

State of Arkansas  
95th General Assembly  
Regular Session, 2025

# A Bill

HOUSE BILL 1922

By: Representative Maddox

By: Senator J. Dismang

## For An Act To Be Entitled

AN ACT TO AMEND THE CONSOLIDATED INCENTIVE ACT OF 2003; TO CREATE AN INCOME TAX CREDIT FOR RELOCATING CORPORATE HEADQUARTERS TO THIS STATE; TO ENCOURAGE CORPORATIONS TO RELOCATE TO ARKANSAS; AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND THE CONSOLIDATED INCENTIVE ACT OF 2003; TO CREATE AN INCOME TAX CREDIT FOR RELOCATING CORPORATE HEADQUARTERS TO THIS STATE; AND TO ENCOURAGE CORPORATIONS TO RELOCATE TO ARKANSAS.

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

SECTION 1. Arkansas Code § 15-4-2706(b), concerning investment tax incentives under the Consolidated Incentive Act of 2003, is amended to read as follows:

(b)(1)~~(A)~~ The award of incentives under this section are at the discretion of the Director of the Arkansas Economic Development Commission.

(B) The director may offer a tax credit of up to ten percent (10%) under this subsection.

(2) If offered, an application for an income tax credit or a sales and use tax credit under this section shall be submitted to the Arkansas Economic Development Commission.

(3) Eligibility for incentives under this subsection and subsections (c)–(e) of this section is dependent upon the tier in which the



project is located, as follows:

(A) For tier 1 counties, the business shall invest five million dollars (\$5,000,000) or more and have an annual payroll for new full-time permanent employees in excess of two million dollars (\$2,000,000);

(B) For tier 2 counties, the business shall invest three million seven hundred fifty thousand dollars (\$3,750,000) or more and have an annual payroll for new full-time permanent employees in excess of one million five hundred thousand dollars (\$1,500,000);

(C) For tier 3 counties, the business shall invest three million dollars (\$3,000,000) or more and have an annual payroll for new full-time permanent employees in excess of one million two hundred thousand dollars (\$1,200,000); and

(D) For tier 4 counties, the business shall invest two million dollars (\$2,000,000) or more and have an annual payroll for new full-time permanent employees in excess of eight hundred thousand dollars (\$800,000).

(4)(A) An approved financial incentive agreement shall be transmitted to the qualified business and the Department of Finance and Administration.

(B) Before the commission approves a financial incentive agreement under this subsection, the qualified business shall elect to receive the tax credits allowed under this subsection as:

(i) Sales and use tax credits; or

(ii) Income tax credits.

(5) A qualified business shall reach the investment threshold within four (4) years from the date of the approved financial incentive agreement, except for lease payments authorized by subdivision (b)(6)(D) of this section or subdivision (c)(6) of this section.

(6)(A)(i) After receiving an approved financial incentive agreement from the commission, a qualified business shall certify to the department the eligible project costs annually at the end of each calendar year for the term of the financial incentive agreement.

(ii) The department shall authorize an income tax credit or a sales and use tax credit of up to ten percent (10%) of total audited eligible project costs.

(B) The amount of the income tax credit or sales and use

tax credit authorized under subdivision ~~(a)(6)(A)(ii)~~ (b)(6)(A)(ii) of this section may offset up to fifty percent (50%) of a qualified business's income tax or sales and use tax liability annually.

(C) Unused tax credits under this subdivision (b)(6) may be carried forward for up to nine (9) years after the year in which the credit was first earned or until the tax credits are exhausted, whichever occurs first.

(D) A qualified business that enters into a lease for a building or equipment for a period of at least five (5) years may count the lease payments for the first five (5) years as a qualifying expenditure for the investment threshold required for this investment incentive.

