

July 11, 2018

Senator Bill Sample, Chair
Representative Jim Dotson, Chair
Arkansas Legislative Council
Room 315, State Capitol
Little Rock, AR 72201

Dear Senator Sample and Representative Dotson:

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

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

The second report, attached under separate cover letter, provides an accounting of the Economic Development Incentive Quick Action Closing Fund for Fiscal Year 2018, as required by Act 510 of 2007.

During 2017, the AEDC signed financial assistance agreements for 133 projects that are projected to create 3,460 jobs, at an average hourly wage of \$21.81, and stimulate \$3.184 billion in capital investment. The projected average wage and proposed capital investment are the highest on record. With continued support from Governor Hutchinson and the General Assembly, especially through the Quick Action Closing Fund, the Arkansas Economic Development Commission is aggressively and proactively working to meet Arkansas's economic challenges.

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

Sincerely,



Michael Preston
Executive Director

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Enclosure

Summary of Act 1282 Report (Calendar Year 2017)

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

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

Submitted: Annually. The current report for calendar year 2017 is the 17th edition.

Summary of Recent Act 1282 Reports (Calendar Years 2015-2017)

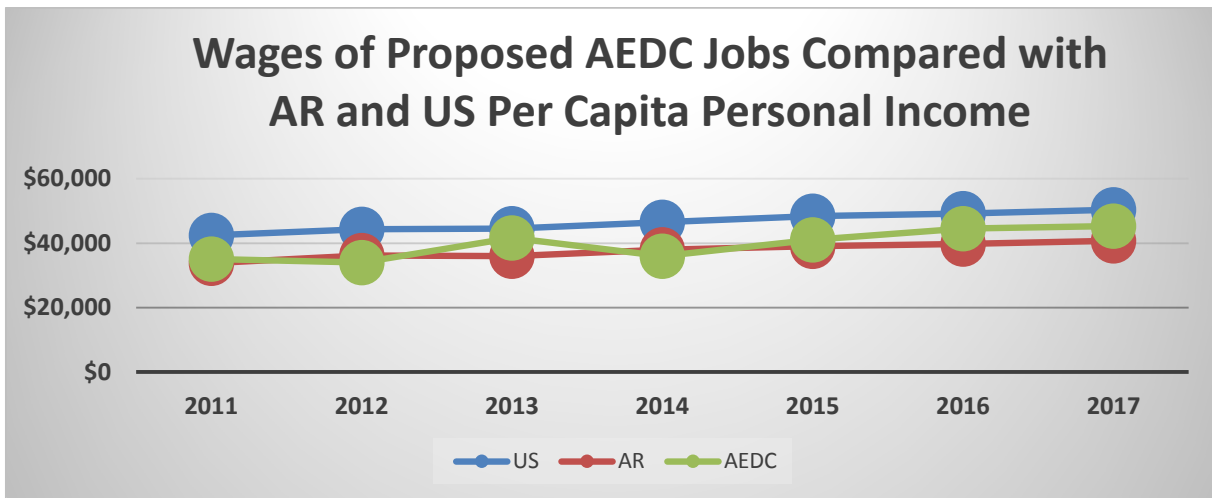
Between January 1, 2015 and December 31, 2017, the AEDC signed **financial incentive agreements** for 339 projects with companies proposing the creation of 12,805 new jobs. *(Please note: these are jobs counted after all financial incentive agreements have been executed. Jobs "announced by AEDC" have been committed to by companies, some of which may be in the process of finalizing incentive agreements.)* The proposed average hourly wage of \$21.81 for jobs proposed in 2017, was the highest average wage ever recorded by the AEDC and exceeded the state's per capita personal income (see Chart 1).

Table 1
Economic Indicators: 2015-2017

Economic Indicators	2015 Calendar Year	2016 Calendar Year	2017 Calendar Year	2015-2017 Total/Average
AEDC Projects	206	210	256	672/224
Signed AEDC Incentive Agreements	118	88	133	339/113
Proposed New and Expanded Jobs	4,953	4,392	3,460	12,805/4,268
Proposed Project Investment	\$2,233,836,467	\$1,607,156,848	\$3,184,192,355	\$7,025,185,670/ \$2,341,728,557
Proposed Average Hourly Wage	\$19.75	\$21.40	\$21.81	\$20.81 (avg.)
Cost Benefit Ratio*	\$4.00/\$1	\$5.06/\$1	\$3.53/\$1	\$4.16/\$1 (avg.)*

* The cost-benefit ratio is the ratio of state tax revenue to state incentive cost expected to accrue during a ten-year period from job creation incentive agreements signed during the calendar year. For example, a 4.16 ratio projects that \$4.16 in state tax revenues will result from each \$1 in state tax incentives offered for job creation projects.

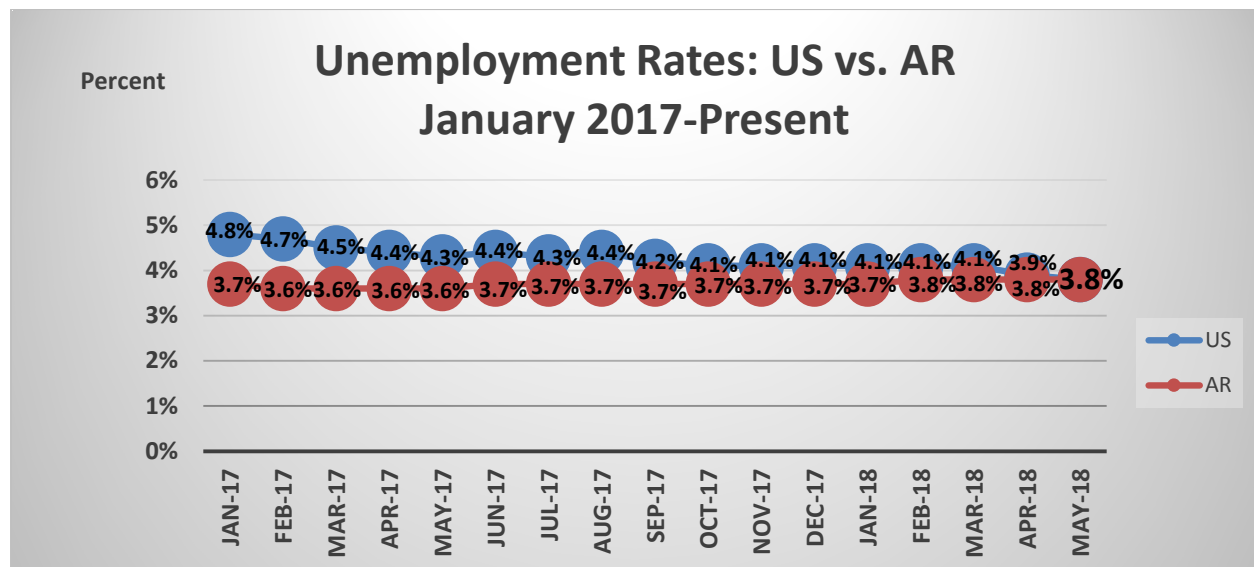
Chart 1



Source: Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income, 31 May 2018, online, available from <https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=30&isuri=1&7022=21&7023=0&7033=-1&7024=non-industry&7025=0&7026=00000,05000&7027=2017,2016,2015,2014,2013,2012,2011&7001=421&7028=3&7031=0&7040=-1&7083=levels&7029=21&7090=70> AEDC New and Expanded Company Database 2011-2017.

Monthly seasonally-adjusted unemployment rates in Arkansas have been consistently below the US rates during the past 18 months and are near historic lows (3.8% for May 2018).

Chart 2



Source: Arkansas Department of Workforce Services, Unemployment Rates and Labor Force Statistics, 20 June 2018, online, available from <http://www.discover.arkansas.gov/>

The background of the entire page is a photograph of the Arkansas State Capitol building in Little Rock, featuring a large central dome and classical columns. The image is overlaid with a solid red color. A white diamond shape is positioned in the upper left quadrant, containing the text 'ARKANSAS INC'.

ARKANSAS
INC

Annual Activity Report for 2017

July 11, 2018

 **ARKANSAS**
Economic Development Commission

900 W. Capitol, Little Rock, Arkansas 72201

ACT 1282 Report Outline

ACT 1282 – SECTION 2

Part 1. An accounting of all projects

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

Part 2. Assessment of projects that did not materialize

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

Part 3. An accounting of major factory and plant closures

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

Part 4. Strategies and recommendations for the current year

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

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

- a) Comparison of the Department's performance over the past two years
- b) Comparison of actual performance to projections
- c) Arkansas's economic performance compared to neighboring states
- d) Evaluating Arkansas's business climate in 2017

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ACT 1282 – SECTION 2

Part 1. AN ACCOUNTING OF ALL PROJECTS

Table 1
Job Opportunities by New & Existing Companies with Arkansas Economic Development Commission Incentive Agreements
Signed During 2017

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Scientific Research and Development	Benton	10	\$22.00	Research and Development
Architectural and Engineering Services	Little Rock	25	\$24.00	Research and Development
Management, Scientific, and Technical Consulting	Little Rock	25	\$48.00	Research and Development
Manufacturing	Batesville	**0	N/A	InvestArk
Architectural and Engineering Services	Rogers	50	\$26.00	Research and Development
Computer Systems Design	Bentonville	6	\$76.35	Research and Development
Manufacturing	Fayetteville	30	\$9.60	Research and Development
Manufacturing	Paragould	8	\$11.00	Advantage Arkansas
Manufacturing	Paragould	5	\$14.00	Advantage Arkansas
Manufacturing	Pine Bluff	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Little Rock	20	\$15.79	Advantage Arkansas
Manufacturing	Arkansas City	**0	N/A	InvestArk
Manufacturing	Mountain Home	**0	N/A	InvestArk

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Corporate Headquarters	Little Rock	456	\$44.71	Create Rebate, ArkPlus
Corporate Headquarters	Fayetteville	55	\$27.37	Advantage Arkansas, Tax Back
Manufacturing	Waldron	**0	N/A	InvestArk
Manufacturing	Clarksville	**0	N/A	InvestArk
Manufacturing	Dardanelle	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Green Forest	**0	N/A	InvestArk
Manufacturing	Scranton	**0	N/A	InvestArk
Warehousing and Distribution	Jonesboro	20	\$13.00	Advantage Arkansas
Manufacturing	Hope	**0	N/A	InvestArk
Manufacturing	Mountain Home	78	\$14.50	Community Development Block Grant
Manufacturing	Morrilton	6	\$19.00	Advantage Arkansas, Tax Back
Manufacturing	Greenwood	16	\$16.00	Advantage Arkansas
Manufacturing	Morrilton	4	\$16.00	Advantage Arkansas, InvestArk
Manufacturing	Russellville	**0	N/A	InvestArk
Manufacturing	Pine Bluff	76	\$11.05	Advantage Arkansas, InvestArk
Manufacturing	Harrison	10	\$16.00	Advantage Arkansas
Manufacturing	Jonesboro	50	\$12.25	Advantage Arkansas, InvestArk
Warehousing and Distribution	Jonesboro	6	\$11.50	Advantage Arkansas, Tax Back

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Computer Systems Design	Benton	35	\$24.04	Advantage Arkansas
Manufacturing	Malvern	24	\$23.05	Advantage Arkansas, InvestArk
Manufacturing	Jonesboro	**0	N/A	InvestArk
Manufacturing	Nashville	**0	N/A	InvestArk
Manufacturing	Fort Smith	**0	N/A	InvestArk
Manufacturing	Russellville	**0	N/A	InvestArk
Manufacturing	Hindsville	**0	N/A	InvestArk
Manufacturing	Berryville	**0	N/A	InvestArk
Manufacturing	Gentry	20	\$15.00	Advantage Arkansas, InvestArk, Replacement and Repair Sales Tax Refund
Manufacturing	Sheridan	**0	N/A	InvestArk
Manufacturing	Pine Bluff	**0	N/A	InvestArk
Manufacturing	Osceola	**0	N/A	Research and Development
Manufacturing	Fort Smith	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Little Rock	10	\$13.00	Advantage Arkansas, Tax Back
Manufacturing	Fayetteville	25	\$20.00	Advantage Arkansas, InvestArk
Manufacturing	El Dorado	12	\$12.00	Advantage Arkansas, Tax Back
Manufacturing	Texarkana	100	\$20.00	Create Rebate, Tax Back

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Batesville	15	\$15.09	Research and Development
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Midway	11	\$12.75	Tax Back, Community Development Block Grant
Manufacturing	Hot Springs	4	\$15.50	Advantage Arkansas, Tax Back
Manufacturing	Marion County	15	\$15.95	InvestArk
Manufacturing	North Little Rock	**0	N/A	InvestArk
Manufacturing	Huntsville	12	\$12.00	Advantage Arkansas, InvestArk
Manufacturing	Ashdown	**0	N/A	InvestArk
Manufacturing	Ashdown	**0	N/A	InvestArk
Manufacturing	Ashdown	**0	N/A	InvestArk
Manufacturing	Ashdown	**0	N/A	InvestArk
Manufacturing	Pine Bluff	35	\$29.00	Advantage Arkansas, InvestArk
Manufacturing	Little Rock	**0	N/A	InvestArk
Manufacturing	Rogers	**0	N/A	InvestArk
Manufacturing	Scranton	**0	N/A	InvestArk
Manufacturing	Berryville	**0	N/A	InvestArk
Manufacturing	Jonesboro	20	\$15.00	Advantage Arkansas, InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Crossett	**0	N/A	InvestArk
Manufacturing	Gurdon	**0	N/A	InvestArk
Manufacturing	Blytheville	**0	N/A	InvestArk
Scientific Research and Development	Little Rock	10	\$28.85	Advantage Arkansas, Tax Back
Manufacturing	Paragould	50	\$15.00	InvestArk
Manufacturing	West Memphis	24	\$38.46	Advantage Arkansas, InvestArk
Manufacturing	El Dorado	50	\$17.90	Advantage Arkansas, InvestArk
Manufacturing	Armored	**0	N/A	InvestArk
Manufacturing	Armored	**0	N/A	InvestArk
Corporate Headquarters	Rogers	**0	N/A	InvestArk
Corporate Headquarters	Lowell	**0	N/A	InvestArk
Corporate Headquarters	North Little Rock	**0	N/A	Tax Back

