

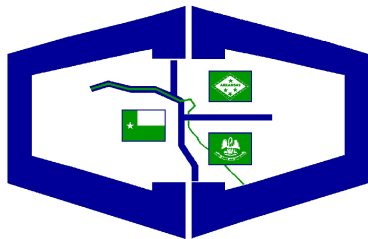
Southwest Arkansas Business Resource Guide



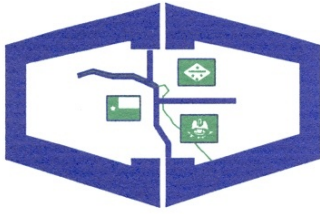
Covering the Counties of

**Columbia
Lafayette
Miller
Quachita
Union**

2014



**THE COORDINATING &
DEVELOPMENT
CORPORATION**



THE
COORDINATING & DEVELOPMENT CORPORATION
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M. D. LeComte, CED, ED
President & CEO

Dear Business Executive:

Improving the economy of Southwest Arkansas has been a long-term goal of The Coordinating & Development Corporation (CDC), your local county governments and professional economic developers. We are pleased to present you with this "*Southwest Arkansas Business Resource Guide*," which we hope will help you find ways to make your business more successful and profitable.

Through this Guide we have attempted to provide you with information and direct you to Internet sites relating to resources and programs available to help you and your business, including:

- Business Advice and Technical Assistance
- Business Taxes and Employee Tax/Insurance Requirements
- Financing Sources and Financial Assistance
- Government Procurement Opportunities
- International Trade Resources
- Requirements for Doing Business in Arkansas
- Special Licenses and Permits
- Tax Incentive Programs
- Workforce Development Programs

Beyond this publication, we want you to know that CDC as well as the economic development agencies in your county welcome the opportunity to help you and your business. If you have any questions, please contact your local county government, chambers of commerce, economic development organization, or Diana Simek, Vice-President of CDC's Division of Economic Development, (318) 632-2022, e-mail: dsimek@cdconline.org.

We look forward to being of service to every new, existing, and expanding business that makes Southwest Arkansas its home.

Best wishes for a very successful and prosperous venture.

Sincerely,

M. D. LeComte
President and CEO

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TAX INCENTIVE PROGRAMS

Arkansas has numerous incentives that are nationally competitive, understandable, and easy to use.

INVESTMENT INCENTIVES

<http://arkansasedc.com/global-business/incentives#investment-incentives>

Tax Back (Sales and Use Tax Refund)

The Tax Back program provides sales and use tax refunds on the purchase of building materials and taxable machinery and equipment to qualified businesses investing at least \$100,000 and either a) sign a job creation agreement under the Advantage Arkansas or Create Rebate programs within 24 months of signing the Tax Back agreement or b) have met the requirements of an Advantage Arkansas or Create Rebate agreement within the previous 48 months.

Applicants for Tax Back must also obtain an endorsement resolution from the local governing authority authorizing the refund of its local taxes. Applicants must meet the qualification criteria under the requisite Advantage Arkansas or Create Rebate program in which they are participating and must be approved by AEDC.

The refund of sales and use taxes shall not include the refund of taxes dedicated to the Educational Adequacy Fund provided in §19-5-1227 or the taxes dedicated to the Conservation Tax Fund provided in §19-6-484.

If you have any questions concerning the Tax Back Program, please call the AEDC Incentives Manager, at 501-682-1682.

InvestArk (Sales and Use Tax Credit)

The requirements for InvestArk are the same for all tiers. The InvestArk sales and use tax credit is available to businesses established in Arkansas for two years or longer which invest \$5 million or more at a single location in plant or equipment for new construction, expansion, or modernization. A credit against the business' state direct-pay sales and use tax liability, equal to one-half percent (1/2%) above the state sales and use tax rate in effect at the time of application, is earned based on the total eligible project cost. Currently the percentage that may be earned as credit is 7% of eligible project expenditures. In any year, tax credits claimed under this program cannot exceed 50% of the business' sales and use tax liability on taxable purchases. All reported expenditures will be audited by the Arkansas Department of Finance and Administration.

The credit is earned in the year the eligible expenditure is made and can be applied against the business' state direct-pay sales and use tax liability in the year following the year of expenditure. Any unused credits may be carried forward for a period of up to five (5) years. Total project expenditures must be incurred within four (4) years of the date the project is approved by AEDC.

The business must be approved for the program prior to beginning construction or incurring eligible project costs and obtain a direct-pay sales and use tax permit from the State of Arkansas. An application for the InvestArk program may be obtained by contacting the AEDC Incentives Manager, at 501-682-1682.

Eligibility

The InvestArk incentive is available to non-retail businesses engaged in commerce for profit that fall into one or more of the following categories:

- Manufacturers in NAICS codes 31-33

TAX INCENTIVE PROGRAMS

- Businesses primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing, data preparation services or information retrieval services. Eligible computer-related businesses must derive at least 75% of their revenue from out-of-state sales
- Businesses primarily engaged in motion picture production that derive at least 75% of their revenue from out-of-state sales
- Distribution centers or intermodal facilities
- Office sector businesses
- National or regional corporate headquarters as classified in the NAICS code 551114
- Firms primarily engaged in commercial, physical and biological research as classified in the NAICS code 541710
- Scientific and technical services businesses that derive at least 75% of their revenue from out-of-state sales. The average hourly wage paid by these businesses must exceed 150% of the county or state average hourly wage, whichever is less.

JOB CREATION INCENTIVE

<http://arkansasedc.com/global-business/incentives#job-creation-incentives>

Arkansas's job-creation incentives are based on payroll and use a tier system based on poverty rate, unemployment rate, per capita personal income and population growth to determine qualification criteria and benefits. Tiers are assigned annually based on current data.

Advantage Arkansas

Advantage Arkansas offers a state income tax credit for job creation based on the payroll of new, full-time, permanent employees hired as a result of the project. Arkansas's counties are ranked into four tiers based on poverty rate, population growth, per capita personal income and unemployment rate. The payroll threshold for qualifying for Advantage Arkansas and the benefit received depends on the tier in which the business locates or expands. In all tiers, in order to qualify for the Advantage Arkansas program, the proposed average hourly wage of the new employees hired as a result of the project must be equal to or greater than the lowest county average hourly wage. Currently, the average hourly wage threshold for the Advantage Arkansas program is \$10.86.

The Advantage Arkansas income tax credit is earned each tax year for a period of five years. The income tax credit cannot offset more than 50 percent of a business' income tax liability in any one year and may be carried forward for nine years beyond the tax year in which the credit was first earned. The credit begins in the tax year in which the new employees are hired. Employees must be Arkansas taxpayers. If you have any questions concerning the Advantage Arkansas program, please call the AEDC Incentives Manager, at 501-682-1682.

Eligibility

The Advantage Arkansas incentive is available for non-retail businesses engaged in commerce for profit that fall into one or more of the following categories:

- Manufacturers in NAICS codes 31-33
- Businesses primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing, data preparation services or information retrieval services. Eligible computer-related businesses must derive at least 75% of their revenue from out-of-state sales
- Businesses primarily engaged in motion picture production that derive at least 75% of their revenue from out-of-state sales
- Distribution centers or intermodal facilities
- Office sector businesses

TAX INCENTIVE PROGRAMS

- National or regional corporate headquarters as classified in the NAICS code 551114
- Firms primarily engaged in commercial, physical and biological research as classified in the NAICS code 541710
- Scientific and technical services businesses that derive at least 75% of their revenue from out-of-state sales. The average hourly wage paid by these businesses must exceed 150% of the county or state average hourly wage, whichever is less.

DISCRETIONARY INCENTIVES

<http://arkansasedc.com/global-business/incentives#discretionary-incentives>

Create Rebate Program

The Create Rebate program may be offered at the discretion of the AEDC director in highly competitive situations. Create Rebate provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. The benefit depends on the tier in which the company locates. In all tiers, a minimum payroll of new, full-time, permanent employees of \$2 million annually is required. The minimum payroll threshold must be met within 24 months of the effective date of the financial incentive agreement. No benefits may be claimed until the \$2 million annual payroll threshold is met.

The Create Rebate benefits are available after the business certifies to the Arkansas Department of Finance and Administration that it has fulfilled the minimum payroll requirements and the reported payroll has been verified by the Arkansas Department of Finance and Administration.

