

ACT 1282 REPORT

2018 CALENDAR YEAR



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Act 1282 Report Executive Summary

Enabling Legislation: Act 1282 of 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. This is the current report for calendar year 2018.

Between January 1, 2015 and December 31, 2018, AEDC signed financial incentive agreements for 413 projects with companies proposing the creation of 17,084 new jobs and \$8,832,056,650 in new investment. For this period, the average proposed hourly wage was \$20.18 per hour and the average cost benefit ratio was 4.26. A cost benefit ratio of 4.26 projects, that over a ten-year period, the state will receive a return of \$4.26 in state taxes from each \$1 in state tax incentives offered for job creation projects.

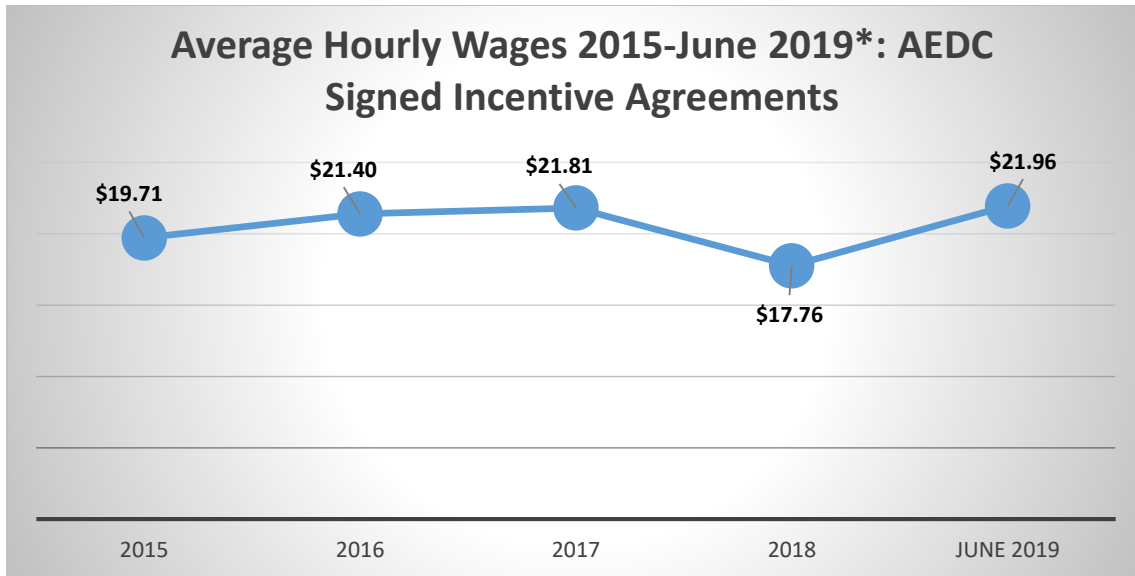
Table 1
Summary of Recent Act 1282 Reports (2015-2018)

Economic Indicators	2015	2016	2017	2018	2015-2018 Total/Average
AEDC Projects	206	210	256	210	882/221
Signed AEDC Incentive Agreements	118	88	133*	74	413/103
Proposed Jobs	4,953	4,392	3,460	4,279	17,084/4,271
Proposed Investment	\$2,233,836,467	\$1,607,156,848	\$3,184,192,355	\$1,806,870,980	\$8,832,056,650/ \$2,208,014,163
Proposed Average Hourly Wage	\$19.75	\$21.40	\$21.81	\$17.76**	\$20.18 (Avg)
Cost Benefit Ratio	\$4.00/\$1	\$5.06/\$1	\$3.53/\$1	\$4.44/\$1	\$4.26/\$1 (Avg)

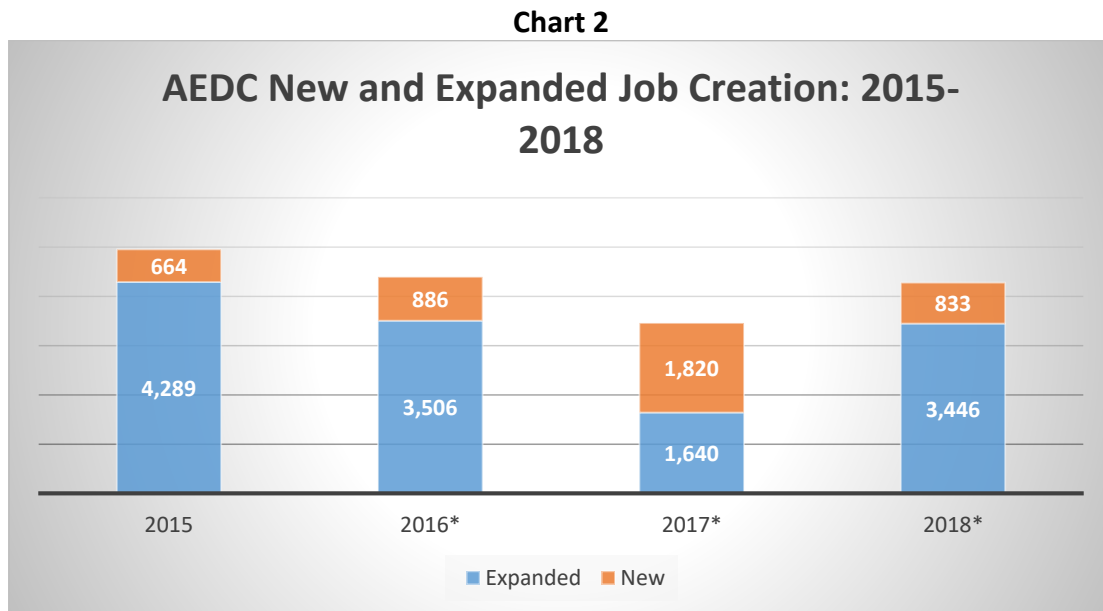
*In 2017, the number of signed incentive agreements and proposed investment was impacted by very high number of InvestArk applications that were submitted before the program ended.

**In 2018, the average wage was impacted by a large food processing project with an average hourly wage of \$16.31. If this project was excluded the 2018 average hourly wage would be \$20.67.

Chart 1

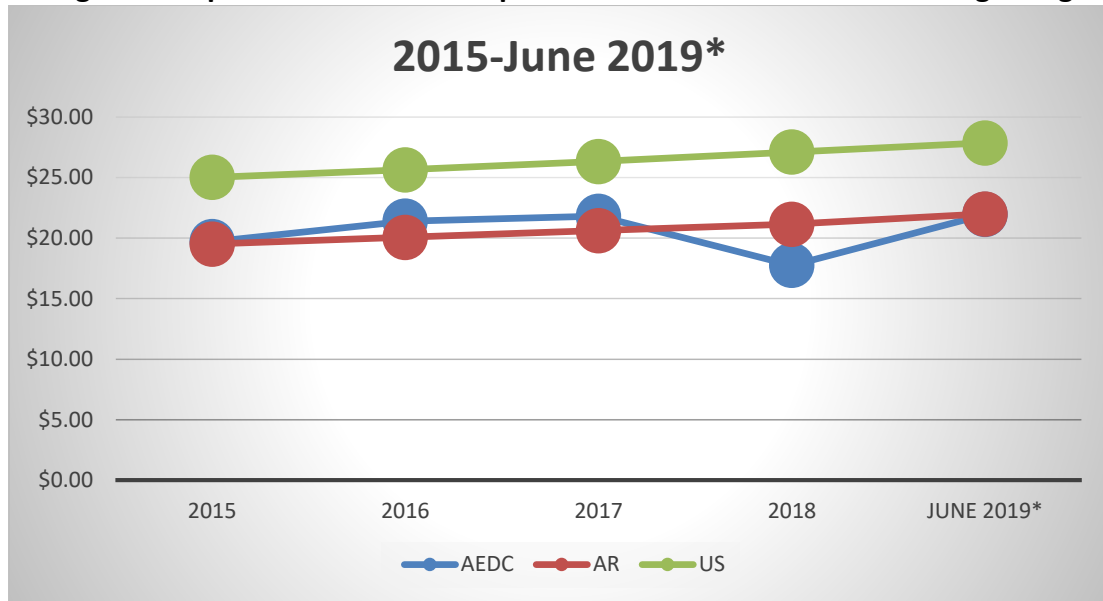


*2019 wage reflects AEDC signed incentive agreements from January 1, 2019 to June 30, 2019
Source: AEDC