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Fayetteville	16	\$15.02	Advantage Arkansas, Tax Back
Manufacturing	Springdale	62	\$13.18	Advantage Arkansas, Tax Back, InvestArk
Manufacturing	Springdale	434	\$15.53	InvestArk (pending Create Rebate agreement)
Manufacturing	Batesville	**0	N/A	InvestArk
Manufacturing	Fayetteville	125	\$14.25	Advantage Arkansas, InvestArk
Manufacturing	Magnolia	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Texarkana	**0	N/A	InvestArk
Manufacturing	Fort Smith	**0	N/A	InvestArk
Manufacturing	Maumelle	16	\$24.50	InvestArk
Manufacturing	North Little Rock	20	\$25.00	InvestArk
Manufacturing	Stuttgart	**0	N/A	InvestArk
Manufacturing	Paragould	**0	N/A	InvestArk
Manufacturing	Little Rock	50	\$17.50	InvestArk

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Manufacturing	Little Rock	400	\$14.00	Create Rebate, Tax Back
Manufacturing	Malvern	23	\$25.43	Advantage Arkansas, Tax Back
Computer Systems Design	Fayetteville	4	\$34.00	Advantage Arkansas, Research and Development
Manufacturing	Hot Springs	20	\$16.00	Advantage Arkansas, Community Development Block Grant
Manufacturing	Mountain View	30	\$14.50	Community Development Block Grant
Manufacturing	El Dorado	120	\$25.53	Create Rebate, Tax Back
Corporate Headquarters	Springdale	60	\$20.00	Advantage Arkansas, Tax Back
Manufacturing	Blytheville	**0	N/A	Replacement and Repair Sales Tax Refund
Manufacturing	Stuttgart	**0	N/A	Replacement and Repair Sales Tax Refund
Manufacturing	Des Arc	*13	\$13.00	Community Development Block Grant
Manufacturing	Siloam Springs	7	\$21.93	Research and Development
Animal Production and Aquaculture	Brinkley	1	\$11.00	Research and Development
Manufacturing	Harrisburg	45	\$24.00	Advantage Arkansas, Tax Back
Manufacturing	Searcy	71	\$20.25	Advantage Arkansas, Tax Back
Manufacturing	Rogers	88	\$21.76	Create Rebate, Tax Back
Manufacturing	Little Rock	6	\$15.00	Advantage Arkansas, Tax Back
Manufacturing	Flippin	75	\$10.00	Community Development Block Grant
Manufacturing	Foreman	**0	N/A	Replacement and Repair Sales Tax Refund

<i>a. Type of Company</i>	<i>b. Location</i>	<i>c. Number of Jobs (See notes *and **)</i>	<i>d. Average Hourly Wage</i>	<i>e. Incentives Offered (See note ***)</i>
Corporate Headquarters	North Little Rock	20	\$26.44	Advantage Arkansas, Tax Back
Specialized Design Services	Little Rock	42	\$36.64	Research and Development
Manufacturing	Conway	220	\$18.00	Create Rebate, Quick Action Closing Fund***
Computer Systems Design	Bentonville	27	\$39.00	Research and Development
Manufacturing	Fayetteville	3	\$30.23	Research and Development
Manufacturing	Pine Bluff	30	\$18.13	Advantage Arkansas, Tax Back, Quick Action Closing Fund***
Manufacturing	Rogers	4	\$15.15	Advantage Arkansas, Tax Back
	133 Projects	3,460	\$21.81 Average Hourly Wage	

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

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

- **InvestArk** is primarily a retention incentive to encourage our existing businesses to continue to invest in Arkansas. As investment in infrastructure increases, the likelihood of closure decreases. No new job creation was associated with those InvestArk projects denoted **0 jobs - N/A average hourly wage. Benefits accrued through investment in buildings, machinery, and/or equipment. No new InvestArk applications will be submitted on or after July 1, 2017, as per Act 465 of 2017.
- Projects exclusively receiving **Research and Development** investment tax credits are not required to create new jobs.
- **Tax Back** requires that a company must either have an existing job creation agreement (no older than 48 months) or agree to sign one within two years.
- **Replacement and Repair Sales and Use Tax Refund** provides a discretionary refund of state sales and use taxes for major maintenance and improvement projects which invest at least \$3,000,000 and have a positive return on the taxpayer's investment.

*****Clawback Provisions:** All AEDC-administered incentive programs require recipients to meet performance standards as a condition of receiving benefits. Incentives under the Consolidated Incentive Act (Advantage Arkansas, InvestArk, Create Rebate, Tax Back, ArkPlus, Research and Development) are performance-based, meaning that recipients are required to meet requisite investment and/or payroll/job requirements and be audited by the Department of Finance and Administration (DFA) prior to receiving benefits. *(The InvestArk program is slightly different because the DFA conducts the verification audit after the tax credit amount is determined. Credits, however, may be recaptured by the DFA should audit findings warrant.)* Other incentive programs including Tourism, Equity Investment Tax Credits, and Digital Product and Motion

Picture Industry Development have submittal, review and award processes that require proof of performance to receive benefits. Written agreements for loans and grants specify reimbursement, repayment or recapture provisions for non-compliance. Typical language includes grant reimbursement amounts for each job not created and personal guaranties, collateral, etc. on loans. Each job creation project that will receive funds from the Quick Action Closing Fund (as denoted in Table 1) has a grant agreement with specific grant reimbursement “clawback” provisions for failure to create requisite jobs.

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

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

Act 566 of 2007 created the **Equity Investment Tax Credit Incentive Program**, a discretionary incentive that is targeted toward new, technology-based businesses that pay wages in excess of 150 percent of the state or county average wage, whichever is less. This program, jointly administered by AEDC and the Arkansas Development Finance Authority, allows approved businesses to offer 33 1/3% income tax credits to investors purchasing an equity investment in approved businesses. In 2017, 17 financial incentive agreements were approved. Cumulatively, these projects are projected to raise \$17,875,000 in equity from investors. The locations, projected employment, and projected average hourly wages of 2017 projects are as follows:

Table 2
Equity Investment Tax Credit Projects

Project Location	Proposed Investment (Minimum Equity Raise)	Proposed Jobs	Proposed Wages
Springdale	\$500,000	23	\$33.17
Little Rock	\$2,500,000	33	\$30.10
Fayetteville	\$250,000	4	\$46.63
Fayetteville	\$500,000	13	\$39.97
Rogers	\$350,000	10	\$37.00
Little Rock	\$150,000	5	\$46.67
Fayetteville	\$750,000	20	\$43.00
Little Rock	\$125,000	155	\$45.00
Little Rock	\$200,000	20	\$30.00
Little Rock	\$250,000	30	\$31.90
Little Rock	\$500,000	46	\$36.92

Project Location	Proposed Investment (Minimum Equity Raise)	Proposed Jobs	Proposed Wages
Little Rock	\$300,000	47	\$40.85
Little Rock	\$250,000	20	\$50.00
Springdale	\$2,000,000	8	\$53.75
Fayetteville	\$7,000,000	31	\$31.14
Little Rock	\$250,000	19	\$38.03
Bentonville	\$2,000,000	21	\$30.25
Total	\$17,875,000	505	\$39.27

Act 816 of 2009 created the **Digital Product and Motion Picture Industry Development Incentive Program**, an incentive that offers rebates to qualified production companies for eligible production costs and payroll incurred for Arkansas productions. There were no Digital Product and Motion Picture Industry Development Incentive Program projects approved during calendar year 2017 under this program.

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

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

The Seed Capital Investment Program (SCIP) provides working capital to help support the initial capitalization or expansion of technology-based companies located in Arkansas. The program can provide working capital up to \$500,000 of the company's total financing needs. Investments made by the SCIP fund can be repaid through a variety of instruments, including direct loans, participations, and royalties. During calendar year 2017, these were no SCIP projects funded.

The Technology Development Program provides royalty financing for qualified projects possessing a well-developed, comprehensive project plan, and which utilize the benefits of science and technology to provide economic and employment growth potential in Arkansas. The maximum investment is \$100,000 with terms negotiated on an individual basis. During calendar year 2017, \$163,250 in funding was provided to five (5) different companies.

Table 3
Technology Development Program

Project Type	Location	Amount
Surface coating	Fayetteville	\$42,000
Blind assistance glasses	Magnolia	\$20,000
Aerospace design	Pine Bluff	\$21,250
Automotive structural design	Fayetteville	\$50,000
Telemedicine platform	Little Rock	\$30,000

The **Technology Transfer Assistance Grant (TTAG) Program** assists Arkansas firms in developing or improving products or processes through the transfer of technical solutions to technology-based, industry-driven problems, thus enhancing the market competitiveness of firms. The TTAG Program provides limited financial support for the transfer and deployment of innovative technology to Arkansas-based enterprises. It funds costs associated with transferring new or existing technology from a qualified applicant -- such as a public or private enterprise, laboratory, college or university -- to an enterprise based in Arkansas. During calendar year 2017, \$45,000 in funding was provided to 12 different entities for Small Business Innovation Research consulting projects in the following cities: Conway (2); Fayetteville (4); Jonesboro (1); Little Rock (4); and Magnolia (1).

Part 2. ASSESSMENT OF PROJECTS THAT DID NOT MATERIALIZE

During the 2017 calendar year, the Arkansas Economic Development Commission worked 256 projects, 133 of which signed incentive agreements. Of these projects, 27 were new projects and 106 were by existing companies. Upon completion, these 133 projects are projected to create/retain 3,460 jobs and generate \$3,184,192,355 in new capital investment. The remaining 123 projects are summarized below:

Table 4
Project Status

Project Status	Number of Projects
Project committed to Arkansas-signed incentive agreements in 2017	133
Project has or is likely to announce in 2018	42
Project is active but no decision has been made	38
Project is on hold/status pending*	11
Project did not materialize-will not locate in Arkansas*	21
Project proceeded without AEDC assistance	7
Project only requested Replacement and Repair sales tax refund	4
Total Projects	256

* Information regarding the 32 non-active projects is provided below.

Table 5
2017 Projects That Did Not Materialize and Reason

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	200	N/A	General Incentive Summary	The project never materialized due to concerns regarding federal tariffs.
Manufacturing	1,337	\$19.64	General Incentive Summary	The company rejected sites in eastern Arkansas and decided to focus on sites in Tennessee and Mississippi.
Manufacturing	150	N/A	General Incentive Summary	Arkansas did not make the short list of communities.
Manufacturing	265	N/A	General Incentive Summary	The consultant said the company found a great property in another state and has since entered into a purchase agreement.
Manufacturing	81	\$23.51	Create Rebate, Tax Back, Community Development Block Grant	The project located in St. Louis at existing facilities.
Manufacturing	1,090	\$26.80	Create Rebate, Tax Back, Quick Action Closing Fund	The company expanded in Oklahoma.

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	41	\$38.94	Create Rebate, Tax Back, Quick Action Closing Fund	The company located in Natchez, MS due to its proximity to New Orleans.
Corporate Headquarters	15	N/A	General Incentive Summary	The company chose a location near Washington, D.C.
Distribution	125	\$19.23	General Incentive Summary	Sites in other states aligned more closely with project objectives.
Manufacturing	6	\$20.78	General Incentive Summary	The expanded line ended up in South Carolina at an existing facility.
Manufacturing	100	\$16.52	Create Rebate, Tax Back, Quick Action Closing Fund	The company chose to locate the new facility outside of Troy, AL where they were initially looking. They said they were very interested in AR but what it came down to was proximity.
Manufacturing	550	N/A	General Incentive Summary	The site in Arkansas was not shortlisted. The site compared unfavorably against some of the competing locations under considerations in the following areas: • Workforce availability • Electricity costs • Logistic costs
Manufacturing	50	N/A	General Incentive Summary	Competition was within a 150-mile radius of Jackson, MO. Consultant never responded to Arkansas site submittals.
Manufacturing	1,000	N/A	General Incentive Summary	The project did not shortlist Arkansas. Specific reasons were not disclosed, but workforce availability and site suitability are suspected.
Manufacturing	598	N/A	General Incentive Summary	All Arkansas sites were eliminated. Specific reasons were not disclosed.
Warehouse	4	N/A	General Incentive Summary	The company did not qualify for incentives.
Manufacturing and Warehouse	550	\$16.17	Create Rebate, Tax Back, Quick Action Closing Fund, Community Development Block Grant	The company decided to locate in Texas because local incentives were more lucrative.

