

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
89th General Assembly  
Regular Session, 2013

As Engrossed: H3/25/13  
**A Bill**

HOUSE BILL 2135

By: Representative Hammer

### **For An Act To Be Entitled**

AN ACT TO PROVIDE TAX INCENTIVES FOR CERTAIN MANUFACTURERS RELATING TO LIGNITE; TO CREATE AN INCOME TAX EXEMPTION FOR QUALIFIED LIGNITE-TO-SYNCRUDE MANUFACTURERS; AND FOR OTHER PURPOSES.

### **Subtitle**

TO PROVIDE TAX INCENTIVES FOR CERTAIN MANUFACTURERS RELATING TO LIGNITE; AND TO CREATE AN INCOME TAX EXEMPTION FOR QUALIFIED LIGNITE-TO-SYNCRUDE 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 lignite-to-syncrude 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 lignite-to-syncrude 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 lignite-to-syncrude 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 lignite-to-synchrude 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 lignite-to-synchrude 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 lignite-to-synchrude manufacturer.

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

(c) As used in this section:

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

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

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

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

or entity that:

(A) Manufactures lignite-to-syncrude;

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

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

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

(E) Locates the new or expanded lignite-to-syncrude 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.

/s/Hammer