



2022
**ACT 1282
REPORT**

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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 2022.

Between January 1, 2019 and December 31, 2022, AEDC signed financial incentive agreements for 237 projects. These agreements are cumulatively projected to create 18,795 new and retained jobs and add \$7,482,199,336 in new investment to Arkansas. For the four-year period, the proposed average hourly wage was \$22.61 per hour, and the average cost-benefit ratio was 16.76. A cost-benefit ratio of 16.76 means that over a 10-year period, the state is projected to receive a return of \$16.76 in state taxes from each \$1 in state tax incentives offered for job creation projects.

Table 1
Summary of Recent Act 1282 Reports (2019-2022)

Economic Indicators	2019	2020	2021	2022	2019-2022 Total/Average
AEDC Projects	229	185	273	172	859/215
Signed AEDC Incentive Agreements	100	48	56	33	237/59
Proposed Jobs	5,968	2,917	4,488	4,488	18,795/4,699
Proposed Investment	\$1,295,057,446	\$694,987,427	\$1,061,374,615	\$4,476,541,564	\$7,482,199,336/ \$1,870,549,834
Proposed Average Hourly Wage	\$25.76	\$22.10	\$22.21	\$30.86	\$25.41(Avg)*
Cost Benefit Ratio	\$4.30/\$1	\$6.36/\$1	\$7.24/\$1	\$16.76/\$1	\$8.67/\$1(Avg)

Chart 1

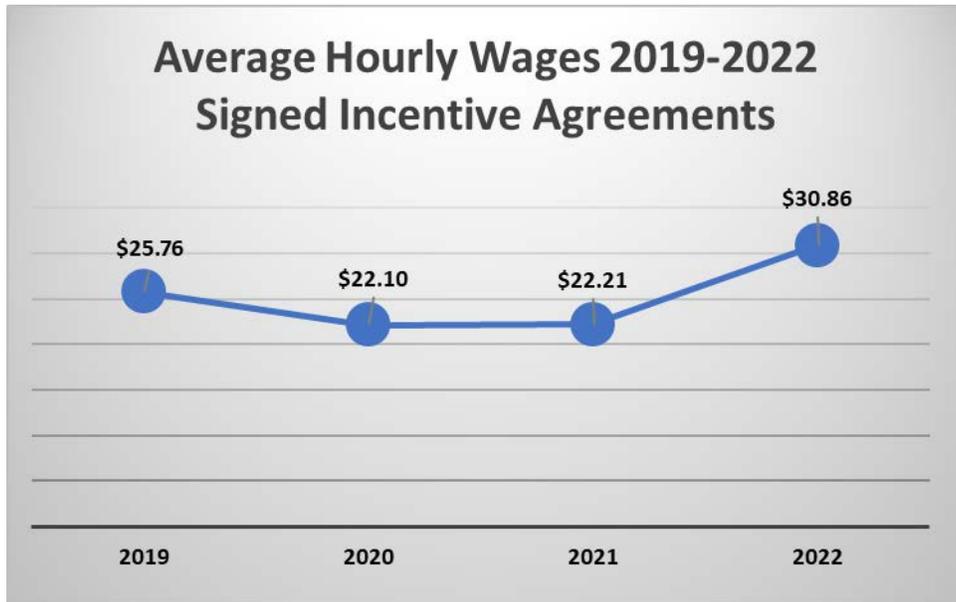


Chart 2

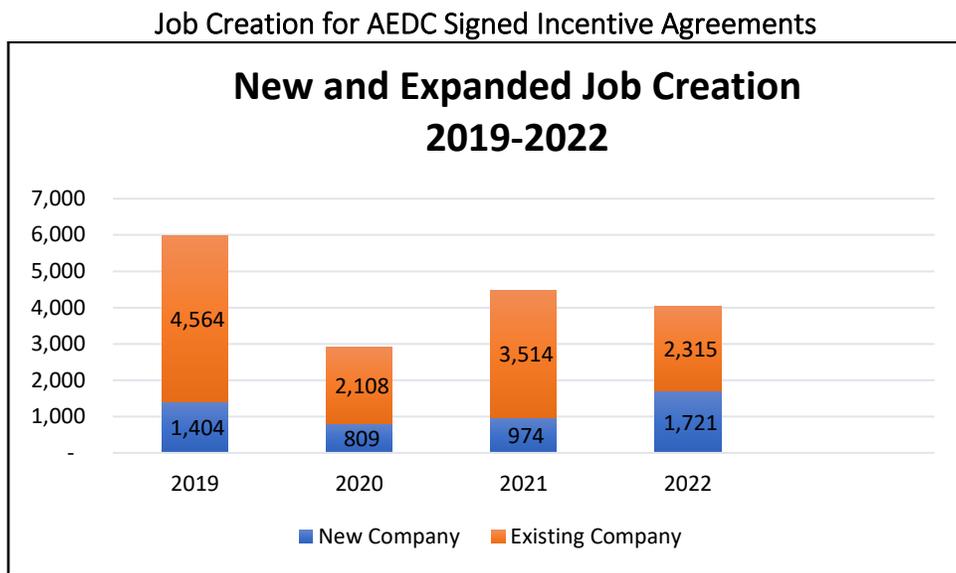
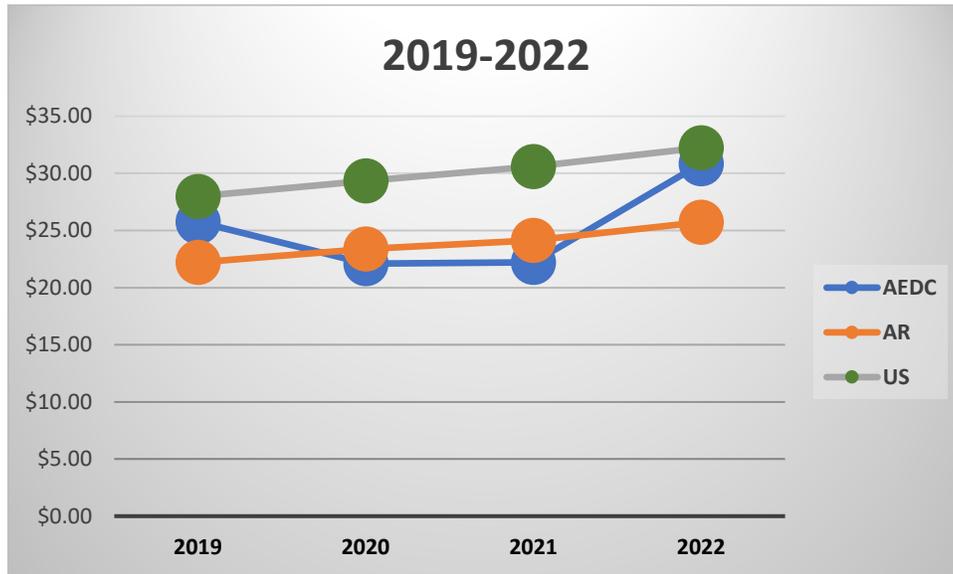


Chart 3
Comparison of Average Hourly Wage of AEDC Proposed Jobs



Sources: Bureau of Labor Statistics, Current Employment Statistics, Not Seasonally Adjusted, Total Private, Average Hourly Earnings of All Employees and Arkansas Economic Development Commission

Part 1 Accounting of All Projects

Table 2
Projects with AEDC Incentive Agreements Signed in 2022
 (Represents New and Expanding Companies)

Industry	Location	Number of New Jobs	Incentive Program *
Corporate HQ	Fort Smith	2	Advantage Arkansas
Distribution	Maumelle	450	Create Rebate, Tax Back
Manufacturing	Little Rock	542	Tax Back, Quick Action Closing Fund
Manufacturing	Little Rock	118	Create Rebate, Tax Back
Manufacturing	Rogers	36	Advantage Arkansas, Tax Back
Manufacturing	Osceola	900	Quick Action Closing Fund, Tax Back, Create Rebate, Recycling Tax Credits
Distribution	Jonesboro	50	Advantage Arkansas, Tax Back
Manufacturing	Conway	33	Advantage Arkansas, Tax Back, Quick Action Closing Fund
Manufacturing	Russellville	50	Advantage Arkansas, Tax Back, Community Development Block Grant
Food Processing	Stuttgart	74	Create Rebate, Tax Back
Food Processing	Arkadelphia	170	Create Rebate, Tax Back
Distribution	Midway	3	Tax Back
Manufacturing	Conway	250	Create Rebate, Tax Back
Technology	Bentonville	42	Advantage Arkansas
Manufacturing	Little Rock	115	Create Rebate, Tax Back
Manufacturing	Pine Bluff	53	Discretionary Manufacturing Repair & Replace Sales and Use Tax Refund
Manufacturing	North Little Rock	18	Advantage Arkansas and Tax Back
Information Technology	Hot Springs	12	Advantage Arkansas
Manufacturing	Blytheville	36	Advantage Arkansas and Tax Back
Distribution	Springdale	3	Tax Back
Manufacturing	El Dorado	60	Advantage Arkansas, Tax Back
Corporate HQ	Lowell	116	Advantage Arkansas
Manufacturing	Blytheville	N/A	Discretionary Manufacturing Repair & Replace Sales and Use Tax Refund
Manufacturing	Fort Smith	80	Advantage Arkansas, Tax Back

Manufacturing	Camden	45	Community Development Block Grant
Manufacturing	Decatur	130	Advantage Arkansas, Tax Back
Manufacturing	Mountain View	10	Advantage Arkansas, and Tax Back
Manufacturing	Van Buren	236	Advantage Arkansas, Tax Back
Manufacturing	El Dorado	1	Tax Back, Advantage Arkansas
Information Technology	Little Rock	304	Create Rebate
Manufacturing	Fort Smith	5	In-House Research & Development Tax Credit
Manufacturing	Fort Smith	142	Industry Training Programs Funds

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

- Projects exclusively receiving Research and Development investment tax credits are awarded to companies that are scaling research and development activities at an Arkansas location. Therefore, job creation is not a required component.
- 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.