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	0	N/A	Research and Development	The project was not approved for incentives.
Manufacturing	1,500	\$19.23	Create Rebate, Quick Action Closing Fund	The state and company were unable to agree upon an incentive package.
Manufacturing	50	\$24.00	General Incentive Summary	The company decided to locate in Atlanta, GA.
Corporate Headquarters	125	\$33.65	General Incentive Summary	The project located in Tampa, FL.
Manufacturing	200	Unspecified	General Incentive Summary	The project is on hold.
Manufacturing	500	Unspecified	General Incentive Summary	The project is on hold as per the consultant.
Manufacturing	700	\$23.00	Create Rebate, Quick Action Closing Fund	The project is on hold until late 2018.
Manufacturing	100	\$12.50	Advantage Arkansas, Tax Back, Community Development Block Grant	The project is on hold as per the company.
Manufacturing	100	\$25.65	Advantage Arkansas, Tax Back, Community Development Block Grant	The project is on hold pending private financing acquisition.
Manufacturing	23	\$18.00	Advantage Arkansas, Tax Back	The company is awaiting a government contract before continuing with the project. It may occur in late 2018 or early 2019.
Manufacturing	200	\$24.00	Create Rebate, Tax Back, Quick Action Closing Fund	The project is on hold until the corporate president addresses personal priorities.
Manufacturing	Unspecified	Unspecified	General Incentive Summary	On hold. The company is dealing with higher costs of raw materials to the US and is waiting for the situation to improve.
Manufacturing	Unspecified	Unspecified	General Incentive Summary	The project is on hold until additional sites can be evaluated.

<i>a. Type of Company</i>	<i>b. Number of Jobs</i>	<i>c. Average Hourly Wage</i>	<i>d. Incentives Offered</i>	<i>e. Reason Company Did Not Locate in Arkansas</i>
Manufacturing	Unspecified	Unspecified	General Incentive Summary	The company is working through internal next steps. The project is on temporary hold until a plan to move forward is developed.
Information Technology	Unspecified	Unspecified	General Incentive Summary	The project is on hold awaiting potential government contract in third quarter of 2018.
Totals (32 Projects)	9,660	\$21.43 Average Hourly Wage (unspecified wages not included)		

f. General Assembly proposals to assist AEDC

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

AEDC Programs/Projects Legislation

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

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

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

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

Effective Date: October 1, 2017.

Rules for the program became effective on October 1, 2017. During 2017, two (2) grants for \$250,000 each were made to Winrock International and Metova, Inc.

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

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

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

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

Effective Date: October 1, 2017.

Rules for the program became effective on October 1, 2017. No projects were funded in calendar year 2017.

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

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

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

- of 2013, with an annual average wage of at least seventy-five thousand dollars (\$75,000);
- iii. Provide a positive cost-benefit analysis before an incentive agreement is executed;
 - iv. Be certified as having a closing date before July 1, 2018, and have necessary capital acquisition and borrowing for the qualified steel specialty products manufacturing facility; and
 - v. Melt scrap steel in an electric arc furnace to produce one (1) or more specialty steel products, including without limitation billets, structural shapes, reinforcing bars, coiled reinforcing bars, wire rods, and merchant bars.
- C. If a "qualified expansion project" does not have a public retirement system of the State of Arkansas as a member, no more than eleven million dollars (\$11,000,000) of income tax credits may be claimed in any tax year.
- D. If a "qualified steel specialty products manufacturing facility" does not have a public retirement system as a member, no more than:
- i. \$4,000,000 of income tax credits can be claimed each year if the total investment in the facility is at least \$200,000,000 but less than \$275,000,000;
 - ii. \$5,000,000 of income tax credits can be claimed each year if the total investment in the facility is at least \$275,000,000 but less than \$350,000,000; or
 - iii. \$6,500,000 of income tax credits can be claimed each year if the total investment in the facility is at least \$350,000,000.
- E. Earned and unused tax credits for C. and D. above may be carried forward past the normal carry forward period one (1) additional year at a time.
- F. If the "qualified expansion project" or the "qualified steel specialty products manufacturing facility" does have a public retirement system of the State of Arkansas as a member, the public retirement system shall have possession and control of all tax credits earned. The public retirement system shall sell the income tax credits back to the State for eighty percent (80%) of the face value of the credit.
- i. For a "qualified expansion project", no more than \$11,000,000 of tax credits in possession or control of the public retirement system can be sold each year.
 - ii. For a "qualified steel specialty products manufacturing facility", no more than:
 - a. \$4,000,000 of income tax credits can be sold if there is a total investment of at least \$200,000,000 but less than \$275,000,000;
 - b. \$5,000,000 of income tax credits can be sold if there is a total investment of at least \$275,000,000 but less than \$350,000,000; or

- c. \$6,500,000 of income tax credits can be sold if there is a total investment of at least \$350,000,000.
- G. Earned and unused tax credits for F. above may be carried forward past the normal carry forward period one (1) additional year at a time.
- H. The act stipulates that the total amount of tax credits authorized shall not exceed the amount determined by an AEDC cost-benefit analysis. A performance and clawback agreement between the taxpayer and AEDC shall establish:
 - i. Capital investment for the project;
 - ii. The number of new full-time direct positions and independent direct positions;
 - iii. Annual salary requirements;
 - iv. The timeline for fulfilling the investment and job creation targets stated in the performance and clawback agreement; and
 - v. Conditions for which the clawback provisions will be triggered, including the failure to maintain a positive cost-benefit analysis for the longer of the life of the tax credits or fourteen (14) years.

Effective Date: Emergency Clause; April 6, 2017.

4. Act 167/SB 248 (Sanders) Amend the Arkansas Acceleration Fund Act.

Changed the Arkansas Acceleration Fund advisory body from the Arkansas Research Alliance to the Board of Directors of the Division of Science and Technology of the AEDC.

Effective Date: 91st day Sine Die.

5. Act 208/SB 160 (Wallace) Repeal the Nonprofit Incentive Act of 2005.

Repealed the Nonprofit Incentive Act at § 15-4-3101 et seq.

Effective Date: 91st day Sine Die.

Rules for the program were repealed in August 2017.

6. Act 271/SB 256 (Irvin) Transfer the Arkansas Energy Office to the Arkansas Department of Environmental Quality by Type 2 transfer. **Act 851/HB 1735 (Pilkington) Amend the Arkansas Clean-Burning Motor Fuel Development Act.**

Transferred administrative responsibility for the Clean-Burning Motor Fuel Development Program (by the Arkansas Energy Office) from AEDC to the Arkansas Department of Environmental Quality under a Type 2 Transfer, effective August 1, 2017. Funds for the program, which provide rebates for private electric vehicle charging stations, public electric vehicle charging stations, CNG refueling stations, LNG refueling stations, and LPG refueling stations, are disbursed from the Clean Burning Motor Fuel Development Fund (renamed the Alternative Motor Fuel Development Fund (§ 19-5-1249(c)) by Act 851 of 2017. Use of the fund was amended by deleting AEDC and inserting ADEQ.

Effective Date: 91st day Sine Die.

The transfer was effectuated on July 1, 2017.

7. Act 465/SB 362 (Eads, et al.) Sunset the Retention Tax Credit; Sunset the Tax Refund for Major Maintenance and Improvement Projects; Phase in an Exemption from Tax for Purchases Related to the Repair and Partial Replacement of Manufacturing Machinery and Equipment.

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

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

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

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

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

Effective Date: Emergency Clause; March 13, 2017.

Rules for the Consolidated Incentive Act of 2003 and the Replacement and Repair of Manufacturing Machinery and Equipment Sales and Use Tax Refund were amended in September 2017.

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

Authorizes the formation of public-private partnerships to develop private “qualifying projects” for “public entities” (i.e., public infrastructure and government facilities that serve a public purpose). The definition of “qualifying projects” is broad and encompasses transportation infrastructure, utilities, public buildings, parking, educational facilities, administrative offices, and emergency services facilities. Projects of the Arkansas Department of Transportation do not qualify. Facilities may be acquired, designed, constructed, improved, renovated, expanded, equipped, maintained, operated, implemented, and installed.

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

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

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

- O. Public entity authorizes execution of the agreement(s).
 - i. Interim (preliminary) written agreements are optional and are developed before or in connection with comprehensive agreements. The focus is on the development, scope, and feasibility of the project. If negotiations fail, the public entity can negotiate with the next respondent.
 - ii. Comprehensive agreements are final written agreements which provide all requisite details and are required to move the project forward.
- P. Financing is varied and flexible and will comprise terms and conditions of all written agreements. Projects may be financed by the qualified respondent or the responsible public entity, or both, utilizing a wide variety of sources (see § 22-10-304).
- Q. Items deemed confidential and proprietary, or that would give an advantage to competitors or bidders are exempt under the Freedom of Information Act.

Effective Date: 91st day Sine Die.

Partnership for Public Facilities and Infrastructure Act Program Guidelines became effective in October 2017.

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

The act:

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

Effective Date: 91st day Sine Die.

Rules for the Minority Business Enterprise and Women-Owned Business Enterprise Certification Program were amended in January 2018.

New Task Forces

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

Created a fifteen (15) member Feral Hog Task Force to develop a plan for the eradication of feral hogs. The Director of the Rural Services Division of AEDC is a member. The Task Force expired on June 30, 2018.

Effective Date: 91st day Sine Die.

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

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

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

The task force expires on January 1, 2019.

Effective Date: 91st day Sine Die.

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

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

- A. Review the current structure, fiscal performance, compliance, and outcomes of the state’s career and technical education programs and workforce development programs.
- B. Review the current and future workforce needs of the state.
- C. Recommend strategies to meet the workforce needs of the state.
- D. Research and recommend ways to improve the delivery of career and technical education programs and workforce development programs.
- E. Research and recommend strategies to align the state’s career and technical education programs and workforce development programs.
- F. Research and recommend strategies that:
 - i. Reduce skill shortages.

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

Timeline

- A. On or before September 1, 2018, the task force shall file a written, final report of their activities, findings, and recommendations.
- B. The task force may file an updated final report on or before July 1, 2019.
- C. The task force expires on July 1, 2019

Effective Date: 91st day Sine Die.

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

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

Emergency Clause: Effective March 23, 2017.

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

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

Effective Date: 91st day Sine Die.

Local Economic Development

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

The key components of the act are to:

- A. Provide enabling legislation (via new Chapter 176 - § 14-176-101 et seq.) for Arkansas Constitutional Amendment 97, commonly known as Issue 3 of 2016, or SJR16 of 2015, to permit funding of local economic development projects and services.
- B. Amend the Arkansas Amendment 82 Implementation Act to incorporate Arkansas Constitutional Amendment 97's removal of the five percent (5%) cap on Amendment 82 bonds issued by the State of Arkansas. The act also incorporates the definition of "Infrastructure" (see below) into the Arkansas Amendment 82 Implementation Act's definition of "Infrastructure needs".
 - i. Note: Arkansas Constitution Amendment 97 provides an exemption to Arkansas Constitution, Article 12, § 5, permitting any county, city, town, or other municipal corporation to obtain or appropriate money for a corporation, association, institution, or individual to finance economic development projects or provide economic development services.
- C. Authorize municipalities and counties to obtain and appropriate money for a corporation, association, institution, political subdivision of the state, the federal government, or an individual to finance economic development projects or to provide economic development services.
- D. Define "Economic development project" as the land, buildings, furnishings, equipment, facilities, infrastructure, and improvements that are required or suitable for the development, retention, or expansion of:
 - i. Manufacturing, production, and industrial facilities.
 - ii. Research, technology, and development facilities.
 - iii. Recycling facilities.
 - iv. Distribution centers.
 - v. Call centers.
 - vi. Warehouse facilities.
 - vii. Job training facilities.
 - viii. Regional or national corporate headquarters facilities.
- E. Define "Infrastructure" as:
 - i. Land acquisition.

- ii. Site preparation.
 - iii. Road and highway improvements.
 - iv. Rail spur, railroad, and railport construction.
 - v. Water service.
 - vi. Wastewater treatment.
 - vii. Employee training, which may include equipment for employee training.
 - viii. Environmental mitigation or reclamation.
- F. Specify that contracts for economic development projects must:
- i. (For projects where total appropriations exceed \$100,000) have an economic impact and cost-benefit analysis of the project reviewed and approved by the governing body. Such analysis must be an economic analysis created with an economic modeling software program or industry-recognized software program that measures the anticipated local or regional economic benefits of an economic development project against the costs of the incentive proposal of the economic development project and prepared by a nationally or regionally recognized independent economic forecasting firm or an Arkansas-based four-year institution of higher education with an active economic research or analysis department.
 - ii. Follow applicable bidding, procurement, and professional services procedures.
 - iii. Be in writing.
 - iv. Be approved by the governing body by resolution or ordinance.
 - v. Not exceed one (1) year in length (unless specifically stated by the governing body under specific circumstances, subject to annual renewal by vote of the governing body).
 - vi. State a proper public purpose.
 - vii. Articulate specific criteria to measure the progress toward, or achievement of, the stated public purpose.
 - viii. Contain recapture provisions (see § 14-176-104(b)(7)).
 - ix. Be monitored via quarterly progress reports.
- G. Define "Economic development service" as:
- i. Planning, marketing, and strategic advice and counsel regarding job recruitment, job development, job retention, and job expansion.
 - ii. Supervision and operation of industrial parks or other such properties.
 - iii. Negotiation of contracts for the sale or lease of industrial parks or other such properties.
- H. Contracts for economic development services must:
- i. Follow applicable bidding, procurement, and professional services procedures.

