

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: S3/5/01
A Bill

Act 807 of
SENATE BILL 646

5 By: Senator Wooldridge
6 By: Representative Ferguson
7

8
9 **For An Act To Be Entitled**

10 AN ACT TO AMEND THE ARKANSAS ENTERPRISE ZONE ACT
11 OF 1993 TO REDEFINE "DISTRIBUTION CENTER", TO
12 REDEFINE "HIGH UNEMPLOYMENT", TO REDUCE THE
13 NUMBER OF REQUIRED JOBS FOR COMPUTER RELATED
14 BUSINESSES, TO PROVIDE FOR DISLOCATED WORKER
15 BENEFITS; AND FOR OTHER PURPOSES.
16

17 **Subtitle**

18 AMEND THE ENTERPRISE ZONE ACT OF 1993 TO
19 REDEFINE "DISTRIBUTION CENTER", REDEFINE
20 "HIGH UNEMPLOYMENT", REDUCE NUMBER OF
21 REQUIRED JOBS FOR COMPUTER RELATED
22 BUSINESSES, PROVIDE FOR DISLOCATED
23 WORKER BENEFITS.
24

25
26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

28 SECTION 1. Arkansas Code 15-4-1702 is amended to read as follows:
29 15-4-1702. Definitions.

30 As used in this subchapter:

31 (1)(A) "Average hourly wage" means the average wage of the net new
32 full-time permanent employees based on payroll for the most recent quarter
33 reported to the Arkansas Employment Security Department ~~and is computed by~~
34 ~~using the total of the net new full-time permanent employees' reported~~
35 ~~taxable earnings, including overtime pay, divided by the number of weeks~~
36 ~~worked, divided by the average hours worked per week per net new full-time~~

1 permanent employee.

2 ~~(B) Twenty five percent (25%) of the net new full-time permanent~~
3 ~~employees' annual bonus may be added to the reported taxable earnings;~~

4 (B) "Average hourly wage" is computed by using the total of the
5 net new full-time permanent employee's reported taxable earnings, including
6 overtime pay and one quarter (1/4) of the employee's annual bonus amount,
7 divided by the number of weeks worked during the most recent quarter, divided
8 by the average hours worked per week per net new full-time permanent
9 employee;

10 (2) "Corporate headquarters" means the home or center of operations,
11 including research and development, of a national or multinational
12 corporation;

13 (3) "Department" means the Department of Economic Development;

14 (4) "Director" means the Director of the Department of Economic
15 Development;

16 (5) "Distribution center" means a facility for the reception, storage,
17 or shipping;

18 (A) of a business' own products or products which the business
19 wholesales to retail businesses or ships to its own retail outlets; or

20 (B) of products owned by other companies with which the business
21 has contracts for storage and shipping if seventy-five percent (75%) of the
22 sales revenues are from out-of-state customers; or

23 (C) of products for sale to the general public if seventy-five
24 percent (75%) of the sales revenues are from out-of-state customers;

25 (6)(A) "Existing employees" means those employees hired by the
26 business prior to the date of the financial incentive plan.

27 (B) Existing employees may be considered net new full-time
28 permanent employees only if:

29 (i) The position or job filled by the existing employee
30 was created as a result of the project; and

31 (ii) The position vacated by the existing employee was
32 either filled by a subsequent employee or no subsequent employee will be
33 hired because the business no longer conducts the particular business
34 activity requiring such classification;

35 ~~(8)(7)~~ "Governing authority" means the quorum court of a county or the
36 governing body of a municipality;

1 (8) "High unemployment" means an unemployment rate equal to or in
2 excess of one hundred fifty percent (150%) of the state's average
3 unemployment rate for the preceding calendar year as specified by statewide
4 annual labor force statistics compiled by the Arkansas Employment Security
5 Department, when the state's annual average unemployment rate is six percent
6 (6%) or below. When the state's annual average unemployment rate is above
7 six percent (6%), "high unemployment" means an unemployment rate equal to or
8 in excess of three percent (3%) above the state's average unemployment rate
9 for the preceding calendar year as specified by statewide annual labor force
10 statistics compiled by the Arkansas Employment Security Department:

11 (9) "Modernization" means to increase efficiency or to increase
12 productivity of the business through investment in machinery or equipment, or
13 both, and shall not include costs for routine maintenance.

14 (10)(A)(i) "Net new full-time permanent employee" means a position or
15 job which was created pursuant to a signed financial incentive plan and which
16 is filled by one (1) or more employees or contractual employees who were
17 Arkansas taxpayers during the year in which the tax credits or incentives
18 were earned.

19 (ii) The position or job held by such employee or
20 employees must have been filled for at least twenty-six (26) consecutive
21 weeks with an average of at least thirty (30) hours per week.