Eligibility

The Create Rebate incentive is available to non-retail businesses engaged in commerce for profit that fall into one or more of the following categories:

- Manufacturers in NAICS codes 31-33
- Businesses primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing, data preparation services or information retrieval services. Eligible computer-related businesses must derive at least 75% of their revenue from out-of-state sales
- Businesses primarily engaged in motion picture production that derive at least 75% of their revenue from out-of-state sales
- Distribution centers or intermodal facilities
- Office sector businesses that derive at least 75% of their revenue from out-of-state sales
- National or regional corporate headquarters as classified in the NAICS code 551114
- Firms primarily engaged in commercial, physical and biological research as classified in the NAICS code 541710
- Scientific and technical services businesses that derive at least 75% of their revenue from out-of-state sales. The average hourly wage paid by these businesses must exceed 150% of the county or state average hourly wage, whichever is less.

If you have any questions concerning the Create Rebate Program, please call the AEDC Incentives Manager, at 501-682-1682.

ArkPlus

The ArkPlus program may be offered at the discretion of the director of the AEDC executive director in highly competitive situations. ArkPlus is a state income tax credit program that provides tax credits of 10% of the total investment in a new location or expansion project. ArkPlus requires both a minimum investment and a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates. Arkansas's counties are ranked into four tiers based on poverty rate, population growth, per capita personal income and unemployment rate.

TAX INCENTIVE PROGRAMS

Total project expenditures must be incurred within four (4) years of the date the project is approved by AEDC. New, full-time, permanent employees must be hired within 48 months of the date the financial agreement is signed. The income tax credits may be used to offset 50% of the Arkansas income tax liability in the tax year the credit is earned. Any unused credits may be carried forward for nine (9) years beyond the tax year in which the credit was first earned.

Eligibility

The ArkPlus incentive is available to non-retail businesses engaged in commerce for profit that fall into one or more of the following categories:

- Manufacturers in NAICS codes 31-33
- Businesses primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing, data preparation services or information retrieval services. Eligible computer-related businesses must derive at least 75% of their revenue from out-of-state sales
- Businesses primarily engaged in motion picture production that derive at least 75% of their revenue from out-of-state sales
- Distribution centers or intermodal facilities
- Office sector businesses
- National or regional corporate headquarters as classified in the NAICS code 551114
- Firms primarily engaged in commercial, physical and biological research as classified in the NAICS code 541710
- Scientific and technical services businesses that derive at least 75% of their revenue from out-of-state sales. The average hourly wage paid by these businesses must exceed 150% of the county or state average hourly wage, whichever is less.

If you have any questions concerning the ArkPlus Program, please call the AEDC Incentives Manager, at 501-682-1682.

TARGETED BUSINESSES INCENTIVES

<http://arkansasedc.com/global-business/incentives#targeted-business-incentives>

Qualified targeted businesses may be offered special incentives designed to help new, knowledge-based, start-up businesses, including:

- A refund of sales and use taxes paid on the purchase of building materials and machinery and equipment associated with the approved project
- A transferable income tax credit equal to 10% of payroll for up to five years
- A transferable income tax credit equal to 33% of eligible research and development expenditures
- The income tax credits earned under this program may be sold upon approval by the AEDC.

Eligibility

To qualify as a targeted business, companies must meet the following requirements and be classified by AEDC in one of the six targeted emerging technology sectors listed below:

- Be less than five-years old
- Show proof of an equity investment of at least \$250,000
- Pay at least 150% of the lesser of the state or county average hourly wage where the business is located
- Meet requisite payroll thresholds
- Additional eligibility criteria may be required for individual targeted programs (sales and use tax refund for targeted businesses, payroll income tax credit for targeted businesses, payroll rebate for targeted businesses, and targeted ArkPlus).

TAX INCENTIVE PROGRAMS

Emerging technology sectors are:

- Advanced materials and manufacturing systems
- Agriculture, food and environmental sciences
- Biotechnology, bioengineering and life sciences
- Information technology
- State of the art applications of information technology
- Transportation logistics
- Bio-based products

RESEARCH AND DEVELOPMENT INCENTIVES

<http://arkansasedc.com/global-business/incentives#research-and-development-incentives>

Arkansas's Research and Development incentive programs are intended to provide incentives for university-based research, in-house research, and research and development in start-up, technology-based enterprises. Tax credits under these programs may be carried forward for nine years and may offset up to 100 percent of a business' tax liability in a given year.

University Based Research and Development

An eligible business that contracts with one or more Arkansas colleges or universities in performing research may qualify for a 33% income tax credit for qualified research expenditures.

In-House Research and Development

New and existing eligible businesses that conduct "in-house" research that qualifies for federal research and development tax credits may qualify for in-house research income tax credits. The credit allowed is 20% of qualified research expenditures that exceed the base year, for a period of three years and the incremental increase in qualified research and expenditures for the succeeding two years. For a new in-house research facility, the base year is zero. Therefore, in the first three years following the date of the financial incentive agreement, all eligible expenditures can qualify for the credit.

Research and Development in Area of Strategic Value

The Strategic Value Research and Development incentives are for qualifying businesses that invest in: 1) in-house research in an area of strategic value; or 2) a research and development project offered by the Arkansas Science and Technology Authority. Research in an area of strategic value means research in fields having long-term economic or commercial value to the state, and that have been identified in the research and development plan approved from time to time by the Board of Directors of the Arkansas

Science and Technology Authority.

The income tax credit is equal to 33% of qualified research expenditures. The maximum tax credit that may be claimed by a taxpayer under this program is \$50,000 per tax year.

In-House Research by a Targeted Business

Targeted businesses, at the discretion of the AEDC executive director, may be offered income tax credits equal to 33% of the qualified research and development expenditures incurred each year for up to five years. The application for this income tax credit shall include a project plan, which clearly identifies the intent of the project, the expenditures planned, the start and end dates of the project and an estimate of total project costs.

Qualified research expenditures include in-house expenses for taxable wages paid and supplies used in the conduct of qualified research. Qualified research must satisfy all of the following tests in order to qualify:

TAX INCENTIVE PROGRAMS

- The activity must be undertaken for the purpose of discovering information which is technological in nature;
- The application of technological information must be intended to be useful in the new or improved business component; and
- Substantially all of the activities related to the research effort must constitute elements of a process of experimentation relating to a new or improved function, performance, reliability or quality.
- Income tax credit for research and development earned by targeted businesses may be sold. The business must make application to AEDC for the sale of credits earned under this section. Upon application and approval by AEDC, the business may sell earned income tax credits. AEDC may assist the targeted business in finding a buyer for the tax credits.
- A targeted business earning research and development tax credits is prohibited from earning job creation tax credits, as authorized by § 15-4-2709 or research tax credits as authorized by § 15-4-2708(a), for the same expenditure.

Combination with other incentives: The income tax credit for research by a targeted business authorized by 15-4-2708(c) may not be used with:

- Other in-house research and development incentives as authorized by § 15-4-2708(b) or § 15-4-2708(d)(1)(A); or
- Any other incentive in Act 182 of 2003 (Consolidated Incentive Act of 2003) for the same expenditures.

TOURISM DEVELOPMENT INCENTIVE

<http://arkansasedc.com/global-business/incentives#tourism-development-incentives>

The Arkansas Tourism Development Act provides state sales and use tax credits and income tax credits to businesses initiating approved tourism attraction projects. Sales tax credits shall be determined in accordance with the following criteria:

- Eligible minimum project costs must be \$1 million, except in high unemployment counties,* where it is \$500,000.
- The sales tax credits are calculated based upon 15% of eligible project cost for projects spending more than \$1 million; credits are 25% of eligible project cost for the projects in high unemployment counties.*
- The sales tax credit may be applied against the business's increased sales tax liability that results from the project.

Other review criteria may be requested by AEDC to determine whether the tourism attraction project meets the intent of the Act. Additionally, eligible businesses may receive a state income tax credit equal to 4% of the annual payroll of new, full-time, permanent employees. The income tax credits begin in the year in which the new employees are hired. Any unused portion of the credit may be carried forward against corporate income tax for the succeeding nine years.