Repayment provisions – All Arkansas Economic Development Commission-administered incentive programs require recipients to meet performance standards as a condition of receiving benefits. Incentives under the Consolidated Incentive Act (Advantage Arkansas, Create Rebate, Tax Back, ArkPlus, Research and Development) are performance-based, meaning that recipients are required to meet requisite investment, payroll, or job requirements which are audited by the Department of Finance and Administration prior to receiving benefits. 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 repayment provisions for failure to create requisite jobs.

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

Information for projects involving the Equity Investment Tax Credit Incentive Program and the Digital Product and Motion Picture Industry Development Incentive Program is presented separately in this section. The benefits offered for these two programs are tied to equity capital and digital content production expenditures for short-term projects, rather than for job creation and traditional long-term, fixed capital investments.

The **Equity Investment Tax Credit Incentive Program (EITC)** is a discretionary incentive program targeted toward new, technology-based businesses that pay wages in excess of 150% of the state or county average wage, whichever is less. AEDC and the Arkansas Development Finance Authority jointly administer the EITC program. The EITC program allows approved businesses to offer 33 1/3% income tax credits to investors purchasing an equity investment in approved businesses. In 2022, six financial incentive agreements were approved with 154 cumulative proposed jobs with an average hourly wage of \$49.95. Projects that signed agreements in this reporting year are projected to raise approximately \$19,000,000 in equity from investors. The locations, projected employment, and projected average hourly wages of 2022 EITC projects are as follows:

Table 3
2022 Equity Investment Tax Credit Projects

Project Location	Proposed Investment (Minimum Equity Raised)	Proposed Jobs	Proposed Wages
Bentonville	\$10,000,000	60	\$56.14
Bentonville	\$5,000,000	66	\$42.12
Bentonville	\$750,000	6	\$48.33
Carlisle	\$2,000,000	7	\$53.61
Little Rock	\$500,000	7	\$51.36
Springdale	\$750,000	8	\$64.90
Total CY 2022	\$19,000,000	154	\$49.95

The **Digital Product and Motion Picture Industry Development Incentive Program** allows a qualified production company to receive an incentive, in the form of a rebate or an income tax credit, for eligible expenditures tied to Arkansas based projects. In 2022, the Arkansas Economic Development Commission signed incentive agreements with digital product and motion picture projects. In total the state offered rebate incentives totaling \$6,787,800. (Expenditure data is included in the agency’s FY 2023 Quick Action Closing Fund Report). These projects had combined budgets of \$32,701,000. The full-time equivalent jobs that were supported through these projects in 2022 was 462.

Table 4
2022 Signed Digital Production Incentive Projects

Type of Project	Incentive	Principal Location	Funding Amount
Postproduction	Rebate	Bentonville	\$108,000
Film Production	Rebate	Lonoke	\$360,000
Film Production	Rebate	Hot Springs, Little Rock	\$120,000
Film Production	Rebate	Central Arkansas	\$530,000
Film Production	Rebate	Little Rock	\$125,000
Film Production	Rebate	Little Rock	\$96,000
Film Production	Rebate	N/A	\$540,000
Film Production	Rebate	Little Rock	\$96,000

Film Production	Rebate	Bentonville	\$864,000
Film Production	Rebate	Bentonville	\$300,000
Film Production	Rebate	Fayetteville, Bentonville	\$300,000
Film Production	Rebate	Hot Springs	\$2,850,000
Film Production	Rebate	Bentonville	\$66,800
Film Production	Rebate	Bentonville	\$216,000
Film Production	Rebate	Bentonville	\$216,000
Total: \$6,787,800			

Arkansas Public Roads Improvements and Machinery and Equipment Donation Tax Credit Program Projects

Information pertaining to projects through the Arkansas Public Roads Improvements and Machinery and Equipment Donation Tax Credit programs are presented separately in this section. These programs provide a tax credit incentive to a taxpayer that makes a qualified donation to the program.

The **Arkansas Public Roads Improvements Tax Credit Program** provides an income tax credit incentive to encourage taxpayer participation in capital improvement projects for public roads in Arkansas. The program allows a 33% income tax credit for donations made by a taxpayer to the Public Roads Incentive Fund. Governing bodies may apply to the Arkansas Economic Development Commission’s executive director to receive funds for approved capital improvements projects that are in the public interest. In 2022, the program had no donations to the Fund and as a result issued no tax credits.

The **Machinery and Equipment Donation Tax Credit Program** allows a taxpayer to receive a tax credit incentive of 33% of a donation related to new machinery and equipment for an accredited educational institution for use in a qualified educational program or qualified research program. In 2022, no new agreements were signed for this tax credit program.

Small Business and Entrepreneurship Development Programs

The Small Business and Entrepreneurship Division of AEDC nurtures entrepreneurial activity generated in Arkansas. The programs administered through the division are listed separately below as benefits are offered for investments in early-stage seed and equity capital investment rather than job creation and long-term, fixed capital investments.

The **Seed Capital Investment Program (SCIP)** provides working capital to support the initial capitalization or expansion of technology-based companies located in Arkansas. During calendar year 2022, there were no new SCIP agreements signed.

The **Technology Development Program (TDP)** provides bridge financing for qualified projects focused on innovation and leading-edge science and technology. The grants assist in the commercialization of new, high-tech products and processes developed in Arkansas. TDP projects must have a well-developed concept and a project plan that demonstrates how the

project will lead to employment growth and will expand entrepreneurship in Arkansas. The maximum investment for the program is \$100,000. In 2022, \$350,000 in TDP funds were provided to five companies. These projects located in Cabot, Fayetteville (2), and Little Rock (2).

The **Technology Transfer Assistance Grant (TTAG) Program** assists Arkansas companies in developing or improving products or processes through the transfer of technical solutions to technology-based, industry-driven problems. TTAG is designed to help increase a company’s market competitiveness. The program provides grant assistance of up to \$3,750 for costs associated with the transfer of new or existing technology from a qualified applicant – such as a public or private enterprise, laboratory, college, or university – to an Arkansas based entity. In 2022, 13 grants were awarded totaling \$48,125. These projects located in Clinton, Conway, Elkins (2), Fayetteville (9) and retained twenty-five jobs.

The **Arkansas Business and Technology Accelerator Grant Program** provides discretionary grants up to \$250,000 to sponsor business and technology programs which mentor start-up companies. The purpose of a business accelerator is to connect innovative, early-stage companies with investors and industry professionals who provide participants with guidance on future growth and strategic development. In 2022, AEDC approved \$993,454 in grant funding for the development of 4 accelerator programs.

Table 5
2022 Arkansas Business and Technology Accelerator Grant Program

Accelerator	Accelerator Description	Amount
ITB	Entrepreneur skills development	\$243,454
FIS FinTech	Financial tech for startups	\$250,000
ICBA Accelerator	Financial tech for community banks	\$250,000
Plug and Play	Supply chain logistics innovators	\$250,000

The **Arkansas Small Business Innovation Research Matching Grant Program (SBIR)** provides discretionary matching grants to companies for up to 50% of the amount of a federal SBIR grant award. The objective is to encourage innovative small business to engage in federally funded research that has the potential for technological innovation and commercialization. In 2022, AEDC awarded \$550,00 in SBIR matching grant funds to seven entities. This grew from \$175,000 disbursed for four entities awarded the previous year.

Table 6
Arkansas Small Business Innovation Research (SBIR) Matching Grant Program

SBIR Grant Phase*	Project Type	Location	Amount
Phase I	Relay mobility optimization	Bentonville	\$50,000
Phase I	AI insect monitoring device	Clinton	\$50,000
Phase 1	Biopolymer based emulsions	Fayetteville	\$50,000
Phase II	Advanced brain injury technology	Fayetteville	\$100,000
Phase II	Medical diagnostic tools	Little Rock	\$100,000
Phase II	Tissue regeneration research	Little Rock	\$100,000
Phase II	Autonomous 3D manufacturing	Springdale	\$100,000

Part 2 Assessment of Projects That Did Not Materialize

In calendar year 2022, the Arkansas Economic Development Commission engaged in 172 projects, 33 of which signed financial incentive agreements. Of the 172 projects the agency worked in 2022, 25 have announced or are expected to announce a location in Arkansas during calendar year 2023. In the past year, AEDC worked four projects with companies that located in Arkansas but did not receive incentives.

Of the projects that signed incentive agreements 2022, nine were new companies and 24 were existing companies. Upon completion, these 33 projects are expected to create/retain 4,476 in new jobs and generate \$4,476,541,564 in new investment to Arkansas.

Table 7
Project Status 2022

Project Status	Number of Projects
Project committed to Arkansas and signed an incentive agreement in 2022	33
Project has or is likely to announce in 2023	25
Project is active but no decision has been made	30
Project is on hold/status pending	8
Project did not materialize-or will not locate in Arkansas*	52
Project located in Arkansas without state incentives	4
Total Projects	172

*Information regarding these projects is provided in Table 8

Table 8
2022 Projects That Did Not Materialize

Type of Company	Number of Jobs	Incentives Offered	Reason for not locating in Arkansas
Manufacturing	N/A	General incentive information provided	Project did not materialize.
Manufacturing	1,700	General incentive information provided	Project located in Indiana. Concern over site proximity to seismic zones.
Manufacturing	50	General incentive information provided	AR was eliminated by soil concerns & supply chain access.