- ii. Be in writing.
 - iii. Be approved by the governing body by resolution or ordinance.
 - iv. Not exceed one (1) year in length unless specifically stated by the governing body under specific circumstances, subject to annual renewal by vote of the governing body.
 - v. State a proper public purpose.
 - vi. Articulate specific criteria to measure the progress toward, or achievement of, the stated public purpose.
 - vii. Be monitored via quarterly progress reports.
- I. Establish budget parameters:
- i. Appropriations for projects by a governing body under § 14-176-101 et seq. shall not exceed, in a fiscal year, five percent (5%) of the municipality's or county's unobligated general revenue and reserves of the previous fiscal year, without regard to the number of economic development projects.
 - ii. If a governing body chooses to participate in an economic development project that exceeds the five percent (5%) level in a fiscal year, the governing body shall secure a financial forecast and then determine whether the municipality or county will participate in the economic development project or projects. (Must be done each time the five percent (5%) level is exceeded.)
 - iii. However, the use of the whole or partial amount of revenue specifically dedicated by law, ordinance, or resolution and public vote for economic development for the purposes in this chapter are excluded from the restrictions and limitations of this section.
- J. Other key considerations:
- i. Freedom of Information Act (FOIA) exemptions for economic development project contracts include:
 - a. Files and materials that if disclosed would give advantage to the competitors or bidders.
 - b. Records maintained by the municipality or county related to an economic development project's:
 - i. Planning.
 - ii. Site location.
 - iii. Expansion.
 - iv. Operations.
 - v. Product development and marketing.
 - ii. FOIA exemptions for economic development services contracts include:
 - a. Files and materials that if disclosed would give advantage to the competitors or bidders.
 - b. Records maintained by an economic development service provider for a municipality or county related to any economic development project.

- iii. This act does not affect the tax exempt status of the state or any municipality or country engaged in work under this act.
- iv. A singular entity may be engaged to administer both economic development projects and economic development services.
- v. The act does not prohibit or restrict the use of funding economic development projects through the proceeds of Amendment 65 revenue bonds or Amendment 62 capital improvement or economic development bonds.
- vi. The uses of federal and state grant funds are excluded from the restrictions and limitations of the act.
- vii. The use of Interlocal agreements under the Interlocal Cooperation Act § 25-20-101 et seq., is excluded from the restrictions and limitations of the act.
- viii. Economic development projects that are underway on January 1, 2017, are exempt from the restrictions and limitations of this act.

Effective Date: 91st day Sine Die.

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

Act 686 of 2017 enhances the scope by which economic development taxes levied under § 14-174-101 et seq., may be used for “economic development projects” and “economic development services” by adding those definitions, as defined by Arkansas Constitution Amendment 97 (see Act 685 of 2017 above), to § 14-174-105. Act 686 of 2017 also specifies that tax revenue can be used to obtain or appropriate money for a *corporation, association, institution, or individual* to finance economic development projects and economic development services as defined and as a pledge to secure the issuance of bonds under the Local Government Bond Act of 1985, § 14-164-301 et seq., by a municipality, a county, or a corporation organized under the Public Corporations for Economic Development Act, § 14-175-101 et seq. Finally, Act 686 of 2017 specifies that public corporations for economic development may contract for “economic development projects” or “economic development services” and may utilize economic development taxes levied under § 14-174-103 to do so.

Emergency Clause: Effective March 27, 2017.

17. Act 533/HB 1732 (Shepherd) Amend the Local Government Bond Act of 1985; Implement Amendment 97 as it Relates to the Local Government Bond Act.

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

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

Effective Date: 91st day Sine Die.

AEDC Appropriations (2018 Fiscal Session)

18. Act 230/SB 65 (Joint Budget Committee) Appropriation for Personal Services and Operating Expenses of AEDC for the Fiscal Year Ending June 30, 2019.

Provides appropriation for salaries of 108 regular employees; extra help; state operations including appropriation for the Military Affairs Grant Program (\$750,000) and the Small Business Innovative Research Matching Grant (\$2,000,000); and the following programs:

Major	Total Amount Appropriated
CDBG (federal)	\$36,256,271
Economic Infrastructure/Regionalism Grants	\$1,000,000
Global Business Initiatives	\$900,000
Military Affairs Grant Program	\$750,000
Industry Training Program	\$1,714,800
Small Business Innovation Research	\$2,000,000
Technology Acceleration Program/Fund	\$30,000,000
Amendment 82	\$200,000,000
New Markets Performance Program	\$875,781
Quick Action Closing Fund	\$75,000,000 * <u>\$30,000,000 Rainy Day Fund- Act 1123/SB 552 (July 1, 2017 or before)</u>
Division of Science and Technology (state ops)	\$8,433,264

Major	Total Amount Appropriated
Division of Science and Technology (seed capital)	\$1,900,000
Arkansas Manufacturing Extension Network (state)	\$257,182
Arkansas Manufacturing Extension Network (federal)	\$814,928
Arkansas Manufacturing Extension Network (cash)	\$1,415,952
EPSCoR (federal)	\$20,000,000
EPSCoR RII (federal)	\$3,132,830
Energy Efficiency	\$150,000
Arkansas Acceleration Fund	\$30,000,000
STEM Education	\$40,000
Innovate Arkansas	\$5,000,000
Rural Services (state ops)	\$1,243,767
Rural Services (conference cash)	\$100,000
Rural Services (animal rescue/shelters)	\$5,328
Rural Services (administration)	\$45,395
Unpaved Roads Program	\$250,000
Internet Service Provider Grant Program	\$25,000,000
Fish and Wildlife Conservation Education Grants	\$800,000
Minority and Women-Owned Business Enterprise Mobilization	\$500,000

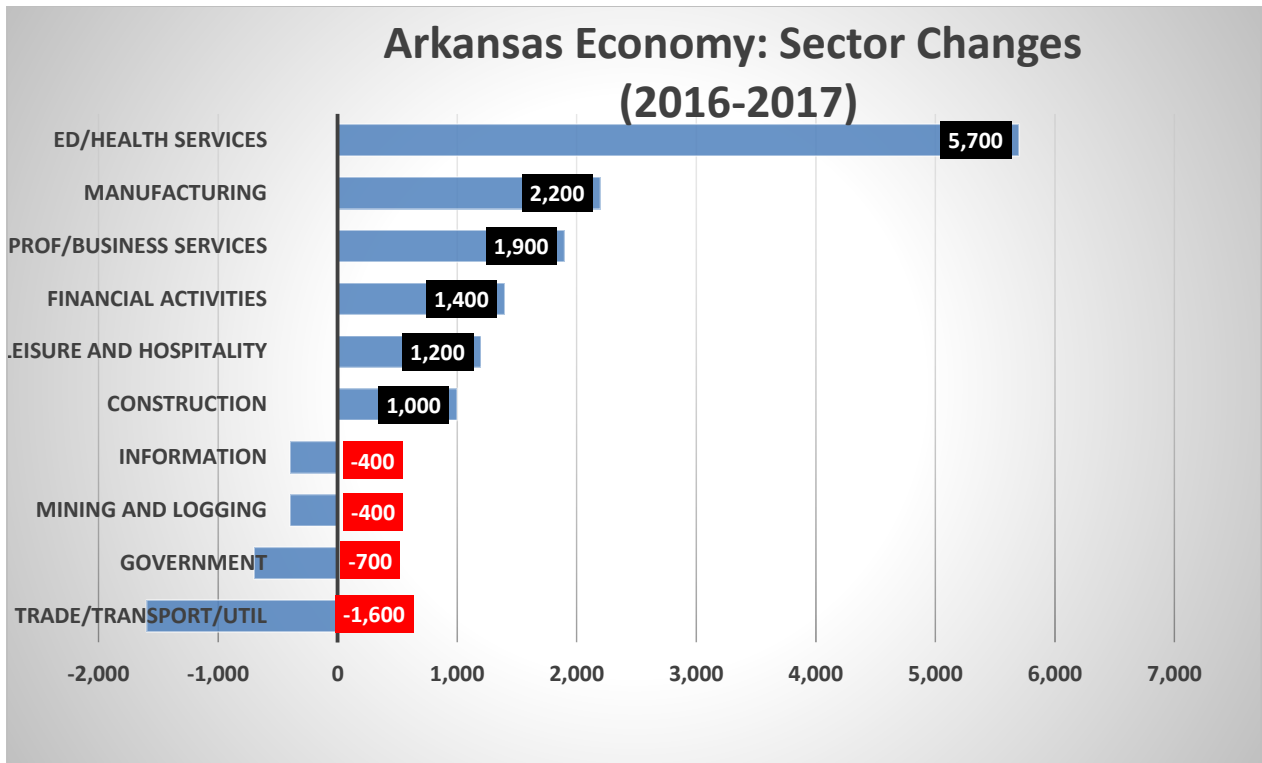
19. Act 220/SB 105 (Joint Budget Committee) Reappropriate the Balances of Capital Improvement Appropriations for the Arkansas Economic Development Commission: *Effective July 1, 2018.*

20. Act 214/SB 120 (Joint Budget Committee) An Act for the Arkansas Economic Development Commission Supplemental Appropriation. Added \$450,000 in supplemental appropriation for maintenance and operations and global business initiatives.
Emergency Clause: Effective March 2, 2018.

Part 3. AN ACCOUNTING OF MAJOR FACTORY AND PLANT CLOSURES

Overall, Arkansas's labor force increased by 11,704 from 1,342,561 in 2016 to 1,354,265 in 2017. Among nonfarm payroll jobs* the education/health services; manufacturing; professional/business services; financial activities; leisure and hospitality; and, construction sectors grew. Employment losses occurred in the information; mining and logging; government; and, trade, transportation, and utilities sectors. Chart 1 below shows employment growth/decline by major sector. Table 6 lists factory and plant closures during 2017.

Chart 1



*Sources: (Sector Employment) Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 15 June 2018, <https://www.bls.gov/sae/data.htm> and (Labor Force) Local Area Unemployment Statistics, 15 June 2018, <https://data.bls.gov/PDQWeb/la>

**Table 6
Major Factory and Plant (Manufacturing) Closures During 2017**

a. Location City	b. Number of Jobs Lost	c. Reason for Closure
Bentonville	26	Downward turn in the foundry industry.
Stephens	32	Company owner decided to close facility.
Flippin	113	Bankruptcy (bought by another company).
Pocahontas	5	Loss of government contract.
Fort Smith	250	Corporate decision to move production to another US-based plant.
Pine Bluff	32	Corporate restructuring and sale of facility.
Blytheville	23	Production moved to Mexico.
Siloam Springs	238	Sold company to new owner who closed the facility.
Trumann	22	Production moved to Mexico.

a. Location City	b. Number of Jobs Lost	c. Reason for Closure
Hot Springs	36	Decreased sales.
North Little Rock	64	Corporate decision to close facility to control costs.

Part 4. STRATEGIES AND RECOMMENDATIONS FOR THE CURRENT YEAR

a. Plans for preventing closures and job loss

The AEDC recognizes that the key to company growth and stability is ensuring that the state's companies maintain a competitive advantage. While there are many economic factors such as global competition, recessions, and corporate restructuring that cannot be influenced by AEDC, there are other issues, such as technical and operational expertise, training, financial assistance, and finding suppliers and markets, for which AEDC can assist businesses. The best defense against a declining business environment is a strategic offense that addresses the issues related to company productivity and profitability.

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

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

Comprehensive EBRD programming includes:

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

In 2017, EBRD performed 895 company visits. The purpose of the visits was to identify and understand concerns regarding workforce, growth, operational excellence, leadership, and supply chain management. EBRD referred 168 growth and expansion leads to the AEDC Business Development team.

Approximately 35% of the companies visited were referred to Arkansas Economic Development Commission Manufacturing Solutions for follow-up.

The Arkansas Economic Development Commission Manufacturing Solutions provides companies with access to professional field engineers who have the training and expertise to help companies grow. Areas that Arkansas Economic Development Commission Manufacturing Solutions can assist companies with include:

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

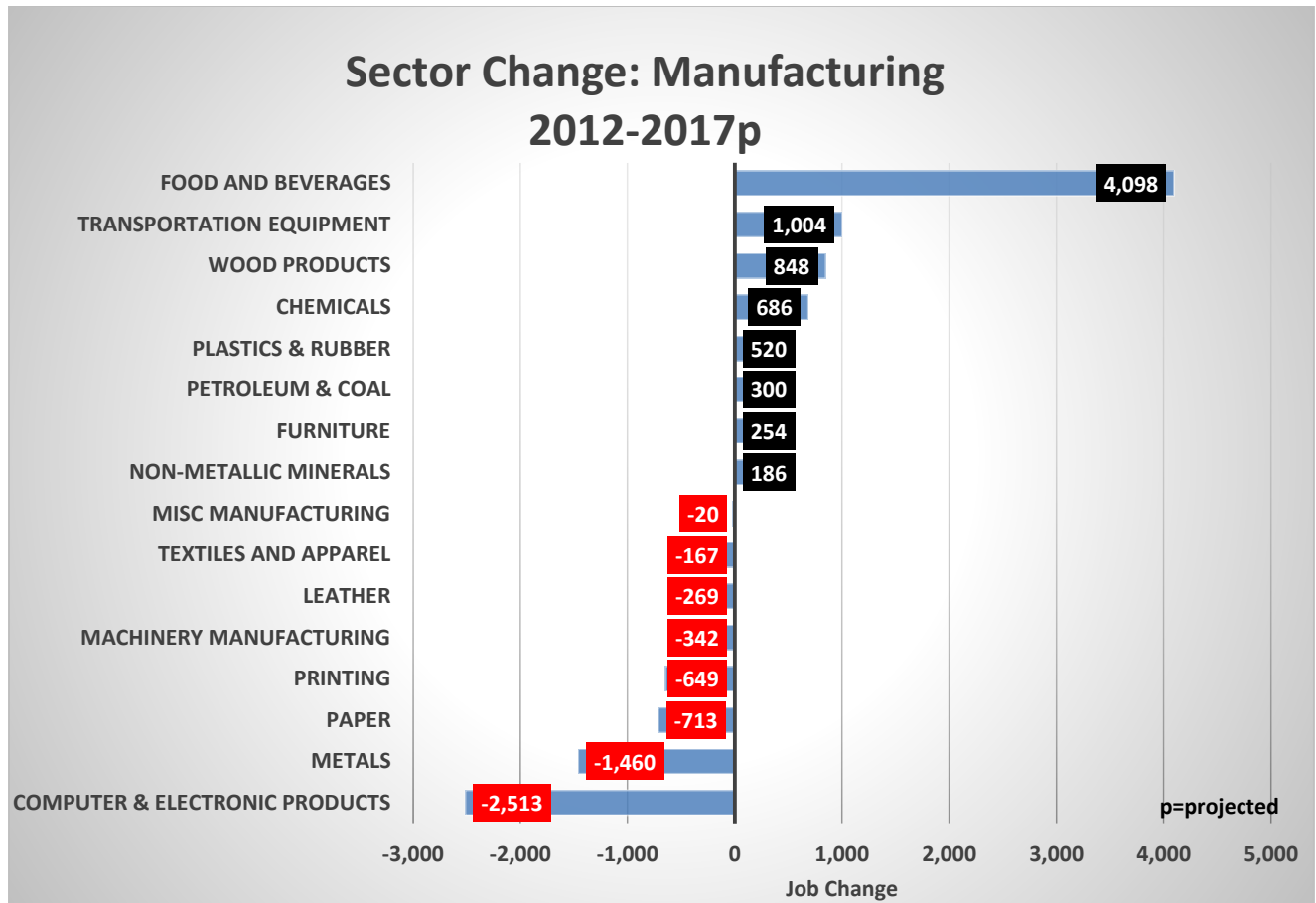
The Arkansas Economic Development Commission Manufacturing Solutions team provided technical and consulting assistance to 142 companies. All company engagements are surveyed by an independent third party to validate actual business impacts. For calendar year 2017, EBRD helped create and maintain 2,038 jobs by assisting companies. Companies assisted achieved a total of \$843 million in new and retained sales, \$21 million increased capital investment, and saved \$57 million in operational costs.