*Includes retained jobs: 2016 – 450 retained jobs; 2017 – 13 retained jobs; 2018 – 214 retained jobs
Source: AEDC

Chart 3
Wages of Proposed AEDC Jobs Compared with AR and US Annual Average Wage



*Preliminary data

Source: Bureau of Labor Statistics, Current Employment Statistics, Not Seasonally Adjusted, Total Private, Average Hourly Earnings of All Employees

Part 1 Accounting of All Projects

Table 2
Projects with AEDC Incentive Agreements Signed in 2018
(Represents New and Expanding Companies)

Type of Company	Location	Number of Jobs (See notes * and **)	Average Hourly Wage	Incentives Offered (See note**)
Warehousing and Distribution	Little Rock	5	\$38.00	Advantage Arkansas, Tax Back
Manufacturing	Dumas	45	\$17.20	Advantage Arkansas, Tax Back
Corporate Headquarters	Bentonville	N/A	N/A	InvestArk
Manufacturing	Fayetteville	94	\$15.22	InvestArk, Advantage Arkansas
Manufacturing	North Little Rock	300	\$21.00	Create Rebate
Manufacturing	Morrilton	34	\$18.32	Advantage Arkansas, Tax Back, CDBG
Manufacturing	Harrison	5	\$15.00	Tax Back
Manufacturing	Russellville	38	\$17.00	Advantage Arkansas, Tax Back
Office Sector	North Little Rock	30	\$28.85	Advantage Arkansas, Tax Back
Non-Retail Business	North Little Rock	38	\$29.54	Advantage Arkansas, Tax Back
Manufacturing	Osceola	10	\$20.00	Advantage Arkansas, Tax Back
Manufacturing	Springdale	62	\$13.18	InvestArk, Advantage Arkansas
Manufacturing	Little Rock	15	\$18.00	Advantage Arkansas, Tax Back
Manufacturing	Stuttgart	99	\$13.94	Create Rebate
Manufacturing	Doddridge	34	\$21.00	Advantage Arkansas, Tax Back
Corporate Headquarters	Lowell	N/A	\$0.00	Tax Back
Manufacturing	Jonesboro	67	\$19.28	Advantage Arkansas
Manufacturing	Jonesboro	86	\$19.28	Create Rebate
Manufacturing	Batesville	N/A	N/A	Tax Back, In-House Research & Development
Software Development	Little Rock	38	\$27.87	Create Rebate
Manufacturing	Springdale	N/A	N/A	InvestArk

Manufacturing	Siloam Spring	1,522	\$16.31	Create Rebate, Tax Back, CDBG, Quick Action, In-House Research & Development
Manufacturing	Searcy	9	\$21.10	Advantage Arkansas, Tax Back
Specialized Design Services	Fort Smith	N/A	N/A	In House Research & Development
Manufacturing	Fort Smith	N/A	N/A	In-House Research & Development
Specialized Engineering Services	Rogers	N/A	N/A	In-House Research & Development
Software Development	Little Rock	N/A	N/A	In-House Research & Development
Manufacturing	Benton	N/A	N/A	In-House Research & Development
Manufacturing	Magnolia	N/A	N/A	In-House Research & Development
Manufacturing	Prairie Grove	N/A	N/A	In-House Research & Development
Manufacturing	Rogers	N/A	N/A	In-House Research & Development
Manufacturing	Paragould	N/A	N/A	In-House Research & Development
Advanced Manufacturing	Fayetteville	N/A	N/A	Targeted Research & Development
Manufacturing	Jonesboro	168	\$15.25	Quick Action
Manufacturing	Fayetteville	239	\$12.21	Quick Action
Power Generation	Osceola	N/A	N/A	Repair and Replacement Sales Tax Refund
Manufacturing	Blytheville	N/A	N/A	Repair and Replacement Sales Tax Refund
Manufacturing	Stuttgart	N/A	N/A	Repair and Replacement Sales Tax Refund
Manufacturing	Pine Bluff	N/A	N/A	Repair and Replacement Sales Tax Refund
Manufacturing	Siloam Springs	N/A	N/A	In House Research & Development
Manufacturing	Gravette	N/A	N/A	In-House Research & Development
Manufacturing	Mountain Pine	123	\$14.53	Advantage Arkansas, Tax Back
Manufacturing	Little Rock	4	\$16.00	Advantage Arkansas, Tax Back
Manufacturing	Springdale	5	\$13.00	Advantage Arkansas, Tax Back
Manufacturing	Jacksonville	77	\$23.90	Create Rebate, Tax Back
Manufacturing	Blytheville	130	\$36.50	Advantage Arkansas

Manufacturing	Nashville	10	\$12.13	Advantage Arkansas, InvestArk
Manufacturing	Trumann	10	\$11.60	Advantage Arkansas, Tax Back
Office Sector	Lowell	25	\$13.00	Advantage Arkansas
Manufacturing	Newport	10	\$15.00	Advantage Arkansas, Tax Back
Warehousing and Distribution	Little Rock	4	\$15.05	Advantage Arkansas
Manufacturing	Fort Smith	85	\$20.00	Create Rebate, Tax Back
Manufacturing	Star City	20	\$11.53	Advantage Arkansas, Tax Back
Manufacturing	Hot Springs	5	\$20.25	Advantage Arkansas, Tax Back
Tourism	Hot Springs	N/A	N/A	Tourism Tax Credit
Tourism	Hot Springs	N/A	N/A	Tourism Tax Credit
Tourism	Hot Springs	N/A	N/A	Tourism Tax Credit
Manufacturing	Jonesboro	130	\$18.50	Quick Action (additional incentive agreements signed in 2019)
Manufacturing	Searcy	16	\$14.86	Advantage Arkansas
Manufacturing	Flippin	145	\$17.61	Advantage Arkansas, Tax Back, Training Grant
Manufacturing	Hot Springs	44	\$29.27	Create Rebate, Tax Back
Manufacturing	DeQueen	11	\$18.00	Advantage Arkansas, Tax Back
Manufacturing	El Dorado	45	\$24.00	Advantage Arkansas, Tax Back
Warehousing and Distribution	Wynne	4	\$16.83	Advantage Arkansas, Tax Back
Manufacturing	Fort Smith	19	\$23.23	Advantage Arkansas, Tax Back
Manufacturing	Springdale	100	\$24.00	Advantage Arkansas, Tax Back
Manufacturing	Fort Smith	151	\$21.68	Create Rebate, Tax Back, Quick Action
Manufacturing	Pine Bluff	30	\$18.13	Advantage Arkansas, Tax Back
Manufacturing	Lincoln	8	\$14.00	Advantage Arkansas
Manufacturing	Osceola	50	\$27.86	Advantage Arkansas, Tax Back
Manufacturing	Blytheville	45	\$18.75	Advantage Arkansas, Tax Back
Manufacturing	Batesville	35	\$15.80	Advantage Arkansas, Tax Back
Specialized Engineering Services	Fayetteville	N/A	N/A	Research & Development
Specialized Design Services	North Little Rock	N/A	N/A	Targeted Research & Development
74 New Projects		4,279	\$17.76 Average Hourly Wage	

* No new jobs were created, only retained jobs incentivized

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

- InvestArk primarily a retention incentive to encourage existing business to continue to invest in Arkansas. No new job creation was associated with those InvestArk projects denoted with **.