Manufacturing	80	General incentive information provided	Project did not materialize.
Manufacturing	200	Tax Back, Advantage Arkansas	Company expansion did not materialize
Manufacturing	N/A	General incentive information provided	Project located in TX where the company felt they had greater potential for speed to market and proximity to end users.
Manufacturing	125	General incentive information provided	AR site eliminated over seismic zone concerns.
Manufacturing	94	Advantage Arkansas, Tax Back, Training funds	Company expansion did not materialize.
Manufacturing and Warehousing	N/A	General incentive information provided	Project did not locate in Arkansas. No reason was given.
Manufacturing	750	General incentive information provided	AR buildings did not ultimately meet the company's criteria.
Food processing	75	General incentive information provided	Project did not materialize.
Electronics manufacturing	N/A	General incentive information provided	Project did not materialize.
Logistics	N/A	Advantage Arkansas, Tax Back	Project did not materialize.
Manufacturing	320	General incentive information provided	Project did not materialize.
Manufacturing	9	General incentive information provided	The project ultimately did not qualify for state incentives.

Manufacturing	3,500	General incentive information provided	Company is considering sites outside of AR with more renewable energy options and infrastructure in place.
Agribusiness	N/A	General incentive information provided	Project did not materialize.
Distribution	0	In-House R&D Tax Credit	The project ultimately did not qualify for state incentives.
Software development	1,350	Advantage Arkansas, Tax Back	Project did not materialize.
Manufacturing	96	General incentive information provided	Company was acquired and the project did not take place.
Manufacturing	1,071	General incentive information provided	Company located in Georgia. No reason was provided.
Call center	N/A	General incentive information provided	Project did not materialize.
Manufacturing	N/A	General incentive information provided	Project did not materialize.
Manufacturing	200	General incentive information provided	The project was cancelled.
Manufacturing	60	Advantage Arkansas, Tax Back	Project did not materialize
Manufacturing	0	Advantage Arkansas, Tax Back	The project did not locate in Arkansas. No reason was given.
Manufacturing	N/A	General incentive information provided	Project did not materialize.
Manufacturing	N/A	General incentive information provided	Project ultimately not eligible for state incentives.

Manufacturing	N/A	General incentive information provided	Project did not materialize.
Manufacturing	158	General incentive information provided	Located in an unknown state.
Manufacturing	100	General incentive information provided	Located in an unknown state. Did not qualify for state incentives.
Manufacturing	7,502	General incentive information provided	Concerns with soil to support heavy industry.
Manufacturing	300	General incentive information provided	Company decided to focus on sites outside of AR. No reason given.
Manufacturing	200	General incentive information provided	Company decided to focus on sites outside of AR due to lack of nitrogen industrial gas supplier.
Manufacturing	115	General Incentive information	Project did not materialize.
Software development	224	Advantage Arkansas, Tax Back	Project did not materialize.
Manufacturing	912	General incentive information provided	Concerns about workforce availability. Prefer to locate in an area with higher population density.
Metals fabrication	160	General incentive information provided	Project did not locate in Arkansas. No reason given.
Engineering	N/A	In-House R&D Tax Credit	Project did not materialize.
Manufacturing	0	General incentive information provided	Located in Nashville, TN.
Cybersecurity	0	In-House R&D Tax Credit	Project did not materialize.

Metals recycling	120	General incentive information provided	The project did not locate in Arkansas. No reason was given.
Manufacturing	100	General incentive information provided	Located closer to major customers.
Manufacturing	0	In-House R&D Tax Credit	Project did not qualify for incentives
Dental Offices	N/A	Targeted R&D Tax Credit	Company did not qualify for incentives.
Dental Offices	N/A	Targeted R&D Tax Credit	Company did not qualify for incentives.
Manufacturing	99	Tax Back, Advantage Arkansas, Quick Action Closing Fund	Company invested in an existing facility in Illinois
Manufacturing	715	Tax Back, Create Rebate	Project located in Louisiana due to concerns the regional labor market would be too competitive.
Manufacturing	2,807	General incentive information provided	Site was eliminated due to labor market concerns for engineers.
Life science research	0	In-House R&D Tax Credit	Company withdrew project as it was initially submitted. A new project scope is being developed.
Manufacturing	0	In-House R&D Tax Credit	Company did not meet incentive qualifications.
Manufacturing	0	In-House R&D Tax Credit	Project did not ultimately meet incentive qualifications.

Source: Arkansas Economic Development Commission

Part 3 Accounting of Major Factory and Plant Closures

Manufacturing continues to be a strong part of Arkansas’s economy. In 2022, the manufacturing industry employed over 12% of the state’s labor force. The COVID-19 pandemic caused significant disruption to the sector. Companies experienced challenges in supply chain, workforce shortages, and increased costs. Arkansas’s manufacturers produce a diverse range of products from corporate jets to packaged cereal. In 2022, manufacturing employment grew by 3.4%, however, not all groups within the manufacturing sector experience growth. Record unemployment, rising costs, and automation have impacted some Arkansas companies. Table 9 lists 2022 layoffs and closures of major Arkansas manufacturers.

Table 9
2022 Major Manufacturing Layoffs and Closures

Location	Event	# of Jobs Impacted	Reason
Magnolia	Layoff	32	Production orders slow down
Green Forest	Layoff	102	Corporate decision
Jacksonville	Layoff	26	Restructuring in the company
Fort Smith	Layoff	20	Corporate decision
Harrison	Layoff	50	Temporary layoff
Warren	Layoff	81	Slowdown in production
West Memphis	Layoff	190	Corporate decision
West Memphis	Facility Closure	320	Corporate decision
Fort Smith	Facility Closure	84	Corporate decision
Rogers	Business Closure	101	Corporate decision
		Total: 1,006	

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

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

Arkansas’s manufacturing sector experienced 1.2% growth in employment between 2018 and 2022. In 2020, the state’s manufacturing industry lost -4.5% of jobs. In 2022, employment in the manufacturing sector has rebounded to 162,482, the highest in the five-year period. Growth occurred in seven manufacturing industry groups between 2018 and 2022: metals manufacturing, plastics and rubber manufacturing, miscellaneous manufacturing, wood products, transportation equipment, food and beverage manufacturing, machinery

manufacturing, transportation equipment manufacturing, and machinery manufacturing. Supply chain issues, which plagued production for many groups, have stabilized since the unprecedented slowdown in 2020. While inflation may present challenges in terms of material costs and employment costs nationwide, Arkansas has an advantage over other states due to the low cost of doing business and costs of living. A breakdown of each manufacturing sector is outlined in Table 10.

Table 10
Arkansas Manufacturing Transitions: 2018-2022p

Growth	Small – Moderate Decline (0.1% to -9.9%)	- Large Decline (10%+)
Metals Manufacturing (+1%)	Chemical Manufacturing (-0.4%)	Textiles & Apparel Manufacturing (-13.4%)
Plastics & Rubber Manufacturing (1.93%)	Nonmetallic Minerals (-2.9%)	Printing & Support Activities (-22.4%)
Misc. Manufacturing (+3.3%)	Furniture Manufacturing (-6.2%)	Leather (-27.4%)
Food & Bev Manufacturing (+3.4%)	Computers & Electronics Manufacturing (-7.8%)	
Wood Product Manufacturing (+4.4%)	Paper Manufacturing (-9.3%)	
Transportation Equipment (+8.32%)	Petroleum & Coal Manufacturing (-9.6%)	
Machinery Manufacturing (+11%)		

Source: Bureau of Labor Statistics, 2018-2022p (preliminary) private sector Quarterly Census of Employment and Wages

Summary of Manufacturing Sector Job Losses (2018-2022)

Below is a summary by net loss and percentage of the sectors that did not experience growth from 2018 to 2022:

Chemical Manufacturing: (net loss -21; -0.4%) The segment experienced a slight decrease in employment for the period of 2018 to 2022. However, between 2021 and 2022 the sector employment rebounded by 1.1%. The greatest employment increases in this subsector were in toilet preparations manufacturing, which grew by 22% over the five-year period.

Petroleum & Coal: (net loss -119; -9.6%) The segment had an overall net loss of 119 jobs between 2018 to 2022. Between 2021 and 2022, several categories have experienced job growth as pandemic recovery continues. Included in the job growth was asphalt paving and roofing, asphalt paving and block manufacturing, asphalt shingle and coating manufacturing, and other petroleum and coal products manufacturing. This segment should continue to strengthen as the economy experiences more gains post-pandemic.

Nonmetallic Minerals: (net loss -109; -3%) Between 2018 and 2022, employment in nonmetallic mineral manufacturing had a -3% loss. The majority of the job losses occurred in other nonmetallic mineral products manufacturing and lime and gypsum product manufacturing. Nonmetallic mineral manufacturing industry had job growth in glass and glass product manufacturing and clay product refractory manufacturing. In 2022, cement and concrete product manufacturing grew by 1%.

Furniture: (net loss -227; -6.2%) The furniture and related products manufacturing experienced a -6.2% job loss during the five-year period. In 2022, other furniture related product manufacturing added 77 new jobs and is above pre-pandemic levels. As some remote jobs move back to an office setting, the office furniture segment is expected to grow and increase employment in the state.