EQUITY INVESTMENT INCENTIVE

<http://arkansasedc.com/global-business/incentives#equity-investment-tax-credit>

EQUITY INVESTMENT TAX CREDIT

The Equity Investment Incentive Program is a discretionary incentive targeted toward new, technology-based businesses paying wages in excess of the state or county average wage. If offered, this program allows an approved business to offer an income tax credit to investors purchasing an equity investment in the business. The income tax credits issued under this program are equal to 33 1/3% of the amount invested by an investor in an eligible business. The income tax credit earned may be used to offset 50%

TAX INCENTIVE PROGRAMS

of the investor's Arkansas income tax liability. Any unused credit may be carried forward for a period of nine years. The income tax credit earned may be sold upon approval by AEDC. If you have any questions concerning the Equity Investment Tax Credit Program, please call the, AEDC Incentives Manager, at 501-682-1682.

SPECIALIZED INCENTIVES

<http://arkansasedc.com/global-business/incentives#specialized-incentives>

Digital Production/Film

Arkansas offers financial incentives to foster the development of the digital and traditional film industry in Arkansas. Act 496 of 2013 allows for a rebate of 20% of eligible expenditures for approved projects.

Tuition Reimbursement

Arkansas provides a 30% state income tax credit to eligible companies for reimbursements they make on behalf of employees for approved educational expenses. The employees must successfully complete the course at an accredited Arkansas post-secondary educational institution. The credit authorized by this program cannot offset more than 25% of the company's state income tax liability in any tax year.

Child Care Facilities

Arkansas offers tax incentives for businesses that provide childcare for their employees.

A business may choose between two state income tax credit options: 1) a credit of 3.9% of the total annual payroll of the employees working in the childcare facility, or 2) a one-time \$5,000 state income tax credit for the first year that the business provides its employees with a childcare facility. The income tax credit may be carried forward for two years or until used entirely, whichever occurs first. In addition to either option, businesses may receive a refund on sales and use taxes on construction materials and furnishings purchased to equip an approved childcare facility. To qualify for these incentives, the business must be approved to operate an early childcare program.

Eligibility is determined by the Arkansas Department of Human Services, Division of Child Care and Early Childhood Education. The business may choose to operate the facility or contract the operations.

Recycling Equipment

Arkansas allows taxpayers to receive an income tax credit for the purchase of equipment used exclusively for reduction, reuse or recycling of solid waste material for commercial purposes, whether or not for profit, and the cost of installation of such equipment by outside contractors. Expenditures eligible for tax credit certification include:

- waste reduction, reuse, or recycling equipment used exclusively for waste reduction, reuse or recycling of solid waste for commercial purposes, whether or not for profit, including the cost of installation of such equipment by outside contractors;
- waste reduction, reuse or recycling equipment must be used exclusively in the collection, separation, processing, modification, conversion, treatment, or manufacturing of products containing at least fifty percent (50%) recovered materials, of which at least ten percent (10%) of the recovered materials shall be post-consumer waste;
- the cost of replacing existing waste reduction, reuse, or recycling equipment shall be eligible for certification only if the replacement provides greater capacity for recycling or provides the capability to collect, separate, process, modify, convert, treat, or manufacture additional or a different type of solid waste.

The amount of the tax credit shall equal 30% of the cost of equipment and installation costs deemed eligible by the Arkansas Department of Environmental Quality. Credits may be carried forward for three

TAX INCENTIVE PROGRAMS

consecutive years following the taxable year in which the credits accrued. Taxpayers receiving credit under this Act for the purchase of machinery and equipment shall not be entitled to any other state or local tax credit or deduction based on the purchase of the machinery or equipment, except normal depreciation.

Bond Financing (Amendment 82)

Amendment 82 allows the State of Arkansas to issue General Obligation Bonds to finance infrastructure costs associated with eligible companies locating or expanding operations in Arkansas. The state can issue bonds to fund a prospect's infrastructure needs through the Arkansas Development Finance Authority, limited to 5% of net general revenues during the most recent fiscal year.

WORKFORCE DEVELOPMENT PROGRAMS

Arkansas has a number workforce development programs that are designed to improve upon and build a highly skilled workforce.

Business and Industry Training Program

<http://arkansasedc.com/global-business/workforce-development#1>

The Business and Industry Training Program (BITP) offered is a flexible program designed for new and expanding business and industry. BITP helps these companies with recruiting workers, pre-employment training, on-the-job training, and train-the-trainer. The program also provides training assistance for existing businesses with new technology needs. Eligible Businesses include:

- Manufacturing Firms
- National, Regional Corporate Headquarters
- Distribution Centers
- Intermodal Facilities
- Knowledge-based Companies
- Biotechnology Companies
- Office Sector Businesses
- Scientific & Technical Services

The Business & Training Program has three emphasis: recruiting workers, pre-employment training and on-the-job training.

Recruiting Workers

The BITP provides financial assistance to recruit workforce required for new and expanding businesses and industries in Arkansas. Workers are usually recruited through newspaper ads, but other forms of recruitment may be used.

Pre-employment Training

The Business & Industry Training Program project managers work with AEDC's Business Development team when negotiating with new and expanding companies. The project manager then works closely with the company throughout the training project, meeting with the local educational institution and the company coordinator to find the best trainers for the company's needs. Trainees are required to sign an affidavit that relieves the company and AEDC of any obligations to the trainee.

Business & Industry Training Program

Project managers work with AEDC's Business Development team when negotiating with new and expanding companies. The project manager then works closely with the company throughout the training project, meeting with the local educational institution and the company coordinator to find the best trainers for the company's needs. If the company chooses to use its own out-of-state trainers for the pre-employment training, AEDC provides financial assistance for travel and lodging.

Train the Trainer

If the company chooses to send trainers from Arkansas to another plant location so they can learn to train trainees in Arkansas, the BITP provides financial assistance for travel and lodging.

On-the-Job Training

Following pre-employment training, if the trainee is hired by the company, AEDC helps pay the instructional costs to train the new employee. Hours of instruction and the number of instructors depend on the types of jobs that require on-the-job training. Financial assistance is not allowed for salary of trainees or new hires.

WORKFORCE DEVELOPMENT PROGRAMS

Career Readiness Certificate Program

<http://arkansasedc.com/global-business/workforce-development#2>

The Arkansas Economic Development Commission partners with six sister agencies to provide the Arkansas Career Readiness Certificate (CRC), which evaluates a job and compares the skills required to do that job with the skills that assessed applicants currently possess. Utilizing a job profile created for a specific job and comparing the required skills of that job with the existing skills of an applicant allows the employer and the employee to determine if the applicant is a good match for the job. Arkansas employers are currently using the CRC Program and report positive hiring, training, and retention statistics over the existing systems that have been used.

Existing Workforce Training Program

<http://arkansasedc.com/global-business/workforce-development#3>

The Existing Workforce Training Program (EWTP) provides financial assistance to Arkansas's businesses and eligible consortia of businesses for upgrading the skills of the existing workforce. Skills upgrade training is instruction conducted in a classroom environment at a work site, an educational institution or a neutral location, that provides an existing, full-time employee permanent employees who work at least 30 hours a week and is subject to Arkansas's personal income tax with the new skills necessary to enhance productivity, improve performance and/or retain employment. Eligible businesses include:

- Manufacturing NAICS codes 31-33
- Biotechnology NAICS code 541710
- National/Regional Corporate Headquarters NAICS code 551114
- Air transport NAICS code 488190
- Building Trades NAICS codes 236 and 238 (23899 not eligible)

The following companies must derive at least 75 percent of sales revenue from out of state:

- Computer Firms
- Intermodal Facility or Distribution Center
- Office Sector (non-retail business)
- Scientific & Technical Services
- Motion Picture Production
- Eligible Employees

Workforce Education Information

<http://arkansasedc.com/global-business/workforce-development#4>

Workforce development is a priority of the state's technical colleges and institutes, which work with local business and industry to meet existing and new workforce needs. More than 95 percent of the state's population lives within a 30-mile radius of one of these institutions. Relying on extensive employer involvement, the Arkansas Association of Two-Year Colleges developed the Workforce Readiness Curriculum. The association's Workforce Consortium serves more than 2,100 Arkansas businesses each year. Arkansas's Workforce Investment Board coordinates one-stop centers throughout the state to ensure consistent training for jobs in Arkansas.

