

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Kinard

SENATE BILL 466

"AN ACT TO AMEND SECTION 1 OF ACT NO. 48 OF 1987 TO DEFINE
'QUALIFIED MANUFACTURER OF STEEL'; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 1 of Act 48 of 1987 is hereby amended to read as follows:

"Section 1. To claim the benefits of this Act, a taxpayer must obtain a certification from the Director of the Arkansas Department of Industrial Development certifying to the Arkansas Revenue Division that the taxpayer:

A. Operates a steel mill in Arkansas which began production after the effective date of this Act, and

B. Has invested, after the effective date of this Act, in excess of One Hundred Twenty Million Dollars (\$120,000,000.00) in the steel mill with investment expenditures for one of the following:

1. Property purchased for use in the construction of a building or buildings or any addition or improvement thereon to house the steel mill.

2. Machinery and equipment to be located in or in connection with the steel mill. Motor vehicles of a type subject to registration shall not be considered as machinery and equipment.

3. Project planning costs, construction labor costs (including on-site direct labor and supervision, whether employed by contractor or the project owner); architectural/engineering fees; right-of-way purchases; utility extensions; site preparation; parking lots; disposal or containment systems; water and sewer treatment systems; rail spurs, streets and roads; purchase of mineral rights; land; buildings; building renovation; production, processing and testing equipment; freight charges; building demolition; material handling equipment; drainage systems; water tanks and reservoirs; storage facilities; equipment rental; contractor's cost

plus fees; builder's risk insurance; original spare parts, job administrative expenses; office furnishings and equipment; rolling stock; capitalized start-up costs as recognized by generally accepted accounting principles; and other costs related to the construction, or

C. Meets the definition of 'Qualified Manufacturer of Steel' contained herein. A 'qualified manufacturer of steel' is any natural person, company or corporation engaged in the manufacture, refinement or processing of steel whenever more than fifty percent (50%) of the electricity and/or more than fifty percent (50%) of the natural gas consumed in such manufacture, refinement or processing of steel is used (i) to power an electric arc furnace or furnaces and continuous casting equipment in connection with the melting or rolling of steel; and/or (ii) in the preheating of steel for processing through a rolling mill or rolling mills.

Production and processing equipment, as used in subparagraph B above, includes machinery and equipment essential for the receiving, storing, processing and testing of raw materials and the production, storage, testing and shipping of finished products, including facilities for the production of: steam, electricity, chemicals, and such other materials that are essential to the manufacturing process, of which are consumed in the manufacturing process and do not become essential components of the finished product. For the purposes of this Act, the term 'invested' shall include expenditures made from the proceeds of bonds (including interim notes or other evidence of indebtedness) issued by municipality, county, or any agency or instrumentality of a municipality, county or the State of Arkansas, if the obligation to repay the bonds, including interest thereon, is a legal, binding obligation, directly or indirectly, of the taxpayer."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. EMERGENCY. It is hereby found and determined by the General Assembly that unemployment in Arkansas has reached emergency proportions and can only be remedied by attracting new industry and encouraging the expansion and further development of existing industry; that offering tax incentives is an effective method of attracting and encouraging the growth of industry in Arkansas, and this Act is necessary to define the class of industry to which

such economic incentives will be extended, and that this Act provides for the extension of such incentives and will reduce unemployment levels in Arkansas and should be given effect immediately. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

