



2023
**ACT 1282
REPORT**

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Arkansas Economic Development Commission Annual Report

Executive Summary

Enabling Legislation: A.C.A. § 15-4-219 Annual Report

Submitted: Annually. This is the current report for calendar year 2023.

Purpose: This report is submitted in compliance with the statutory requirement for the Arkansas Economic Development Commission (AEDC) to provide an annual accounting of its activities and impact on economic development within the state. It details the projects that were offered specific incentives in calendar year 2023, including job creation projections and project locations. Additionally, the report assesses projects that declined incentives, reasons the projects failed to open, analyzes factory and plant closures, and the locations of the closures. The AEDC also outlines strategic recommendations and risk assessments for the coming year, with a focus on job retention, business growth, and the enhancement of economic development opportunities. Finally, the report includes an evaluation of the commission's performance over the past two years, a comparison to economic trends in neighboring states, and an assessment of the AEDC's effectiveness in fostering economic prosperity in Arkansas.

Part 1 Accounting of All Projects

During calendar year 2023, the AEDC signed financial incentive agreements for 78 projects. These agreements are cumulatively projected to create 4,502 new and retained jobs and add approximately \$2.3 billion in new investment to Arkansas.

Incentives offered: The following is a list of incentives offered by the AEDC, including an accounting of each signed and proposed offer for 2023.

- **Advantage Arkansas** provides state income tax credits to qualifying businesses based on the payroll of new full-time permanent employees, encouraging job creation and economic development. Ark. Code Ann. § 15-4-2705.
- **ArkPlus** provides state income tax credits to qualified businesses based on 10% of the total investment in a new location or expansion project. Ark. Code Ann. § 15-4-2706(b)(6).
- The **Arkansas Business and Technology Accelerator Grant (Accelerator)** provides discretionary grants up to \$250,000 to sponsor business and technology programs which mentor start-up companies. The purpose of a business accelerator is to connect innovative, early-stage companies with investors and industry professionals who provide participants with guidance on future growth and strategic development. Ark. Code Ann. § 15-3-606.
- The **Arkansas Small Business Innovation Research Matching Grant (SBIR)** provides discretionary matching grants to companies for up to 50% of the amount of a federal SBIR grant award. The objective is to encourage innovative small businesses to engage in federally funded research that has the potential for technological innovation and commercialization. Ark. Code Ann. § 15-3-707.
- The **Community Development Block Grant (CDBG)** program provides federal funding to eligible local governments for infrastructure improvements, economic development, and community revitalization projects that benefit low to moderate income residents. 42 U.S.C. § 5301.
- **Create Rebate** is a payroll rebate program that provides annual cash rebates to eligible businesses based on a percentage of their new payroll for expanding or locating in the state, incentivizing job creation and economic growth. Ark. Code Ann. § 15-4-2707(d).
- The **Digital Product and Motion Picture Industry Development Incentive Program** provides rebates or tax credits for eligible Arkansas-based production expenditures. Ark. Code Ann. § 15-4-2001.
- The **Equity Investment Tax Credit (EITC) Incentive Program** is a discretionary initiative supporting new, technology-based businesses that pay wages exceeding 150% of the state or county average wage. Jointly administered by the AEDC and the Arkansas Development Finance Authority, the program allows approved businesses to offer a $33\frac{1}{3}\%$ income tax credit to investors, attracting crucial investment for entrepreneurial growth. Ark. Code Ann. § 15-4-3301.
- The **Governor's Quick Action Closing Fund (GQACF)** provides discretionary grants to attract and retain businesses by covering costs related to infrastructure, equipment, and other critical needs to secure economic development projects in highly competitive situations. Ark. Code Ann. § 19-5-1231.

- **Railroad Modernization Tax Credits** is an incentive that allows eligible taxpayers to claim an income tax credit in the amount of 50% of railroad track maintenance expenditures. The maximum amount of the tax credit is \$5,000 per mile of track owned or leased by the taxpayer within the state. Ark. Code Ann. § 26-51-2801.
- The **Recycling Equipment Tax Credit Program** encourages recycling by allowing Arkansas taxpayers a 30% state income tax credit for the purchase of equipment used exclusively for collecting, separating, processing, modifying, converting, or treating solid waste or for manufacturing products containing at least 50% recovered materials of which at least 10% is post-consumer waste. Ark. Code Ann. § 26-51-506.
- The **Research & Development Tax Credit Program** allows credits against a taxpayer’s Arkansas state income tax for making certain qualified research expenditures. Ark. Code Ann. § 15-4-2708.
- The **Seed Capital Investment Program (SCIP)** provides working capital to support the initial capitalization or expansion of technology-based companies located in Arkansas. Ark. Code Ann. § 15-3-101 et. seq.
- **Tax Back** is an incentive that provides sales and use tax refunds on the purchase of building materials and taxable machinery for businesses that invest in new construction or expansion and meet job creation requirements. Ark. Code Ann. § 15-4-2706(d).
- The **Technology Development Program (TDP)** provides up to \$100,000 in bridge financing for innovative, high-tech projects that drive entrepreneurship and job growth in Arkansas. Ark. Code Ann. § 15-3-101 et. seq.
- The **Technology Transfer Assistance Grant (TTAG)** provides up to \$3,750 to help Arkansas companies improve products or processes by transferring technical solutions from qualified institutions. Ark. Code Ann. § 15-3-101 et. seq.

Table 1
Projects with Incentive Agreements Signed in 2023

Incentives Offered	Location	Number of New Jobs
Create Rebate and Tax Back	Arkadelphia	60
CDBG	Batesville	300
Create Rebate, Tax Back, CDBG	Batesville	150
Railroad Modernization	Bauxite	N/A ¹
Equity Investment Tax Credit	Benton	28
Equity Investment Tax Credit	Bentonville	9
Film Production Tax Credit	Bentonville	28
TTAG	Bentonville	N/A
Accelerator	Bentonville	N/A
Advantage Arkansas and Tax Back	Blytheville	30
TTAG	Cabot	N/A

¹ Certain incentives do not include a job creation requirement. These will be marked as “N/A” throughout.