Benefits accrued through investment in buildings, machinery, and/or equipment. Per Act 465 of 2017, no new InvestArk applications were submitted after July 1, 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 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 taxpayers' 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 which are audited by the Department of Finance and Administration (DFA) prior to receiving benefits. The InvestArk program is different in that DFA conducts the verification audit after the tax credit amount is determined. 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 receives funds from the Quick Action Closing Fund 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 2018, 13 financial incentive agreements were approved. Cumulatively, these projects are projected to raise \$20,600,000 in equity from investors. The locations, projected employment, and projected average hourly wages of 2018 projects are as follows:

Table 3
Equity Investment Tax Credit Projects

Project Location	Proposed Investment (Minimum Equity Raise)	Proposed Jobs	Proposed Wages
Jonesboro	\$500,000	15	\$52.88
Fayetteville	\$400,000	16	\$37.50
Fayetteville	\$7,500,000	130	\$32.00
Fayetteville	\$1,250,000	9	\$32.95
Fayetteville	\$200,000	5	\$30.68
Conway	\$200,000	18	\$37.98
Little Rock	\$250,000	30	\$31.90
Fayetteville	\$2,000,000	32	\$48.00
North Little Rock	\$1,000,000	200	\$37.50
Bentonville	\$6,000,000	30	\$46.64
Springdale	\$200,000	26	\$45.08
Fayetteville	\$500,000	50	\$30.68
Rogers	\$600,000	12	\$85.00
Total	\$20,600,000	573	\$38.05

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. While Arkansas's Film Commission participated in more than 50 productions and projects in 2018, none utilized Digital Product and Motion Picture Incentives.

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 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 2018, there 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 2018, \$450,000 in funding was provided to seven different companies.

Table 4
Technology Development Program (TDP)

Project Type	Location	Amount
Agri-business technology	Bella Vista	\$50,000
Voice-driven business applications	Little Rock	\$50,000
Glass coating technology	Fayetteville	\$100,000
Automotive structural design	Fayetteville	\$50,000
Financial services platform	Little Rock	\$50,000
Financial services platform	Little Rock	\$50,000
Web-based realtor platform	Little Rock	\$100,000

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. TTAG 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 2018, \$66,250 in funding was provided to twelve different entities for Small Business Innovation Research consulting projects in the following cities: Fayetteville (6); Jonesboro (2); Little Rock (3); and Magnolia (1).

Act 165 of 2017 created the Arkansas Business and Technology Accelerator Act that created the **Arkansas Business and Technology Accelerator Grant Program**. Administered by AEDC's Division of Science and Technology the program provides discretionary grants up to \$250,000 to eligible applicants administering a business and technology accelerator. Business accelerator programs are a way to connect innovative, early-stage companies with investors, mentors, and industry professionals who can assist the companies to successfully develop. In calendar year 2018, the Arkansas Economic Development Commission approved \$500,000 in grants to assist in the development of two accelerator programs. The first accelerator was a community bank focused fintech accelerator program that welcomed a cohort of 10 participants. The second accelerator had a cohort of eight participants and focused on supply chain technology start-up companies.

Act 166 of 2017 created the **Arkansas Small Business Innovation Research Matching Grant Program**. The program administered by the Division of Science and Technology of the AEDC, awards discretionary grants of up to 50% of the amount of a federal Small Business Innovation Research (SBIR) Grant. In 2018, AEDC awarded \$750,000 in Arkansas SBIR grant funds to nine recipients in the following cities: Fayetteville (6); Little Rock (1); Jonesboro (1); and Magnolia (1).

Part 2 Assessment of Projects That Did Not Materialize

During the 2018 calendar year, the Arkansas Economic Development Commission engaged in 210 projects, 74 of which signed financial incentive agreements. Of the projects which signed incentive agreements, 17 were new companies and 57 were existing companies. Upon completion, these 74 projects are expected to create/retain 4,279 jobs and generate \$1,806,870,980 in new capital investment.

Table 5
Project Status

Project Status	Number of Projects
Project committed to Arkansas-signed incentive agreements in 2018	74
Project has or is likely to announce in 2019	32
Project is active but no decision has been made	17
Project is on hold/status pending	27
Project did not materialize-will not locate in Arkansas*	60
Project proceeded without AEDC assistance	0
Total Projects	210

*Information regarding these projects is provided in Table 6

Table 6
2018 Projects That Did Not Materialize

Type of Company	Number of Jobs	Average Hourly Wage	Incentives Offered	Reason Company Did Not Locate in Arkansas
Manufacturing	N/A	N/A	General Incentive Summary	The project did not materialize
Manufacturing	224	\$17.58	General Incentive Summary	Feedback from the company stated that other states they were considering had an advantage in available workforce and logistics.
Manufacturing	300	N/A	General Incentive Summary	Project did not materialize
Information Technology	N/A	N/A	General Incentive Summary	Project did not materialize
Manufacturing	120	N/A	General Incentive Summary	Company decided the proposed building was not right for their requirements.
Manufacturing	N/A	N/A	General Incentive Summary	Project did not materialize
Manufacturing	280	N/A	General Incentive Summary	Company did not disclose the reason for not selecting Arkansas

Manufacturing	50	N/A	General Incentive Summary	Company located in South Carolina where they would have proximity to Charleston Harbor, lower freight costs, and an existing partner/supplier network
Manufacturing	N/A	N/A	General Incentive Summary	Project did not materialize
Office Sector	300	\$48.00	General Incentive Summary	The company decided to stay in its existing location in California
Manufacturing	400	\$30.00	General Incentive Summary	The company was purchased by a venture capital company and the project was abandoned
Information Technology	45	\$15.00	General Incentive Summary	Project did not materialize
Office Sector	290	\$13.50	General Incentive Summary	Project did not materialize
Manufacturing	105	\$16.00	General Incentive Summary	Project did not materialize
Manufacturing	20	\$18.50	General Incentive Summary	Project did not materialize
E-Commerce	N/A	N/A	General Incentive Summary/Equity Investment Program	Project did not materialize
Office Sector Business	260	\$35.13	General Incentive Summary	Project did not materialize
Financial Services	N/A	N/A	General Incentive Summary	Project did not materialize
Information Technology	N/A	N/A	General Incentive Summary	The company decided not to centralize their operations in the Northwest Arkansas area. No reason was given.
Software Development	9	\$28.85	General Incentive Summary	Company has been sold and is no longer in operation.
Headquarters	680	N/A	General Incentive Summary	AEDC was notified that Arkansas did not make the short list of consideration but no reason was given.
Distribution	35	\$18.00	General Incentive Summary	The company was purchased and the project will not continue.
Manufacturing	N/A	N/A	General Incentive Summary	The company made a strategic acquisition that included a facility that meet their project needs. The project is closed.

Manufacturing	15	\$18.00	Advantage Arkansas, Tax Back, CDBG Grant	The company is involved in ongoing litigation. The project has closed.
Manufacturing	N/A	N/A	General Incentive Summary	The company located to Washington. No reason was given.
Manufacturing	13	\$21.45	Advantage Arkansas, Tax Back	Corporate officers decided they were not ready to expand operations and have closed the project.
Information Technology	31	\$27.00	Advantage Arkansas, Tax Back	The project did not materialize
Manufacturing	8	\$12.00	Advantage Arkansas, Tax Back	Project did not materialize
MRO Operations	55	\$22.00	General Incentive Summary	The company did not qualify for incentives.
MRO Operations	N/A	N/A	General Incentive Summary	The company decided not to bid on the contract that would have made the project necessary.
Manufacturing	N/A	N/A	General Incentive Summary	Arkansas did not have an available building that matched the company's scope and requirements.
Manufacturing	100	\$15.07	General Incentive Summary	The project did not materialize
Office Sector Business	N/A	N/A	General Incentive Summary	The project did not materialize
Warehouse & Distribution	20	\$12.00	General Incentive Summary	The project did not qualify for incentives
Manufacturing	133	\$25.00	Quick Action, Create Rebate, Tax Back	The company experienced a decrease in business and closed the potential expansion project.
Manufacturing	100	\$12.00	General Incentive Summary	The company made a strategic acquisition that included several facilities that met their needs.
Manufacturing	96	\$30.28	Quick Action, Create Rebate, Tax Back, Training Grant	The company located in a renovated existing building in Memphis, TN. The company did not like Arkansas's tax structure. Specifically, the apportionment formula and the throwback rule were the reason they did not locate in the state.
Manufacturing	N/A	N/A	General Incentive Summary	The company did not respond to calls/emails after a site visit.