Paper Manufacturing: (-897, -9.3%) Paper manufacturing lost jobs during the five-year period. This is not surprising as the adoption of paperless technologies and digital options continue to grow.

Leather: (net loss -301, -27.4%) After increasing jobs in the sector in 2018 and 2019, the sector began to decline in 2020. This decline continued through 2021 and 2022 with the majority of jobs lost in footwear manufacturing (classified separately from apparel.)

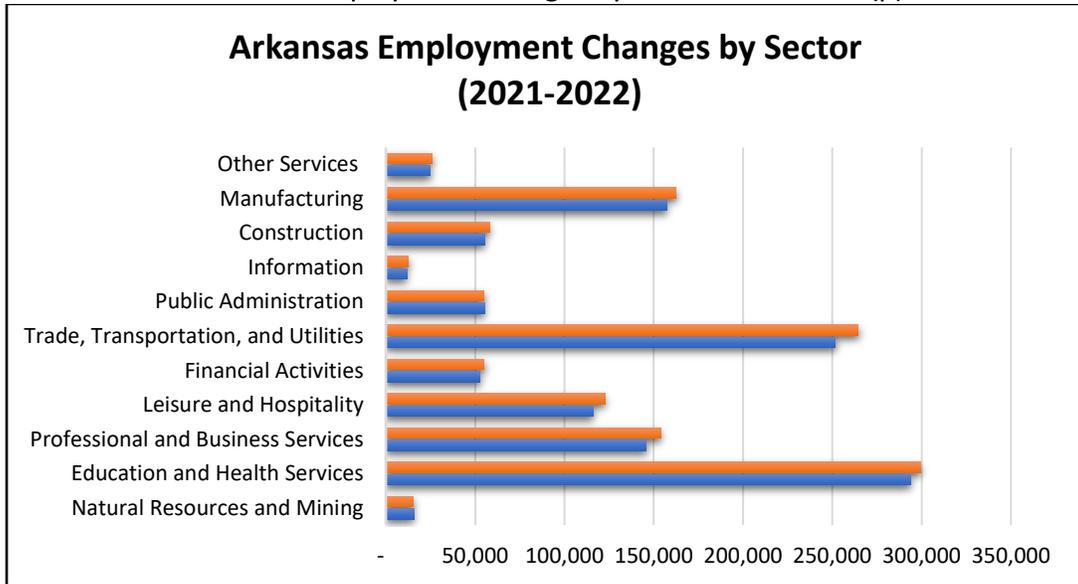
Textile & Apparel: (net loss -263; -13.4%) Textile and apparel manufacturing employment declined from 2019 to 2021. Job losses in these years occurred predominantly in apparel manufacturing. However, the segment is recovering and increased employment in 2022 by 9.3%. The global supply chain that was stalled by the pandemic continues to improve. In 2022, textile manufacturing alone grew by 18%. While the sector's employment is not at the level before the pandemic, a slow growth is expected to continue.

Computer and Electronics Manufacturing: (net loss -524; -7.8%) This group combines computer and electronic product manufacturing industry group and the electrical equipment manufacturing industry group. From 2018 to 2022, Arkansas lost -7.8% of the jobs in this industry group. In 2022 alone, the industry group grew by 3.2%. The strongest growth occurred in electrical equipment manufacturing and other electrical equipment and component manufacturing. Slow growth in these industry groups is expected to continue in the state. The U.S. has seen significant growth in these groups in recent years, particularly in semiconductor manufacturing.

Printing and Related Services: (net loss -868, -22.3%) The printing and related services subsector continued to decline during the last five years. Consumer preference to digital technologies continues to reduce employment in these businesses. However, employment in commercial screen printing grew by 2% during the period.

Arkansas Economic Sector Changes (2021-2022)

Chart 4
Arkansas Employment Changes by Sector: 2021-2022(p)



Source: US Bureau of Labor Statistics

Sectors with Losses

Natural Resources and Mining includes businesses in agriculture, forestry, hunting, fishing, mining, quarrying, and oil and gas extraction. The overall sector had a small decline of -1% in 2022. The largest share of job decline was in forestry and logging which saw -183 fewer jobs than the previous year. The sector saw a 2.1% growth in oil and gas extraction and a 0.8% growth in mining from 2021.

Public administration employment sector includes employees at the federal, state, and local levels. In 2022, the sector had a -0.1% overall loss. These job losses were at the federal and state levels. Public administration at the local level in Arkansas grew by 1.6% from the previous year.

Part 4 General Assembly Proposals to Assist Economic Development

In 2022, the General Assembly passed significant tax legislation during the Third Extraordinary Session.

1. **Act 1, Act 2 of 3rd Extraordinary Session/SB 1, HB 1001** (Dismang/Jett) To Reduce Arkansas Income Taxes; To Adopt Federal Law On Depreciation And Expensing Of Property; To Create An Income-Tax Credit For Certain Taxpayers; And To Declare An Emergency.

The historic tax cut reduced the individual income tax rate to 4.9%. The date was retroactive to January 1, 2022. It lowered the corporate income tax rate from 5.9% to 5.3% starting on January 1, 2023. Additionally, the bill adopted the federal depreciation schedule for business owners allows the accelerated depreciation of assets. A one-time income tax credit of \$150 to taxpayers with income up to \$87,000 was granted to assist Arkansans with the impact of growing inflation. The rate was \$300 for couples filing jointly with income up to \$174,000.

Part 5 Strategies and Recommendations for the Coming Year

Plans for Preventing Closures and Job Losses

Arkansas has experienced a steady economic recovery from the repercussions of COVID-19. Workforce challenges continue to be a concern for businesses of all sizes and sectors. Despite experiencing record-low unemployment rates in 2022, the state continues to have a high number of job openings, resulting in an extremely competitive job market. To attract and retain talent, companies found it necessary to enhance wages and benefits for key positions. Concurrently, the escalation of inflation has elevated the costs of goods, further impacting operational expenditures for businesses.

In this landscape, it becomes necessary for Arkansas companies to implement effective strategies and tools to navigate these challenges. The ability to address workforce shortages, adapt to the competitive job market, and manage increased operational costs is essential to mitigate the risk of layoffs and closures. As Arkansas companies navigate this changing business environment, the implementation of strategic measures will be vital in fostering resilience and ensuring operational stability.

Building Workplace Resilience

The pandemic highlighted that a company's resilience is dependent upon how they prepare to overcome challenges that arise in everyday operations as well as emergency circumstances. Companies must develop fluid plans to reduce vulnerabilities and adjust to changes.

In 2022, Arkansas Manufacturing Solutions, part of the Arkansas Economic Development Commission's Existing Business Resource Division, launched a new program to aid companies in workplace resiliency. The Workplace Resilience Assessment (WRA) Program assists companies identify root causes of operational issues that can range from high employee turnover to quality concerns. The team conducted four WRA assessments in the program's first year. WRA includes an onsite visit to an existing manufacturer and the Arkansas Manufacturing Solutions team provide the company with a report with observations and recommendations. The Arkansas Manufacturing Solutions team can then work with the company to address opportunities that were identified.

Enhancing Arkansas Manufacturing

The Arkansas Manufacturing Solutions Group provides outreach to Arkansas manufacturing industry to identify areas of opportunity for growth and improvement. This agency division has the capability to deliver world-class training to Arkansas companies in the areas of advanced manufacturing, organizational and operational excellence, and family business services.

In 2022, they provided customized consulting services with existing manufacturers assistance with areas such as succession planning, Lean Six Sigma certification, risk management, value stream mapping, exporting, technology driven market intelligence, cybersecurity, organizational strategic planning, root cause analysis, and leadership training. The impacts of these consulting services to existing manufacturers in 2022 resulted in 3,058 created and retained jobs, \$398 million in new and retained sales, \$46 million in new investment, and \$13 million in costs savings.

In the coming year, the Manufacturing Solutions group will continue to provide outreach to existing industry on how these customized programs can assist them in rightsizing, improving processes and

systems, and set and achieve goals. Identifying root causes of problems and strategically implementing ongoing solutions can result in fewer closures and layoffs.

The Existing Business Team at AEDC works with manufacturers to explore more sophisticated processes and production methods to compete in an industry that is constantly innovating. In addition, the group acts as a liaison with state educational entities to provide a collaborative approach to address company needs. In 2022, the group conducted over 400 on-site visits with existing manufactures.

Collaborative Vision for Workforce Success

Attracting and retaining quality employees is critical to success in every industry. Large, mid-size, and small employers are struggling to find enough skilled talent to fill job openings. Arkansas has a need to develop a comprehensive, synergistic, and cooperative strategy for cultivating competitive skills and workforce development on a statewide scale.

In February 2023, Governor Sanders created the Governor's Workforce Cabinet and appointed a new chief workforce officer. The Secretary of the Department of Commerce is a member of the cabinet. To date the Workforce Cabinet has released its first report. Given the complexity of the workforce challenges, the cabinet will work to develop a strategic plan that is a collaboration among businesses, government, educators, and workforce development experts. Addressing workforce challenges tailored to fit Arkansas requires a comprehensive and collaborative approach with multiple stakeholders and finding creative and innovative solutions. Multiple agencies within the Department of Commerce, including the Arkansas Economic Development Commission, Division of Workforce Services, and the Office of Skills Development, welcome the opportunity to engage with the cabinet and the chief workforce officer to address this crucial issue.