Incentives Offered	Location	Number of New Jobs
Advantage Arkansas and Tax Back	Camden	45
Seed Capital Investment Program	Carlisle	N/A
Advantage Arkansas and Tax Back	Clarendon	10
GQACF	Conway	600
TTAG	Conway	N/A
Advantage Arkansas and Tax Back	Crossett	5
Advantage Arkansas and Tax Back	Crossett	80
GQACF	East Camden	40
Create Rebate and Tax Back	Fayetteville	119
In House R&D Tax Credit	Fayetteville	3
Film Production Tax Credit	Fayetteville	35
Film Production Tax Credit	Fayetteville	7
Technology Development Program	Fayetteville	N/A
TTAG	Fayetteville	N/A
CDBG	Fordyce	48
Advantage Arkansas and Tax Back	Fort Smith	11
Advantage Arkansas	Fort Smith	10
Advantage Arkansas and Tax Back	Harrison	3
Advantage Arkansas and Tax Back	Heber Springs	70
GQACF	Helena-West Helena	52
Advantage Arkansas and Tax Back	Helena-West Helena	2
Film Production Tax Credit	Hot Springs	9
GQACF	Jacksonville	625
TTAG	Jonesboro	N/A
TTAG	Jonesboro	N/A
SBIR	Jonesboro	N/A
GQACF	Little Rock	800
GQACF	Little Rock	125
Advantage Arkansas and Tax Back	Little Rock	166
Advantage Arkansas and Tax Back	Little Rock	74
Create Rebate	Little Rock	50
Equity Investment Tax Credit	Little Rock	32
Film Production Tax Credit	Little Rock	12
Film Production Tax Credit	Little Rock	40

Incentives Offered	Location	Number of New Jobs
Film Production Tax Credit	Little Rock	84
Railroad Modernization	Little Rock	N/A
Railroad Modernization	Little Rock	N/A
TTAG	Little Rock	N/A
Accelerator	Little Rock	N/A
Accelerator	Little Rock	N/A
Create Rebate and Tax Back	Magnolia	100
Advantage Arkansas and Tax Back	Maumelle	60
Tax Back	Maumelle	12
Advantage Arkansas	Midway	3
CDBG	Monticello	50
CDBG	Mountain View	20
Railroad Modernization	Multi-Local project South, Southeast, and Northwest Arkansas	N/A
Advantage Arkansas, Tax Back, CDBG	Newport	43
Advantage Arkansas and Tax Back	North Little Rock	60
Advantage Arkansas and Tax Back	North Little Rock	12
TTAG	North Little Rock	N/A
Railroad Modernization	Northwest Arkansas	N/A
Advantage Arkansas and Tax Back	Osceola	32
Advantage Arkansas and Tax Back	Pine Bluff	45
Recycling Tax Credit	Pine Bluff	104
GQACF	Russellville	53
Tax Back, Advantage Arkansas	Russellville	3
Railroad Modernization	Southeast Arkansas	N/A
In House R&D Tax Credit	Searcy	1
CDBG	Searcy	142
SBIR	Sherwood	N/A
Railroad Modernization	Warren	N/A
Railroad Modernization	West Memphis	N/A
Total = 78 Projects with 4,502 Jobs Created		

Repayment provisions – Each job creation project that receives funds from the Quick Action Closing Fund and the Community Development Block Grant (CDBG) has a grant agreement with specific grant repayment provisions for failure to create requisite jobs.

Part 2 Accounting of Projects That Did Not Materialize

In calendar year 2023, twenty-five (25) projects were offered incentives but were not accepted. An accounting of those is listed in the table below. Of those 25 projects, only seven (7) chose to locate in another state. At this time, the AEDC has no specific proposals to the General Assembly that would have assisted in its negotiations regarding each project.

Table 2
2023 Projects That Did Not Materialize

Incentives Offered	Number of Jobs	Reason for not locating in Arkansas
Advantage Arkansas	160	Company encountered cash flow issues.
ArkPlus, Create Rebate and GQACF	229	Foreign company reviewing several states. Did not confirm with the AEDC reason for nonselection.
CDBG	32	Company encountered financing issues.
CDBG	16	Company was considering closing its TX plant and relocating to Arkansas. Company never responded to proposal.
CDBG	6	Company was unable to adhere to program reporting requirements.
CDBG	30	Chinese company chose not to locate in current business climate.
Create Rebate and Governor's Quick Action Closing Fund (GQACF)	631	Company located in Georgia. No reason was provided.
Create Rebate and GQACF	530	Company chose to locate in another State.
Tax Back and Advantage Arkansas	460	AR was eliminated due to access of supply chain.
Tax Back and Create Rebate	152	Project did not obtain required financing.
Tax Back and Create Rebate	83	Company was considering between AR and OH but did not respond to proposal.
Tax Back and Create Rebate	753	Company determined incentive was not worth requirements.
Tax Back and Create Rebate	715	Company indicated labor restraints and other large companies expanding in the market.

Incentives Offered	Number of Jobs	Reason for not locating in Arkansas
Tax Back and Create Rebate	375	Company needed more upfront capital and stated they would be a better fit elsewhere.
Tax Back and Create Rebate	52	Company was unresponsive to the reasoning for not locating in AR.
Tax Back and Create Rebate	498	Company chose to locate in another State.
Tax Back and Create Rebate	7600	Company was considering a new manufacturing facility in AR or OK. Did not respond to proposal.
Tax Back, Advantage Arkansas and GQACF	99	Company elected to expand existing out-of-state facility rather than locate new facility in AR.
Tax Back, Create Rebate and CDBG	630	Company was unable to secure a local Payment In Lieu of Taxes Agreement.
Tax Back, Create Rebate and CDBG	135	Project was dependent upon several other agreements the Company was negotiating. Did not follow up with the AEDC to clarify final reason.
Tax Back, Create Rebate and CDBG	120	Company shifted interest to investing in existing location due to not having immediate market access.
Tax Back, Create Rebate and GQACF	210	Expansion was dependent upon another company co-locating. Other company pulled out.
Tax Back, Create Rebate and GQACF	2807	Company was concerned with labor availability.
Tax Back, Create Rebate and GQACF	1620	Company encountered a reduction in customer demand.
Tax Back, Create Rebate and GQACF	514	Foreign company reviewing several states. Did not confirm with the AEDC reason for nonselection.