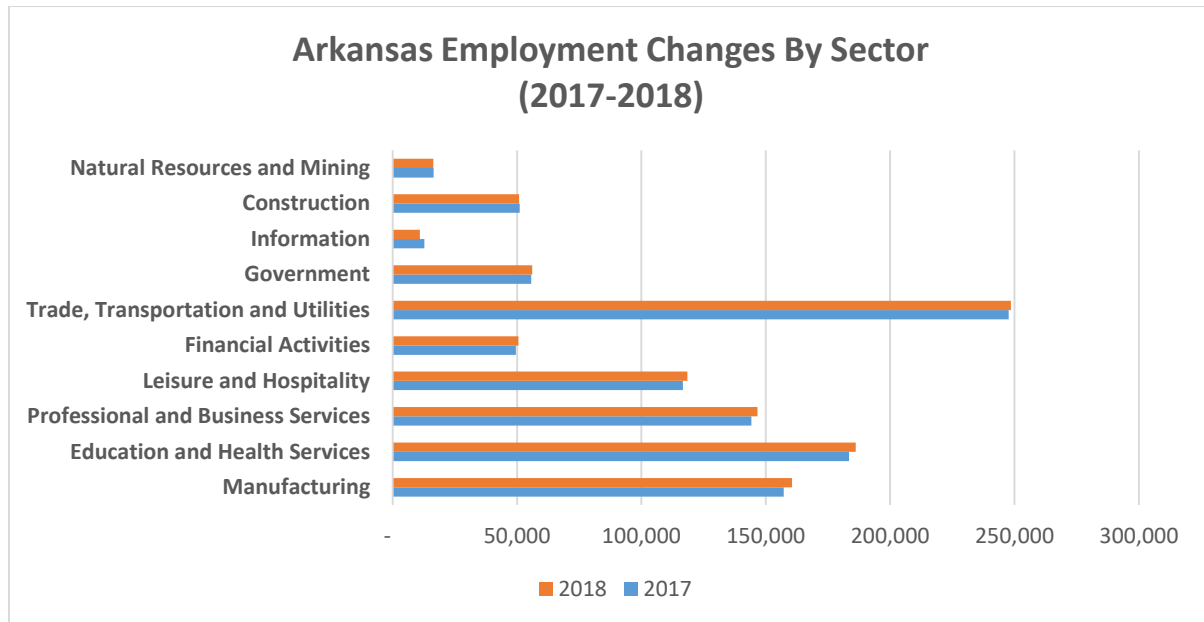
Office Sector	879	N/A	General Incentive Summary	The site consultant never responded to any follow up emails/calls. AEDC was not given any feedback on site submissions.
Manufacturing	N/A	N/A	General Incentive Summary	The project located in Kansas. The deciding factor was largely building related.
Office Sector Business	N/A	N/A	General Incentive Summary	The site consult never responded to any follow up emails/calls. AEDC was not given any feedback on our site submissions.
Manufacturing	1,500	\$30.00	General Incentive Summary	Arkansas did not have an available building that met the consultant's scope and requirements.
Manufacturing	170	\$19.23	General Incentive Summary	The project located in Tennessee. The company had an existing facility at the same location.
Manufacturing	20	\$15.00	CDBG Funds	The incentive package was contingent on the local municipality matching the CDBG funds that AEDC committed to the project. The municipality did not commit to the matching funds.
Manufacturing	N/A	N/A	General Incentive Summary	The project never materialized
Manufacturing	123	\$27.60	Create Rebate, Tax Back and Quick Action	The company acquired an existing operation in Oklahoma.
Office Sector Business	80	\$19.23	General Incentive Summary	The project never materialized
Manufacturing	30	\$20.83	General Incentive Summary	The project never materialized
Manufacturing	97	\$11.66	General Incentive Summary	The project never materialized
Manufacturing	35	\$18.00	General Incentive Summary	The project never materialized
Manufacturing	1,250	\$44.00	Create Rebate, Tax Back, Quick Action	The company selected Little Rock as the final location but decided not to move forward with the project.
Manufacturing	N/A	N/A	General Incentive Summary	The project never materialized
Manufacturing	N/A	N/A	General Incentive Summary	The project never materialized
Manufacturing	150	\$20.00	General Incentive Summary	The project never materialized

Manufacturing	N/A	N/A	General Incentive Summary	The project never materialized
Manufacturing	N/A	N/A	General Incentive Summary	The company did not meet incentive requirements
Software Development	N/A	N/A	General Incentive Summary	The company did not meet incentive requirements
Scientific and Technical Services	N/A	N/A	General Incentive Summary	The company did not meet incentive requirements
Manufacturing	N/A	N/A	General Incentive Summary	Company decided it would not invest in the U.S. The project was closed.
Manufacturing	N/A	N/A	General Incentive Summary	The company decided to focus on sites in Texas that were closer to their customer base.

Part 3 Accounting of Major Factory and Plant Closures

Economic Sector Changes

Chart 4



Source: US Bureau of Labor Statistics

Sectors with Losses

Construction losses were primarily in the area of heavy and civil engineering construction. This includes oil and gas pipeline construction; water and sewer system construction; and highway, street and bridge construction. Despite losses in the sector overall, Arkansas saw growth in the subsector of specialty trade contractors and construction of buildings. The losses are attributable to reductions in construction related to infrastructure.

Natural Resources and Mining is a supersector that includes agriculture, forestry, fishing, hunting, mining, quarrying, and oil and gas extraction. The job losses occurred primarily in the subsector of agriculture and forestry support activities. Forestry and logging added jobs between 2017 and 2018, however employment in support activities for forestry declined.

Information sector continued to lose jobs in 2018. The losses primarily occurred in the subsector of wired and wireless telecommunications carriers. Publishing and broadcasting also continued to lose jobs between 2017 and 2018. Globally, newspapers and broadcasting (primarily radio) companies are reducing staff as the industry adjusts to how people consume news and information. Newspapers, books, periodicals and directory publishers are moving to a more digital platform. Gains in this sector occurred in the segments of software publishing, motion picture and sound recording industries, data process and hosting services, and other information services. The telecommunications industry in general is going through significant changes as companies try to adjust to new technologies, consumer preferences and increased competition. Several major telecommunications companies announced

mergers that may include initial reductions in staff as redundant jobs are streamlined and corporate restructuring occurs.

Table 7
2018 Major Factory and Plant Closures (Manufacturing)

Location	Number of Jobs Lost	Reason for Closure
Clarksville	51	Product line is ending
Walnut Ridge	25	Corporate decision
Conway	20	Cannot secure business to compete with an existing corrugated box business
Fort Smith	32	NA
West Memphis	85	Corporate decision
Little Rock	85	Moving production to a foreign country

Source: Arkansas Economic Development Commission Layoff and Closure Database and Arkansas Department of Workforce Services Dislocated Workers Taskforce

Part 4 Strategies and Recommendations for the Coming Year

Plans for Preventing Closures and Job Loss

Transformation of State Government

Transformation into the new Department of Commerce in 2019 will allow for better cooperation and information sharing between government agencies to ensure that all available resources are brought together to attract and retain businesses.

Targeted Support of Existing Businesses

In order to respond to a company that may close a location or reduce employment, it is critical that AEDC be aware of issues that companies are facing before they result in a layoff or closure. The Existing Business Resource Division (EBRD) is a division of AEDC that assists existing businesses in Arkansas. The division works with companies to evaluate and understand issues a company may be facing. These issues are complex and can range from production inefficiencies, workforce and workforce training needs, supply chain management, and industry changes. EBRD representatives work statewide and in 2018, the team performed 723 company visits. Of those companies visited, 93, or 13%, were referred to AEDC's Business Development team as a growth and expansion lead. Approximately 14% of company visits were referred to the Arkansas Economic Development Commission's Manufacturing Solutions team for further assistance.

AEDC's Manufacturing Solutions is a team of professionals who have experience and expertise to assist companies in the areas of growth and innovation, workforce improvement, product development and location expansion, sustainability and waste reduction, as well as leadership development and operational excellence. In 2018, the team worked with 297 companies to provide customized technical and consulting assistance. All company engagements are surveyed by an independent third party to validate actual business impacts. EBRD's guidance helped create and maintain 1,363 jobs by assisting companies. Companies that the EBRD team assisted achieved a total of \$268 million in new and retained sales, \$26.2 million increased capital investment, and saved \$7.1 million in operational costs.

Improving Workforce Quality

Act 892 of 2015 created a structure for a Statewide Workforce Development System. An EBRD team representative is part of a five-agency team that reviews each training application submitted by Arkansas companies to the Office of Skills Development. AEDC's representative on that team assists with understanding the context applicable to the company's situation as it relates to needs and the impact of the training they have requested.