Additionally, Act 892 of 2015 created a structure for a Statewide Workforce Development System. An EBRD representative is part of a five-agency team that reviews each training application submitted by Arkansas companies to the Office of Skills Development.

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

Between 2012 and 2017*, Arkansas gained 1,769 private sector manufacturing jobs. The number of manufacturing employees in Arkansas in 2017, 157,320, was the highest number since 2011.

Chart 2



**Source: Bureau of Labor Statistics, 2012-2017^p (preliminary) private sector Quarterly Census of Employment and Wages, 7 June 2018, <https://data.bls.gov/PDQWeb/en>*

As Table 7 below illustrates, the magnitude of manufacturing change between 2012 and 2017 has differed among industries. Arkansas has fared better than many other Southern states; noting manufacturing gains in food and beverages, transportation equipment, wood products, chemicals, plastics and rubber, petroleum and coal, furniture, and non-metallic minerals. However, several industry sectors, including leather, textiles and apparel, paper, machinery manufacturing, printing, metals, and computer and electronic equipment were significantly changed by persistent job losses.

Table 7
Arkansas Manufacturing Transitions: 2012-2017^p

Growth	Small to Moderate Decline (-0.1%-10%)	Large Decline (-10%+)
Petroleum & Coal (+31.7%)	Miscellaneous Manufacturing (-.06%)	Printing (-14.2%)
Chemicals (+14.7%)	Machinery Manufacturing (-3.0%)	Leather (-20.6%)
Wood Products (+9.7%)	Metals (-5.9%)	Computers and Electronic Products (-26.7%)
Food and Beverages (+9.2%)	Paper (-7.1%)	
Transportation Equipment (+8.0%)	Textiles and Apparel (-7.7%)	
Furniture (+7.6%)		
Non-Metallic Minerals (+5.5%)		
Plastics and Rubber (+5.0%)		

**Source: Bureau of Labor Statistics, 2012-2017^p (preliminary) private sector Quarterly Census of Employment and Wages, 7 June 2018, <https://data.bls.gov/PDQWeb/en>*

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

Computers and Electronic Products: (2012-2017 net loss 2,513/-26.7%) Most job losses have occurred in the consumer electronics, electronic assembly, and electric tool sectors due to foreign imports. Some growth has occurred in electric cables, motors, switching, and hardware.

Leather: (2012-2017 net loss 269/-20.6%) Three closures and one significant layoff have resulted in most jobs lost since 2012. Predominantly comprised of shoe manufacturing, the leather industry in Arkansas has suffered significant downsizing and is not anticipated to grow in the short term.

Printing: (2012-2017 net loss 649/-14.2%) Attrition has accounted for most job losses since 2012. The AEDC has recorded a few expansion projects in the last five years which propose the creation of approximately 100 jobs. Short-term growth in this sector is not expected at this time.

Textiles and Apparel: (2012-2017 net loss 167/-7.7%) Closures have stabilized since 2012 while there has been growth in stitched products, hosiery, and the recent announcements by Chinese apparel companies in central and eastern Arkansas. If on-shoring trends continue, net job gains could accrue in the next few years.

Paper: (2012-2017 net loss 713/-7.1%) Paperless technology continues to result in paper employment losses throughout Arkansas, largely through attrition. However, recent announcements by companies such as Sun Paper and Glatfelter, plus expansions of paperboard facilities, consumer paper products, and sanitary paper products could buoy future employment.

Metals: (2012-2017 net loss 1,460/-5.9%) Most significant job losses have occurred in the fabricated metals sector while primary metals continues to increase, especially in northeast Arkansas. The addition of more than 500 jobs by Big River Steel and their suppliers, proposed expansions by Nucor, and growth in die castings, aluminum, and structural steel should add considerable high-wage employment opportunities in primary metals. Fabricated metals, especially in steel pipe, valves, and arms/ammunition are also experiencing job growth.

Machinery Manufacturing: (2012-2017 net loss 342/-3.0%) Most job losses have occurred in HVAC equipment manufacturing. Losses have been offset by recent growth in outdoor equipment, construction equipment, and conveyors. As employment of recent announcements ramps up, anticipated growth of several hundred jobs should occur in the next year or two.

c. Plans for increasing the number of economic development proposals

Marketing and Communications

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

Specific communications activities occurring since January 1, 2017 include:

- Drafted and distributed 51 news releases about economic development activity and AEDC initiatives in Arkansas.
- Coordinated all aspects of 18 job creation announcements throughout the state. This included media notification, development of agendas, creating briefing information, drafting and distributing news releases, logistics coordination, etc. Worked closely with AEDC's advertising agencies on media outreach projects including production of several videos highlighting major economic development announcements.
- Wrote several Arkansas feature editorials for trade publications such as *Area Development* and *Trade and Industry Development* magazines.
- Responded to numerous daily media inquiries. Worked closely with AEDC divisions to provide accurate, timely information to members of the media.
- Worked with AEDC's Division of Minority and Women-Owned Business Enterprise to promote the division's Minority and Women-Owned Business Enterprise Business Directory, the Minority and Women-Owned Business Enterprise Certification Program, and the 2017 Minority and Women-Owned Business Enterprise Matchmaker Event.

- Worked with AEDC's Division of Science and Technology on media outreach to promote the EPSCoR program, the Arkansas Business and Technology Accelerator Grant Program, and the Arkansas Small Business Innovation Research Matching Grant Program.
- Worked with the Governor's Office to launch and promote the agency's Military Affairs initiatives and to promote international trade missions.
- Planned and launched digital marketing campaigns targeting the timber/forestry and technology sectors. Utilized targeted digital advertising in social media platforms and digital display media.
- Planned and launched digital marketing campaigns in support of professional events including:
 - Site Selectors Guild Forums
 - IAMC Forums
 - SHOT Show
 - Select USA
- Redesigned the Arkansas Inc newsletter and increased recipients by more than 18% to 2,119.
- Created digital content as part of the inbound lead generation strategy, including 64 blog posts, 5 infographics, 4 videos, and 2 podcasts.
- Helped recruit more than 40 companies to join artechjobs.com, including Walmart, Acxiom, JB Hunt, Windstream, FIS and several Arkansas startup companies.
- Launched a new creative campaign that highlighted Governor Asa Hutchinson and his focus on economic development, as well as a targeted industry creative campaign that highlighted the metal and timber industries.
- Placed a strategic media buy on a national level. Site location consultants were reached primarily through full-page ads in site selection specific publications. These included: Site Selection Magazine, Trade & Industry Development, Area Development, and Chief Executive.
- Placed a strategic media buy on a national level in industry vertical publications. Full-page ads were placed in *Timber Processing Magazine* and *American Metal Market*.
- Placed a strategic media buy on a local level to target in-state business owners and entrepreneurs through Arkansas-based publications. These include: Arkansas Business, NWA Business Journal, and Talk Business.
- Assisted the Business Development division with networking events in which AEDC leadership and economic developers from around the state furthered relationships with site location consultants. Some of these include: SHOT Show, Site Selector's Guild Annual and Fall Forum, IAMC Spring and Fall Forum, Hannover Messe Trade Show, Europe Trip, Paris Airshow, SelectUSA Investment Summit, Area Development Women's Forum and Steel Success Strategies.
- Partnered with the Electric Cooperatives of Arkansas to host the first Duck Hunt event where a select group of consultants were invited.

Expanding Knowledge-Based Entrepreneurship

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

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

Turning entrepreneurs' ideas into viable products and services was the idea behind Innovate Arkansas. Innovate Arkansas is a state-funded initiative that helps promising Arkansas technology ventures. Funded by the AEDC and administered by Winrock International, Innovate Arkansas assists technology entrepreneurs in turning startup companies into viable commercial enterprises.

Innovate Arkansas is focused on building and managing programs needed to accelerate business growth for tech-based startups and established corporations in Arkansas. As the primary conduit between both sides, Innovate Arkansas serves a critical role in developing talent, building commerce, and securing the capital required to develop the state's high-growth economy.

Since its inception in 2008 and through March 2018, Innovate Arkansas has assisted over 530 companies to create more than 750 jobs with average annual salaries of more than \$50,000 per year. Additionally, it has helped raise more than \$325 million in capital for its client companies. During that same period, Innovate Arkansas companies have generated \$330 million in new operating revenues. As a result, Innovate Arkansas has leveraged a return to the state's overall economy of \$42.90 for every dollar spent.

Global Business Recruitment

Twenty-two (22) of the 133 projects that signed financial assistance agreements with AEDC in 2017 were by foreign-owned corporations. Cumulatively, these projects propose the creation of 897 jobs. Additionally, during 2017, the AEDC fostered international trade and investment through the following activities:

Table 8
2017 International-Related Activities Attended and/or Conducted

EVENT	TIMEFRAME	LOCATION	TYPE OF EVENT
Zhejiang Economic and Trade Cooperation Briefing Conference	January 9, 2017	Shanghai, China	Event
Brandenburg Außenwirtschaftstag	January 26, 2017	Potsdam, Germany	Conference/Proactive
US Investment Conference	January 30, 2017	Munich, Germany	Conference/Proactive

EVENT	TIMEFRAME	LOCATION	TYPE OF EVENT
International Toy Fair	February 1, 2017	Nuremberg, Germany	Trade Show/Proactive
Existing Investor Meeting	February 6, 2017	Berlin, Germany	Proactive
Northern Japan US Investment Seminars	February 6-8, 2017	Kanazawa, Fukui, Toyama - Japan	Event/Proactive
Recruiting Trip	February 11-25, 2017	Tokyo, Osaka, Nagoya, Kyoto, Himeji, Japan; Qingdao, Nanjing, Shanghai, China	Proactive
Meeting with Site Selection Consultancy	February 15, 2017	Brussels, Belgium	Proactive
Meeting with US Mission to Belgium	February 15, 2017	Brussels, Belgium	Proactive
Prospect Meeting	February 27, 2017	Florence, Italy	Prospect/Proactive
Investment Seminars and Arkansas Presentations	February 28- March 2, 2017	Milan, Vicenza, Rome, Italy	Conferences/Proactive
US Food Industry Investment Seminar	March 1, 2017	Kobe, Japan	Event/Proactive
Prospect Meeting	March 3, 2017	Milan, Italy	Prospect/Proactive
IWA Outdoor Classics 2017	March 5, 2017	Nuremberg, Germany	Proactive
Attended SME Investment Seminar	March 31, 2017	Shanghai, China	Event
US FDI Event	April 4, 2017	Munich, Germany	Conference/Proactive
Malaysia Trade and Investment Conference	April 10, 2017	Osaka, Japan	Event
US - Central China Business Summit	April 20-21, 2017	Changsha, Hunan Province, China	Event/Proactive
2017 Hannover Messe	April 24-28, 2017	Hannover, Germany	Trade Show/Proactive
America IPR Application and Project Cooperation Summit	April 26-27, 2017	Nanjing, Jiangsu Province, China	Event/Proactive
US FDI Event	May 12, 2017	Bayreuth, Germany	Conference/Proactive
Chongqing China-US Investment Promotion Forum	May 17-18, 2017	Chongqing, China	Event/Proactive
Arkansas Northeastern College – Yamato Kogyo Japan Visit	June 2, 2017	Tokyo, Japan	Event
Vietnam Business Seminar	June 8, 2017	Osaka, Japan	Event
China-US Subnational Economic and Trade Cooperation Forum	June 13-15, 2017	Kunming, Yunnan Province	Event