Workforce Training Consortia

<http://arkansasedc.com/global-business/workforce-development#5>

Arkansas offers valuable opportunities for workforce training programs. Along with the Existing Workforce Training Program and the Business and Industry Training Program offered through the Economic Development Commission, Arkansas is also home to a network of workforce training consortia. A training consortium is a community-based, formal organization of businesses and industries that identifies common training needs in the area and arranges classes that are customized to meet their specific requirements. These employer-driven consortia allow each individual community to tailor its training

WORKFORCE DEVELOPMENT PROGRAMS

programs around local industry needs. Cooperative efforts between industry and educators result in classes on a variety of topics, such as computer skills, professional development, mechanical skills, welding and electrical skills.

Workforce Investment Act

The Workforce Investment Act (WIA) is a federally funded program designed to create an employment and training system dedicated to improving the quality of employment services provided to employers and citizens of Southwest Arkansas. For employers, this program provides a variety of services, including:

- On-the-Job Training
- Work Experience
- Technical assistance on Workforce Development Programs
- Regional Voice in Workforce Development through the Southwest Arkansas
- Workforce Investment Board
- Coordination of State and Federal programs available to the business community through a partnership with State Agencies
- Information resource for the business community on services available through WIA and other funding sources

For information on the locatiion of your nearest Workforce Center, go to

<http://www.southstarworks.org/pages/>.

FINANCING SOURCES AND FINANCIAL ASSISTANCE

Southwest Arkansas Planning & Development District

The goals of SWAPDD are to create or save jobs and to expand or develop business and industry in the 12 counties it serves. The District can provide business financing under the following programs:

- Economic Development Administration (EDA) Revolving Loan Fund, The EDA revolving loan fund is administered under the name of Business & Industrial Finance Network by SWAPDD. A maximum Loan of \$200,000 per client is allowed in order to provide gag financing for working capital, equipment and fixed asset financing.
- Partnership Loans with Other Public Loan Resources. Partnering with other loan sources reduces the risk of any one investor and allows for maximum benefits for the borrower. To date, over 55 projects have been successful due to partnered resources, accounting for over \$4.68 million and 1,457 jobs.
- Partnership Loans with Private and Commercial Loan Resources. Just as partnering with other private resources is beneficial, working with private and commercial resources is another optimal solution to financing.

Contact: (870) 234-4030, <http://www.swapdd.com/pages/index.php?pid=38>

Arkansas Department of Economic Development Business Financing Programs

STATE SMALL BUSINESS CREDIT INITIATIVE

<http://arkansasedc.com/global-business/financing#1>

In December 2011, Governor Mike Beebe announced Arkansas was awarded \$13.1 million by the United States Department of the Treasury's State Small Business Credit Initiative (SSBCI) to help create jobs through lending and guaranteeing loans to small and minority businesses, supporting venture capital investments and making risk capital investments in technology based enterprises.

The Arkansas Development Finance Authority (ADFA) collaborates with the Arkansas Economic Development Commission (AEDC) and the Arkansas Science and Technology Authority (ASTA) to distribute the funds through existing programs such as ADFA's Arkansas Capital Access Program, Bond Guaranty/Loan Participation Program, Risk Capital Matching Fund, the Disadvantaged Business Enterprise/Small Business Loan Guaranty Program, the Co-investment Fund and the Seed and Angel Capital Network.

INDUSTRIAL REVENUE BONDS

<http://arkansasedc.com/global-business/financing#2>

Industrial revenue bonds (IRBs), commonly known as "Act 9 Bonds" in Arkansas, provide manufacturers with competitive financing to purchase land, buildings, and equipment to expand their operations.

Cities and counties are authorized to issue IRBs to benefit private companies. Because Act 9 IRBs do not obligate cities or counties to make payment except from project income, the bonds must be underwritten on the financial strength of the company or guaranteed by the Arkansas Economic Development Commission or the Arkansas Development Finance Authority.

Businesses using either tax-exempt or taxable industrial revenue bond financing can negotiate with the local community for a payment in lieu of property taxes.

Eligibility Requirements for Tax-Exempt Bonds

- Tax-exempt bonds are regulated by the IRS Code and prospective borrowers must meet these requirements:
- The firm must be engaged in manufacturing, processing, or other activities directly supporting or

FINANCING SOURCES AND FINANCIAL ASSISTANCE

related to manufacturing or processing. The project must be for expansion or acquisition of fixed assets that are needed for the manufacturing process

- The business's total outstanding tax-exempt bond debt nationwide cannot exceed \$40 million
- The total capital cost may not exceed \$10 million for a six-year period
- The capital expansion must create new jobs

ARKANSAS CAPITAL CORPORATION

<http://arkansasedc.com/global-business/financing#3>

The Arkansas Capital Corporation Group (ACCG) consists of several affiliated companies with different markets, including the Arkansas Capital Corporation (ACC), a privately owned, non-profit organization established in 1957 to serve as an alternative source of financing for businesses in Arkansas. Its main goal is to improve the economic climate in the state by providing long-term, fixed-rate loans to Arkansas businesses. Loans start at a minimum of \$100,000.

As a preferred lender of the Small Business Administration, The Arkansas Capital Corporation Group (ACCG) makes loans from existing operations and business start-ups for everything from new construction and equipment to working capital. ACC loans may be used in combination with bank loans, municipal bond issues, or other sources of financing.

VENTURE CAPITAL INVESTMENT FUND

<http://arkansasedc.com/global-business/financing#4>

The Venture Capital Investment Act of 2001 authorizes the Arkansas Development Finance Authority (ADFA) to raise significant amounts of venture capital for investment within the state. ADFA has authorized the U.S. Partnership for State Investment to be the Designated Investor Group for the Arkansas Institutional Fund (AIF). The AIF is authorized to invest in professionally managed venture capital funds that in turn make risk capital more accessible to promising Arkansas firms.

TAX INCREMENT FINANCING

<http://arkansasedc.com/global-business/financing#5>

An amendment to the Arkansas Constitution enables local governments to issue bonds or notes to finance improvements in a redevelopment district. The bonds will be paid back from the increased tax revenue generated as a result of the improvements. A redevelopment district must be in an area that is considered blighted, deteriorated or underdeveloped.

BOND GUARANTY PROGRAM

<http://arkansasedc.com/global-business/financing#6>

The Bond Guaranty Program of the Arkansas Economic Development Commission was created to provide long-term, tax-exempt and taxable financing for businesses expanding or locating in Arkansas. Although the city or county may issue the revenue bond, the company is still responsible for paying the principal and interest. Under this program, the Commission "guarantees" timely payment of principal and interest, up to \$5 million principal per bond issue, to the bondholders. This guaranty gives the bonds a better rating, thereby making the bonds more attractive to investors and reducing the company's cost to borrow money.

The Bond Guaranty Program complements the existing Act 9 Program by giving the bonds market strength for applicants that do not possess market-rated debt of investment grade quality. Additionally, the applicant must demonstrate to the Commission that the project provides substantial additional employment opportunities to Arkansans as a direct result of the project.

For businesses that have a financial history but are unable to sell industrial revenue bonds to the public, the Arkansas Economic Development Commission can assure bondholders of repayment by guaranteeing

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up to \$5 million of the bond issue. The state's guaranty allows the bonds to be sold at a higher credit rating, therefore lowering the effective interest rate for the business. The Commission charges a 5 percent fee for guaranteeing issues of this type.

The Arkansas Development Finance Authority (ADFA) also provides a bond guaranty program that enables a company to obtain competitive, fixed interest rates. The total amount ADFA can guarantee is up to \$6 million per borrower; therefore, a business could obtain up to \$11 million per project, combining the programs of ADFA and the Economic Development Commission. ADFA has the capacity to issue bonds for a single project or for several projects on a pooled basis. The pooled or composite issue allows small businesses needing financing for fixed assets to take advantage of low interest financing and to share the costs for issuing bonds, an option which gives more financing opportunities which otherwise would not be available.

ADFA can also provide short-term financing to a company before bond proceeds are available.

ASTA INVESTMENT FUND

<http://arkansasedc.com/global-business/financing#7>

The Arkansas Science and Technology Authority (ASTA) administers a special Investment Fund of \$1.7 million that can provide seed capital for new and developing technology-based businesses through loans, royalty agreements, and limited stock purchases.

In addition, ASTA administers a program that encourages the transfer of technology from the laboratory to the manufacturing or processing plant and technology development programs.

