 faculty researchers and students across the state. Learn more about the project, Data Analytics that are Robust and Trusted (DART), on our blog at info.arkansasedc.com/DART.

For more information, follow the Science and Technology Division on:

YouTube
youtube.com/arepscor

Facebook
facebook.com/arepscor

Twitter
twitter.com/arepscor

Jennifer Fowler named director of Arkansas NSF EPSCoR in July 2021.

Excerpt from the Arkansas Economic Recovery Strategy Report prepared by the Governor’s Task Force for Economic Recovery

“The state’s economic development efforts must embrace innovation as fundamental to its long-term growth objectives. Additional focus on graduating more students with bachelor’s degrees (especially in science, technology, engineering and math – STEM – fields) and retaining them will boost the knowledge intensity of businesses in the state. Commercialization of university research, along with industry-performed research and development (R&D), are key sources of knowledge-intensive economic growth.”
I’m excited that our leadership at AEDC came together to create this new Division. We recognize that small business owners are the backbone of Arkansas’ economy. Our assistance moving forward will reflect this understanding of the importance that innovation and entrepreneurism has on our state.

- Bob Kucheravy, Director of Small Business and Entrepreneurship Development

The Small Business and Entrepreneurship Development Division was created in May 2021 to streamline agency services, assist small business owners and entrepreneurs across the state, and develop partnerships between resource providers, state agencies, and business communities. In 2021, the new division created an incentives summary, and a new webpage has been created that includes a database of business resources and incentives, a business process checklist, funding sources, and more.

In 2022, the division will continue to serve as the “one-stop-shop” for statewide small business and entrepreneurship development assistance. There are plans to develop an annual summit for all resource providers, entrepreneurial service organizations, stage agencies, and economic development groups across the state.

Bob Kucheravy named director of Small Business & Entrepreneurship Development in March 2022.
In 2021, the Grants Division awarded $24 million in State Community Development Block Grants (CDBG) and CDBG-CV funds, which primarily benefits persons of low-to moderate-income in non-entitlement, small cities and communities throughout the state.

Among those are:

- Four (4) economic development projects totaling $6.25M, which will result in the creation of 462 jobs.
- 28 General Assistance projects totaling $6.42 million for a variety of public facility and public infrastructure projects, including residential water and wastewater, drainage, sidewalks, bridges, childcare centers, senior centers, and centers for disabled persons.
- 13 Rural Services Block Grants totaling $775,000 through a partnership with the Division of Rural Services for expanded fire protection in communities under 3,000.

COVID-19 Response

With the 2021 funding, we will be able to secure 11 new Meals on Wheels vehicles, kitchen equipment and building improvements which would otherwise not have been possible without these resources. White River Area Agency on Aging is extremely grateful for the assistance our centers have received and hope to continue to receive from AEDC.

- Ted Hall, Executive Director
White River Area Agency on Aging
Batesville, Arkansas
The Division of Rural Services was faced with many challenges due to the COVID-19 pandemic. However, the department was able to overcome these obstacles to host a successful Rural Development Conference and fund all of its grant programs. The department funded the Rural Community Grant Program, the Rural Services Block Grant Program, the County Fair Building Grant Program, the Arkansas Game and Fish Wildlife Grant Program and the Arkansas Spay and Neuter Grant Program totaling $1,898,634.84 awarded in 2021.

Grant funds allocated by the Division of Rural Services for calendar year 2021:

- **Rural Community Grant Program**: $307,076
- **Rural Services Block Grant Program**: $1,000,000
- **County Fair Building Grant Program**: $29,658
- **Arkansas Game and Fish Wildlife Grant Program**: $536,402
- **Arkansas Spay and Neuter Grant Program**: $25,500

It is the mission of the Division of Rural Services to provide our Rural Communities with adequate resources to thrive. Looking forward to the year 2022, I hope to assist all of our Rural Communities to the best of my ability in achieving this goal.

- Becca Caldwell,
  Director of Rural Services
2021 was a year of growth for the Minority and Women-Owned Business Division. There has been significant learning of the ecosystem, particularly the various Entrepreneur Support Organizations around the state. Similarly, there has been a thorough assessment of opportunities for the Division in tackling these challenges.