EVENT	TIMEFRAME	LOCATION	TYPE OF EVENT
Governor's Mission to Europe and Israel – Paris Air Show	June 17-24, 2017	Paris, France; Cologne, Frankfurt, Germany; Tel Aviv, Israel	Trade Show/Proactive
Independency Day Reception – US Embassy Berlin	June 23, 2017	Berlin, Germany	Reception/Proactive
SelectUSA Summit	June 18-20, 2017	Washington, D.C.	Event/Proactive
Two-Way Street: 2017 Update (discussion on the future of US-China FDI and briefing by Rhodium Group)	June 26, 2017	Shanghai, China	Event
Trump Administration New Tax Structure and CFIUS New Governance Direction Seminar	July 3, 2017	Hangzhou, Zhejiang Province	Event
VBKI Foreign Policy Lunch	July 3, 2017	Berlin, Germany	Proactive
Korea Overseas Trade-Investment Promotion Agency (KOTRA) Meeting	July 5, 2017	Seoul, South Korea	Proactive
Meeting with the Ministry of Foreign Affairs	July 6, 2017	Berlin, Germany	Proactive
German Industry Association Meeting	July 19, 2017	Berlin, Germany	Proactive
ASEAN Business and Investment Forum	July 20, 2017	Tokyo, Japan	Event
Guangzhou Dialogue with Fortune Global 500	July 27, 2017	Shanghai, China	Event
China Textile “Go Global” Conference and Recruiting Trip	September 5-14, 2017	Nanjing, Shanghai, Hefei, China	Event/Proactive
IAA 2017	September 14-15, 2017	Frankfurt, Germany	Trade Show/Proactive
BAB Dinner 2017	September 19, 2017	London, United Kingdom	Proactive
Governor's Mission to Mexico	September 19-22, 2017	Queretaro and Mexico City, Mexico	Proactive
USCS Germany	September 25, 2017	Dusseldorf, Germany	Conference/Proactive
JETRO-SelectUSA US FDI Seminar	September 28, 2017	Tokyo, Japan	Event/Proactive
American Chamber Japan Event with Ambassador Hagerty	September 29, 2017	Tokyo, Japan	Event

EVENT	TIMEFRAME	LOCATION	TYPE OF EVENT
ANUGA 2017	October 8–9, 2017	Cologne, Germany	Trade Show/Proactive
Union of Kansai Governments Panel	October 20, 2017	Kobe, Japan	Event
Governor’s Mission to Asia	October 31-November 7, 2017	Beijing, Jining, Shanghai, Suzhou, Heifei, China; Tokyo, Japan	Proactive
US FDI Event	November 8, 2017	Frankfurt, Germany	Conference/Proactive
Agritechnica 2017	November 13, 2017	Hannover, Germany	Trade Show/Proactive
2017 InvestUSA Forum in Shanghai	December 6, 2017	Shanghai, China	Event/Proactive
ASEAN Business Seminar	December 11, 2017	Osaka, Japan	Event/Proactive
Royal Thai Embassy Economic and Investment	December 19, 2017	Tokyo, Japan	Proactive

d. Plans for creating new initiatives/incentives

AEDC’s Strategies and Recommendations for the Next Legislative Session

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

1. Sustain funding for AEDC programs including the Quick Action Closing Fund, Create Rebate, the Military Affairs Grant Program; grant programs of the Division of Science and Technology and Rural Services; and tax incentive programs.
2. Improve business competitiveness through legislative and Governor’s initiatives to reduce, eliminate, and streamline taxes; reduce burdensome regulations; and stimulate statewide business formation.
3. Support enhanced workforce development programs, systems, and funding.
4. Product development focused on proactive, targeted marketing, lead development, and business recruitment.
5. Identify and increase the inventory of available buildings, sites, and programs to augment job creation, attraction, retention, and expansion strategies.
6. Assist the legislature with strengthening existing economic development legislation, repealing outdated and unused incentive programs, and developing new tools to effectuate economic development.
7. Secure funding for the Governor’s Blue Ribbon Commission on Computer Analytics and Data Science.

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

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

Table 9
2016-2017 Job Opportunities from Signed Incentive Agreements: New and Expanded Year-End Results

<i>Year</i>	<i>Type</i>	<i>Projects</i>	<i>Jobs</i>	<i>Total Investment</i>	<i>Average Hourly Wage</i>	<i>Cost Benefit Ratio</i>
2016	New	20	886	\$298,041,234	\$18.42	5.06
	Expanded	65	3,056	\$1,191,750,412	\$21.28	
	Retention	3	450	\$150,000,000	\$28.10	
	Total	88	4,392	\$1,639,791,646	\$21.40	
2017	New	27	1,820	\$282,168,068	\$24.92	3.53*
	Expanded	105	1,627	\$2,901,874,287	\$18.40	
	Retention	1	13	\$150,000	\$13.00	
	Total	133	3,460	\$3,184,192,355	\$21.81	

* a cost benefit ratio of 3.53 means that, over a ten-year period, the state will get back, in taxes, \$3.53 for each dollar of incentives used for job creation projects.

Table 10
2016-2017 Arkansas Job Creation and Job Loss Comparison

Jobs from Signed Incentives Agreements with AEDC Involvement - AEDC Eligible Businesses Only*	7,852
Jobs Lost Due to Layoffs/Closures – AEDC Eligible Businesses only*	3,507
Net Gain (+) / Loss (-) AEDC Eligible Businesses	+4,345
<i>Above data from Arkansas Department of Workforce Services Dislocated Worker Task Force and AEDC New & Expanded Database. *Does not include retail, health, trucking, banking, etc.</i>	

Table 11
2016–2018 Year-to-Date Unemployment Comparison

	AR Unemp Rate	US Unemp Rate
2016 annual average unemployment rate	3.9%	4.9%
2017 annual average unemployment rate	3.7%	4.4%
Current Month (May 2018) seasonally adjusted	3.8%	3.8%
<i>Sources: Arkansas Department of Workforce Services, Unemployment Rates and Labor Force Statistics, annual rates are not seasonally adjusted.</i>		

b. Comparison of actual performance to projections

Table 12
2018 Year-to-Date* Job Creation/Closures

<i>Job Creation</i>	<i>Jobs</i>	<i>Total Investment</i>	<i>Average Hourly Wage</i>
2018 Year-to-Date Signed Incentive Agreements*	1,765	\$1,010,627,264	\$20.48

2018 Year-to-Date* Non-Retail/Non-Service Closures

<i>Job Closures</i>	<i>Companies</i>	<i>Jobs</i>
2018 Year-to-Date	5	395

*Through June 30, 2018.

c. Arkansas's economic performance compared to neighboring states

Gross Domestic Product by State

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

Table 13
2017 Per Capita Real GDP by State: Arkansas and Surrounding States

<i>State</i>	<i>2017 GDP Per Capita*</i>	<i>National Rank</i>
United States	\$51,337	--
Texas	\$53,737	16
Oklahoma	\$44,535	34
Louisiana	\$44,372	35
Tennessee	\$44,348	36
Missouri	\$43,036	38
Arkansas	\$36,714	48
Mississippi	\$32,447	50

*In chained 2009 dollars. Source: Gross Domestic Product by State, Bureau of Economic Analysis, 2017 Per Capita Real GDP by State,

<https://www.bea.gov/itable/drilldown.cfm?reqid=70&stepnum=11&AreaTypeKeyGdp=1&GeoFipsGdp=XX&ClassKeyGdp=naics&ComponentKey=1000&IndustryKey=1&YearGdp=2017&YearGdpBegin=-1&YearGdpEnd=-1&UnitOfMeasureKeyGdp=levels&RankKeyGdp=1&Drill=1&nRange=5> , 11 May 2018.

Table 14
Percentage Change in GDP Per Capita by State (2014 to 2017)*
Arkansas and Surrounding States

<i>State</i>	<i>2014 Per Capita GDP by State</i>	<i>2017 Per Capita GDP by State</i>	<i>Percentage Change in GDP Per Capita by State (2014-2017)</i>
United States	\$49,329	\$51,337	4.1%
Tennessee	\$41,858	\$44,348	5.9%
Mississippi	\$31,635	\$32,447	2.6%
Texas	\$52,879	\$53,737	1.6%
Missouri	\$42,527	\$43,036	1.2%
Arkansas	\$36,265	\$36,714	1.2%
Louisiana	\$44,475	\$44,372	-0.2%
Oklahoma	\$45,418	\$44,535	-1.9%

**In chained 2009 dollars. Source: Gross Domestic Product by State, Bureau of Economic Analysis, Per Capita Real GDP by State, <https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=2#reqid=70&step=10&isuri=1&7003=1000&7035=-1&7004=naics&7005=1&7006=xx&7036=-1&7001=11000&7002=1&7090=70&7007=2014&7093=levels>, 14 May 2018.*

Labor Force

Table 15
Percent Labor Force Growth (2013-2017)
Arkansas and Surrounding States

<i>State</i>	<i>Percentage Labor Force Growth (2013-2017)</i>	<i>National Rank</i>
United States	3.2	--
Texas	5.3	12
Tennessee	4.3	15
Arkansas	2.4	25
Oklahoma	1.8	28
Missouri	1.0	31
Mississippi	0.6	33
Louisiana	0.5	35

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, <https://data.bls.gov/PDQWeb/la> and Labor Force Statistics from the Current Population Survey, <http://www.bls.gov/cps/data.htm>, 14 May 2018.

Per Capita Personal Income

Table 16
Per Capita Personal Income Change 2015-2017
Arkansas and Surrounding States

<i>State</i>	<i>2015 Per Capita Income</i>	<i>2015 Rank</i>	<i>2016 Per Capita Income</i>	<i>2016 Rank</i>	<i>2017 Per Capita Income</i>	<i>2017 Rank</i>	<i>Change 2015-2017</i>	<i>National Rank</i>
United States	\$48,429	--	\$49,204	--	\$50,392	--	4.1%	--
Tennessee	\$42,156	37	\$43,338	33	\$44,266	33	5.0%	11
Arkansas	\$39,060	43	\$39,722	43	\$40,791	43	4.4%	18 (tied)
Mississippi	\$34,804	50	\$35,524	50	\$36,346	50	4.4%	18 (tied)
Missouri	\$42,406	36	\$42,939	36	\$43,661	36	3.0%	35
Louisiana	\$42,835	34	\$42,257	38	\$43,491	37	1.5%	42
Texas	\$46,787	24	\$46,204	25	\$46,942	25	0.3%	47
Oklahoma	\$43,999	29	\$42,717	37	\$43,449	38	-1.3%	49

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

<https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=30&isuri=1&7022=21&7023=0&7024=non-industry&7033=-1&7025=0&7026=xx&7027=2017,2016,2015&7001=421&7028=3&7031=0&7040=-1&7083=levels&7029=21&7090=70>, 15 May 2018.

Unemployment Rates

Table 17
Unemployment Rate Annual Averages 2016-2017
Arkansas and Surrounding States

<i>State</i>	<i>2016 Unemployment Rate</i>	<i>2017 Unemployment Rate</i>	<i>National Rank 2017</i>
United States	4.9%	4.4%	--
Arkansas	3.9%	3.7%	16 (tied)
Tennessee	4.7%	3.7%	16 (tied)
Missouri	4.6%	3.8%	19
Texas	4.6%	4.3%	26 (tied)
Oklahoma	4.8%	4.3%	26 (tied)
Mississippi	5.8%	5.1%	46 (tied)
Louisiana	6.0%	5.1%	46 (tied)

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, <https://data.bls.gov/PDQWeb/la>, 14 May 2018.

Hourly Earnings

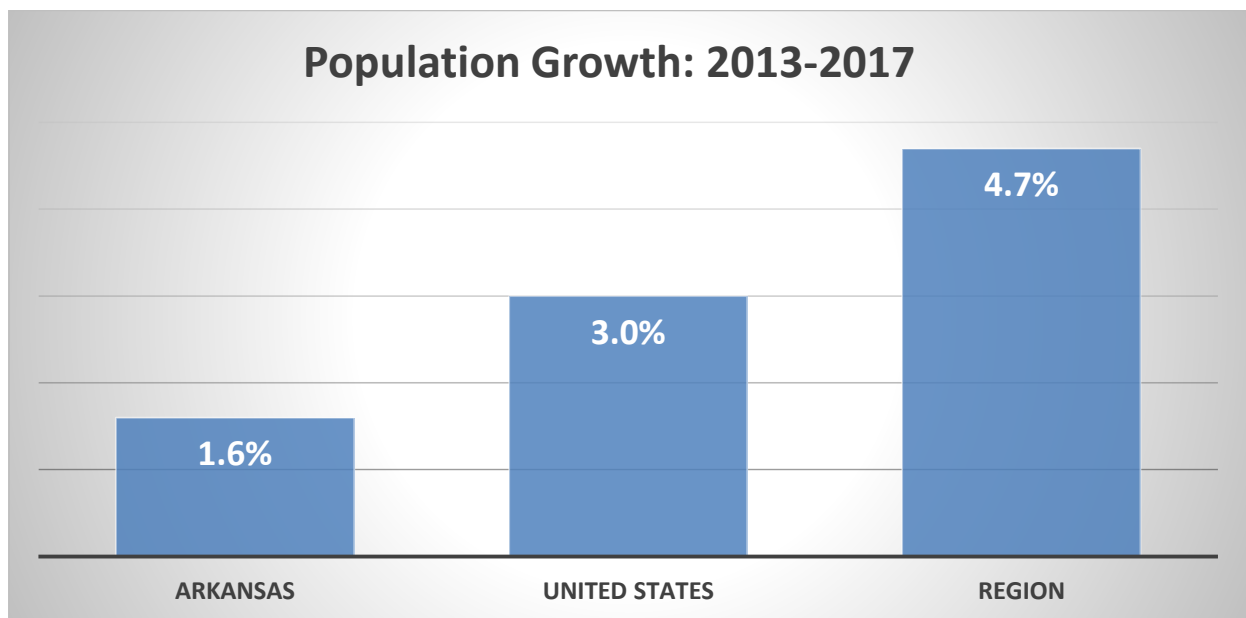
Table 18
Average Hourly Earnings of Manufacturing Production Workers (2017)
Arkansas and Surrounding States