Seed Capital Investment Program

<http://www.asta.arkansas.gov/programsProjects/buisness/Pages/seedCapitalInvestment.aspx>

The Arkansas Science & Technology Authority's Seed Capital Investment Program (SCIP) can provide working capital to help support the initial capitalization or expansion of technology-based companies located in Arkansas. The program can provide working capital up to \$500,000 of the company's total financing needs. Investments made by the SCIP fund can be repaid through a variety of instruments, including direct loans, participations and royalties. Eligible users include corporations whose (1) principal place of business is located in Arkansas, (2) project is technology or science related, (3) business evaluation indicates a good chance of financial success and, (4) proposed project development is fully completed. All applicants must complete an application form and submit a fully developed business plan. An interview and site visit may be conducted by the Authority's staff as part of the review. Upon qualification, the enterprise may then be invited to submit a detailed full application for further review.

Tourism Development Loan Program

www.state.ar.us/adfa/tourism_development_loan_program.htm

ADFA has set aside \$2,000,000 for tourism development direct loans for new business start up or expansion in the tourism industry. Additional funding of \$1,000,000 will be sought through the USDA-Intermediary Relending Program (IRP). An additional \$250,000 will be made available from the Arkansas Department of Heritage for projects which have cultural or historical significance.

Intermediary Relending Program (IRP) money, if received by ADFA, will be used in rural Arkansas and in federally designated Enterprise Communities whenever possible. If the business qualifies for USDA funding, the loan rate will be 3%. Otherwise, the loan rate will be ½ of the maximum finance rate allowed by the Arkansas Usury Law. Loans will be a 50/50 match with local financial institutions. The local financial institution will service all loans. There is no maximum or minimum project size. Maximum state loan amount is \$250,000. Minimum state loan amount is \$1,000.

State loan proceeds must be for fixed costs only such as acquisition of land and buildings, new

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construction, renovation, of an existing building, site improvements and purchase of new or used equipment (existing buildings and used equipment must be appraised). Business planning and business skills training from UALR Small Business Development Center (SBDC) or similar programs will be encouraged for new and existing owners/operators. A standard pre-application form has been developed to keep costs to a minimum. Any legal and closing costs associated with the loan will be paid by the borrower and can be financed.

SMALL BUSINESS ADMINISTRATION

The SBA offers several types of loans to prospective small business owners: loans made by private lenders (usually banks) that are guaranteed by the SBA. While the SBA is not a bank, it does have an important function in the commercial lending market, extending guarantees or participation when a bank is unable or unwilling to provide the small business' entire financing by itself. The SBA may guarantee up to 90% of the loan in the event of a loan default depending on the SBA Loan Program. www.sba.gov/

- **SBA Guaranteed 7(a) Loan** – Available to most start-ups and small businesses. For those applicants that meet the SBA's credit and eligibility standards, the Agency can guaranty up to 85 percent of loans of \$150,000 and less, and up to 75 percent of loans above \$150,000. This standard applies to most variations of the 7(a) Loan Program. Loans generally range from 7 years (working capital) to 25 years (real estate and equipment). SBA's 7(a) Loan Program has a maximum loan amount of \$2 million dollars. SBA's maximum exposure is \$1.5 million. Thus, if a business receives an SBA guaranteed loan for \$2 million, the maximum guaranty to the lender will be \$1.5 million or 75 percent. Costs include fixed or variable rate of loan plus guarantee fee and service fee. Only available if funds from other sources are not available. Contact your bank or visit, www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program
- **SBA 504 Program** – Available to businesses with less than \$7.5 million net worth, and average income of less than \$2.5 million over past two years. Long-term fixed asset loans up to 20 years, made by combination financing of SBA backed Certified Development Corporations (CDCs) and banks. Rates based on current Treasury issues plus guarantee fees of about 3%. The CDC's loan portion cannot exceed 40% of a project. Maximum SBA debenture supporting the loan can be up to \$1.35 million. Must be used for fixed assets, and must create one job for every \$50,000 of CDC's funds. Start-ups must contribute 10-20% equity to total start-up. The local CDC is the Ark-La-Tex Investment & Development Corporation, a subsidiary of The Coordinating & Development Corporation, (318) 632-2022, <http://cdonline.org/New/sfinser.htm#Investment>
- **SBA International Trade Loan Programs** – SBA's Export Working Capital Program (EWCP) loans are targeted for businesses that are able to generate export sales and need additional working capital to support these sales. The EWCP loans can also be used to even out cash flow when exporters have negotiated longer sales terms and cannot carry the resulting receivables with their own working capital. The EWCP loan can be a short-term loan for a single contract or in the form of a line of credit that supports ongoing export sales for a period of 12 months. May not be used to refinance existing debt. Contact the New Orleans Export Assistance Office, (504) 589-2757 or visit www.sba.gov/content/export-loan-programs

USDA Business & Industry Loan Program

http://www.rurdev.usda.gov/BCP_gar.html

The USDA B&I Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which

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will provide lasting community benefits. It is not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans. Or contact your local USDA Rural Development Area Office, (870) 367-8400, ext. 4.

BUSINESS TAXES AND EMPLOYEE TAX/INSURANCE REQUIREMENTS

State Requirements

A good resource for tax information for businesses may be found at <http://arkansasedc.com/data-center/taxation>

Corporate Income Tax

<http://arkansasedc.com/data-center/taxation#corporate-income-tax>

Domestic corporations and all foreign corporations doing business in Arkansas are subject to tax on net income at the following rates:

First \$3,000	1%
Next \$3,000	2%
Next \$5,000	3%
Next \$14,000	5%
Next \$75,000	6%
Over \$100,000	6.5%

The portion of income that exceeds each category is taxed at the next higher rate. For example, if a business has corporate net income of \$125,000, the first \$3,000 is taxed at 1 percent; the next \$3,000 is taxed at 2 percent, and so on. Thus, only the \$25,000 in excess of \$100,000 is taxed at the maximum rate of 6.5 percent. If business income is derived from activity inside and outside the state of Arkansas, it is apportioned for taxation according to the percentage of property and payrolls utilized in the state and sales attributable to Arkansas pursuant to the multi-state compact.

Corporate Franchise Tax

<http://arkansasedc.com/data-center/taxation#corporate-franchise-tax>

The Arkansas Franchise Tax is an annual tax imposed on Arkansas corporations for the grant of charter privileges and on non-Arkansas corporations for the privilege of doing business. The due date for the tax is June 1 in the calendar year following the year of incorporation or qualification and each June 1 thereafter.

State Sales and Use Taxes

<http://arkansasedc.com/data-center/taxation#sales-and-use-taxes>

The Arkansas sales tax is 6.5% of the gross receipts from the sales of tangible personal property and certain selected services. "Sale" includes the lease or rental of tangible personal property.

Taxable services include sales of gas, water, electricity, solid waste disposal, telephone and prepaid telecommunications and repair services.

The Arkansas compensating use tax of 6.5% is levied on tangible personal property purchased from outside the state of Arkansas for use, storage, or consumption within the state of Arkansas.

Repair and replacement parts for manufacturing machinery are generally taxable. However, one percentage point of sales and use taxes may be refunded for purchases of machinery and equipment or replacement parts purchased to modify, replace or repair manufacturing machinery and equipment.

Local Sales and Use Tax

<http://arkansasedc.com/data-center/taxation#local-sales-and-use-taxes>

In addition to the state sales and use tax, local sales and use taxes may be levied by each city or county. Prior to January 1, 2008, local taxes were capped at \$25.00 per each 1% of tax assessed per "single transaction." Beginning January 1, 2008, retailers began collecting the full amount of state, city and county taxes on all transactions. However, businesses may apply to the Arkansas Department of Finance and Administration for a refund of local taxes. "Single transaction" means any sale of tangible personal property or taxable service reflected in a single invoice, receipt or statement for which an aggregate sales

BUSINESS TAXES AND EMPLOYEE TAX/INSURANCE REQUIREMENTS

or use tax amount has been reported or remitted to the state for a single, local taxing jurisdiction. These taxes are collected by the state and distributed to the cities and counties each month.

Property Tax

<http://arkansasedc.com/data-center/taxation#property-tax>

The State of Arkansas does not have a property tax; however, Arkansas cities and counties do collect a property tax, which is the principal source of revenue for funding local public schools. For more information, contact your County Tax Assessor: Columbia County, (870) 234-4171; Lafayette County, (870) 921-4808; Miller County, (870) 774-1502; Ouachita County, (870) 837-2240; or Union County, (870) 864-1920.