Diversifying Recruitment Strategies

In response to widespread hiring challenges for entry-level positions in 2022, the Existing Business Division continues to work with companies to engage in the Future Fit program. Launched with the objective of bridging the skills gap between potential applicants and company requirements, Future Fit is a strategic effort to diversify recruitment strategies by tapping into traditionally untapped talent pools. The program, provided at no cost to participants, targets a diverse group, including high school graduates, military veterans, unemployed or underemployed individuals, and non-violent offenders released by law enforcement.

Future Fit offers a comprehensive curriculum tailored to meet a company's specific skill needs. Covering 96 hours of combined hands-on and online training, the program equips participants with fundamental skills essential for success in entry-level manufacturing positions. The course structure includes industrial mathematics, safety, professional communications, industrial workplace skills, blueprint reading and measurement, and fundamentals of machine operations. By reducing lead time and expenses associated with evaluating and hiring entry-level employees, the Future Fit program allows companies to confidently employ graduates with the unique skills necessary for success in a competitive industry.

Facilitating Relationships and Contacts

The Minority and Women-Owned Business Enterprise Division (MWOBE) was established to foster the growth, development, and expansion of these businesses, furthering their contribution to the state's economic fabric. In 2022, the online Minority and Women-Owned Business Directory exhibited exceptional growth, featuring 1,984 businesses from across Arkansas. This marked an increase of 211

entries throughout the year. A strategic revamp of the directory enabled the gathering of valuable data about visitor traffic. This data is now leveraged to strategize on positioning the user database better and enhancing the online experience.

Thirty-seven new businesses successfully completed the Minority and Women-Owned Business Enterprise Certification process in 2022. The certification process verifies that a business is at least 51% minority or women owned. The Division conducted 12 informational sessions about the Certification program around the state, attracting a total of 492 attendees. There is no fee to become certified. Businesses that complete the certification process receive a certificate and designation as a certified minority and women owned business in the online directory.

In 2022, the agency hosted the annual Minority and Women-Owned Matchmaker Event. Five workshops provided information on government contracting, small business resources, entrepreneurship, financing, and marketing. Over 200 meetings were pre-arranged with attendees interested in pursuing contract opportunities and buyers from state, federal, local, and private buyers.

Plans for Increasing the Number of Economic Development Proposals

Accelerating income tax reduction

In 2022, the Arkansas General Assembly further reduced the state's corporate income tax rate. In a special session in August, the General Assembly voted to accelerate the time frame of the reduction to 5.3% effective on January 1, 2023. The legislation passed will provide approximately half a billion dollars in personal annual tax relief for Arkansas taxpayers. The accelerated reduction of the corporate income tax elevates Arkansas's business climate to one of the most competitive in the country. A reduced tax burden to individuals, paired with the state's low cost of doing business and low cost of living, makes the state an attractive location for talented workers and companies. In the next year, the Arkansas Economic Development Commission will work with members of the General Assembly to further improve the state's tax climate.

Inspiring Creativity with a World Class Backdrop

The Arkansas Film Commission played a pivotal role in assisting a diverse array of 15 film productions in 2022. From independent feature films to faith-based series, commercials, documentaries, and reality series, Arkansas emerged as a unique backdrop for storytelling.

Arkansas garnered acclaim from Los Angeles-based producers who attested to finding world-class crew and facilities, terrific locations, and strong support from the state. This recognition solidifies the state's success in attracting talent and film production.

The Arkansas Film Commission remains committed to nurturing the industry for crew and film producers. In 2022, a comprehensive database was launched that provides potential filmmakers with information on Arkansas locations, crew, and vendors. This streamlined critical information about the state's film production landscape into one place. The film industry in Arkansas is on track to another successful year in 2023.

Empowering Small Cities and Counties

Strengthening small cities and counties aligns with AEDC's commitment to fostering economic growth, sustainability, and improved quality of life across the state. In 2022, the significance of rural areas was underscored by the fact that 27% of all economic development projects that signed agreements were in small cities and counties. This emphasizes the role that small and rural communities play in the economic landscape of Arkansas.

In 2022, \$21.6 million in state Community Development Block Grant (CDBG) and Community Development Block Grant - Covid funding was allocated to assist non entitlement small cities and communities. CDBG funds were utilized to community needs and help promote resilience in small communities. The agency's Grants Management team made \$733,000 of CDBG-Covid funds available to the Arkansas Hunger Relief Alliance.

Moreover, the impact of the Community Development Block Grant (CDBG) was evident in 34 general assistance projects exceeding \$10 million in grant funds. These projects, encompassing public facility and infrastructure improvements, directly benefited over 63,200 individuals predominantly low-to-moderate individuals in small cities and communities. The outcomes of these projects highlight the effectiveness of targeted investments in rural development.

The agency's Rural Services Division worked to assist rural communities in Arkansas in 2022. The Division disbursed seven Rural Services Block Grants, totaling \$475,000. These funds were awarded to communities with populations under 3,000 for projects that included community center renovations and expanded fire protection. These grants addressed essential infrastructure and safety needs, contributing to the overall well-being of rural populations.

The Rural Services Division's commitment to fostering holistic development was further exemplified through its funding initiatives. In 2022, \$405,000 was allocated through the Rural Community Grant Program, \$24,000 to the Spay and Neuter Pet Grant Program, and \$502,838 for the Arkansas Game and Fish Wildlife Grant Program. These diverse funding streams underscore the comprehensive approach taken to support various aspects of rural development.

The agency's Rural Development Conference was a successful event in 2022. Despite being a scaled-down one-day event, the conference drew over 250 attendees, vendors, and sponsors. This demonstrated a shared commitment to advancing rural Arkansas by facilitating collaboration, knowledge-sharing, and resource mobilization.

AEDC's dedication to rural development in 2022 is evident through its multifaceted approach. By investing in economic projects, addressing essential needs, and fostering community partnerships, AEDC is laying a foundation for sustainable growth and improved well-being in rural areas across the state.

In 2023, the agency anticipates developing policies and procedures to address pressing issues in rural communities, including the demolition of blighted areas and innovative approaches to use CDBG to combat food insecurity. By proactively addressing these challenges, AEDC aims to create sustainable solutions for rural communities.

The Community Development Division will collaborate with strategic partners to introduce an interactive source guide aimed at assisting cities and counting to locate resources to address their

unique needs. This tool will serve as an asset for local communities, offering a comprehensive and user-friendly platform.

In 2023, the Community Development Division will foster community and economic development by providing training programs to newly elected officials. Recognizing the pivotal role that education plays in empowering local leaders, these initiatives aim to equip officials with the knowledge and skills essential for steering their communities toward sustained growth and prosperity.

Transitioning from Innovation to Entrepreneurship

In 2022, the agency's Established Program to Stimulate Competitive Research (EPSCoR) Division received news that the state's I-Corps programs, designed to enhance the economic and societal impact of research investments, was ranked #1 among the 28 states and U.S. territories eligible for funding. This showed impactful growth from 2021 when Arkansas was ranked 16th. Among all states Arkansas ranked 16th. This was a jump from 43rd the previous year and surpassed states such as Colorado, Arizona, and Virginia.

The state's remarkable surge in national I-Corps awards is a testament to a strategic collaboration between the Arkansas NSF EPSCoR central office at the Arkansas Economic Development Commission (AEDC) and the University of Arkansas. This collaborative effort, initiated in 2020, has significantly increased team formation, expanded the pool of industry mentors, and actively pursued awards. The collaboration has yielded impressive results, with 40 NSF National I-Corps teams from Arkansas generating 22 startup companies, participating in over 4,000 industry engagement meetings, creating 74 new jobs, and securing \$5.1 million in follow-on capital.

In the next years the Division's focus shifts to sustaining and expanding these collaborative efforts and reinforcing Arkansas's position as a national leader in innovation and research.

The Division hosted two major events supported by National Science Foundation grants: the EPSCoR Workshop on Artificial Intelligence and the National State Science & Technology Institute annual conference.

In 2022, the EPSCoR Division awarded \$500,000 in research grants to early career faculty for projects at four Arkansas universities. These projects ranged from AI supported cyberinfrastructure projects to AI approaches for speech assessment for Parkinson's disease. AEDC recognizes that commercialization and development following research conducted at Arkansas universities has a high potential to grow the commercialization portion in the state. This can help transitions innovators into entrepreneurs that have growth potential as the company reaches maturity.

Targeted Foreign Direct Investment in Arkansas

The agency's Business Development division is the point of contact with companies and site location consultants. The Division communicates information about the state's incentives, available buildings and sites, and the state's competitive business climate during the site location process.

Foreign Direct Investment (FDI) is crucial to Arkansas for several reasons, and the efforts of AEDC's offices in Asia and Europe play a significant role in fostering economic growth, job creation, and increased investment in the state. FDI opens access to global markets, allowing Arkansas businesses to expand their reach and export products internationally. By engaging with other countries to market the

positive benefits of doing business with Arkansas, the state positions itself as a competitive player on the international stage.

AEDC's Global Business team encourages FDI in several ways: global market access, job and investment creation, government, and industry partnerships, promoting Arkansas as a desirable business location, diversification of the economy, and fostering opportunities.

In 2022, the Global Business Team conducted 180 meetings with prospective companies and location consultants, attended 48 events with trade forums to facilitate networking and business opportunities, conducted 16 presentations and educational seminars on business opportunities in Arkansas, 37 meetings with governmental, diplomatic, and organizational bodies to strengthen and foster relationships.

AEDC's Asia Office, located in Japan, worked with the following countries in 2022: Japan, South Korea, India, Malaysia, Australia, Thailand, New Zealand, and Indonesia. The European office engaged with key players in Germany, England, Italy, Austria, Switzerland, Poland, and the Czech Republic.

