

State of Arkansas  
89th General Assembly  
Regular Session, 2013

# A Bill

SENATE BILL 941

By: Senator B. Sample  
By: Representative McLean

## For An Act To Be Entitled

AN ACT TO CREATE AN INCOME TAX EXEMPTION FOR  
QUALIFIED DROP-IN BIOFUELS MANUFACTURERS; AND FOR  
OTHER PURPOSES.

### Subtitle

TO CREATE AN INCOME TAX EXEMPTION FOR  
QUALIFIED DROP-IN BIOFUELS MANUFACTURERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 3, is amended to add an additional section to read as follows:

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

(c) As used in this section:

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

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

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

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

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

(i) Intrastate and interstate petroleum pipelines;

and

(ii) Existing gasoline and diesel fuel pumps; and

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

(A) Manufactures drop-in biofuels;

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

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

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

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

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

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

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

**APPROVED: 04/22/2013**