

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

A Bill

SENATE BILL 941

5 By: Senator B. Sample
6 By: Representative McLean
7

For An Act To Be Entitled

9 AN ACT TO CREATE AN INCOME TAX EXEMPTION FOR
10 QUALIFIED DROP-IN BIOFUELS MANUFACTURERS; AND FOR
11 OTHER PURPOSES.
12
13

Subtitle

14 TO CREATE AN INCOME TAX EXEMPTION FOR
15 QUALIFIED DROP-IN BIOFUELS MANUFACTURERS.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 3, is
22 amended to add an additional section to read as follows:

23 26-51-313. Qualified drop-in biofuels manufacturing exemption.

24 (a) There is allowed an exemption from the income tax imposed by the
25 Income Tax Act of 1929, § 26-51-101 et seq., for the period of time
26 determined under subsection (b) of this section for a qualified drop-in
27 biofuels manufacturer.

28 (b) The number of years that an income tax exemption is allowed under
29 this section is calculated as follows:

30 (1)(A) Multiply the proposed average hourly wage to be paid by
31 the qualified drop-in biofuels manufacturer by two thousand eighty (2,080)
32 hours.

33 (B) Multiply the product obtained under subdivision
34 (b)(1)(A) of this section by the number of jobs to be created by the
35 qualified drop-in biofuels manufacturer to determine the proposed annual
36 payroll;



1 (2)(A) Multiply one hundred ten percent (110%) of the state's
2 average hourly wage from the preceding calendar year by two thousand eighty
3 (2,080) hours.

4 (B) Multiply the product obtained under subdivision
5 (b)(2)(A) of this section by one thousand (1,000);

6 (3) Divide the product calculated under subdivision (b)(1) of
7 this section by the product calculated under subdivision (b)(2) of this
8 section;

9 (4) Multiply the quotient calculated under subdivision (b)(3) of
10 this section by six tenths (0.6) to determine the weighting factor for
11 payroll;

12 (5) Divide the proposed investment of the qualified drop-in
13 biofuels manufacturer by two hundred fifty million dollars (\$250,000,000);

14 (6) Multiply the quotient calculated under subdivision (b)(5) of
15 this section by four tenths (0.4) to determine the weighting factor for
16 investment;

17 (7) Add the product calculated under subdivision (b)(4) of this
18 section to the product calculated under subdivision (b)(6); and

19 (8)(A) Multiply the sum calculated under subdivision (b)(7) of
20 this section by twenty (20) and round to the nearest whole number.

21 (B) The number calculated under subdivision (b)(8)(A) of
22 this section is the number of years that the income tax exemption is allowed
23 for the qualified drop-in biofuels manufacturer.

24 (C) However, an income tax exemption allowed under this
25 section shall not exceed twenty (20) years.

26 (c) As used in this section:

27 (1) "Drop-in biofuels" means a liquid motor fuel that:

28 (A) Is a substitute for conventional petroleum-based motor
29 fuel;

30 (B) Is completely interchangeable and compatible with
31 conventional petroleum-based motor fuel;

32 (C) Does not require modification of conventional engine
33 fuel systems; and

34 (D) Can be delivered through the existing fuel
35 distribution systems, including without limitation:

36 (i) Intrastate and interstate petroleum pipelines;

1 and

2 (ii) Existing gasoline and diesel fuel pumps; and

3 (2) "Qualified drop-in biofuels manufacturer" means a person or
4 entity that:

5 (A) Manufactures drop-in biofuels;

6 (B) Invests at least twenty million dollars (\$20,000,000)
7 in a new or expanded drop-in biofuels manufacturing facility;

8 (C) Creates at least one hundred (100) new jobs;

9 (D) If the new or expanded drop-in biofuels manufacturing
10 facility is a subsidiary of an existing Arkansas company, establishes the new
11 or expanded drop-in biofuels facility as a separate legal entity;

12 (E) Locates the new or expanded drop-in biofuels facility
13 in the state after January 1, 2013, but before June 30, 2023; and

14 (F) Signs a financial incentive agreement with the
15 Arkansas Economic Development Commission after January 1, 2013, but before
16 June 30, 2023.

17 (d) The ability to qualify for an income tax exemption under this
18 section expires June 30, 2023.

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20 SECTION 2. EFFECTIVE DATE. This act is effective for tax years
21 beginning on and after January 1, 2013.

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24 **APPROVED: 04/22/2013**