Source: Arkansas Economic Development Commission.

Part 3 Accounting of Major Factory and Plant Closures

In calendar year 2023, six major manufacturing facilities closed, causing the layoff of 552 employees. Despite these closures, manufacturing continues to be a strong part of Arkansas' economy.

Table 3
2023 Major Manufacturing Layoffs and Closures

Location	# of Jobs Impacted	Reason	Sector
Blytheville	118	Bankruptcy / Layoff	Metal Scrap Recycling
El Dorado	70	Corporate decision / Closure	Paper Bag and Treated Paper
Little Rock	121	Corporate decision / Closure	Printing and Supported Activities
Pocahontas	114	Bankruptcy / Closure	Wood Products
Prescott	95	Corporate decision / Layoff	Brick, Stone, and Related Construction Material
Springdale	34	Corporate decision / Layoff	Compression Modified Wood Manufacturing
Total = 552			

Source: Division of Workforce Services Dislocated Workers Taskforce; Worker Adjustment and Retraining Notification Act (WARN).

Part 4 Strategies and Recommendations for the Coming Year

In 2023, the General Assembly passed several pieces of legislation that will positively impact economic and community development in Arkansas, including adding several economic incentives as well as lowering the state's tax burden. Some of the most impactful of these incentives are expected to be the expansion of the Motion Picture Industry Incentives, Ark. Code Ann. § 15-4-2001; creating a Sales and Use Tax Exemption for Data Centers, Ark. Code Ann. § 26-52-456; and expanding the Wood Energy Product and Forest Maintenance Income Tax Credit, Ark. Code Ann. § 26-51-2701. Finally, phasing out the Throwback Rule, Ark. Code Ann. § 26-5-101 et. seq., is expected to have a significant impact on the state's economic competitiveness. These efforts should increase the number of economic development proposals within the state and prevent future job losses. In the future, the AEDC recommends focusing on initiatives that would improve incentives for site development, modernization, and workforce to increase our competitiveness with surrounding states.

Assessment of the Relative Risk of Losing Factories, Plants, and Jobs

Arkansas' manufacturers produce a diverse range of products from corporate jets to packaged cereal. In 2023, the manufacturing industry employed over 12% of the state's labor force. This placed Arkansas ninth for manufacturing employment per capita in the country according to the U.S. Bureau of Labor and Statistics. While the plant closures and layoffs noted in Table 3 above are significant to the communities they impact, the table does not represent a trend in Arkansas' overall manufacturing sector. Though certain regions and industries within Arkansas faced challenges due to plant closures, the state's manufacturing sector demonstrated adaptability and continued to provide employment opportunities.

Plans for Preventing Closures and Job Losses

Under the administration of Governor Sarah Huckabee Sanders, Arkansas has taken major steps to create a more business-friendly state. When taxes are low and education and workforce development are prioritized, companies will be less likely to close. Despite the progress that we have made, challenges still lie ahead.

Workforce challenges continue to be one of the top concerns for businesses across the spectrum of size and industry. Despite a sharp increase in the number of jobs lost during the pandemic and record-low unemployment rates coming out of 2022, the state continues to have a high number of job openings, resulting in an extremely competitive job market. To attract and retain talent, companies find it necessary to enhance wages and benefits for key positions. Concurrently, inflation has elevated the costs of goods, further impacting operational expenditures for businesses. But the Sanders' Administration is implementing a strategy to align education and workforce development in a way that is industry-led and industry-driven, which will help prevent closures as companies will see that their best, most highly trained workforce is in Arkansas.

Workplace Resilience

In 2023, Arkansas Manufacturing Solutions (AMS) hosted seven regional Workplace Resilience Assessment (WRA) Lunch & Learns in Searcy, Pine Bluff, Fort Smith, Russellville, Little Rock, Hot Springs, and Stuttgart. These sessions introduced the WRA framework, helping companies address issues like

employee turnover, retention, and production concerns through leadership development, planning, and team building. While the full WRA process is resource-intensive, AMS found many client needs could be identified through 60 to 90 minute discovery visits. Workforce-related cases often leveraged Transformational Leadership Improvement (TLI) tools, including employee engagement surveys, 360 feedback, leadership training, coaching, and personality assessments.

Looking ahead to early 2025, AMS is streamlining the WRA process by integrating it into the Vessel online platform, which will digitize and automate assessments, joining AMS' existing Supply Chain Assessment program. Additionally, AMS is expanding capabilities with a Technology Lead in partnership with the University of Arkansas. This role will support the development of a Technology Assessment, also launching on Vessel by mid-2025, further diversifying AMS' services to meet the needs of a tech-driven market.

Enhancing Arkansas Manufacturing

In 2023, AMS assisted 101 manufacturing clients across 106 projects, covering Leadership Development, Lean Six Sigma, Risk Management, Value Stream Mapping, Exporting, Market Intelligence, Cybersecurity, Strategic Planning, Root Cause Analysis, and Team Building. These efforts contributed to 2,154 new and retained jobs, \$228 million in new and retained sales, \$56 million in new investment, and \$13 million in cost savings.

Looking ahead, AMS will continue outreach to help companies optimize processes, rightsize operations, and set and achieve strategic goals. By addressing root causes and implementing long-term solutions, AMS aims to reduce plant closures and layoffs.

The AEDC Existing Business Team collaborates with manufacturers around the state to adopt advanced processes and production methods to ensure competitiveness in an evolving industry. The team also partners with state educational institutions to provide tailored workforce and business solutions.

Collaborative Vision for Workforce Success

In February 2023, Governor Sanders established the Governor's Workforce Cabinet and appointed a Chief Workforce Officer. The Secretary of the Department of Commerce serves on the cabinet, which is conducting a comprehensive review of Arkansas' workforce and development programs over the next year.