Local Taxes

www.dfa.arkansas.gov/offices/exciseTax/salesanduse/Pages/LocalTaxInformation.aspx

There are more than 300 local taxes in Arkansas since local taxes have become a reality. Most cities and counties have local taxes. Cities and counties have the authority to enact a local sales and use tax if it is passed by an election of the voters in their area. The local sales and use tax is collected by the state and not the cities or counties. It's then distributed back to the cities and counties every month.

State Employee Income Tax Withholding

<http://www.dfa.arkansas.gov/offices/incomeTax/withholding/Pages/withholdingForms.aspx>

In addition to withholding federal employee income taxes, employers are required to withhold individual state income taxes on all employees who perform services for an employer doing business in, or deriving income from sources in Arkansas. Employers are required to remit the full amount deducted and withheld from the wages of all employees on a monthly basis. An employer should request a registration packet from the Arkansas Withholding Section upon hiring the first employee. The employer should complete the registration forms and return them with the required Federal Employer Identification Number (EIN).

State Unemployment Tax Requirements

<http://arkansasedc.com/data-center/taxation#unemployment-insurance-tax>

Every business in Arkansas pays an unemployment insurance tax. A business with no previous employment record in Arkansas is taxed at 4 percent on the first \$12,000 of each employee's earnings until an employment record is established, usually within three to five years. Contribution rates range between 1.2% and 13.1%

Worker's Compensation Insurance

www.awcc.state.ar.us

Applies to businesses with 3 or more employees, less depending on the type of business. Proprietors and partners do not count as employees; however, all members of corporations do count as employees. Employers must post a sign in a conspicuous place informing employees how to handle a workplace injury.

Federal Requirements

Federal Income Tax Withholding

www.irs.gov/businesses/small/article/0,,id=172179,00.html

All employers are required to withhold income taxes from their employees' wages for the Federal government. To know how much income tax to withhold from employees' wages, you should have all new employees complete a Form W-4, Employee's Withholding Allowance Certificate for Federal withholding,

Federal Social Security and Medicare Taxes

www.irs.gov/pub/irs-pdf/p15.pdf

By Federal law, all employers must withhold Social Security and Medicare taxes from an employee's gross wages (7.65% up to a certain amount, 1.45% thereafter). The employer must also pay an equal amount

BUSINESS TAXES AND EMPLOYEE TAX/INSURANCE REQUIREMENTS

for this tax. Depositing procedures vary depending upon the total amount an employer withholds from all employees. Current information on amounts to withhold as well as up-to-date employee income tax withholding taxes may be found in the IRS publication entitled Circular E, Employer's Tax Guide.

Federal Unemployment (FUTA) Tax

www.irs.gov/businesses/small/article/0,,id=172179,00.html

The Federal Unemployment Tax Act (FUTA), with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a Federal and a state unemployment tax. A list of state unemployment tax agencies, including addresses and phone numbers, is available in Pub. 926, Household Employer's Tax Guide. Only the employer pays FUTA tax; it is not deducted from the employee's wages. For more information, see the Instructions for Form 940.

BUSINESS ADVICE AND TECHNICAL ASSISTANCE

Chambers of Commerce

Your local chamber of commerce provides a wide range of information, services, and programs for businesses.

COLUMBIA COUNTY

- Magnolia-Columbia County Chamber of Commerce, (870) 234-4352, www.magnoliachamber.com

LAFAYETTE COUNTY

- Bradley Chamber of Commerce, (870) 226-5225, www.bradleychamber.com/
- Lewisville Chamber of Commerce, (870) 921-5285
- Stamps Chamber of Commerce, (870) 533-4408

MILLER COUNTY

- Texarkana Chamber of Commerce, (903) 792-7191, www.texarkana.org/

UNION COUNTY

- El Dorado Chamber of Commerce, (870) 863-6113, www.eldoradoar.org/
- Smackover Chamber of Commerce, (870) 725-3521, <http://smackoverar.com/>

OUACHITA COUNTY

- Camden Area Chamber of Commerce, (870) 836-6426, <http://teamcamden.com/index.php/chamber>

Economic Development Organizations

EDOs assist in the growth and development of their communities through projects that contribute to the quality of life and improvements that promote new or expanded business enterprises.

MULTI-COUNTY

- Golden Triangle Economic Development Council of South Arkansas. The Golden Triangle region comprises four counties – Calhoun, Columbia, Ouachita, and Union. There are five communities, Camden, El Dorado, Hampton, Magnolia, and Smackover, that are ACE Certified member communities representing more than 100,000 citizens in south central Arkansas. (870) 235-4924, <http://web.saumag.edu/gtedc/>

COLUMBIA COUNTY

- Magnolia Economic Development Corporation, (870) 234-0800 or 1-800-206-0889, <http://www.magnoliaedc.com/>

QUACHITA COUNTY

- Quachita Partnership for Economic Development, (870) 836-2210, <http://teamcamden.com/index.php/partnership-home>
- Camden Area Industrial Development Corporation, (870) 836-6426, <http://teamcamden.com/index.php/caidc-home>

Southwest Arkansas Planning & Development District

Southwest Arkansas Planning and Development District, Inc. (SWAPDD) serves a twelve (12) county area in the southwest section of Arkansas, (870) 234-4030, www.swapdd.com/pages/index.php

Business Incubator Programs

Business Incubators provide start-up and existing small businesses with business advice and support services; inexpensive space also available for lease.

- Ouachita Valley Business & Technology Development Center, (870) 837-5500, <http://camden.ar.gov/content.aspx?pid=33>

BUSINESS ADVICE AND TECHNICAL ASSISTANCE

Small Business Development & Technology Center

The SBDC program, sponsored in part by the Small Business Administration, helps to identify the specialized management and technical needs of the small business community. SBDC provides counseling, serves as an informational resource center, and coordinates and conducts continuing education programs. Contact: Southern Arkansas University SBDC, (870) 235-5033, <http://web.saumag.edu/business/partners/asbtcdc/>

Service Corps of Retired Executives (SCORE)

Score is an SBA-sponsored program that offers advice, counseling, and management training for owners and would-be owners of small businesses. Little Rock SCORE, (501) 324-7379, ext. 302, <http://littlerock.score.org/chapters/little-rock-score-0>

The Coordinating & Development Corporation

CDC is a private, non-profit, economic development organization that provides a wide variety of services for the business community. These services include: business investment and finance, employment and job training, business and entrepreneur development, marketing, international trade development, and state tax incentives information, (318) 632-2022, www.cdconline.org

Arkansas Manufacturing Extension Network

This agency provides a comprehensive source of business, management, and technical assistance to area manufacturers. It is an affiliate of the Manufacturing Extension Partnership program of the National Institute of Standards and Technology (NIST), which provides federal funding for the program, (501) 683-4400, www.mfgsolutions.org

Arkansas Department of Economic Development

The mission of the Arkansas Department of Economic Development is to develop and diversify the state's economy to enhance the quality of life for current and future Arkansans. It offers a variety of financing, tax incentives, international development, and workforce development programs to assist Arkansas businesses, 1-800-Arkansas, <http://arkansasedc.com/>

Small Business Administration – www.sba.gov

In addition to the SBA's Internet Procurement Opportunities programs, (see Government Procurement Opportunities Section of this Resource Guide), SBA also offers other programs beneficial to small businesses, including:

- **Online Entrepreneurial Training** – The Small Business Training Network is a virtual campus housing free training courses, workshops and knowledge resources designed to assist entrepreneurs and other students of enterprise. The Training Network makes SBA's business management resources available anytime and anywhere. It is a dynamic learning center designed to help small businesses compete in a constantly changing, global environment. www.sba.gov/category/navigation-structure/counseling-training
- **Government Contracting/Business Development** – The Office of Government Contracting (GC) works to create an environment for maximum participation by small, disadvantaged, and woman-owned businesses in federal government contract awards and large prime subcontract awards. www.sba.gov/category/navigation-structure/contracting/contracting-opportunities
- **SBA Office of Advocacy** – This office's mission is to encourage policies that support the development and growth of American small businesses. Advocacy represents the nation's small businesses within the federal government; conducts policy studies; and compiles statistics on small business characteristics and contributions. www.sba.gov/advocacy
- **Office of Women's Business Ownership** – OWBO promotes the growth of women-owned businesses through programs that address business training and technical assistance, and provide