Promoting International Trade

In 2018, Arkansas exported approximately \$6.5 billion in goods to other nations. With the development of the global marketplace Arkansas's companies are now competing on a larger scale. Exporting goods and services can help companies expand, increase profits, and diversify their customer base. For many companies, particularly small and medium sized companies, exporting can present challenges that can be costly if not navigated properly. The Arkansas Economic Development Commission's ExporTech program works with companies who are exploring exporting opportunities to assist them to mitigate the risk associated with entry into foreign markets. The ExporTech program, launched in 2017, is a comprehensive training program that helps companies develop a strategic, executable export plan. AEDC has partnered with experts in international marketing, market research, regulatory and



compliance issues, logistics, and government export assistance. A significant percentage of companies that have completed the ExporTech program has received the Governor's Award for Excellence in Global Trade. AEDC partners with the U.S. Export Assistance Center to provide participants with further assistance after they have completed the program. In 2018, the EBRD team assisted eight companies to complete ExporTech.

Additionally, the Arkansas Economic Development Commission partners with the World Trade Center of Arkansas to promote Arkansas exports on an international scale. In 2018, the Center established offices at AEDC in Little Rock in order to strengthen the partnership and maximize the continued efforts of both organizations.

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

The overall manufacturing sector grew between 2014 and 2018. The sector experienced a net gain of 4.2%, which translated into 6,470 jobs. Several sectors that had been experiencing decline in recent years have added employment. These include textiles and apparel, furniture, leather, and machinery manufacturing.

Table 8
Arkansas Manufacturing Transitions: 2014-2018p

Growth	Small to Moderate Decline (-.01%-10%)	Large Decline (-10%+)
Petroleum & Coal (+14.35%)	Metals (-3.65%)	Computers & Electronic Products (-14.81%)
Food & Beverages (+13.2%)	Paper Manufacturing (-2.67%)	
Chemicals (+8.86%)	Printing & Related Support Activities (-2.76%)	
Wood Products (+8.31%)	Nonmetallic Minerals (-0.92%)	
Textiles & Apparel (+7.06%)		
Transportation Equipment (+6.85%)		
Leather (+6.5%)		
Furniture (+5.98%)		
Machinery Manufacturing (+2.02%)		
Plastics & Rubber (+1.92%)		
Misc. Manufacturing (+0.51%)		

Source: Bureau of Labor Statistics, 2014-2018p (preliminary) private sector Quarterly Census of Employment and Wages, June 2019

Summary of Manufacturing Sector Job Losses

Below is a summary, by net job loss and percentage, of the sectors that did not experience growth from 2014 to 2018.

Paper Manufacturing: (2014-2018 net loss -262; -2.67%) The paper manufacturing sector continues to lose jobs as more consumers shift to paperless technologies. Arkansas experienced slight growth in paperboard container manufacturing.

Printing and Related Support Activities: (2014-2018 net loss -108; -2.76%) The transition to digital technology has continued to contribute to the decline in this segment of manufacturing. The subsector of commercial screen printing saw small growth during the time period.

Nonmetallic Mineral Product Manufacturing: (2014-2018 net loss -34; -0.92%) Companies classified under this manufacturing subsector process minerals such as sand, gravel, stone and clay into other products. The job losses in this subsector occurred primarily in glass and glass product manufacturing and other nonmetallic mineral products manufacturing. Growth occurred in clay product and refractory manufacturing; cement and concrete product manufacturing; and lime and gypsum product manufacturing.

Metals: (2014-2018 net loss -903; -3.65%) In the metals subsector losses occurred only in the area of primary metal manufacturing from 2014 to 2018. However, from 2017 to 2018, primary metal manufacturing saw an increase in jobs. This can be attributed to projects announced with Big River Steel; and Nucor, and their various suppliers finally ramping up into hiring phases. Fabricated metals manufacturing grew by 5.92% during 2014 to 2018 adding 877 jobs. These trends should continue.

Computer and Electrical Equipment Manufacturing: (2014-2018 net loss -1170; -14.81%) Inexpensive foreign imports of computer and electronic equipment continue to contribute to job decline in this manufacturing segment. While increases in tariffs of foreign goods and increased shipping costs may encourage manufacturers to explore on-shoring manufacturing or assembly facilities, job growth in this segment is not expected in the near future. Some growth occurred in other electronic component manufacturing and in industrial process variable instruments manufacturing.

Plans for Increasing the Number of Economic Development Proposals

Competitive Communities Initiative

In 2018, Governor Hutchinson and the Arkansas Economic Development Commission launched the Competitive Communities Initiative (CCI). AEDC's Community Development Division works with communities to develop a plan to increase competitiveness for new jobs and investment. Newport, Paragould and Russellville received designations as Competitive Communities in 2018. The program provides community leaders with best practices and guidance from professional economic developers and includes a third-party evaluation of ways to strengthen their competitiveness for projects. Companies and site consultants increasingly consider shovel ready sites when conducting a location or a relocation search. The CCI program is an important tool for Arkansas communities to prepare them to market quality building and sites that will attract companies to the state. The Community Development Division has designated three Competitive Communities in 2019 and is working with several more to complete the program.

Capitalize on Recent Success in Film and Digital Product

The tremendous success of having filmed season 3 of HBO's *True Detective* in Arkansas will continue to have positive ripple effects for many years to come. We expect the overall economic impact to be well over \$100 million. In addition to the economic impact, many ancillary benefits have been realized. The Film Division has seen an overall uptick in interest for Arkansas as a primary filming location and destination from filmmakers across the world. Arkansas was able to highlight its supremely talented workforce and the many vendors needed for such high-level production, the diverse topography that was shown is now a topic of many inquiry conversations, and the positive response from new and loyal viewers of the series has provided the state with an incalculable amount of marketing. While the final accounting for the project is still in the works and will be reported at a later date, we view HBO's *True Detective 3* as a monumental success for the film industry in Arkansas.

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 website. 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.

Specific communications activities that occurred in 2018 include:

- Development and launch of lead generation campaigns for the timber, technology and start-up businesses, and food and beverage industries. The campaign delivered targeted email newsletters for each industry, consistently outperforming industry-average open and click-through rates according to Smart Insight, a resource for marketing strategy and planning. The Division launched new digital marketing tactics, including ongoing, lead-nurturing email drip campaigns and LinkedIn Mail campaigns.
- AEDC developed digital campaigns that generated 32 million impressions.
- The agency's new, mobile-responsive website launched in May. The redevelopment was conducted based on recommendations and feedback from users such as site location consultants, business executives, economic development partners, and AEDC internal users.
- Website visitors increased by 248% year-over-year. Approximately 75% of website visits were from mobile and tablet devices, up from 52% in 2017.
- AEDC's website was one of three sites nominated for Sitefinity's website of the year in the global public sector.
- AEDC designed and launched digital marketing campaigns in support of professional and industry-specific events including Site Selectors Guild, Industrial Asset Management Council (IAMC), and the Shooting, Hunting and Outdoor Trade Show (SHOT Show).
- The division created digital content as part of the inbound lead generation strategy, including 72 blog posts, 18 newsletters, four podcasts, the Tech Industry Report, 13 maps, and four case studies.
- Three videos were produced highlighting AEDC's shovel-ready sites in Paragould, Newport, and West Memphis.
- A brand video "Why Arkansas" was created and promoted across digital channels and through business development outreach.
- AEDC's social media followers grew 56% year-over-year across LinkedIn, Twitter, and Facebook.

- AEDC was the subject of a LinkedIn case study in December: “Telling the Arkansas Story in LinkedIn”.
- Executive Director Mike Preston launched his WeChat account in January 2018. WeChat is the most popular messaging app in China. Similar to WhatsApp, the estimated monthly user base is more than 1 billion people.

Expanding Knowledge-Based Entrepreneurship

Knowledge-based entrepreneurship is an important element of Arkansas’s economic growth and in the development of new technology based jobs. AEDC’s Division of Science and Technology works with partners statewide through various programs to encourage entrepreneurship and encourage the commercialization aspect of startup companies.

The Division of Science and Technology provided 12 Technology Transfer Assistance Grants (TTAG) in 2018 for a total of \$66,250. The purpose the TTAG Program is to increase industry competitiveness through technical and operational advancements by providing funds for the transfer or deployment, or both, of innovative technology to Arkansas-based enterprises.