Given the complexity of these challenges, the cabinet will collaborate with businesses, government, educators, and workforce experts to develop a statewide strategic plan. Agencies within the Department of Commerce, including the AEDC, Division of Workforce Services, and the Office of Skills Development, will actively engage in this effort to create innovative, tailored workforce solutions.

Diversifying Recruitment Strategies

The Future Fit training program provides 96 hours of hands-on and online training, equipping participants with essential skills for entry-level manufacturing roles. The curriculum covers industrial math, safety, workplace skills, blueprint reading, measurement, and machine operations, allowing companies to hire skilled graduates with reduced lead time and expense.

In 2023, Future Fit was chosen as the training curriculum for the Little Rock Workforce Development Board's Rock City Reentry program, which provides technical and essential skills training for low-risk

individuals at the Pulaski County Detention Center. UA-Pulaski Tech instructors trained six cohorts, with 38 graduates completing the program.

Additionally, the AEDC Existing Business Team, in partnership with the Society of Manufacturing Engineers, conducted a statewide Workforce Assessment, gathering input from employers, students, and educators across eight regions. Key findings highlighted the need for soft skills training, front-line supervisor development, and clearer career pathways for entry-level workers.

Facilitating Relationships and Contacts

In 2023, the AEDC launched the Small Business and Entrepreneurship Development Division, consolidating resources to support entrepreneurship, science and technology, and business in emerging industries.

The division hosts the annual Small Business Matchmaking Event, which in 2023 included workshops on government contracting, financing, marketing, and entrepreneurship. The event facilitated 400+ pre-arranged meetings among 200 attendees pursuing contract opportunities with public and private sector buyers.

Additionally, the annual Rural Development Conference fosters collaboration among elected officials, business leaders, and citizens to advance rural Arkansas. In 2023, the three-day event attracted 550+ attendees, featuring sessions on broadband, community engagement, quality of life, and economic development.

Plans for Increasing the Number of Economic Development Proposals

Accelerating Income Tax Reduction

In 2023, the Arkansas General Assembly reduced the top personal income tax rate from 4.9% to 4.7% and accelerated the corporate income tax reduction from 5.3% to 5.1%, retroactive to January 1, 2023. This legislation provides \$150 million in annual tax relief for individuals and \$36 million for businesses while eliminating the throwback rule by 2030.

With a lower tax burden, low cost of living, and business-friendly environment, Arkansas remains an attractive destination for talent and investment. In 2024, the AEDC will collaborate with the General Assembly to further enhance the state's tax climate.

Enhancing Economic Development through Creativity

In 2023, the Arkansas Film Commission supported 7 film productions, ranging from independent films and faith-based series to commercials, documentaries, and reality shows, showcasing Arkansas as a dynamic filming location.

To further industry growth, the Commission will participate in a state-approved economic impact analysis to shape future film industry policy. With these initiatives, Arkansas is poised for another strong year in film production in 2024.

Empowering Small Cities and Counties

Strengthening small cities and counties remains central to the Commission’s mission of fostering economic growth, sustainability, and quality of life across Arkansas.

In 2023, \$16 million in CDBG funds supported low to moderate-income communities, enhancing public facilities and infrastructure. This included \$733,000 in CDBG-COVID funds allocated to the Arkansas Hunger Relief Alliance. The impact was evident in 26 projects totaling \$13.85 million, benefiting 63,200 individuals in small cities and rural areas.

The Rural Services Division further supported rural communities through Rural Services Block Grants, the Rural Community Grant Program, and the Arkansas Game and Fish Wildlife Grant Program, reinforcing a comprehensive rural development strategy.

Looking ahead to 2024, the AEDC will develop policies to address blighted areas and food insecurity through CDBG funding. The Community Development Division will also launch an interactive resource guide to help cities and counties locate funding and support. Additionally, the division will expand training programs for newly elected officials from 10 to 15 annually, ensuring local leaders are equipped to drive long-term community growth and prosperity.

Transitioning from Innovation to Entrepreneurship

In 2023, the National Science Foundation Established Program to Stimulate Competitive Research (EPSCoR) Division supported 81 faculty and staff and 100+ students across 12 Arkansas colleges and universities.

EPSCoR-backed researchers published 66 papers, submitted 41 research proposals, and secured \$30.6 million in additional grants. Moving forward, the division aims to expand collaborations and strengthen Arkansas’ leadership in innovation and research.

Arkansas EPSCoR hosted the first-ever Institute of Electrical and Electronics Engineers Innovation, Workforce, and Research event, drawing 100+ attendees from academia, federal agencies, and the tech industry.

EPSCoR also awarded \$505,000 in seed grants to early-career faculty at four Arkansas universities for projects ranging from AI-driven cyber infrastructure to AI-based speech assessment for Parkinson’s disease. Recognizing the economic potential of university research, the Commission is committed to helping innovators transition into successful entrepreneurs to drive commercialization and business growth in Arkansas.

Foreign Direct Investment

Foreign Direct Investment is an important component of Arkansas’ economy. The AEDC's Global Business Team plays a strategic role in fostering the state’s attractiveness for foreign direct investment. By engaging with other countries to market the positive benefits of doing business with Arkansas, the state positions itself as a competitive player on the international stage.

The AEDC's engagement in Europe and Asia has been established in these strategic regions to actively promote Arkansas by engaging with key government officials, trade groups, companies, and other key industry leaders.

Business Development, Paving the Future

In 2023, Governor Sanders laid the groundwork for a strong year in economic development, with major companies like Westrock Coffee, Owens Corning, Sig Sauer, Central States Manufacturing, Bad Boy Mowers, Raytheon, and Dassault Falcon Jet expanding their operations in Arkansas. Additionally, Elopak, FarmaKeio, Hybar, and RelateCare chose to establish new facilities in the state, highlighting Arkansas' pro-business policies, strong leadership, and skilled workforce.

The AEDC recorded one of the highest proposed average hourly wages for incentive-backed projects at \$28.49, exceeding the statewide average of \$27.40.

Beyond job creation, these investments drive long-term economic growth, generating multiplier effects that spur further employment, knowledge transfer, and community development across Arkansas.