BUSINESS ADVICE AND TECHNICAL ASSISTANCE

access to credit and capital, federal contracts, and international trade opportunities.

www.sba.gov/about-offices-content/1/2895

- **Veteran's Business Development** – Designed to provide entrepreneurial development services such as business training, counseling and mentoring, and training for eligible veterans owning or considering starting a small business. www.sba.gov/about-offices-content/1/2985

U.S. Department of Commerce – www.commerce.gov

While the SBA is the primary federal agency that advises and assists small businesses, the U.S. Department of Commerce has a number of programs that provide information and/or services to U.S.

businesses, including:

- **Bureau of Economic Analysis** – BEA is the Nation's accountant, interpreting data to draw a complete picture of the U.S. economy. BEA's economic accounts provide information on economic growth, regional development, and the Nation's position in the world economy. www.bea.gov/
- **Bureau of the Census** – The Constitution commands that a census be taken every 10 years. The purpose is the apportionment of seats in Congress, but the information collected provides the cornerstone of knowledge about the people of our nation. www.census.gov/
- **Minority Business Development Agency** – This agency was created specifically to encourage the growth of minority-owned businesses in the United States. It coordinates federal government plans, programs and operations that affect minority business enterprises. It promotes and coordinates the activities of government and private organizations that help minority businesses grow. It collects and distributes information to help those interested in starting or expanding a minority-owned firm, and it provides financial assistance to organizations to provide management and technical assistance to minority entrepreneurs. www.mbda.gov/
- **Office of Small and Disadvantaged Business Utilization (OSDBU)** – The Office of Small and Disadvantaged Business Utilization (OSDBU) is an advocacy and advisory office responsible for promoting the use of small, small disadvantaged, 8(a), women-owned, veteran-owned, service-disabled veteran-owned, and HUBZone small businesses within the U.S. Department of Commerce's (DOC) acquisition process. www.osec.doc.gov/osdbu/
- **Patent and Trademark Office** – For over 200 years, the basic role of PTO has been to promote the progress of science and the useful arts by securing for authors and inventors the exclusive right to their writings and discoveries for a limited time. www.uspto.gov

SPECIAL LICENSES AND PERMITS

STATE

Professional Licensing Requirements

For a listing of licensing requirements for select businesses visit <http://portal.arkansas.gov/business/Pages/businessProfessionals.aspx>

Restaurant and Food Services

Contact the state or the county sanitarian, an on-site inspector of restaurants and food preparation facilities. Anyone in food services, such as food processing, restaurants, caterers, mobile food units, convenience stores and bed and breakfasts must have their kitchen plans approved before establishing these businesses. These rules also apply to home-based businesses. Contact: Division of Environmental Health Protection, Arkansas Department of Health, (501) 661-2171, www.healthysarkansas.com/faq/faq_foodservice.html

Permit to Serve Alcohol

The Alcoholic Beverages Control Division (ABC) is responsible for issuing permits to allow a company to sell alcohol beverages. conducts a 4-hour educational seminar twice monthly. Applicants are required to attend before a permit is issued. Contact: Arkansas Department of Finance and Administration, Alcoholic Beverages Control Division, (501) 682-1105, www.dfa.arkansas.gov/offices/abc/Pages/default.aspx

Permit To Sell Cigarettes and Tobacco

Contact the Arkansas Department of Finance and Administration, Arkansas Tobacco Control, for information, (501) 682-9756, www.arkansas.gov/atcb/

Adult or Senior Day Care

Licensing is handled through the Arkansas Dept of Human Services, Office of Long Term Care, (501) 682-8430, <http://humanservices.arkansas.gov/dms/Pages/oltcHome.aspx>. Regulations for operating an Adult Day Care Center may be found at <http://humanservices.arkansas.gov/dms/oltcDocuments/adc.pdf>.

Child Care

Call to receive packet of regulations. Contact: Division of Child Care & Early Childhood Education, (501) 682-8590, www.arkansas.gov/childcare/licensing/index.html

FEDERAL

Occupational Safety and Health Administration (OSHA)

OSHA requires no licenses or permits; however, it does require the display of a poster describing relevant rights and responsibilities. Most employers must keep a log of work-related injuries and illnesses, which must be accessible to employees. Contact: State Office: (501) 224-8141 or go to www.osha.gov

Environmental Protection Agency (EPA)

The EPA oversees all federal environmental legislation. It also has jurisdiction over the issuance of various permits and licenses, although this jurisdiction does not extend over all states for all environmental matters. To determine whether a particular business enterprise is subject to EPA regulations and whether the EPA or the Louisiana Department of Environmental Quality is the appropriate licensing authority, Contact: Region 6 Office, (includes Arkansas), (214) 665-2200, www.epa.gov. The EPA also provides toll-free hot lines to provide information on specific legislative acts and requirements. For general information about EPA requirements and about the limits of federal licensing and permitting jurisdiction, visit: www.epa.gov/epahome/hotline.htm

SPECIAL LICENSES AND PERMITS

Wetlands Applications

The U. S. Army Corps of Engineers is responsible for permits involving the waters of the United States. Often a 404 Permit or Wetlands mitigation permit is required in development. All applications or inquiries should be directed to the Corps of Engineers: Vicksburg District for southern Arkansas, (601) 631-5000, <http://www.mvk.usace.army.mil/>, or Southwestern District for Little Rock and northern Arkansas, (501)-324-5551, <http://www.swl.usace.army.mil/>

GOVERNMENT PROCUREMENT OPPORTUNITIES

System for Awards Management (SAM)

<https://www.sam.gov/portal/public/SAM/>

The System for Award Management (SAM), has replaced the Central Contractor Registration (CCR) website. (SAM) was created in an effort to improve the federal government contracting process for small business owners. Phase 1 of SAM services combines several procurement systems, including the Central Contractor Registration (CCR), Federal Agency Registration (FedReg), and the Online Representations and Certifications Application (ORCA), Excluded Parties List System (EPLS), into one, easy-to-use website. If you were registered in the CCR database, your information may already be populated in SAM. However, you will need to register with SAM and to make any changes to your registration.

SAM serves as a government-contracting portal and enables small business owners to register to do business with the federal government, and represent/self-certify as a small business all in one place. This streamlined, integrated approach will eliminate data redundancies, improve capabilities of the government-contracting workforce, and save taxpayers money by reducing costs. SAM is managed by the General Service Administration (GSA). If you require any assistance (troubleshooting, data concerns, general information, etc.), contact the Federal Service Desk at www.fsd.gov or by telephone at 866-606-8220.

Note: A DUNS number, provided by Dun & Bradstreet (D&B), is required for registration in the System for Award Management (SAM) database – <http://fedgov.dnb.com/webform>. (This link is to a special website dedicated to assisting customers doing business with the US Federal Government.)

SBA'S HUBZone Program – The HUBZone program provides federal contracting assistance for qualified small business concerns located in historically underutilized business zones. To be a qualified HUBZone small business concern, a company must be a small business, owned and controlled by US citizens (51%), have their main office located in a HUBZone, and have at least 35% of the company's employees residing in a HUBZone (doesn't have to be the same HUBZone as the company's principal office). <http://www.sba.gov/content/applying-hubzone-program>. To determine if your company is in a HUBZone, <http://map.sba.gov/hubzone/maps/>.

SBA'S 8(a) Business Development Program – The SBA's 8(a) BD Program helps small disadvantaged business concerns compete in the American economy. As part of the business development of the 8(a) firms, SBA helps small disadvantaged businesses access the Federal contracting marketplace. Certification through the SBA 8 (a) program is required for participation in this program. New rules for the 8(a) program have led to requiring registration on several federal government websites. Information relating to the required websites may be found at https://sba8a.symplicity.com/downloads/BDMIS_UserGuide.pdf

SBA'S Sub-Contracting Programs – For some small businesses, subcontracting to a Prime Vendor is a great way to "get a foot in the door" of government contracting. <http://www.sba.gov/category/navigation-structure/contracting/contracting-opportunities/sub-contracting> provides links to a number sub-contracting opportunities and government agencies' websites.

Northwest Louisiana Government Procurement Center

This agency helps companies find and secure government contracts, assists with marketing and technical aspects of government contracts, and offers specialized assistance to clients in areas such as Construction and Environmental contracting and subcontracting, (318) 677-2530, www.lagpc.org.

