

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

# A Bill

SENATE BILL 941

5 By: Senator B. Sample  
6 By: Representative McLean  
7

## For An Act To Be Entitled

9 AN ACT TO CREATE AN INCOME TAX EXEMPTION FOR  
10 QUALIFIED DROP-IN BIOFUELS MANUFACTURERS; AND FOR  
11 OTHER PURPOSES.  
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## Subtitle

14 TO CREATE AN INCOME TAX EXEMPTION FOR  
15 QUALIFIED DROP-IN BIOFUELS MANUFACTURERS.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 3, is  
22 amended to add an additional section to read as follows:

23 26-51-313. Qualified drop-in biofuels manufacturing exemption.

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

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

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

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



1           (2)(A) Multiply one hundred ten percent (110%) of the state's  
2 average hourly wage from the preceding calendar year by two thousand eighty  
3 (2,080) hours.

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

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

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

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

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

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

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

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

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

26           (c) As used in this section:

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

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

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

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

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

36           (i) Intrastate and interstate petroleum pipelines;

1 and

2 (ii) Existing gasoline and diesel fuel pumps; and

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

5 (A) Manufactures drop-in biofuels;

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

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

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

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

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

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

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