Elevating Economic Development through Strategic Marketing Initiatives

The "Executive Voice" campaign, launched in 2021, continued its momentum in 2023 by featuring Westrock Coffee, AcreTrader, and Delta Dirt. Business leaders Scott Ford, Carter Malloy, and Harvey Williams shared their Arkansas success stories in dynamic digital and print ads, showcasing the state's thriving growth and innovation.

The AEDC blog earned a top 10 spot on FeedSpot's economic development blogs for the second year, boosting engagement and driving a 15.9% increase in social media followers. The AEDC expanded its social media reach with 38 blog posts targeting business leaders, site location consultants, and top talent. The Arkansas Inc. Podcast further amplified Arkansas' business success, featuring guests like Commerce Secretary Hugh McDonald and executives from RelateCare, AcreTrader, and Westrock Coffee.

In 2024, the AEDC's marketing team will join the Commerce-wide shared services team, integrating video production, public relations, graphic and web design, digital marketing, and lead generation to strengthen efforts in promoting Arkansas as a premier destination for business expansion.

Aerospace and Defense

The AEDC Military Affairs Division remains committed to growing, supporting, and promoting Arkansas' military missions, installations, and economic development.

In 2023, efforts continued to ensure the timely establishment of the F-35 Foreign Military Sales Pilot Training Center at Ebbing Air National Guard Base in Fort Smith, while also protecting and expanding the state's other military operations. This initiative, with an expected economic impact of up to \$1 billion annually, could grow to \$1.3 billion with 44 aircraft if expanded by the U.S. Air Force. The \$765 million construction project marks a shift in strategy, building a dedicated training center rather than integrating it into an existing base.

With support from Arkansas' congressional delegation, the state secured \$120 million of funding in 2023, helping to establish an intergovernmental support agreement for the installation of arresting gear needed for F-35 operations at Ebbing.

Additionally, Little Rock Air Force Base developed an energy assurance plan brokered by the Division in partnership with Entergy, ensuring energy independence and continued operations even if disconnected from the grid.

With the arrival of the first F-35 aircraft and the expansion of defense industry projects, 2024 is expected to bring over 1,000 new defense jobs to Arkansas.

Plans for Creating New Initiatives/Incentives

Site Development Grant Program

In 2022, the agency received funding from the U.S. Economic Development Administration to evaluate current and potential sites in the state. Based on the need shown during those evaluations, the AEDC proposed the creation of a state-funded Site Development Grant Program. In the 2023 legislative session, the Commission received a \$10 million appropriation to develop a pilot program to encourage the upgrading and development of competitive sites. This initiative is the second phase of a strategic plan creating higher quality sites to market to prospective companies. This grant program will assist communities with expenditures related to upgrading or developing quality industrial sites. The program will begin receiving applications in 2024.

2023 Economic Development Guide

The AEDC partnered with Site Selection Magazine to publish the Arkansas Economic Development Guide. In 2023, the magazine published a booklet with information about the state's business strength, industrial strength, and highlighted the unique quality of life that Arkansas offers.

Elevating Workforce Appeal Through Quality of Place

In 2024, the Commission will leverage Arkansas' natural beauty and world-class recreation to attract, retain, and cultivate top talent, highlighting the state's quality of life and affordability as key advantages. The AEDC will continue working with the Department of Parks, Heritage, and Tourism to expand efforts in growing the outdoor recreation economy, showcasing Arkansas' lifestyle benefits to businesses, prospective residents, and visitors.

Economic development goes beyond business recruitment. It also means attracting and retaining people. In 2023, the AEDC increased marketing efforts for talent recruitment and retention, an initiative that will continue in 2024 to promote Arkansas as an ideal place to live, work, and raise a family.

Small Business and Entrepreneurship Development

The AEDC Small Business and Entrepreneurship Development Division serves as a central hub and connector for small businesses and entrepreneurs statewide, focusing on three key areas:

- **Science & Technology:** Driving innovation and fostering growth within Arkansas' technology sector.
- **Small Business Enterprise:** Empowering the growth, development, and expansion of small businesses and entrepreneurship across the state.

- Entrepreneurial Ecosystem Support: A newly created focus area that collaborates with entrepreneurial support organizations to strategically advance the success of small businesses and entrepreneurs in Arkansas.

Through this revamped approach, the AEDC aims to strengthen Arkansas' entrepreneurial ecosystem and create new opportunities for small businesses to thrive.

Part 5 Director’s Assessment of the Commission’s Performance

Comparison of the Past Two Years

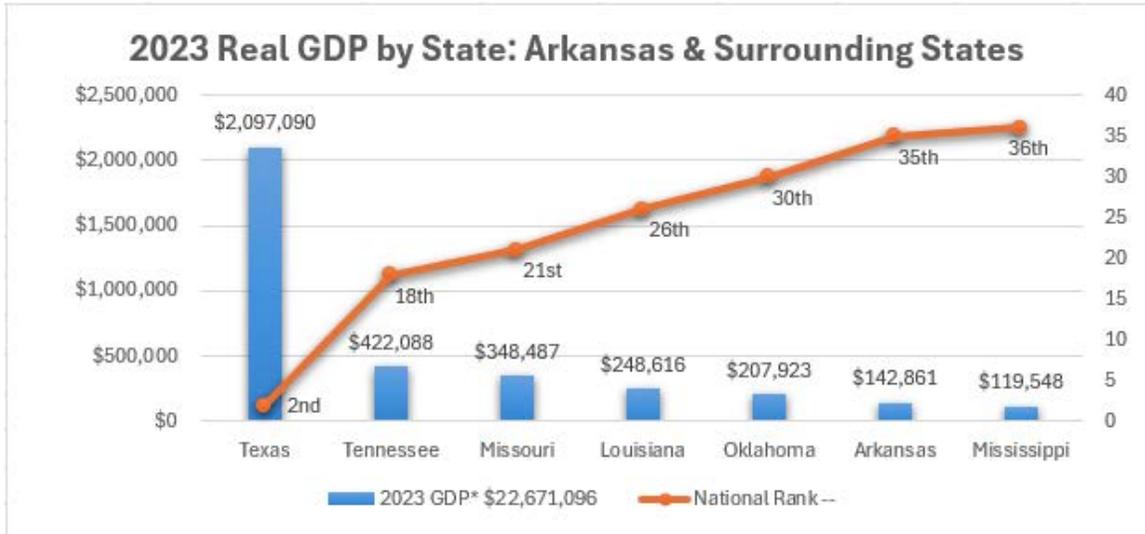
The following table shows a comparison of the number of incentive proposals with job creation requirements signed over the past two years. The number of projects increased from 2022, and the jobs created, as well as the average wages of those jobs, remains strong. In 2023, the projects signed had an average cost benefit ratio of 4.07, meaning that over a 10-year period, the state will receive \$4.07 back for every dollar spent.