The Division’s commercialization focused program, the Technology Development Program (TDP) provides bridge financing in the form of grants up to \$100,000 to assist commercializing new, technology-based products and processes created or developed by inventors, businesses, Arkansas-based colleges or universities, and federal laboratories located in Arkansas. In 2018, AEDC provided \$450,000 to 7 Technology Development Program applicants.

Innovate Arkansas is funded by the Arkansas Economic Development Commission and administered by Winrock International. Innovate Arkansas works to assist technology entrepreneurs in accelerating startup companies into viable commercial enterprises. Programming is focused on three key areas: acceleration, capital and talent. In the ten years since its inception, Innovate Arkansas has assisted over 600 companies, created 820 new jobs and helped raise \$363 million in capital for its client companies.

Act 165 of 2017 created the Arkansas Business and Technology Accelerator Act that created the Arkansas Business and Technology Accelerator Grant Program. Administered by AEDC’s Division of Science and Technology the program provides discretionary grants up to \$250,000 to eligible applicants administering a business and technology accelerator. Business accelerator programs are a way to connect innovative, early-stage companies with investors, mentors, and industry professionals who can assist the companies to successfully develop.

During the calendar year 2017, two accelerator programs grants were approved by AEDC for accelerator programs that were held in calendar year 2018. The Lifesciences Accelerator focused on early stage companies in the areas of hospital technology and bio-technology and welcomed six participants. The 10X Cyber Accelerator, focused on ventures in software and cybersecurity technology.

In calendar year 2018, AEDC approved grants to assist in the development of two accelerator programs. ICBA ThinkTech Accelerator launched with ten participants. ICBA ThinkTech Accelerator was a community bank focused fintech accelerator program. The Fuel Accelerator, approved in 2018 and launched in February 2019, accepted nine supply chain technology start-up companies.

Act 166 of 2017 created the Arkansas Small Business Innovation Research Matching Grant Program. The program administered by the Division of Science and Technology of the AEDC, awards discretionary grants of up to 50% of the amount of a federal Small Business Innovation Research (SBIR) Grant. In 2018, AEDC awarded \$750,000 in Arkansas SBIR grant funds to twelve recipients.

Global Business Recruitment

In 2018, AEDC continued to work with many foreign owned companies who were considering locating or expanding operations in Arkansas. AEDC signed seven incentive agreements with foreign owned companies during the year resulting in the creation of 319 new jobs. AEDC maintains three offices overseas in Europe, Japan and China. The AEDC staff in these offices work to promote Arkansas and its competitive business climate to encourage foreign-owned companies to invest in the state. In 2018, AEDC's international offices attended 113 meetings, trade shows, and special events where they marketed Arkansas's assets for business location. Over 35 of these events attended were in Europe, 13 in China and over 60 in Japan, India, and the Pacific Rim.

Plans for Creating New Initiatives/Incentives

In the next year AEDC is committed to working to fully integrate the agency into the new Department of Commerce. The agency will be working with other agencies to further streamline efforts and enhance various programs throughout the Department of Commerce and other state government entities.

AEDC plans to continue to work with partners to develop additional accelerator programs around the state to encourage the development and success of early stage and start-up technology companies.

Competition for economic development projects on a global scale remains fierce among communities and states. Site consultants increasingly place value on certified sites and shovel ready sites to place on short lists for location projects. AEDC will continue to work with communities through the Competitive Communities Initiative to designate sites and communities who are prepared to recruit new investment and jobs. Three new communities have received the CCI designation in 2019 and the agency's Community Development team is working with many others to complete the program. Increasing the inventory of turnkey available sites will allow Arkansas to better compete for fast moving projects not only in the region, but globally.

In 2018, AEDC developed proposed changes to the Consolidated Incentives Act of 2003 (CIA). The CIA originally consolidated six existing economic development business incentive programs into one act. The changes also stressed the importance of attracting high-wage jobs. This was the first major review of the CIA program since its establishment. The legislation was introduced as HB 1490 in the 92nd General Assembly and signed into Act 327 by Governor Asa Hutchinson.

Act 1085 of 2019, the Arkansas Cyber Initiative Act, authorized AEDC to support a cyber alliance to reduce cyber risks and encourage economic development. AEDC is working with universities, colleges, private business and other government agencies to establish the alliance to improve cyber infrastructure and expand innovation, workforce development and intelligence in relation to improving cyber security in the state. While the Arkansas Cyber Initiative did not receive an appropriation for funding in 2019, the AEDC will work to develop a network of stakeholders to identify areas of need in workforce, infrastructure, education and partnerships in Arkansas.



During the 92nd General Assembly Regular Session in 2019, Governor Hutchinson signed Act 822 a comprehensive corporate tax reform bill that improves Arkansas’s business climate for existing businesses and will position the state more competitively to recruit new businesses. The Act provides for a phased in corporate income tax reduction from 6.5% to 5.9% by tax year 2022. The bill will extend the number of years a company can carry forward a net operating loss from five years to 10 years by tax year 2021. The apportionment formula for multistate corporations will change to a single-sales factor beginning in tax year 2021. In addition, Act 182 establishes a phased in reduction of the top individual tax rate from over two years. The Arkansas Economic Development Commission plans to aggressively market the new changes in our tax structure and Arkansas’s more competitive business climate to companies and site consultants worldwide.

Part 5 Director's Assessment of the Department's Performance

Comparison of the Department's Performance over the Past Two Years

Table 9
2017-2018 Job Opportunities from Signed Incentive Agreements:
New and Expanded Year-End Results

Year	Type	Projects	Jobs	Total Investment	Average Hourly Wage	Cost Benefit Ratio
2017	New	27	866	\$282,168,068	\$24.92	3.53
	Expanded	105	1,820	\$2,901,874,287	\$18.40	
	Retention	1	13	\$150,000	\$13.00	
	Total	133	3,460	\$3,184,192,355	\$21.81	
2018	New	17	833	\$174,263,348	\$20.17	4.44*
	Expanded	56	3,232	\$1,632,107,632	\$17.59	
	Retention	1**	214	\$500,000	\$12.21	
	Total	74	4,279	\$1,806,870,980	\$17.76	

* a cost benefit ratio-for a cost benefit ratio of 4.44 means that, over a ten-year period, the state will get back, in taxes, \$4.44 for each dollar of incentives used for job creation projects.

**Retention project also included an expansion of 25 new jobs

Table 10
2018 Arkansas Job Creation and Job Loss Comparison

Jobs from Signed Incentive Agreements with AEDC Involvement – AEDC Eligible Businesses Only	4,279
Jobs Lost Due to Layoffs/Closures – AEDC Eligible Businesses Only*	974
Net Gain (+)/Loss (-) AEDC Eligible Businesses	+3,305