Business Development, Paving the Future

In 2022, AEDC and the Business Development Team realized new achievements in the mission to transform Arkansas's economic landscape. U.S. Steel, a key partner, announced the largest single project in the state's history. The announcement not only signifies a monumental investment but also will construct the most technologically advanced steel mill in North America. This unprecedented commitment solidifies Arkansas's position at the forefront of the steel industry.

In 2022, AEDC experienced the proposed highest average hourly wages for projects that signed incentive agreements. This average hourly wage of \$30.86 exceeded the state's average hourly wage of all workers at \$25.73 and moved closer to the national average hourly wage of \$32.25.

Beyond the impressive figures of investments and job creation, these projects create the potential for long term economic impact. Each project, large or small, has a multiplier effect that can foster further job opportunities, knowledge transfer, and community development.

Elevating Economic Development through Strategic Marketing Initiatives

The Arkansas Economic Development Commission's Marketing division accomplished significant milestones in 2022, setting the stage for increased economic development projects and enhanced engagement with decision-makers. The Division's innovation, digital presence, and strategic content creation is poised to elevate the state's profile, attracting economic development interest on a global scale, and reinforcing its position as a prime destination for businesses.

Building upon the success of the "Executive Voice" campaign initiated in 2021, the Marketing division continued to showcase the advantages of doing business in Arkansas through compelling narratives from Arkansas company executives. A notable addition to the campaign in 2022 was Sebastien Deltheil, Senior Vice President and General Manager of Dassault Falcon Jet, increasing the diversity of voices championing the state's business environment.

Recognizing the impact of digital platforms, the Marketing Division made substantial strides in expanding the agency's social media presence, registering a remarkable 19% increase in social media followers. Feedspot recognized the agency's blog among the top 10 economic development blogs to

follow in 2022. This growth reflects the agency's commitment to leveraging digital channels for effective communication and outreach.

In 2023, the agency will continue to deliver personalized, high-quality experiences to decision-makers. The multifaceted approach involves creating tailored landing pages for prospective companies, launching new podcasts, and fostering a robust Arkansas blog presence. Building upon the successful Executive Voice campaign, the strategy includes generating additional content to reinforce Arkansas as the premier choice for project locations.

Aerospace and Defense

The Military Affairs Division is dedicated to growing, supporting, and promoting the state's military mission, installations, and economic development interests. 2022 saw continuation of key initiatives, achievements, and strategic partnerships.

In 2022, the Division continued efforts to secure the establishment of the F-35 Foreign Military Sales Pilot Training Center at Ebbing National Guard Base in Fort Smith. This project is expected to create over 900 new jobs in the Fort Smith Region and have over \$1 billion in economic impact. This groundbreaking initiative involves the collaboration of the U.S. Air Force and State Department to construct a dedicated training center, diverging from the traditional approach of placing it within an existing Air Force installation.

A pivotal development during the year was the initiation of a partnership with the Republic of Germany, positioning Ebbing Air National Guard Base as the potential Global F-35 Training Center of Excellence. In anticipation of the F-35 Training Center's significant economic impact, Congress allocated an additional \$28.3 million in fiscal year 2023 for planning and design of the Ebbing Air National Guard campus, expanding the project scope. This strategic investment positions Arkansas as a key player in global pilot training and its commitment to fostering cutting-edge military capabilities.

The Military Affairs Division actively engaged in supporting the implementation phase of Compatible Use Studies for the Pine Bluff Arsenal and the Little Rock Air Force Base. A notable outcome of these studies is the collaborative effort among counties and municipalities supporting these installations. This collaborative approach ensures the successful execution of projects aimed at fostering growth and support for the military installations.

Throughout 2022, Arkansas made substantial progress in comprehending and fortifying its cyber infrastructure. The Division's collaborative efforts with the Forge Institute and the Arkansas Cyber Initiative played a crucial role in enhancing the state's cybersecurity resilience.

The Military Affairs Division, coupled with international collaborations and strategic investments, is likely to have a cascading effect on job creation across various industries, supporting economic growth in Arkansas. These new job opportunities will include infrastructure design, engineering and construction, opportunities in advanced research and technologies development, entrepreneurial opportunities for service sector jobs and startups that align with growing cybersecurity analyst, specialist and IT professionals.

Plans for Creating New Initiatives/Incentives

Mission and Core Values

In the coming year, the leadership and staff of the Arkansas Economic Development Commission, with input and direction from the Secretary of Commerce, will be reimagining the agency's mission, core values, and objectives.

Competitive Site Development

AEDC recognizes the pivotal role of industrial development sites in attracting businesses and fostering economic growth. To address this, AEDC will develop a pilot program aimed at enhancing the state's economic competitiveness through the rapid development of high-quality industrial sites. AEDC is reviewing similar programs in other states and will develop a program aimed to assist with improvements in Arkansas's site inventory.

2023 Economic Development Guide

AEDC is preparing to partner with Site Selection Magazine to publish the Arkansas Economic Development Guide. In 2023, the magazine will publish a booklet with information about the state's business strength, industrial strength, and highlight the unique quality of life that Arkansas offers.

Elevating Workforce Appeal Through Quality of Place

In the next year, AEDC will work to leverage the state's natural beauty and world-class recreational offerings a strategic advantage in attracting, retaining, and cultivating a talented workforce, while spotlighting the state's unique quality of life and cost of living advantages.

Arkansas's quality of place is a natural magnet for talented employees seeking a high quality of life. Arkansas's natural beauty and variety of outdoor and indoor recreational activities can position the state as an ideal place for professionals and their families.

In 2023, AEDC will continue to collaborate with the Department of Parks, Heritage, and Tourism to expand and enhance the Discover Arkansas partnership. This initiative showcases the diverse recreational opportunities to prospective companies, prospective residents, and guests by emphasizing Arkansas's unique lifestyle benefits.

The state's unemployment rate has remained at a historic low since the pandemic recovery began. To ensure that Arkansas employers have a talent base to fill positions, it will become more important to recruit highly skilled talent and retain current residents through spotlighting the low cost of living while enjoying a high quality of life.

The variety of recreational opportunities in Arkansas have created a vibrant core of outdoor recreational businesses in the state. By promoting their success stories, the state will be able enhance and grow the industry.

Small Business and Entrepreneurship Development

The new consolidated division is positioned to leverage assets across AEDC to support small business and entrepreneurs in Arkansas. The division will further evaluate outreach to customers and the current information available to customers accessing the portal. The division will work to launch a dedicated webpage for small business. This platform will host a comprehensive database of resources tailored to address the unique need of small businesses and entrepreneurs, offering a centralized hub for information.

Arkansas Tax Climate

AEDC will continue to work with members of the General Assembly to create a more competitive tax climate for companies located in Arkansas and to attract new investment. The historic tax cuts the General Assembly enacted in 2021 and during the special session in 2022 have increased the state's competitiveness for consideration of economic development projects. AEDC will work with members to evaluate further simplifying Arkansas's tax code and the elimination of the throwback rule.

Part 6 Director’s Assessment of AEDC’s Performance

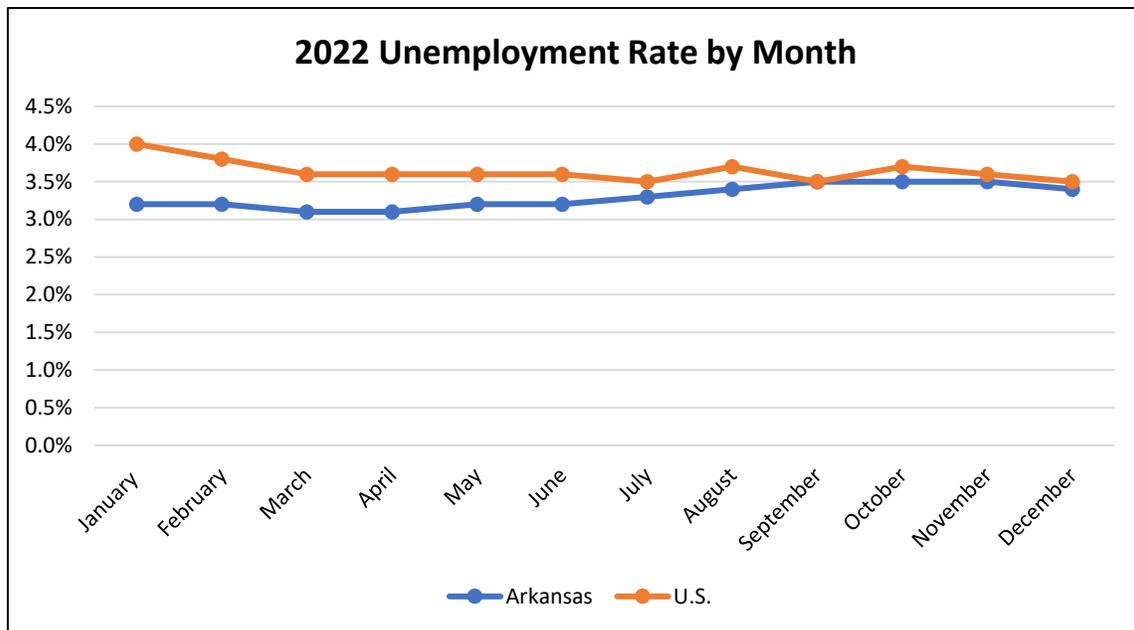
Comparison of the Past Two Years

Table 11
2021-2022 Comparison of Signed Incentive Agreements:
New and Expanded Year-End Results

Year	Type	Projects	Jobs	Total Investment	Avg. Hourly Wage	Cost Benefit Ratio
2021	New	6	974	\$84,610,450	\$22.25	7.24
	Expansion	46	3,470	\$828,708,998	\$21.70	
	Retention	4	43	\$148,055,167	\$41.03	
	Total	56	4,488	\$1,061,374,615	\$22.21	
2022	New	9	1,721	\$866,2676,093	\$20.48	16.76
	Expansion	23	2,315	\$3,552,712,775	\$22.34	
	Retention	1	0	\$11,800,000	\$37.20	
	Total	33	5,422	\$4,476,541,564	\$30.86	

Note: A cost benefit ratio-for a cost benefit ratio of 16.76 means that, over a 10-year period, the state will get back, in taxes, \$16.76 for each dollar of incentives used for job creation projects.