Table 4
2022-2023 Comparison of Signed Incentive Agreements:
New and Expanded Year-End Results

Year	Type	Projects	Jobs	Total Investment	Avg. Hourly Wage	Cost Benefit Ratio
2022	New	9	1,721	\$810,915,383	\$22.34	16.76
	Expansion	23	2,315	\$3,653,826,181	\$37.20	
	Retention	1	0	\$11,800,000	\$0.00	
	Total	33	4,036	\$4,476,541,564	\$30.86	
2023	New	9	499	\$474,407,441	\$31.34	4.07
	Expansion	30	3,715	\$1,788,211,500	\$28.09	
	Retention	2	4	\$2,823,912	\$38.75	
	Total	41	4,218	\$2,265,445,853	\$28.49	

The following charts and tables show the state’s economic performance over the past two years, including a comparison of the surrounding states. In 2023, Arkansas had the lowest cost of living among all U.S. states. Affordable housing, coupled with some of the lowest utility costs in the country and low costs on necessities, are also large contributors to Arkansas’ significantly lower cost of living compared to the rest of the country. These factors combined result in every dollar spent in Arkansas supporting higher real spending than it does in more expensive states for both businesses and consumers. A thorough understanding of these numbers helps give an accurate picture of the AEDC’s performance and why Arkansas is a great place to do business.

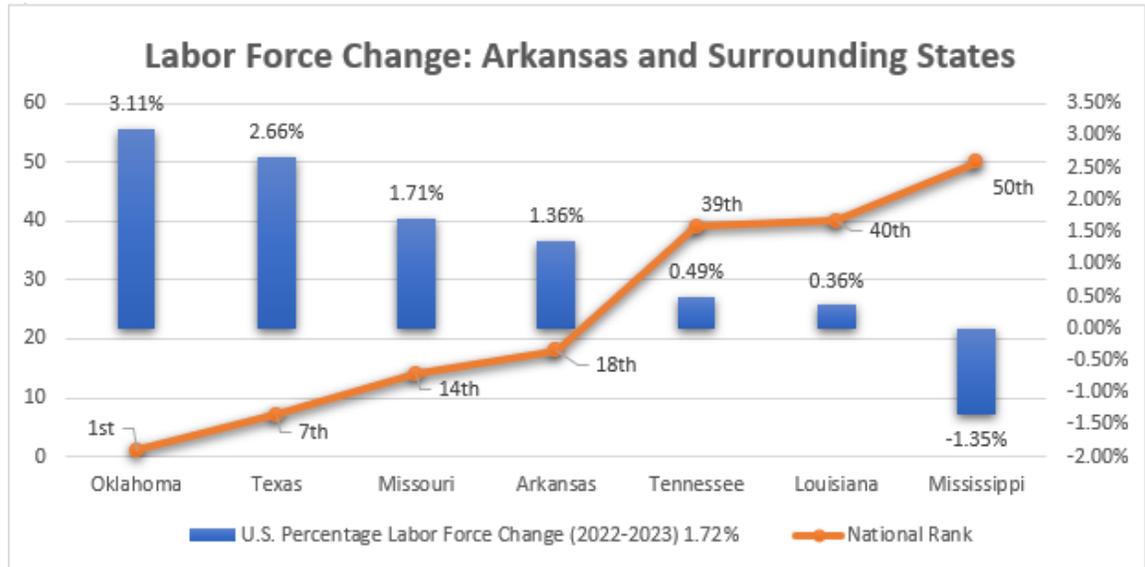
Chart 1



*In millions of chained 2017 dollars.

Source: Bureau of Economic Analysis, 2023 Real Gross Domestic Product by State.

Chart 2



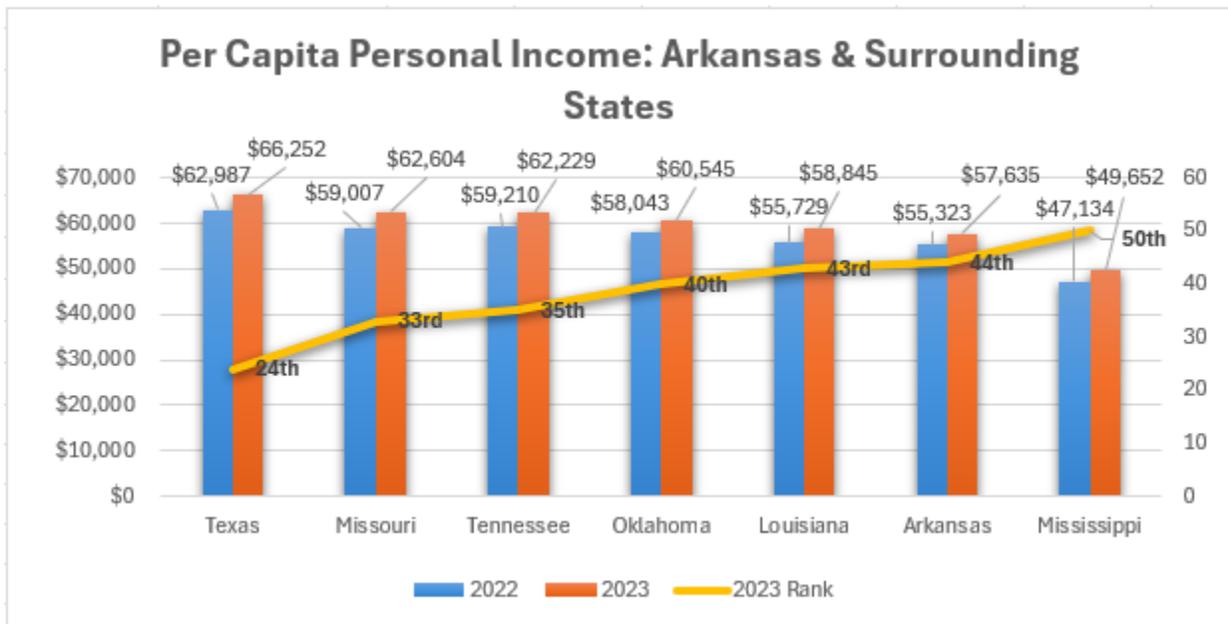
Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, and Labor Force Statistics from the Current Population Survey.