~~(7) Technology-based enterprises, as defined by § 14-164-203, may earn, at the discretion of the director, an income tax credit or sales and use tax credit based on new investment, provided that the technology-based enterprise:~~

~~(A) Creates a new payroll of at least two hundred fifty thousand dollars (\$250,000); and~~

~~(B) Pays an average hourly wage that is at least one hundred fifty percent (150%) of the lesser of the state or county average hourly wage for the county in which the business locates or expands.~~

~~(8)(A) The income tax credit or sales and use tax credit that may be earned by a technology-based enterprise is based on the amount of investment as follows:~~

~~(i) The income tax credit or sales and use tax credit is equal to two percent (2%) of the investment for an investment that is between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000);~~

~~(ii) The income tax credit or sales and use tax credit is equal to four percent (4%) of the investment for that part of the investment that is over five hundred thousand dollars (\$500,000) and less than one million dollars (\$1,000,000);~~

~~(iii) The income tax credit or sales and use tax credit is equal to six percent (6%) of the investment for that part of the investment that is over one million dollars (\$1,000,000) and less than two million dollars (\$2,000,000); and~~

~~(iv) The income tax credit or sales and use tax~~

~~credit is equal to eight percent (8%) of the investment for that part of the investment that is over two million dollars (\$2,000,000).~~

~~(B) The amount of credit earned is determined based upon the amount invested, as verified by an audit by the department.~~

~~(9) All investments by a technology based enterprise shall be made within four (4) years of the date of the approved financial incentive agreement.~~

~~(10) Prior to commission approval of a financial incentive agreement, the business shall elect to receive the tax credits as either:~~

~~(A) A sales and use tax credit; or~~

~~(B) An income tax credit.~~

~~(11) The income tax credit or sales and use tax credit earned by a technology based enterprise may offset income tax liabilities or sales and use tax liabilities as follows:~~

~~(A) A technology based enterprise that pays at least one hundred fifty percent (150%) of the lesser of the state or county average hourly wage for the county in which the business locates or expands may offset up to fifty percent (50%) of its income tax liability or sales and use tax liability annually;~~

~~(B) A technology based enterprise that pays at least one hundred seventy five percent (175%) of the lesser of the state or county average hourly wage for the county in which the business locates or expands may offset up to seventy five percent (75%) of its income tax liability or sales and use tax liability annually; and~~

~~(C) A technology based enterprise that pays at least two hundred percent (200%) of the lesser of the state or county average hourly wage for the county in which the business locates or expands may offset up to one hundred percent (100%) of its income tax liability or sales and use tax liability annually.~~

~~(12) After receiving an approved financial incentive agreement from the commission, a qualified business shall certify to the department the eligible project costs and average hourly wages annually at the end of each tax year for the term of the financial incentive agreement.~~

~~(13) Unused income tax credits or sales and use tax credits may be carried forward for up to nine (9) years after the year in which the credit was first earned or until the tax credits are exhausted, whichever~~

~~occurs first.~~

SECTION 2. Arkansas Code § 15-4-2706, concerning investment tax incentives under the Consolidated Incentive Act of 2003, is amended to add an additional subsection to read as follows:

(f)(1) The director may award an eligible business with a corporate headquarters relocating to this state an income tax credit of up to fifty percent (50%) of the payroll for the new full-time permanent employees of a corporate headquarters relocating to this state.

(2) An eligible business shall receive a positive cost-benefit analysis from the commission for the corporate headquarters relocating to this state before being offered a financial incentive agreement under this subsection.

(3) Eligibility for incentives under this subsection is dependent upon the tier of the county in which the corporate headquarters is relocating, as follows:

(A) For tier 1 counties, the eligible business shall create at least three hundred (300) new full-time permanent employees with an average hourly wage that exceeds the lesser of one hundred fifty percent (150%) of the county or state average hourly wage for the county to which the corporate headquarters is relocating;

(B) For tier 2 counties, the eligible business shall create at least two hundred fifty (250) new full-time permanent employees with an average hourly wage that exceeds the lesser of one hundred twenty-five percent (125%) of the county or state average hourly wage for the county to which the corporate headquarters is relocating;

(C) For tier 3 counties, the eligible business shall create at least two hundred (200) new full-time permanent employees with an average hourly wage that exceeds the lesser of one hundred fifteen percent (115%) of the county or state average hourly wage for the county to which the corporate headquarters is relocating; and

(D) For tier 4 counties, the eligible business shall create at least one hundred fifty (150) new full-time permanent employees with an average hourly wage that exceeds the lesser of one hundred ten percent (110%) of the county or state average hourly wage for the county to which the corporate headquarters is relocating.