Chart 5



Source: Arkansas Department of Workforce Services, Local Area Unemployment Rates, 2022 Monthly Unemployment Rates, seasonally adjusted

Table 12
2021-2022 Unemployment Rate Comparison

	AR Unemp Rate	US Unemp Rate
2021 annual average unemployment rate	4.0%	5.3%
2022 annual average unemployment rate	3.3%	3.6%

Sources: Arkansas Department of Workforce Services, 2022 Unemployment Rates and Labor Force Statistics, annual rates are not seasonally adjusted.

Arkansas's Economic Performance Compared to Neighboring States

Gross Domestic Product

Table 13
2022 Real GDP by State: Arkansas and Surrounding States

State	2022 GDP Per *	National Rank
<i>United States</i>	\$20,014,128	--
Texas	\$1,876,3278	2
Tennessee	\$367,776	17
Missouri	\$300,676	22
Louisiana	\$217,156	26
Oklahoma	\$191,388	30
Arkansas	\$126,532	34
Mississippi	\$104,535	36

*In millions of chained 2012 dollars

Source: Bureau of Economic Analysis, 2022 Real Gross Domestic Product by State

Labor Force Comparison

Table 14
Labor Force Change: Arkansas and Surrounding States

State	Percentage Labor Force Change (2021-2022)	National Rank
<i>United States</i>	1.9%	--
Texas	2.5%	8 th
Arkansas	2.2%	12th
Oklahoma	1.4%	19 th (tied)
Tennessee	0.9%	31 st (tied)
Louisiana	0.7%	37 th
Missouri	0.4%	41 st
Mississippi	-0.4%	47 th (tied)

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

Table 15
Labor Force Participation Rate and Change from 2021 to 2022

<i>State</i>	<i>2022 LFP Rate</i>	<i>Rank</i>	<i>% Change from 2021</i>	<i>Rank</i>
<i>United States</i>	62.2		0.5	--
Texas	63.9	18 th (tied)	0.5%	29 th (tied)
Missouri	62.7	27 th	0%	36 th
Oklahoma	61	34 th	0.5%	29 th (tied)
Tennessee	59.9	39 th (tied)	-0.5%	44 th
Louisiana	58.7	42 nd	1.4%	9 th (tied)
Arkansas	57.5	45th	1.4%	9th (tied)
Mississippi	54.9	49 th	-0.4%	43 rd

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

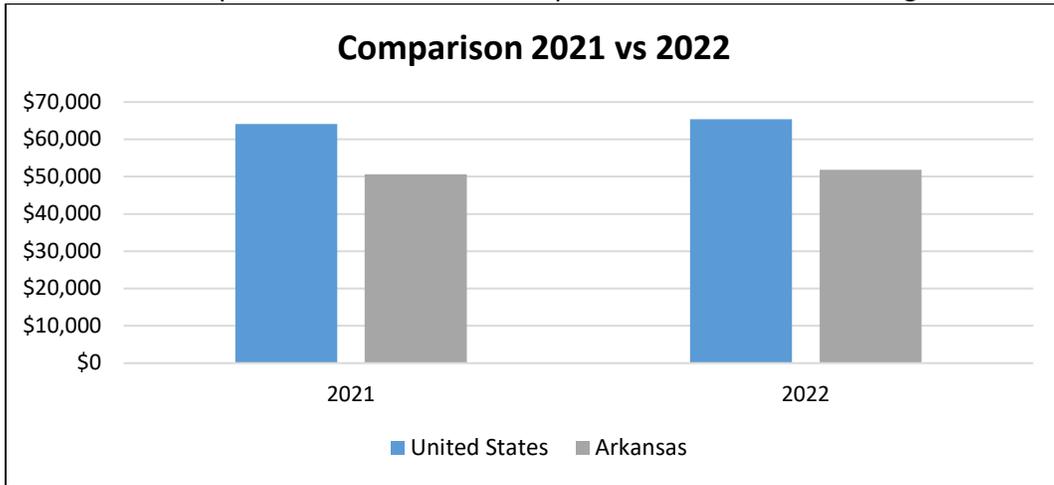
Per Capita Personal Income Comparison

Table 16
2022 Per Capita Personal Income: Arkansas and Surrounding States

State	2021	2022	2022 Rank
<i>United States</i>	\$64,117	\$65,423	--
Texas	\$59,802	\$61,985	23 rd
Tennessee	\$56,616	\$58,279	31 st
Missouri	\$55,310	\$56,551	40 th
Oklahoma	\$53,808	\$54,998	41 st
Louisiana	\$54,181	\$54,622	42 nd
Arkansas	\$50,588	\$51,787	46th
Mississippi	\$45,887	\$46,248	50 th

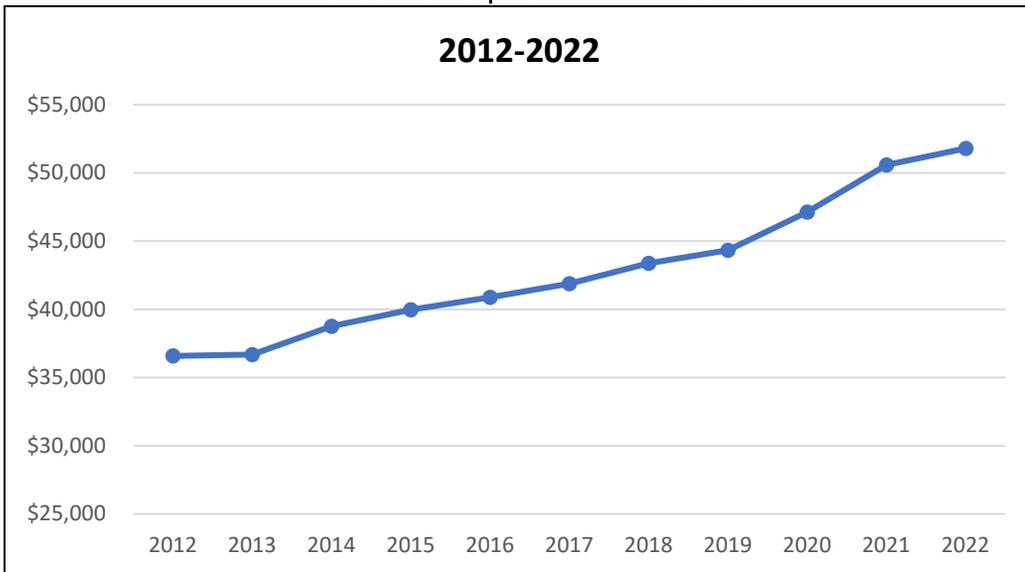
Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, 2022 Per Capita Personal Income

Chart 6
Per Capita Personal Income Comparison: U.S. vs State Average



Source: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, 2022 Per Capita Personal Income

Chart 7
Arkansas Per Capita Personal Income



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

Unemployment Rates Comparison

Table 17
Unemployment Rate Annual Averages 2021-2022
Arkansas and Surrounding States

State	2021 Rate	2022 Rate	National Rank 2021	National Rank 2022
<i>United States</i>	5.3%	3.6%	--	--
Missouri	4.4%	2.5%	21 st	5 th (tied)
Oklahoma	3.8%	3.0%	13 th (tied)	21 st
Arkansas	4.0%	3.3%	17th (tied)	25th
Tennessee	4.3%	3.4%	20 th	26 th
Louisiana	5.5%	3.7%	34 th	29 th
Mississippi	5.6%	3.9%	35 th	34 th (tied)
Texas	5.7%	3.9%	37 th (tied)	34 th (tied)

Source: US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, not seasonally adjusted, June 2023

Hourly Earnings Comparison

Table 18
2022 Average Hourly Earnings of Manufacturing Production Workers
Arkansas and Surrounding States

State	Hourly Earnings	National Rank
<i>United States</i>	\$25.07	–
Texas	\$27.24	5 th
Missouri	\$24.163	23 rd
Louisiana	\$23.37	34 th
Tennessee	\$22.48	38 th
Oklahoma	\$21.72	46 th
Mississippi	\$21.02	49 th
Arkansas	\$20.35	50th

Source: US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2022 Annual Averages, Not Seasonally Adjusted (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2022 Annual Averages, Not Seasonally Adjusted

Table 19
2022 Average Hourly Earnings of All Workers*
Arkansas and Surrounding States

State	Hourly Earnings	National Rank
<i>United States</i>	\$32.25	–
Texas	\$29.96	23 rd
Missouri	\$28.75	32 nd
Tennessee	\$28.21	37 th
Louisiana	\$27.48	42 nd
Oklahoma	\$26.97	45 th
Arkansas	\$25.73	48th
Mississippi	\$23.98	50 th

*Total private employees

Source: US Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2022 Annual Averages, Not Seasonally Adjusted (national) and US Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, 2022 Annual Averages, Not Seasonally Adjusted

Table 20
Population Change: 2021-2022
Arkansas and Surrounding States

State	Percent Change	National Rank
<i>United States</i>	0.38%	–
Texas	1.59%	4 th
Tennessee	1.19%	11 th
Oklahoma	0.72%	14 th
Arkansas	0.58%	16th (tied)
Missouri	0.13%	27 th (tied)
Mississippi	-0.32%	44 th
Louisiana	-0.8%	48 th

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

Poverty Rate Comparison

Table 21
 Percentage of Population in Poverty: 3-Year Average (2019-2021)
 Arkansas and Surrounding States

State	Percent in Poverty
<i>United States</i>	11.2%
Missouri	10.8%
Tennessee	12.2%
Texas	12.9%
Oklahoma	13.8%
Arkansas	15.1%
Louisiana	17.2%
Mississippi	18.1%

Source: U.S. Census Bureau, Current Population Survey, 2020 to 2022 Annual Social and Economic Supplements, Table B-5

Comparative State Indices

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

The Tax Foundation’s State Business Tax Climate Index is an annual ranking of each states’ various tax components. The rankings are set by analyzing several factors of the state tax structure. States are ranked from 1 to 50 with a score of 1 reflecting the most competitive tax structure. Recent tax changes made through legislation in 2023 will be reflected in Arkansas’s score in upcoming years.