In 2021, MWOBE laid the foundation to establish cleaner processes to better serve the division including collecting intelligence through changes on the website to better understand who is accessing the database, creating more accessibility to opportunities for contracting opportunities to MWOBE, increasing the number of certified businesses, and working harder to become a trusted resource for all things MWOBE in the state.

Some 2021 Highlights include:

- Conducted 11 Certification Trainings around the state with a total of 367 attendees.
- Grew the Online Directory by 423 entries.
- Launched Division’s Facebook Page.
- Transitioned several databases to SalesForce to improve communication.
- Collaborated with the Venture Center to launch “Woman Achieve” mentorship program.
- Organized a leadership training event for 87 attendees (virtual and in-person) at the Mosaic Templars in Little Rock.

AEDC’s Minority and Women-Owned Business Enterprise Division and the Small Business and Entrepreneurship Division help small business owners and entrepreneurs by connecting them to the resources they need to thrive, including a helpful website, grant programs, events, and more.

- Esperanza Massana-Crane, Minority and Women-Owned Business Enterprise Director
FILM COMMISSION

Since the filming of the HBO Series True Detective Season 3, Arkansas has been able to actively retain and attract more crew members, production companies, and general industry infrastructure. With the foundation that was already established by a strong and robust rebate program, 2021 saw an uptick not only in physical production of films in Arkansas, but also in inquiries concerning filming in Arkansas over the next few years. Three films produced in Arkansas last year were named to USA Today’s List of Movies You’ll Want to Watch in 2022.

2022 is already on pace to be a record year for the number of productions produced in Arkansas during a calendar year. We are excited not only by the quantity, but also the quality of these productions that are looking at Arkansas as a partner in their content creation.

Some of the Productions Filmed in Arkansas in 2021:

- 5000 Blankets
- Mindcage
- Pursuit
- Ghosts of the Ozarks
- Plus One at an Amish Wedding
- A Sister’s Grudge
- Running the Bases
- The Deadly Cult
- Squeaky Clean
- House of Darkness
- All For Her

Three productions that were filmed in Arkansas were named to the USA Today's List of Movies You’ll Want to Watch in 2022:

- Chariot
- Pursuit
- Ghosts of the Ozarks

Filming in and around Fayetteville with our almost 100% Arkansas crew was incredibly satisfying, especially considering our ambitious production schedule. Every single member of the crew brought their creative energy with enthusiasm that made us feel like a wonderfully harmonious family. I loved every minute of the experience and can’t wait to bring back another film.

- AMIN MATALQA,
  Director of 5000 Blankets
The military affairs division had a very productive 2021. The department was able to celebrate many accomplishments while taking on new challenges brought on by the pandemic.

In June 2021, the U.S. Air Force selected Ebbing Air National Guard Base in Fort Smith to host the foreign military sales F-35 training program along with the training detachment from the Royal Singapore Air Force F-16s.

A successful legislative session codified the Military Affairs Council as well as two bills that solidify the state's support of military families. The result is that the Arkansas is one of four states that meet or exceed all the Department of Defense requirements to support military missions.

The state, in partnership with the City of Fort Smith, is extending the runway at Fort Smith to support both the military mission as well as its commercial operations.

A brokered partnership with Entergy and the Little Rock Air Force Base will lease 60 acres of base land for the creation of a generating capacity on the base.

Some 2021 Highlights include:

- The mission at the Ebbing Air National Guard Base is estimated to have a $1 billion annual economic impact on the state and add 800+ new jobs to the Fort Smith region.
- First DoD installation that is 100% energy independent and able to remove itself from the electrical grid in a crisis.
- In January 2021, Director of Military Affairs, Colonel Robert Ator, was appointed by Governor Hutchinson to coordinate Arkansas’s COVID-19 vaccine distribution program.

The governor tasked us to provide real value to the state as well as making Arkansas the ‘Most Military Friendly State in the Nation.’ This year, we were selected to accept a new F-35 mission with a $1B economic impact while being one of only 4 states to meet all needs for the Department of Defense. It’s been a fantastic year and we are just getting started!

- Col.(Ret) Rob Ator, Director of Military Affairs
Stay up to date with economic development news in Arkansas by subscribing to the Arkansas Inc. newsletter at arkansasedc.com/newsletter and the Arkansas Inc. podcast at arkansasedc.com/podcast.

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