(4)(A) At the end of the calendar year in which a qualified business executes an approved financial incentive agreement under this subsection and at the end of each subsequent calendar year for the term of the financial incentive agreement, the qualified business shall certify, on a form provided by the department, the requisite payroll and number of new full-time permanent employees related to the relocated corporate headquarters during the preceding calendar year.

(B)(i) Upon receipt of the certification form required under subdivision (f)(4)(A) of this section, the Revenue Division of the Department of Finance and Administration shall audit and verify the certification form.

(ii) After the audit and verification required under subdivision (f)(4)(B)(i) of this section, the department shall determine the amount of the income tax credit earned by the qualified business for the preceding calendar year and issue an income tax credit to the qualified business to be applied against the qualified business's income tax liability.

(5) The amount of the income tax credit allowed under this subsection that may offset a qualified business's income tax liability is as follows:

(A) For the first five years (5) from the year following the date of the execution of the financial incentive agreement, up to one hundred percent (100%) of the qualified business's income tax liability resulting from the relocation of the corporate headquarters may be offset by the income tax credit allowed under this subsection;

(B) For the sixth year from the year following the date of the execution of the financial incentive agreement, up to eighty percent (80%) of the qualified business's income tax liability resulting from the relocation of the corporate headquarters may be offset by the income tax credit allowed under this subsection;

(C) For the seventh year from the year following the date of the execution of the financial incentive agreement, up to sixty percent (60%) of the qualified business's income tax liability resulting from the relocation of the corporate headquarters may be offset by the income tax credit allowed under this subsection;

(D) For the eighth year from the year following the date of the execution of the financial incentive agreement, up to forty percent

(40%) of the qualified business's income tax liability resulting from the relocation of the corporate headquarters may be offset by the income tax credit allowed under this subsection;

(E) For the ninth year from the year following the date of the execution of the financial incentive agreement, up to twenty percent (20%) of the qualified business's income tax liability resulting from the relocation of the corporate headquarters may be offset by the income tax credit allowed under this subsection; and

(F) For the tenth and subsequent years following the date of the execution of the financial incentive agreement, the qualified business's income tax liability resulting from the relocation of the corporate headquarters shall not be offset by the income tax credit allowed under this subsection.

(6) Unused income tax credits authorized under this subsection shall not carry forward to subsequent tax years.

(7) The income tax credits allowed under this subsection shall not be sold or transferred.

(8) The employment and payroll requirements provided for in this subsection shall be met within four (4) years of the date of the approved financial incentive agreement for the qualified business.

SECTION 3. Arkansas Code § 15-4-2711(g)(1), concerning the administration of the Consolidated Incentive Act of 2003, is amended to read as follows:

(g)(1) If Except as provided in § 15-4-2706(f)(8), if the annual payroll of the business applying for incentives under this subchapter is not met within two (2) years after signing the financial incentive agreement, the business may request in writing an extension of time to reach the required payroll threshold.

SECTION 4. Arkansas Code § 15-4-2711, concerning administration of the Consolidated Incentive Act of 2003, is amended to add additional subsections to read as follows:

(s) Failure to annually certify or recertify payroll figures and claim the earned tax credits outlined in § 15-4-2706(b) and § 15-4-2706(f) shall result in:

(1) A ten-percent reduction of the earned tax credit if not claimed within twelve (12) months of the end of the tax year in which the tax credit was earned;

(2) A one-hundred-percent forfeiture of the earned tax credit if not claimed within twenty-four (24) months of the end of the tax year in which the tax credit was earned; or

(3) Termination of the financial incentive agreement if an initial certification of payroll figures has not been filed with the department within four (4) years after the date of the approved financial incentive agreement, unless the date has been extended by the director.