Table 22
 State Business Tax Climate Index Rank
 Arkansas and Surrounding States

State	Overall Rank	Corporate Tax Rate	Individual Income Tax Rate	Sales Tax Rate	Property Tax Rate	Unemployment Insurance Tax Rank
Missouri	11	3	21	26	7	4
Texas	13	47	7	37	38	12
Tennessee	14	45	6	46	33	21
Oklahoma	23	4	31	39 th	30 th	1 st
Mississippi	30	13	26	33 rd	37 th	5 th
Louisiana	39	32	25	48 th	23 rd	6 th
Arkansas	40	29	37	45 th	27 th	20 th

Source: Tax Foundation, 2023 State Business Tax Climate Index, 2023 State Business Tax Climate Index Ranks and Component Tax Ranks.

The ALEC-Laffer State Economic Competitiveness Index is a report that forecast a state’s economic outlook by an equal evaluation of 15 policy variables. Arkansas ranked highest in right to work state (1st), estate/inheritance taxes levied (1st), average workers’ compensation costs (3rd), property tax burden (3rd), recently legislated tax changes (3rd), and debt service as a share of tax revenue (9th). The state’s lowest score was the sales tax burden category (47th).

Table 23
Economic Outlook Rankings
Arkansas and Surrounding States

State	2023 Ranking	2022 Ranking	Change in Rank
Oklahoma	4	4	--
Tennessee	11	13	+2
Texas	13	11	-2
Arkansas	15	16	+1
Mississippi	22	29	+7
Louisiana	26	20	-6
Missouri	31	16	-15

Source: American Legislative Exchange Council, Rich States, Poor States 16th Edition, ALEC-Laffer State Economic Competitiveness Index, Economic Outlook Rankings 2023

In 2022, Forbes ranked each state to determine the best states to start a business in 2023. The rankings were determined by analyzing 18 metrics across five categories. These included business costs, business climate, economy, workforce, and financial accessibility.

Table 24
Best States to Start a Business in 2023
Arkansas and Surrounding States

State	Ranking	Score out of 100
Missouri	15 th	71
Mississippi	16 th	69
Arkansas	29th	43
Texas	34 th	33
Louisiana	37 th	27
Tennessee	40 th	20
Oklahoma	42 nd	16

Source: Forbes’s Advisor: Best States to Start a Business in 2023, November 2022 publication

Building on Resilience and Success, Navigating the Future

While the Arkansas Economic Development Commission and the State of Arkansas experienced success in 2022, the focus is firmly on the future. AEDC’s remains committed to sustaining this momentum,

attracting further investments, and fostering an environment where innovation thrives. Collaborations with industry leaders, strategic planning, and a commitment to excellence propel us forward.

While the year began with lingering impact of the pandemic, AEDC was able secure projects that create new milestones for the agency. 2022 saw the highest levels of new investment and average hourly wage of jobs created. These projects led to a cost benefit ratio to the state of \$16.76 return for every \$1 of state incentive investment. Assisting existing business and industry by customizing solutions for growth is groundwork for future growth and expansion.

The Small Business and Entrepreneurship division and the EPSCORE are assisting individuals and companies to turn innovative ideas into entrepreneurship through mentoring, support, and networking, and information.

A competitive job market and high inflation let some companies to struggle. The agency's introduction of new solutions to address workplace resilience with existing companies. We are committed to working with stakeholders to find innovative and smart solutions for increasing workforce skills and readiness.

The Military Affairs Division's efforts to create awareness of the state's aerospace and defense sector will be an ongoing effort. The F-35 training center expansion at Ebbing National Guard Airbase is projected to have a transformative impact to the state through investment and jobs to Arkansas. The agency will continue to support Arkansas's military installations and the servicemen and women who call Arkansas home.

The state is poised to continues success in attracting film productions drawn to the variety of locations that enhance their storytelling. The state's beautiful scenery outdoor recreational opportunities are inspiring tourist and a creating world class outdoor recreational industry.

The General Assembly's efforts to create a more competitive tax climate will elevate the state's competitiveness for projects. The accelerated reduction in both corporate income tax and individual tax structure have made the state more attractive to investments both domestically and internationally.

In conclusion, the Act 1282 Report for 2022 encapsulates a year of important achievements in investment and transformative endeavors. AEDC's team is dedication to economic growth and innovation. A strong foundation has been set in 2022 for further promising endeavors in 2023. The stage is set for a future where Arkansas provides limitless possibilities for people and businesses.





FY 2023
**GOVERNOR'S
QUICK ACTION CLOSING
FUND REPORT**



The Governor’s Quick Action Closing Fund (QACF), created in 2007, allows the Governor of Arkansas to act quickly and decisively in regard to highly competitive economic development recruitment projects. This discretionary incentive allows the Arkansas Economic Development Commission to finalize an agreement with a prospective company to locate or expand an economic development project. Utilization of these funds, appropriated by the General Assembly, have given the Commission the ability to secure final commitments from companies that have created and retained jobs and new investments in the state.

Since 2007, QACF has assisted companies to propose 106 job creation and/or retention projects in Arkansas. These projects cumulatively have proposed the creation and/or retention of 33,992 jobs at an average hourly wage of \$22.23 and projected new investment of \$6.92 billion. As of June 30, 2023, these 106 projects have created and retained 29,602 jobs.

In addition, ten new digital product and motion picture projects signed QACF incentive agreements in fiscal year 2023.

The Quick Action Closing Fund is critical for the state and the Commission to compete on a global level for high quality economic development projects. The continued support from the General Assembly and the Governor has assisted Commission to recruit, retain, and expand economic development projects.

Expenditures and Commitments of the Governor’s Quick Action Closing Fund

Expenditures 2007-2022	\$209,463,112.26
FY 2023 expenditures	17,910,341.14
Committed funds	47,989,508.02
Projects offered but not yet accepted	24,133,500.00
Remaining QACF balance	64,153,939.73
FY 23 Clawbacks/loans repayments	(\$236,067.05)
Total	\$358,263,198.08\$



Annual Report of Expenditures for Fiscal Period July 1, 2022 – June 30, 2023

Company Name	Location	Date	Purpose	Amount
BPS	Helena	5/14/2023	Construction & Equipment	\$250,000.00
		6/1/2023	Construction & Equipment	50,000.00
		Total		\$300,000.00
City of Fort Smith	Fort Smith	10/11/2022	Runway Extension	\$3,161,115.34
		10/27/2022	Runway Extension	5,854,413.00
		12/6/2022	Runway Extension	1,197,220.42
		1/29/2023	Runway Extension	2,137,177.97
		3/28/2023	Runway Extension	1,113,046.48
		5/2/2023	Runway Extension	538,922.45
		6/30/2023	Runway Extension	588,983.30
Total		\$14,590,878.96		
Mars Petcare Inc.	Fort Smith	4/6/2023	Equipment & Infrastructure	\$845,000.00
Owens Corning	Fort Smith	11/20/2022	Infrastructure Improvements	\$250,000.00
Structurlam Inc.	Conway	2/27/2023	Expansion Project	\$112,739.00
TREX Inc.	Little Rock	4/24/2023	Infrastructure Improvements	\$187,493.84
		4/24/2023	Infrastructure Improvements	\$79,184.19
		Total		\$266,678.03
Cartouche LLC	Little Rock	8/21/2022	Film Rebate	\$218,897.81
Caspian Productions LLC	Fayetteville	9/26/2022	Film Rebate	\$290,414.11
Dark House Films LLC	Fayetteville	7/19/2022	Film Rebate	\$333,920.67
Deception Films LLC	Little Rock	2/27/2023	Film Rebate	\$79,814.81
Gaslight Films LLC	Little Rock	9/27/2022	Film Rebate	\$70,804.34



Gridiron Films LLC	Little Rock	6/28/2023	Film Rebate	\$215,019.65
Saved by Grace Series LLC	Bentonville	1/26/2023	Film Rebate	\$137,600.87
Vendetta Films LLC	Little Rock	10/13/2022	Film Rebate	\$115,721.19
When Love Comes Calling LLC	Little Rock	4/27/2023	Film Rebate	\$82,851.70
FY 2023 Expenditures Total				\$17,910,341.14