22 (B) Provided, however, in order to qualify for the provisions of
23 this subchapter, a contractual employee must be offered a benefits package
24 comparable to a direct employee of the business seeking incentives under this
25 subchapter.

26 (C) Employees could not have been claimed for tax credits or
27 incentives under this subchapter during the preceding taxable year.

28 (D) The number of net new full-time permanent employees shall be
29 equal to the total number of new full-time permanent employees for the
30 current year minus the total number of new full-time permanent employees for
31 the previous tax year;

32 (11) "Office sector business" means control centers that influence the
33 environment in which data processing, customer service, credit accounting,
34 telemarketing, claims processing, and other administrative functions that act
35 as production centers are performed;

36 (12) "Program" means the Arkansas Enterprise Zone Act of 1993, § 15-4-

1 1701 et seq.;

2 (13)(A) "Project" means:

3 (i) All activities and costs associated with the
4 construction of a new plant or facility;

5 (ii) The expansion of an established plant or facility by
6 adding to the building or production equipment or support infrastructure, or
7 both; or

8 (iii) Modernization through the replacement of production
9 or processing equipment or support infrastructure, or both.

10 (B) Expenditures for routine repair and maintenance that do not
11 result in new construction or expansion are ineligible for benefits under
12 this subchapter.

13 (C) In order to receive credit for project costs, such costs
14 must be incurred within four (4) years from the date the ~~endorsement~~
15 ~~resolution was received by the department~~ project plan was approved by the
16 department.

17 (14) "Project plan" means the plan submitted to the department
18 containing such information as may be required by the director to determine
19 eligibility for benefits;

20 ~~(14)~~(15) "Regional headquarters" means the center of operations for a
21 specific geographical area;

22 ~~(15)~~(16) "Routine maintenance" means the replacement of existing
23 machinery parts with like parts; and

24 ~~(16)~~(17) "Trucking sector business" means a business that is
25 classified within the Standard Industrial Classification code number 4231.

26

27 SECTION 2. Arkansas Code 15-4-1704(b)(2)(B) is amended to read as
28 follows:

29 (B) All businesses in this group must create ~~twenty-five~~
30 ~~(25)~~ five (5) or more net new full-time permanent jobs after July 1, 2001,
31 derive at least sixty percent (60%) seventy-five percent (75%) of their
32 revenue from out-of-state sales and have no retail sales to the general
33 public;

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35 SECTION 3. Arkansas Code 15-4-1704(b)(5) is amended to read as
36 follows:

1 (5) A distribution center with no retail sales to the general
 2 public, unless seventy-five percent (75%) of the sales revenues are from out-
 3 of-state customers, that creates twenty-five (25) or more net new full-time
 4 permanent jobs;

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 6 SECTION 4. Arkansas Code 15-4-1704(h)(3) is amended to read as
 7 follows:

8 (3) The ~~credit multiplier~~ multiplier allowed under this section shall
 9 ~~increase by a factor of four (4) be four hundred (400) times the average~~
 10 hourly wage paid with a maximum credit of six thousand dollars (\$6,000) if
 11 the business is located in a high unemployment county ~~that had an~~
 12 ~~unemployment rate equal to or in excess of one hundred fifty percent (150%)~~
 13 ~~of the state's average unemployment rate for the preceding calendar year as~~
 14 ~~specified by statewide annual labor force statistics compiled by the Arkansas~~
 15 ~~Employment Security Department.~~

16
 17 SECTION 5. Dislocated worker benefits.

18 A county that does not qualify as a high unemployment county, as
 19 defined in Arkansas Code 15-4-1702(9), but has experienced a sudden and
 20 severe period of economic distress caused by the closing of a business entity
 21 that results in the loss of a minimum of five hundred (500) full-time
 22 permanent jobs or a minimum of five percent (5%) of the employed labor force,
 23 as determined by the most recent "Labor Market Information" publication
 24 published by the Arkansas Employment Security Department, may be designated
 25 as a high unemployment county by the Arkansas Economic Development
 26 Commission. The designation as a high unemployment county shall be in effect
 27 for one (1) year after the closing of the business.

28
 29 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
 30 General Assembly that this act is designed to bring new jobs to this state;
 31 that current financial conditions dictate that unless industries can take
 32 advantage of the provisions of this act immediately they may forced to locate
 33 in another state; that unless this bill takes effect immediately significant
 34 numbers of jobs will be lost to this state. Therefore, an emergency is
 35 declared to exist and this act being immediately necessary for the
 36 preservation of the public peace, health and safety shall become effective on

1 the date of its approval by the Governor. If the bill is neither approved
2 nor vetoed by the Governor, it shall become effective on the expiration of
3 the period of time during which the Governor may veto the bill. If the bill
4 is vetoed by the Governor and the veto is overridden, it shall become
5 effective on the date the last house overrides the veto.

6 /s/ Wool dridge

9 APPROVED: 03/19/2001

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