(t)(1) If the annual payroll of a qualified business receiving incentives under § 15-4-2706(b) or § 15-4-2706(f) falls below the payroll threshold to be eligible for the incentive in a year subsequent to the year in which the qualified business initially qualified for the incentive, the incentives outlined in the financial incentive agreement for the qualified business shall be terminated unless:

(A) The qualified business files with the Arkansas Economic Development Commission a written application for an extension of the incentives explaining why the qualified business's payroll has fallen below the level required to be eligible for the incentive; and

(B) The written application filed by the qualified business under subdivision (t)(1)(A) of this section is approved by the Arkansas Economic Development Commission.

(2) The director and the secretary may:

(A) Approve an application for an extension of time that was filed under subdivision (t)(1) of this section for a period not to exceed two (2) years for a qualified business to bring the payroll of the qualified business back up to the requisite threshold amount; and

(B) Approve the continuation of incentives during the period of the extension granted under subdivision (t)(2)(A) of this section.

(3)(A) If a qualified business fails to reach the requisite payroll threshold before the expiration of the period of the extension granted under subdivision (t)(2)(A) of this section, the qualified business is liable for the repayment of all incentives previously received by the qualified business that were conditioned on the approved financial incentive agreement for which the payroll threshold has not been met.

(B) If a qualified business fails to reach the payroll threshold required under an approved financial incentive agreement, the department has two (2) years to collect incentives previously received by the qualified business or file a lawsuit to enforce the repayment provisions.

SECTION 5. Arkansas Code § 15-4-2712(b)(2), concerning restrictions on the combination of certain incentives authorized under the Consolidated Incentive Act of 2003, is amended to read as follows:

(2) The following incentives for targeted businesses may be combined with each other for the same project as long as multiple incentives are not claimed for the same expenditures but shall not be combined with any other incentives authorized in this subchapter during the period in which the qualified business receives incentives under this subchapter:

~~(A) The investment tax credit authorized under § 15-4-2706(b)(7) may be combined with:~~

~~(i) The research and development income tax credits authorized under § 15-4-2708(b); and~~

~~(ii) Either the:~~

~~(a) Payroll rebate program authorized under § 15-4-2707(e); or~~

~~(b) Payroll tax credit program authorized under § 15-4-2709;~~

~~(B) The sales and use tax refund authorized under § 15-4-2706(e) may be combined with:~~

~~(i) The research and development income tax credits authorized under § 15-4-2708(b); and~~

~~(ii) Either the:~~

~~(a) Payroll rebate program authorized under § 15-4-2707(e); or~~

~~(b) Payroll tax credit program authorized under § 15-4-2709;~~

~~(C)(B) The payroll rebate program authorized under § 15-4-2707(e) may be combined with:~~

~~(i) The research and development income tax credits authorized under § 15-4-2708(b); and~~

~~(ii) Either the:~~

~~(a) Investment tax credit program authorized under § 15-4-2706(b)(7); or~~

~~(b) Sales The sales and use tax refund program authorized under § 15-4-2706(e);~~

~~(D)(C)~~ The payroll income tax credit authorized under § 15-4-2709 may be combined with:

(i) The research and development income tax credits authorized under § 15-4-2708(b); and

(ii) ~~Either the:~~

~~(a) Investment tax credit authorized under § 15-4-2706(b)(7); or~~

~~(b) Sales The sales and use tax refund program authorized under § 15-4-2706(e); and~~

~~(E)(D)~~ The research and development income tax credits authorized under § 15-4-2708(b) may be combined with:

(i) Either the:

(a) Payroll rebate program authorized under § 15-4-2707(e); or

(b) Payroll tax credit program authorized under § 15-4-2709; and

(ii) ~~Either the:~~

~~(a) Investment tax credit program authorized under § 15-4-2706(b)(7); or~~

~~(b) Sales The sales and use tax refund program authorized under § 15-4-2706(e).~~

SECTION 6. EFFECTIVE DATE. Sections 1-5 of this act are effective for tax years beginning on or after January 1, 2026.