Table 5
Labor Force Participation Rate and Change from 2022 to 2023

State	2023 LFP Rate	Rank	% Change from 2022	Rank
<i>United States</i>	62.8	—	0.4%	—
Texas	64.5	17 th	0.7%	14 th
Missouri	63.1	24 th	1.1%	9 th
Oklahoma	62.9	26 th	1.9%	3 rd
Tennessee	59.8	40 th	-0.9%	48 th
Louisiana	58.6	43 rd	0.5%	18 th
Arkansas	57.5	44th	0.3%	26th
Mississippi	54.0	50 th	-1.7%	50 th

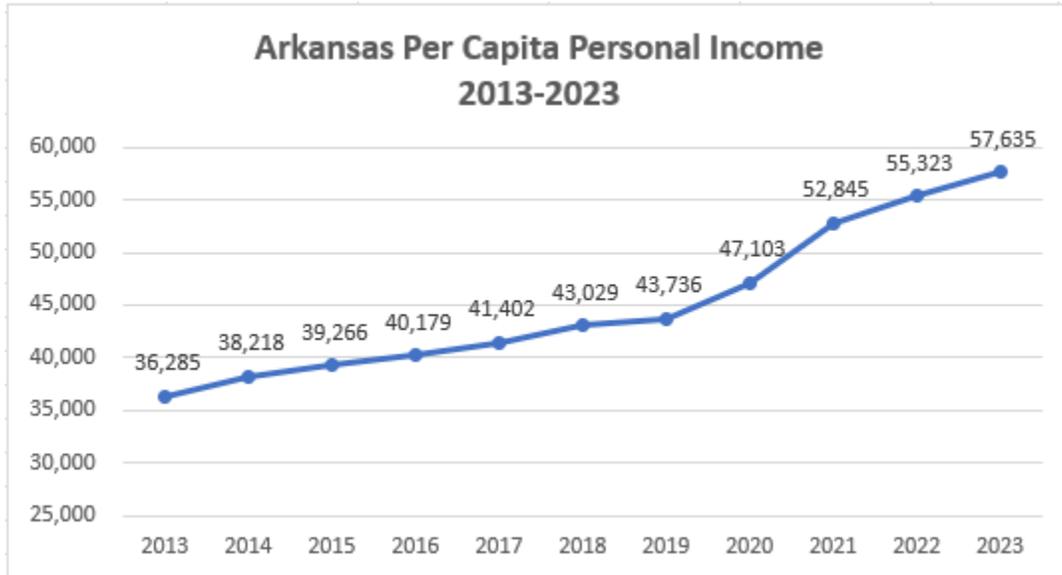
Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, and Labor Force Statistics from the Current Population Survey.

Chart 3



Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, 2023 Per Capita Personal Income.

Chart 4



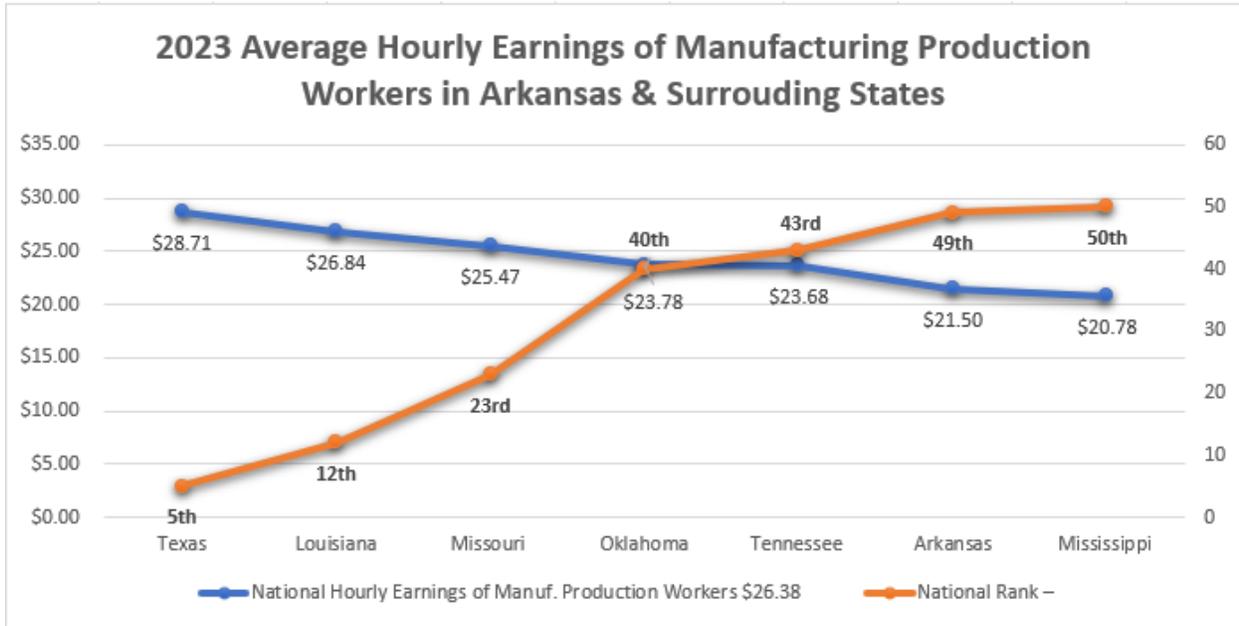
Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, Per Capita Personal Income.