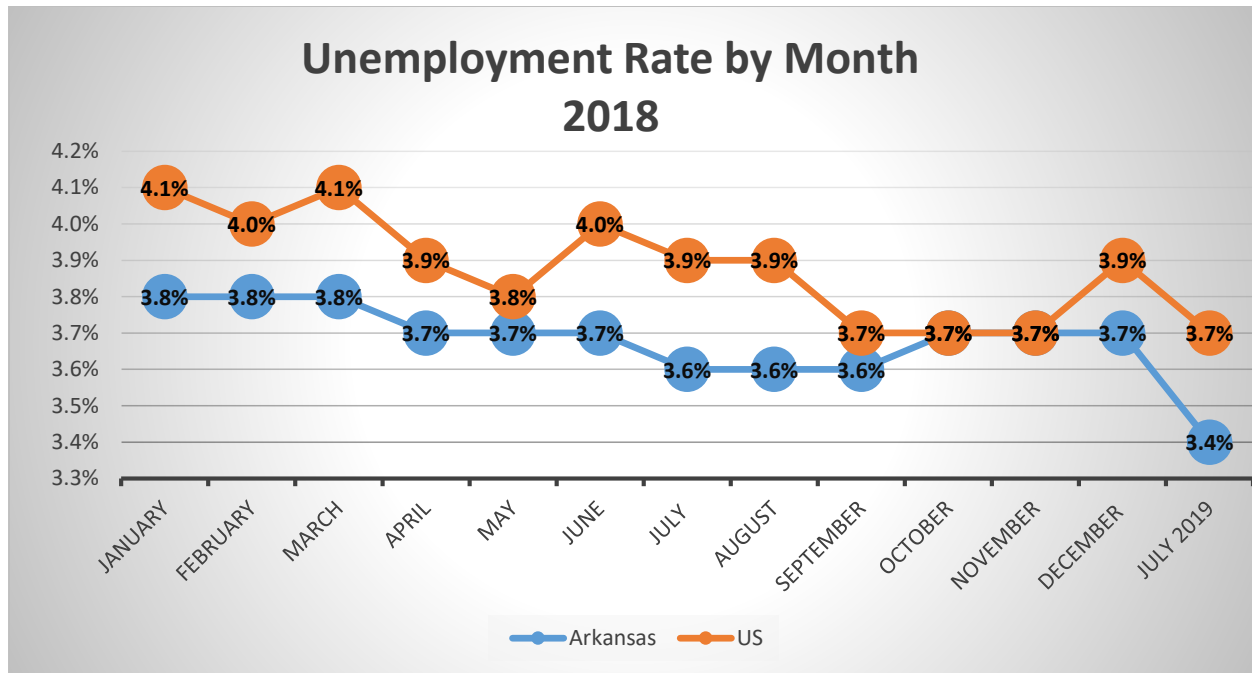
Source: AEDC New & Expanded Database and Arkansas Department of Workforce Services Dislocated Worker Task Force

Table 11
2017-2018 Year-to-Date Unemployment Comparison

	AR Unemp Rate	US Unemp Rate
2017 annual average unemployment rate	3.7%	4.4%
2018 annual average unemployment rate	3.7%	3.9%
Current Month (July 2019) seasonally adjusted	3.4%	3.7%

Sources: Arkansas Department of Workforce Services, Unemployment Rates and Labor Force Statistics, annual rates are not seasonally adjusted.

Chart 5



Source: Arkansas Department of Workforce Services, Local Area Unemployment Rates, seasonally adjusted, <http://www.discover.arkansas.gov>

Table 12
2019 Year-to-Date* Job Creation/Investments

Job Creation	Jobs	Total Investment	Average Hourly Wage
2019 Year-to-Date Signed Incentive Agreements*	2,212	\$545,666,065	\$21.96

*Through June 30, 2019

Table 13
2019 Year-to-Date Non-Retail/Non-Service Closures

Job Closures	Companies	Jobs
2019 Year-to-Date	7	1,041

*Through June 30, 2019

Source: AEDC New & Expanded Database and Arkansas Department of Workforce Services Dislocated Worker Task Force

Arkansas's Economic Performance Compared to Neighboring States

Gross Domestic Product

Table 14
2018 Per Capita Real GDP by State: Arkansas and Surrounding States

State	2018 GDP Per Capita*	National Rank
United States	\$56,749	--
Texas	\$58,417	15
Louisiana	\$49,606	30
Oklahoma	\$48,954	31
Tennessee	\$47,695	36
Missouri	\$46,064	38
Arkansas	\$38,467	49
Mississippi	\$34,029	50

*In chained 2012 dollars

Source: Bureau of Economic Analysis, Gross Domestic Product by State, 2018 Per Capita Real GDP by State

Table 15
Percent Change in GDP Per Capita* by State (2015 to 2018)
Arkansas and Surrounding States

State	2015 Per Capita Income	2015 Rank	2018 Per Capita Income	2018 Rank	Change 2015-2018	Rank
United States	\$54,208	--	\$56,749	--	4.69%	--
Tennessee	\$45,606	36	\$47,695	36	4.58%	17
Mississippi	\$33,386	50	\$34,029	50	1.93%	34
Missouri	\$45,427	37	\$46,064	38	1.40%	36
Arkansas	\$37,999	48	\$38,467	49	1.23%	38
Texas	\$57,844	12	\$58,417	15	0.99%	39
Louisiana	\$49,589	27	\$49,606	30	0.03%	43
Oklahoma	\$49,763	25	\$48,954	31	-1.63%	44

*In chained 2012 dollars

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

Labor Force Comparison

Table 16
Percent Labor Force Growth (2015-2018)
Arkansas and Surrounding States

State	Percentage Labor Force Growth (2015-2018)	National Rank
United States	3.1	--
Tennessee	6%	10
Texas	5.7%	12
Arkansas	1.5%	28
Mississippi	0.8%	32
Oklahoma	0.5%	36
Missouri	-0.8%	44
Louisiana	-2.6	49

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, and Labor Force Statistics from the Current Population Survey, May 2019

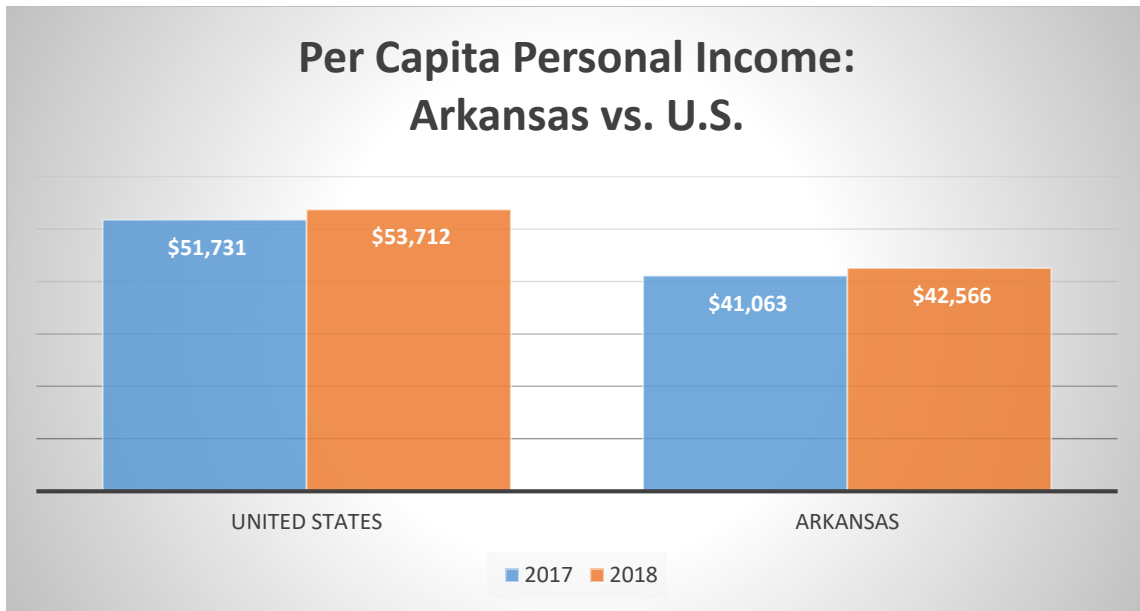
Per Capita Personal Income Comparison

Table 17
2018 Per Capita Personal Income
Arkansas and Surrounding States

State	2017	2018	2018 Rank
United States	\$51,731	\$53,712	-
Texas	\$47,332	\$49,161	27
Tennessee	\$45,566	\$47,179	33
Missouri	\$45,014	\$46,635	36
Oklahoma	\$44,356	\$46,128	37
Louisiana	\$43,786	\$45,542	40
Arkansas	\$41,063	\$42,566	45
Mississippi	\$36,567	\$37,994	50