<i>State</i>	<i>Hourly Earnings</i>	<i>National Rank</i>
United States	\$20.89	--
Texas	\$23.13	5
Missouri	\$22.38	8
Louisiana	\$21.88	10
Mississippi	\$20.58	23
Tennessee	\$19.40	35
Oklahoma	\$18.94	43
Arkansas	\$16.11	50

Source: US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2017 Annual Averages, Not Seasonally Adjusted <http://data.bls.gov> (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2017 Annual Averages, Not Seasonally Adjusted <http://www.bls.gov/data/>, 20 June 2018

Population Growth (Region*)

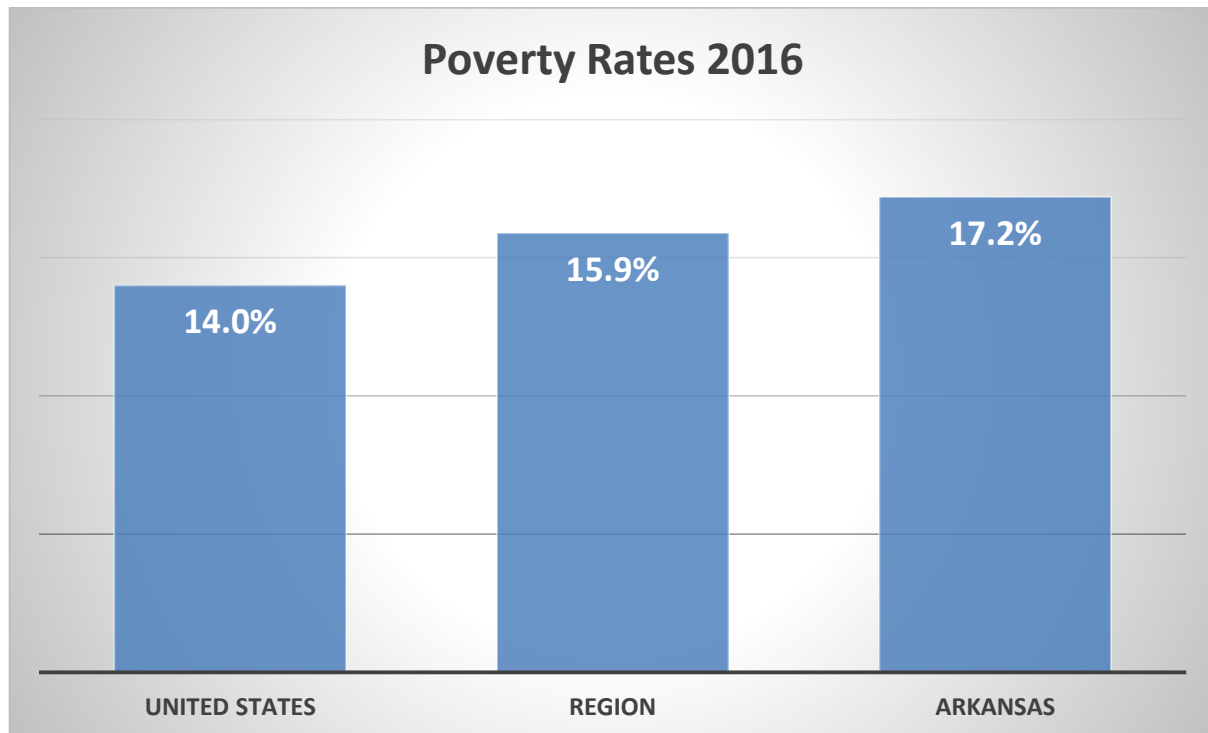
Chart 3



Source: US Census Bureau, Annual Estimates of the Resident Population: April 1, 2013 to July 1, 2017, <http://www.census.gov/popest>

Poverty Rates (Region*)

Chart 4



**The 12-state region consists of AL, FL, GA, KY, LA, MS, MO, NC, OK, SC, TN, and TX. Regional averages are weighted averages. Source: US Census Bureau, Small Area Income and Poverty Estimates, <https://www.census.gov/did/www/saipe/data/statecounty/data/2016.html>*

Comparative State Indices

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

2018 Prosperity Now Scorecard

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

- Financial Assets and Income - Are there widespread opportunities for wealth creation and protection, particularly for low-income residents?
- Businesses and Jobs - Is the opportunity to grow a business or get a job that pays a sufficient wage with benefits available to all those who choose to pursue it?
- Housing and Homeownership - Is the opportunity to purchase and maintain a home available to all those who choose to pursue it?
- Health Care - Is there broad access to health insurance as protection against income interruption and asset depletion from medical bills?

- Education - Do residents have access to the education and training they need to get ahead?

Table 19 below contains individual scores for Arkansas and surrounding states for each of the above categories for policy initiatives and outcomes:

Table 19
Assets and Opportunities Scorecard
Arkansas and Surrounding States State Outcomes

State	Financial Assets and Income	Businesses and Jobs	Housing and Homeownership	Health Care	Education	Overall
Missouri	34th	39th	17th	36th	24th	33rd
Tennessee	41st	22nd	33rd	35th	34th	37th
Oklahoma	45th	13th	18th	44th	45th	40th
Texas	44th	21st	24th	51st	33rd	41st
Arkansas	46th	35th	21st	38th	41st	44th
Louisiana	50th	22nd	44th	43rd	50th	50th
Mississippi	51st	47th	20th	51st	51st	51st

The 2018 *Prosperity Now Scorecard* also reported on recent policy initiatives undertaken by states to improve the various outcome listed above. Arkansas has initiated 18 of 49 possible policies to improve outcomes (37%), ranking highest among contiguous states. Other surrounding states scored as follows:

- Oklahoma 36%
- Texas 30%
- Tennessee 30%
- Louisiana 28%
- Mississippi 23%
- Missouri 21%

Source: 2018 *Prosperity Now Scorecard*, <http://scorecard.prosperitynow.org/>

The State Competitiveness Index 2016 (Beacon Hill Institute)

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

Table 20
State Competitiveness Index
Arkansas and Surrounding States

<i>State</i>	<i>2016 Index Score</i>	<i>2016 National Rank</i>	<i>2015 National Rank</i>	<i>Change in Rank (2015-2016)</i>
Mississippi	3.77	45	50	+5
Tennessee	4.92	27	31	+4
Texas	6.10	7	10	+3
Arkansas	4.22	40	42	+2
Oklahoma	3.71	46	45	-1
Louisiana	3.62	48	43	-5
Missouri	4.52	34	28	-6

Source: Beacon Hill Institute, State Competitiveness Report 2016, http://www.beaconhill.org/Compete16/2016Competitiveness_report_dgt.WebVersion.pdf

Among the various factors, Arkansas ranked highest in infrastructure (11th), environmental policy (14th), fiscal policy (20th), and business incubation (20th). Lowest scores were in technology (48th), human resources (43rd), openness (42nd), and security (40th).

America's Top States for Business 2018 (CNBC)

This index, published by CNBC, with input from a broad and diverse array of business and policy experts, official government sources, the CNBC Global CFO Council, YPO, and state officials, ranks each state according to 60 measures across ten (10) broad categories which include: cost of doing business; workforce; quality of life; infrastructure; economy; education; technology and innovation; business friendliness; access to capital; and, cost of living. Arkansas's ranking of 40th was higher than Louisiana (44th) and Mississippi (49th) but lower than Texas (1st), Tennessee (13th), Missouri (23rd), and Oklahoma (39th). Among the various factors, Arkansas rated highest in cost of doing business (1st), cost of living (2nd), and infrastructure (12th) but lagged in education (42nd), Workforce (43rd), technology and innovation (47th), and quality of life (50th).

Rich States, Poor States ALEC-Laffer State Economic Outlook Rankings, 2018

The eleventh edition of this publication ranks states according to their economic performance and economic outlook based upon fifteen state economic policies and economic variables pertaining to per capita personal income, payroll employment, various tax rates and burdens, and workforce/labor costs. Arkansas fared well, ranking 22nd in economic outlook and 29th in economic performance. Arkansas's worst rankings were for: sales tax burden (46th), personal income tax progressivity (43rd), public employees per 10,000 of population (38th), and state liability system (36th). Arkansas's best rankings were right-to-work state (1st), estate/inheritance tax (1st), average workers' compensation cost (3rd) and property tax burden (3rd).

Forbes Best States for Business and Careers

This report ranks states according to six (6) categories for business, including: costs, labor supply, regulatory environment, current economic climate, growth prospects, and quality of life. Arkansas's overall ranking of 36th in 2016 was mixed with high rankings for business costs (9th) and regulatory climate (23rd) poor rankings in labor supply (42nd) and growth prospects (45th). Texas ranked highest overall among surrounding states (2nd) and Mississippi ranked lowest (45th).

2018 State Business Tax Climate

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

Table 21
State Business Tax Climate Index

State	Corporate Tax Rate	Individual Income Tax Rate	Sales Tax Rate	Unemployment Insurance Tax Rate	Property Tax Rate	Overall Rank
Texas	49	6	37	26	37	13
Tennessee	21	8	45	22	29	14
Missouri	5	28	24	7	7	16
Mississippi	11	20	38	5	35	24
Oklahoma	9	38	36	1	15	32
Arkansas	39	30	44	32	22	39
Louisiana	40	27	50	4	30	42

d. Evaluating Arkansas's business climate in 2017

Job Creation and Wages

The number of jobs proposed to be created by companies signing assistance agreements with AEDC, at 3,460 was down from 2016, however, proposed investment of \$3,184,192,355 was the highest on record. Most impressive, however, was the average hourly wage of \$21.81 which was the highest ever, too, for AEDC. For the first time since 2009, a majority of proposed job creation (52.6%) will be from new, rather than existing, Arkansas facilities.

Chart 5

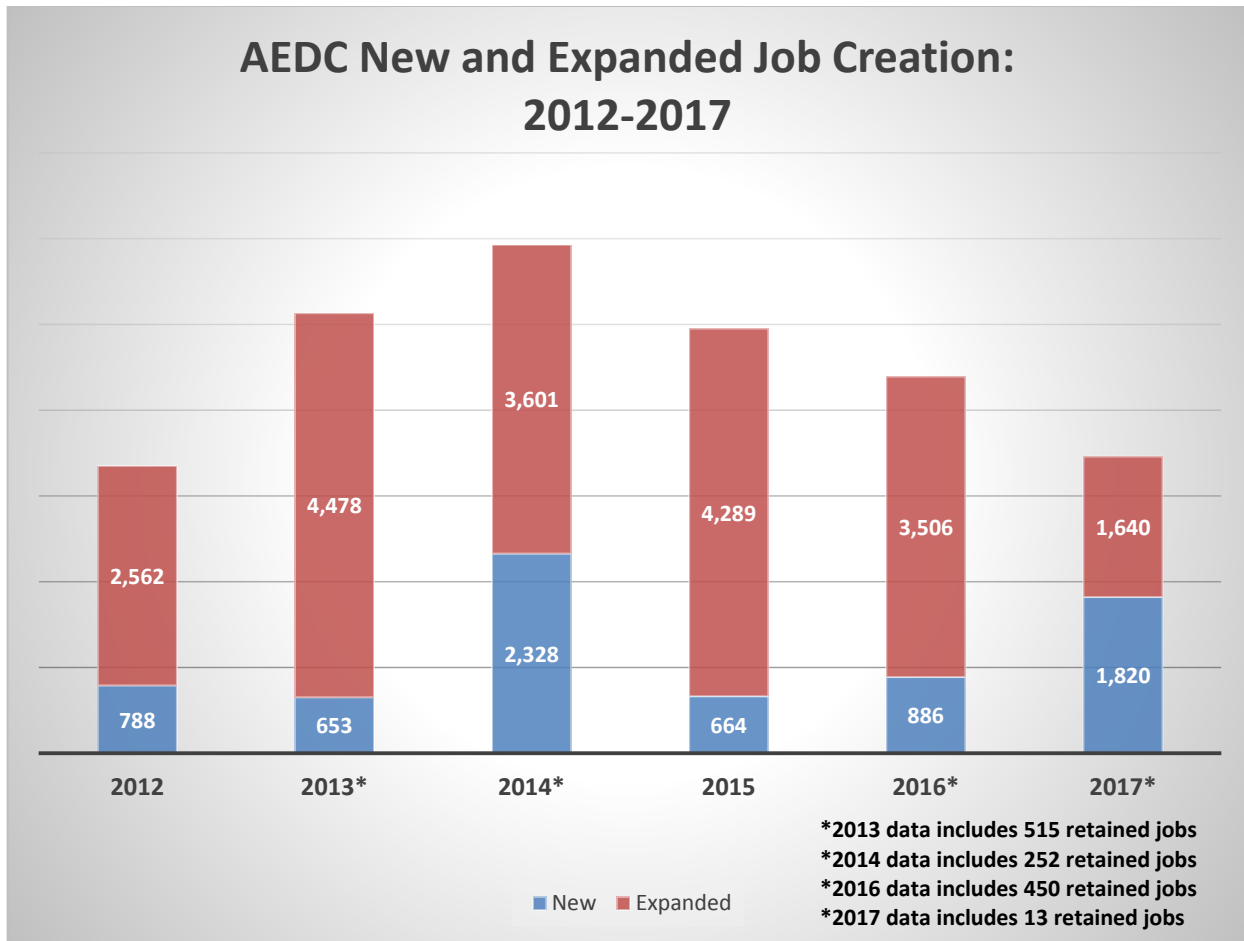
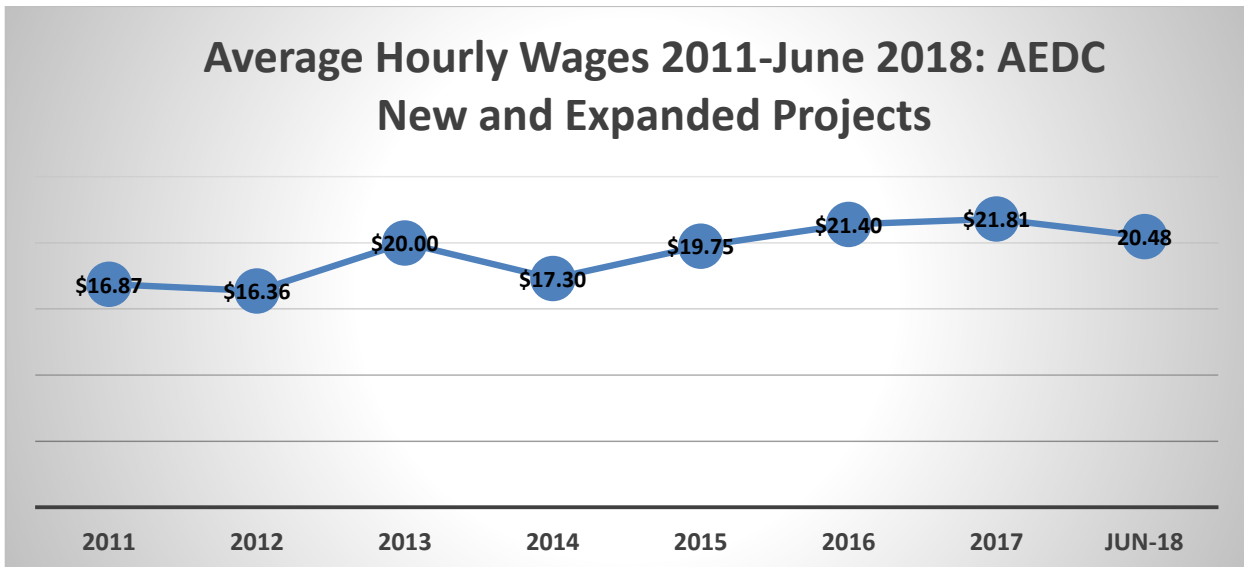


