

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

As Engrossed: H3/25/13

# A Bill

HOUSE BILL 2135

5 By: Representative Hammer  
6

## For An Act To Be Entitled

8 AN ACT TO PROVIDE TAX INCENTIVES FOR CERTAIN  
9 MANUFACTURERS RELATING TO LIGNITE; TO CREATE AN  
10 INCOME TAX EXEMPTION FOR QUALIFIED LIGNITE-TO-  
11 SYNCRUDE MANUFACTURERS; AND FOR OTHER PURPOSES.  
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### Subtitle

14 TO PROVIDE TAX INCENTIVES FOR CERTAIN  
15 MANUFACTURERS RELATING TO LIGNITE; AND TO  
16 CREATE AN INCOME TAX EXEMPTION FOR  
17 QUALIFIED LIGNITE-TO-SYNCRUDE  
18 MANUFACTURERS.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 *SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 3, is*  
25 *amended to add an additional section to read as follows:*

26 *26-51-313. Qualified lignite-to-syncrude manufacturing exemption.*

27 *(a) There is allowed an exemption from the income tax imposed by the*  
28 *Income Tax Act of 1929, § 26-51-101 et seq., for the period of time*  
29 *determined under subsection (b) of this section for a qualified lignite-to-*  
30 *syncrude manufacturer.*

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

33 *(1)(A) Multiply the proposed average hourly wage to be paid by*  
34 *the qualified lignite-to-syncrude manufacturer by two thousand eighty (2,080)*  
35 *hours.*

36 *(B) Multiply the product obtained under subdivision*



1 (b)(1)(A) of this section by the number of jobs to be created by the  
2 qualified lignite-to-syncrude manufacturer to determine the proposed annual  
3 payroll;

4 (2)(A) Multiply one hundred ten percent (110%) of the state's  
5 average hourly wage from the preceding calendar year by two thousand eighty  
6 (2,080) hours.

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

9 (3) Divide the product calculated under subdivision (b)(1) of  
10 this section by the product calculated under subdivision (b)(2) of this  
11 section;

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

15 (5) Divide the proposed investment of the qualified lignite-to-  
16 syncrude manufacturer by two hundred fifty million dollars (\$250,000,000);

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

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

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

24 (B) The number calculated under subdivision (b)(8)(A) of  
25 this section is the number of years that the income tax exemption is allowed  
26 for the qualified lignite-to-syncrude manufacturer.

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

29 (c) As used in this section:

30 (1) "Lignite-to-syncrude" means a synthetic crude oil made from  
31 lignite that:

32 (A) Is a substitute for conventional petroleum-based crude  
33 oil; and

34 (B) Is completely interchangeable and compatible with  
35 conventional petroleum-based motor crude oil; and

36 (2) "Qualified lignite-to-syncrude manufacturer" means a person

1 or entity that:

2 (A) Manufactures lignite-to-syncrude;

3 (B) Invests at least twenty million dollars (\$20,000,000)  
4 in a new or expanded lignite-to-syncrude manufacturing facility;

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

6 (D) If the new or expanded lignite-to-syncrude  
7 manufacturing facility is a subsidiary of an existing Arkansas company,  
8 establishes the new or expanded lignite-to-syncrude facility as a separate  
9 legal entity;

10 (E) Locates the new or expanded lignite-to-syncrude  
11 facility in the state after January 1, 2013, but before June 30, 2023; and

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

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

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

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23 /s/Hammer  
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