Table 6
Unemployment Rate Annual Averages 2022-2023
Arkansas and Surrounding States

State	2022 Rate	2023 Rate	National Rank 2022	National Rank 2023
United States	3.6%	3.6%	–	–
Missouri	2.6%	3.0%	8 th	17 th
Mississippi	3.8%	3.2%	32 nd	23 rd (Tied)
Oklahoma	3.1%	3.2%	19 th	23 rd (Tied)
Arkansas	3.2%	3.3%	23rd	27th (Tied)
Tennessee	3.4%	3.3%	27 th	27 th (Tied)
Louisiana	3.7%	3.7%	29 th	34 th
Texas	3.9%	3.9%	34 th	38 th

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, not seasonally adjusted, March 2024.

Chart 5



Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2023 Annual Averages, Not Seasonally Adjusted (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2023 Annual Averages, Not Seasonally Adjusted.

Table 7
2023 Average Hourly Earnings of All Workers³
Arkansas and Surrounding States

State	Hourly Earnings	National Rank
United States	\$33.73	-
Texas	\$31.54	21 st
Missouri	\$30.77	29 th
Tennessee	\$29.56	38 th
Oklahoma	\$28.95	43 rd
Louisiana	\$28.34	45 th
Arkansas	\$27.40	48th
Mississippi	\$25.11	50 th

Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2023 Annual Averages, Not Seasonally Adjusted (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2023 Annual Averages, Not Seasonally Adjusted.

³ Total private employees

Table 8
Population Change: 2022-2023
Arkansas and Surrounding States

State	Percent Change	National Rank
<i>United States</i>	0.49%	–
Texas	1.58%	3 rd
Tennessee	1.10%	7 th
Oklahoma	0.86%	13 th
Arkansas	0.70%	14th
Missouri	0.31%	29 th
Mississippi	0.03%	41 st
Louisiana	-0.31%	49 th

Source: U.S. Census Bureau, Population Division, Annual Estimates for the United States, Regions, States, District of Columbia, and Puerto Rico.

Table 9
Percentage of Population in Poverty: 3-Year Average (2020-2022)
Arkansas and Surrounding States

State	Percent in Poverty
<i>United States</i>	11.5%
Missouri	11.5%
Tennessee	11.4%
Texas	13.7%
Oklahoma	15.8%
Arkansas	15.9%
Louisiana	16.9%
Mississippi	17.8%

Source: U.S. Census Bureau, Current Population Survey, 2021 to 2023 Annual Social and Economic Supplements, Table B-5.

Comparative State Indices

The AEDC reviews and analyzes various indices to evaluate the economic competitiveness of Arkansas with surrounding states. Below are indices that compare states through various methods.

The American Legislative Exchange Council-Laffer State Economic Competitiveness Index is a report that forecasts a state’s economic outlook by an equal evaluation of 15 policy variables. Arkansas’ economic outlook rank was 15th on the ALEC scale. Of its neighbors, Texas (6th), Oklahoma (9th), and Tennessee (12th) ranked higher. Arkansas ranked highest in right to work state (1st), estate/inheritance taxes levied (1st), average workers’ compensation costs (3rd), property tax burden (2nd), recently legislated tax changes (4th), and top marginal corporate income tax rate (12th). The state’s lowest score was the sales tax burden category (47th).

Table 10
Economic Outlook Rankings
Arkansas and Surrounding States

State	2022 Ranking	2023 Ranking	Change in Rank
Oklahoma	4	4	--
Tennessee	13	11	+2
Texas	11	13	-2
Arkansas	16	15	+1
Mississippi	27	22	-5
Louisiana	20	26	-6
Missouri	29	31	-2

Source: American Legislative Exchange Council, Rich States, Poor States 17th Edition, ALEC-Laffer State Economic Competitiveness Index, Economic Outlook Rankings 2024.

In 2023, Forbes ranked each state to determine the best states to start a business in the coming year. The rankings were determined by analyzing 18 metrics across five categories. These included business costs, business climate, economy, workforce, and financial accessibility. Arkansas ranked the best among its neighbors in this ranking.

Table 11
Best States to Start a Business in 2023
Arkansas and Surrounding States

State	Ranking	Score out of 100
Arkansas	3	93
Mississippi	11	68
Missouri	21	60
Tennessee	25	58
Oklahoma	20	60
Louisiana	27	55
Texas	32	44

Source: Forbes’s Advisor: Best States to Start a Business in 2023, January 2024 publication.

Building on Resilience and Success, Navigating the Future

While the AEDC and Arkansas achieved success in 2023, the focus remains on the future—attracting investment, fostering innovation, and sustaining momentum through industry partnerships, strategic planning, and a commitment to excellence.

In 2023, the AEDC secured successful investments and job creation projects which delivered a \$4.07 return for every \$1 in state incentives. The AEDC expects these types of positive investments and job creation efforts to remain strong in Arkansas in the coming years.

The Small Business and Entrepreneurship Development Division and EPSCoR continue to support innovators in turning ideas into successful ventures through mentorship, networking, and resources. Amid a competitive job market and high inflation, the AEDC is committed to helping businesses strengthen workplace resilience and enhancing workforce skills and readiness.

The Military Affairs Division will continue advancing Arkansas’ aerospace and defense sector, supporting F-35 training center expansion at Ebbing Air National Guard Base and the energy assurance project at Little Rock Air Force Base, both of which promise significant economic and job growth. Additionally, the General Assembly’s ongoing tax reforms, including corporate and individual tax reductions, are making Arkansas an even more competitive destination for domestic and international investment.

Conclusion

In conclusion, the Act 1282 Report for 2023 represents a year of important achievements in investment and transformative endeavors. The Commission’s team members are dedicated to economic growth and innovation. This year at the AEDC, a new Mission Statement was rolled out: “At the AEDC, we know economic advancement doesn’t happen by accident. We work strategically with businesses and communities to create strong economic opportunities, making Arkansas the natural choice for success.”

A strong foundation was set in 2023 that will lead to many economic development wins in the years to come. The stage is set for a future where Arkansas provides limitless possibilities for people and businesses.