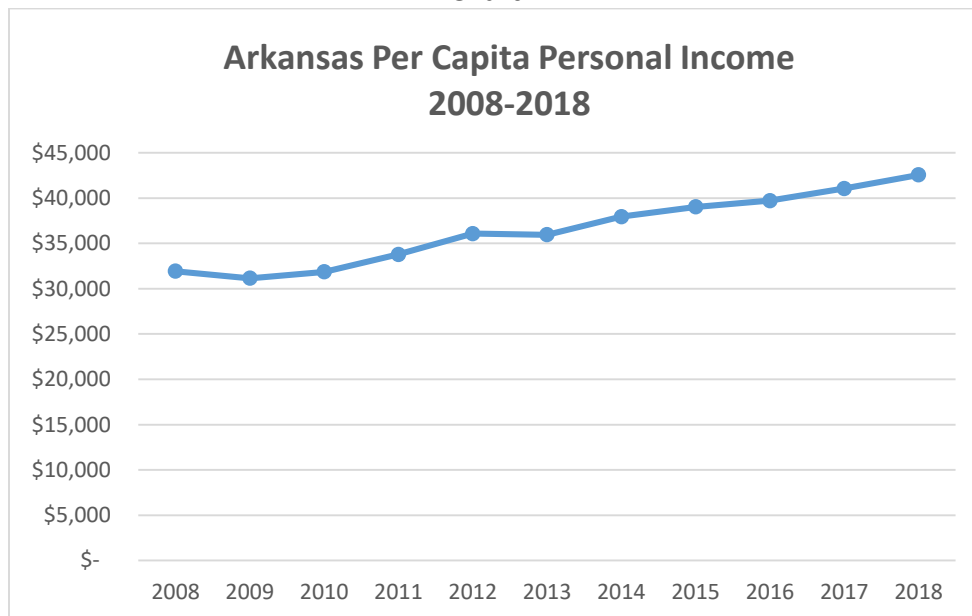
Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, Per Capita Personal Income, June 2019

Chart 6



Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, Per Capita Personal Income, June 2019

Chart 7



Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, Per Capita Personal Income, June 2019

Unemployment Rates Comparison

Table 18
Unemployment Rate Annual Averages 2017-2018
Arkansas and Surrounding States

<i>State</i>	<i>2017 Unemployment Rate</i>	<i>2018 Unemployment Rate</i>	<i>National Rank 2018</i>
United States	4.4%	3.9%	--
Missouri	3.8%	3.2%	13
Oklahoma	4.2%	3.4%	15 (tied)
Tennessee	3.8%	3.5%	20 (tied)
Arkansas	3.7%	3.7%	23 (tied)
Texas	4.3%	3.9%	26 (tied)
Mississippi	5.1%	4.8%	44
Louisiana	5.1%	4.9%	46 (tied)

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, June 2019

Hourly Earnings Comparison

Table 19
2018 Average Hourly Earnings of Manufacturing Production Workers
Arkansas and Surrounding States

<i>State</i>	<i>Hourly Earnings</i>	<i>National Rank</i>
United States	\$21.54	—
Texas	\$23.54	6
Missouri	\$22.04	10
Louisiana	\$22.01	12
Mississippi	\$20.54	29
Tennessee	\$19.83	35
Oklahoma	\$19.00	44
Arkansas	\$17.44	50

Source: US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2018 Annual Averages, Not Seasonally Adjusted (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2018 Annual Averages, Not Seasonally Adjusted

The average hourly wage of poultry processing jobs in Arkansas was \$16.18/hour in 2018. Poultry processing accounted for approximately 31,273 jobs that year.

Table 20
2018 Average Hourly Earnings of All Workers*
Arkansas and Surrounding States

<i>State</i>	<i>Hourly Earnings</i>	<i>National Rank</i>
United States	\$27.68	–
Texas	\$25.91	21
Missouri	\$24.73	33
Oklahoma	\$23.69	38
Louisiana	\$23.49	39
Tennessee	\$23.40	40
Arkansas	\$21.51	49
Mississippi	\$20.34	50

*Total private employees

Source: US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2018 Annual Averages, Not Seasonally Adjusted (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2018 Annual Averages, Not Seasonally Adjusted

Table 21
Population Change: 2014-2018
Arkansas and Surrounding States

<i>State</i>	<i>Percent Change</i>	<i>National Rank</i>
United States	2.76%	–
Texas	6.39%	8
Tennessee	3.5%	16
Oklahoma	1.67%	24
Arkansas	1.55%	25
Missouri	1.16%	30
Louisiana	0.34%	39
Mississippi	-0.14%	45

Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1 2013 to July 1, 2018

Poverty Rate Comparison

Table 22
Percentage of Population in Poverty: 3-Year Average (2015-2018)
Arkansas and Surrounding States

<i>State</i>	<i>Percent in Poverty</i>
United States	12.8%
Missouri	11.3%
Tennessee	13.7
Oklahoma	13.8%
Texas	14%
Arkansas	15.6%
Louisiana	20%

Source: U.S. Census Bureau, Current Population Survey, 2015 to 2018 Annual Social and Economic Supplements

Comparative State Indices

AEDC uses various state indices to evaluate economic competitiveness of the State of Arkansas. Below, you will find several examples of indices that compare states through various methods.

The Beacon Hill Institute's Annual State Competitiveness Report is centered on a comprehensive index that is based on a broad set of indicators that are divided into eight groups: government and fiscal policy, security, infrastructure, human resources, technology, business incubation, openness, and environmental policy. Among the various factors, Arkansas ranked highest in infrastructure (1st), fiscal policy (8th) environmental policy (13th), and business incubation (24th). Lowest scores were in technology (47th), openness (42nd), human resources (41st), and security (41st).

Table 23
State Competitiveness Index
Arkansas and Surrounding States

<i>State</i>	<i>2017 Index Score</i>	<i>2017 National Rank</i>	<i>2016 National Rank</i>	<i>Change in Rank (2016-2017)</i>
Texas	6.36	5	7	+2
Arkansas	4.77	29	40	+11
Missouri	4.65	31	34	+3
Tennessee	4.61	33	27	-6
Mississippi	4	44	45	+1
Oklahoma	3.44	47	46	-1
Louisiana	3.12	48	48	0

Source: Beacon Hill Institute, 17th State Competitiveness Report 2018

The American Legislative Exchange Council's Economic Outlook Ranking is based on equal-weighted averages of 15 state policy variables. Among the various factors, Arkansas ranked highest in right-to-work state (1st), estate/inheritance tax (1st), average workers' compensation costs (3rd), property tax burden (4th), debt service as a share of tax revenue (8th), recently legislated tax changes (13th), number of tax expenditure limits (15th), top marginal corporate income tax rate (21st), remaining tax burden (24th). Lowest scores were in sales tax burden (47th), personal income tax progressivity (46th), public employees per 10,000 of population (38th), state liability system (36th), state minimum wage (34th), top marginal personal income tax rate (32nd).

Table 24
Economic Outlook Rankings
Arkansas and Surrounding States

State	2018 Ranking	2017 Ranking	Change in Rank (2017-2018)
Tennessee	7	12	+5
Oklahoma	13	16	+3
Texas	15	14	-1
Mississippi	19	24	+5
Missouri	22	23	+1
Arkansas	23	22	-1
Louisiana	26	27	+1

Source: American Legislative Exchange Council, *Rich States, Poor States ALEC-Laffer State Economic Competitiveness Index, Economic Outlook Rankings 2019*

The Tax Foundation's State Business Tax Climate Index is a ranking of states' various tax components by a myriad of factors. States are ranked from 1 to 50 with a score of 1 reflecting the most competitive tax structure. These rankings do not reflect recently enacted changes to Arkansas's income tax structure that will increase competitiveness.

Table 25
State Business Tax Climate Index Rank
Arkansas and Surrounding States

State	Overall Rank	Individual Income Tax Rate	Sales Tax Rate	Unemployment Insurance Tax Rate	Property Tax Rate	Corporate Tax Rate
Missouri	14	25	25	8	7	4
Texas	15	6	37	18	37	49
Tennessee	16	8	46	22	29	24
Oklahoma	26	33	39	1	19	9
Mississippi	31	27	35	5	36	15
Louisiana	44	32	50	5	32	36
Arkansas	46	40	44	34	26	40

Source: Tax Foundation, *2019 State Business Tax Climate Index, Table 1: 2019 State Business Tax Climate Index Ranks and Component Tax Ranks*.

CNBC publishes America's Top States for Business each year. The index ranks all 50 states based on more than 60 measures of competitiveness in 10 broad categories. The criteria is developed with input from a diverse array of business and policy experts and official government sources.

Table 26
America's Top States for Business
Arkansas and Surrounding States

<i>State</i>	<i>2019 National Rank</i>	<i>2018 National Rank</i>	<i>Change in Rank (2018-2019)</i>
Texas	2	1	-1
Tennessee	13	13	-
Missouri	23	23	-
Arkansas	42	40	-2
Oklahoma	43	39	-4
Louisiana	46	44	-2
Mississippi	48	49	+1

Source: CNBC, America's Top States for Business, 2019