Chart 6

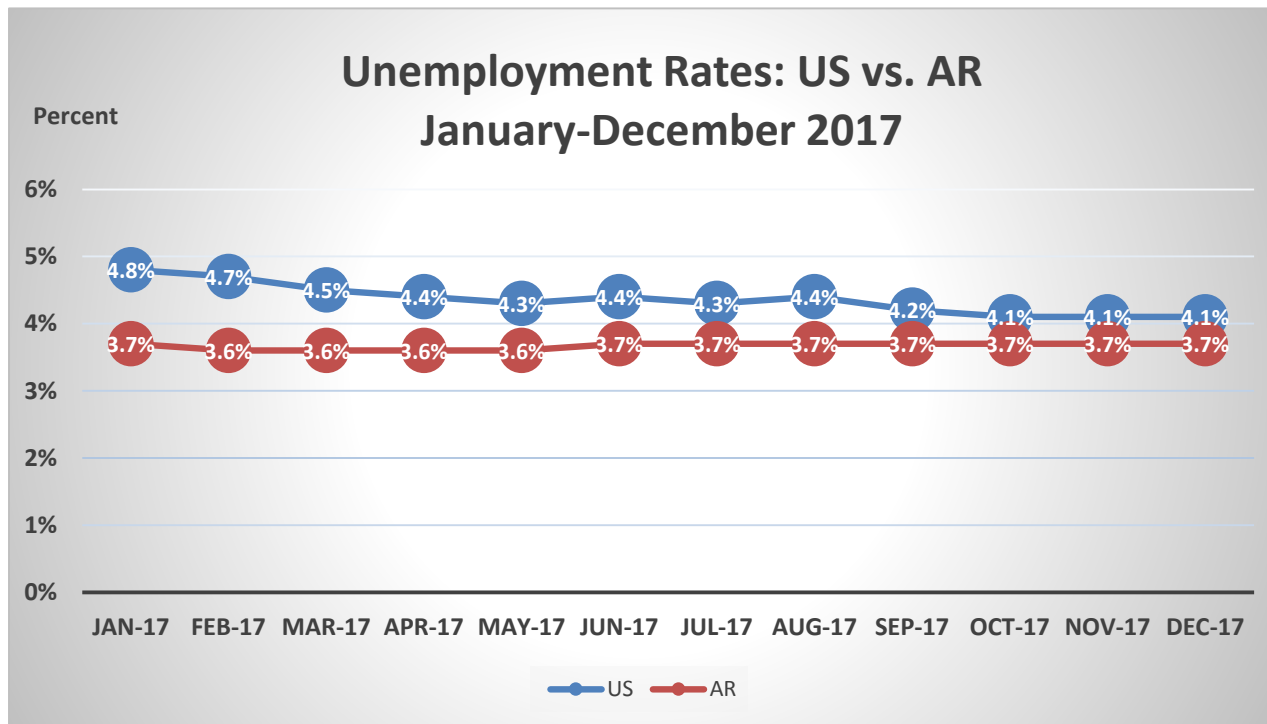


Note: *Data may differ slightly from previous Act 1282 reports due to assistance agreement modifications.

Unemployment Rates

Arkansas's unemployment remained steady throughout 2017 and ended the year in December at 3.7 percent, below the US rate by four-tenths of one percentage point (See Chart 7).

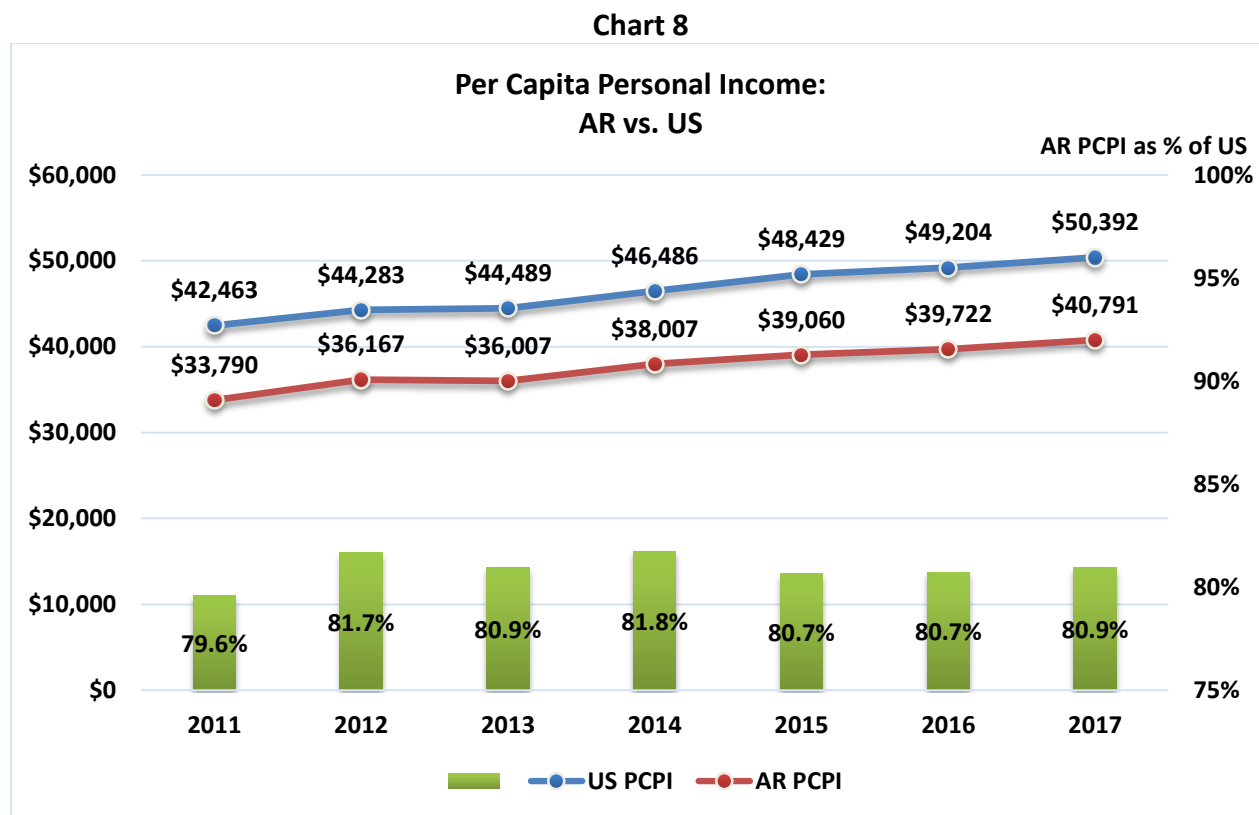
Chart 7



Source: Arkansas Department of Workforce Services, *Unemployment Rates and Labor Force Statistics*, seasonally adjusted rates, <http://www.discover.arkansas.gov/> accessed 17 May 2018.

Per Capita Personal Income

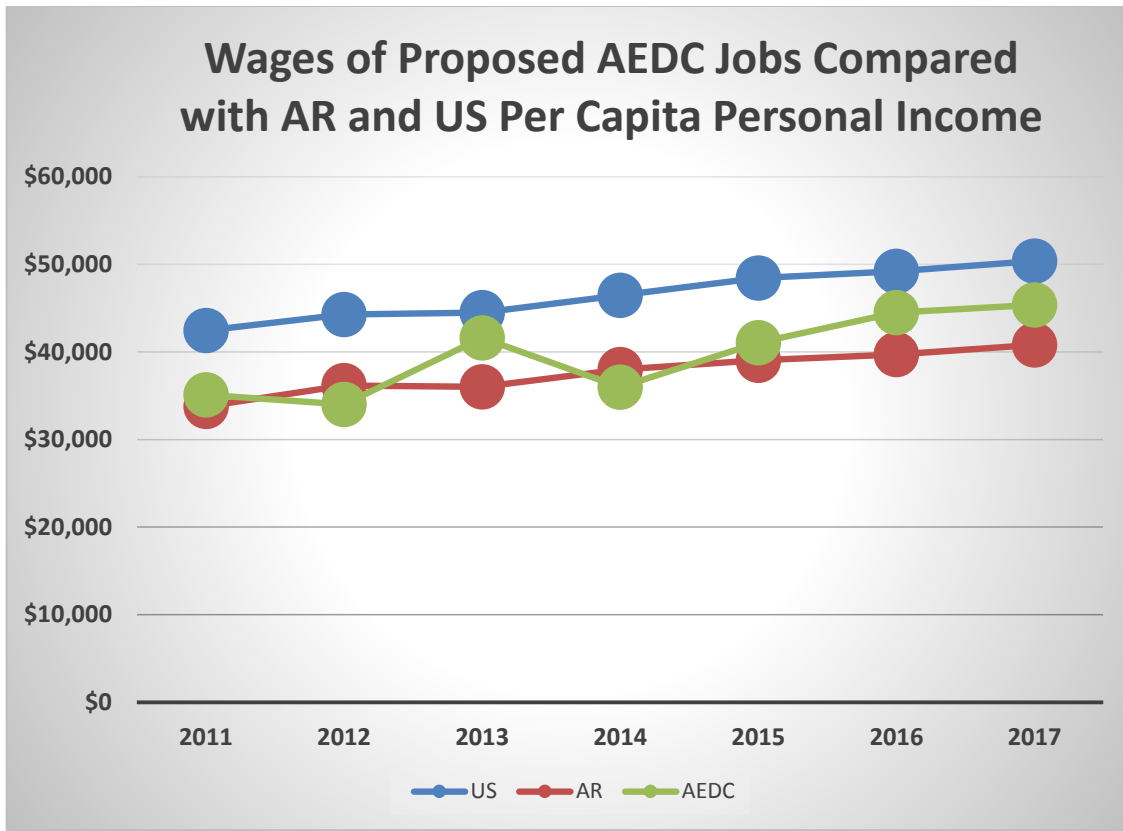
Arkansas's per capita personal income (pcpi), as a percentage of the US average, has averaged 81 percent over the last five (5) years. Arkansas's ranking among states is currently 43rd.



Source: Department of Commerce, Bureau of Economic Analysis, *Per Capita Personal Income*, 17 May 2018, online, available from <https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=30&isuri=1&7022=21&7023=0&7033=-1&7024=non-industry&7025=0&7026=00000,05000&7027=2017,2016,2015,2014,2013,2012,2011&7001=421&7028=3&7031=0&7040=-1&7083=levels&7029=21&7090=70> Dollar estimates in current dollars (not inflation adjusted).

In 2017, the AEDC signed financial incentive agreements for 133 projects with companies that propose to invest over \$3.1 billion in projects that will create 3,460 jobs paying an average hourly wage of \$21.81. As Chart 9 indicates, the proposed average hourly wage of AEDC-assisted jobs was the highest in history, surpassing the state per capita personal income for the third year and moving closer to the US per capita personal income.

Chart 9



Source: Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income, 31 May 2018, online, available from <https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=30&isuri=1&7022=21&7023=0&7033=-1&7024=non-industry&7025=0&7026=00000,05000&7027=2017,2016,2015,2014,2013,2012,2011&7001=421&7028=3&7031=0&7040=-1&7083=levels&7029=21&7090=70> AEDC New and Expanded Company Database 2011-2017.