FedBizOpps.gov – www.fbo.gov

FedBizOpps.gov is the single government point-of-entry for Federal government procurement opportunities more than \$25,000. Government buyers are able to publicize their business opportunities by posting information directly to FedBizOpps via the Internet. Through one portal - FedBizOpps - commercial

GOVERNMENT PROCUREMENT OPPORTUNITIES

vendors seeking Federal markets for their products and services can search, monitor, and retrieve opportunities solicited by the entire Federal contracting community. To register on the site, go to https://www.fbo.gov/index?s=main&mode=list&tab=register&subtab=step1&_sys=vendor. You may also seek procurement opportunities through an advanced search at www.fbo.gov. **Note:** To participate in procurement opportunities with the Federal Government, you must register with <https://www.sam.gov/portal/public/SAM/#1> and have a DUNS number (see SAM above for more information)

Department of Housing and Urban Development

HUD provides a Contract Opportunities Mailing Notification List that provides information about the Department's current contracting opportunities. You will receive an email notification whenever new solicitations and amendments are posted to HUD's Current Contracting Opportunities.

www.hud.gov/subscribe/index.cfm

Selling to State Agencies

The Office of State Procurement (OSP) has primary responsibility and oversight for the State wide procurement of commodities, technical and professional services for all state agencies, boards and commissions and colleges and universities. OSP provides training in the Procurement Law, regulations and policies. Marketing and Redistribution, part of OSP, is responsible for the disposal of state surplus property and equipment. For more information, visit

<http://www.dfa.arkansas.gov/offices/procurement/Pages/default.aspx>. To register as a vendor, go to <https://www.ark.org/vendor/index.html>

INTERNATIONAL TRADE

LOCAL AGENCIES

U.S. Export Assistance Center (USEAC)

Companies interested in obtaining export assistance may contact the USEAC, an office of the U.S. Department of Commerce/International Trade Administration. The primary focus of the USEAC is to assist export-ready clients, those with the commitment and resources to establish or expand their export potential. The center provides hands-on export marketing for small and medium-size companies. Little Rock Export Assistance Center, Little Rock, AR, (501) 324-5794, <http://export.gov/arkansas/>

Arkansas District Export Council

The Arkansas District Export Council is a private, non-profit organization, whose members are appointed for four year terms by the Secretary of Commerce, which brings together experienced international business people who provide support, advice, and assistance to Arkansas companies interested in entering into or expanding into international markets. The Mission of the DEC is to encourage and support

- Arkansas exports that strengthen individual companies, stimulate Arkansas economic growth, and create jobs;
- Arkansas export promotion & expansion activities by working with the Arkansas U.S. Export Assistance Center; and
- Programs & services to promote increased Arkansas agricultural and manufactured exports in the global marketplace.

The Arkansas DEC works in conjunction with the Little Rock U.S. Export Assistance Center, <http://arkansasexport.com/about-us>

U.S. Export-Import Bank

The Ex-Im Bank is a federal agency that provides insurance for foreign receivables, working capital, loans and guarantees. It also has special programs for environmental, project financing, and small businesses, (214) 551-4959, www.exim.gov

Little Rock/North Little Rock U.S. Customs Port of Entry

Companies involved in importing from foreign sources may clear their goods and/or obtain information from the Customs and Border Protection office based at the Little Rock Airport, 1100 Temple Street, Air Cargo Building, (501) 324-5289, <http://www.cbp.gov/contact/ports/little-rock-north-little-rock>

REQUIREMENTS FOR DOING BUSINESS IN ARKANSAS

STATE REQUIREMENTS

Business Licenses

To research the regulations that apply to specific businesses in Arkansas, visit <http://portal.arkansas.gov/business/Pages/businessProfessionals.aspx>

State Labor Laws

State labor laws, including such items as wages, overtime, etc., are governed by federal labor laws. For information on Arkansas labor standards, go to www.labor.ar.gov/resources/Pages/default.aspx#ls

Workers' Compensation

Most employers in Arkansas with three or more employees are required by law to have workers' compensation insurance coverage for their employees. www.awcc.state.ar.us/employerbasicfacts.html

Other Employer Requirements including Unemployment Insurance

The Arkansas Department of Workforce Services has a website that offers information for businesses that have employees, including a link to registering for Unemployment Insurance. Go to <http://dws.arkansas.gov/index.htm>, and click on the link for Employers.

LOCAL REQUIREMENTS

Zoning Approval & Building & Sign Permits

Before applying for a business license, first verify that the type of business & its physical location complies with local zoning regulations.

- Zoning laws vary significantly throughout the state.
- Zoning approval is a one-time occurrence.
- Zoning offices can supply business license applications.
- If the proposed business site is not in compliance, you must apply for a permit to change the current zoning.
- Home-based businesses must apply for a home occupation permit. Certain limitations apply.
- Signage for your business requires a sign permit.
- If you plan to build a new building or to alter an existing building, apply for a building permit.

Business Licenses

Some cities and counties require businesses to obtain business licenses.

- Apply for a business license in the city in which the business is physically located. If located outside of the city limits, contact the county tax collector or clerk's office.
- If the business has a physical location in other cities, inquire about a business license for these cities.
- Businesses located outside the city limits may still need a business license to operate within the city limits. Contact for local county offices that deal with new businesses.

Professional Licenses

Certain professions require a license from the state. You can search by keywords to determine if your professional business requires a state license at www.arkansas.gov/services/list/category/business.

Certificate for DBA (Doing Business As) Company

Sole proprietors and general partnerships operating their business under a fictitious or assumed name must apply for a DBA certificate with the county in which the business is physically located.

- DBA application fees vary and generally, are a one-time occurrence.
- A business name change, ownership change or business closure, will require filing an amendment at

REQUIREMENTS FOR DOING BUSINESS IN ARKANSAS

the clerk's office.

- The county clerk's office will conduct a complimentary name search for the business.
- Inquire about a DBA application if a business is incorporated, but operating under another business name.
- A DBA does not protect or reserve a business name.

Contacts for Clerks of Court

- Columbia County Clerk, (870) 235-3774
- Lafayette County Clerk, (870) 921-4633
- Miller County Clerk, (870) 774-4501
- Ouachita County Clerk, (870) 837-2220
- Union County Clerk, (870) 864-1910

SOUTHWEST ARKANSAS BUSINESS CONTACTS

Chambers of Commerce

COLUMBIA COUNTY

- Magnolia-Columbia County Chamber of Commerce, (870) 234-4352, www.magnoliachamber.com

LAFAYETTE COUNTY

- Bradley Chamber of Commerce, (870) 226-5225, www.bradleychamber.com/
- Lewisville Chamber of Commerce, (870) 921-5285
- Stamps Chamber of Commerce, (870) 533-4408

MILLER COUNTY

- Texarkana Chamber of Commerce, (903) 792-7191, www.texarkana.org/

UNION COUNTY

- El Dorado Chamber of Commerce, (870) 863-6113, www.eldoradoar.org/
- Smackover Chamber of Commerce, (870) 725-3521, www.smackoverar.com/

OUACHITA COUNTY

- Camden Area Chamber of Commerce, (870) 836-6426, <http://teamcamden.com/index.php/chamber>.

Economic Development Organizations

MULTI-COUNTY

- Southwest Arkansas Planning & Development District -- offers professional economic and community development services for the municipalities and counties within the region, (870) 234-4030, www.swapdd.com/pages/index.php
- Golden Triangle Economic Development Council of South Arkansas. The Golden Triangle region comprises four counties – Calhoun, Columbia, Ouachita, and Union. There are five communities, Camden, El Dorado, Hampton, Magnolia, and Smackover, that are ACE Certified member communities representing more than 100,000 citizens in south central Arkansas. (870) 235-4924, <http://web.saumag.edu/gtedc/>

COLUMBIA COUNTY

- Magnolia Economic Development Corporation, (870) 234-0800 or 1-800-206-0889, <http://www.magnoliaedc.com/>

QUACHITA COUNTY

- Quachita Partnership for Economic Development, (870) 836-2210, <http://teamcamden.com/index.php/partnership-home>
- Camden Area Industrial Development Corporation, (870) 836-6426, <http://teamcamden.com/index.php/caidc-home>

