

TAX BACK

Program Summary

The Tax Back program provides sales and use tax refunds on the purchase of building materials, machinery, and equipment to qualifying businesses that create new jobs as a result of construction, expansion, or facility modernization projects in Arkansas.

To qualify for the Tax Back program, a business must:

- Invest in excess of one hundred thousand dollars (\$100,000);
- Obtain an endorsement resolution from the local governing authority (city, county, or both) in which the project is located that authorizes the refund of local taxes;
- Within twenty-four (24) months of signing the Tax Back agreement, sign a job creation agreement under the Advantage Arkansas program (§ 15-4-2705) or the Create Rebate program (§ 15-4-2707) unless the eligible business has met the requirements of a job creation financial incentive agreement under § 15-4-2705 or § 15-4-2707 within the previous forty-eight (48) months;
- Submit an application for Tax Back on forms provided by the Arkansas Economic Development Commission (Commission); and
- Receive Commission approval prior to incurring expenditures.

For convenience, the section of the Final Rules that contains the major requirements of the program is reproduced below. **For all the requirements of this and other incentive programs, see the entire Final Rules, particularly the “Definitions” section on pages 2 – 10 and the “Administration” section on pages 12 – 15.**

D. Sales and Use Tax Refund for New and Expanding Eligible Businesses (Tax Back) – Act 182 of 2003, as amended, § 15-4-2706(d).

This incentive program is available to any eligible business that meets the qualifications for investment and payroll thresholds for the tier in which it locates or expands and is approved for benefits by the Commission. The Commission’s approval is contingent upon receipt of a completed application and a local endorsement resolution from the city, county or both which authorizes the refund of its local taxes to the eligible business.

To qualify, the eligible business must invest in excess of one hundred thousand dollars (\$100,000) and meet the eligibility criteria of the Advantage Arkansas (§ 15-4-2705) or Create Rebate (§ 15-4-2707) job creation incentive programs.

The financial incentive agreement for the job creation tax credit (Advantage Arkansas) or payroll rebate (Create Rebate) must be signed within twenty-four (24) months of signing a financial incentive agreement for a sales and use tax refund unless the eligible business has met the requirements of a job creation financial incentive agreement under § 15-4-2705 or § 15-4-2707 within the previous forty-eight (48) months.

In the event an eligible business has an existing Tax Back agreement, the business may apply for additional Tax Back if it has signed a job creation financial incentive agreement under § 15-4-2705 or § 15-4-2707 within the previous forty-eight (48) months.

In the event the business does not have an existing Tax Back agreement, the business may apply for Tax Back benefits if it has signed a job creation financial incentive agreement under § 15-4-2705 or § 15-4-2707 within the previous forty-eight (48) months.

An application, accompanied by local endorsement resolution(s), must be filed with the Commission. The application should clearly identify the intent of the project, the expenditures planned, the start and end date of the project and an estimate of total project costs. The local endorsement resolution(s) from the governing authority (city council, quorum court or both) in which the project is located must authorize the refund of its local sales and use taxes.

The purpose of the resolution is to: A) approve the business's participation in the program; and B) specify that the municipality or county authorizes the DFA to refund all or part of any sales and use tax levied at the local level. The municipality or county in which the eligible business is located may authorize the refund of any sales or use tax levied by it but may not authorize the refund of any sales and use tax not levied by it.

This incentive program grants a refund of state and local sales and use taxes paid on the purchases of the material used in the construction of a building or buildings or any addition, modernization, or improvement to a new or expanding eligible business. A sales and use tax refund is also allowed for the purchases of taxable machinery or equipment associated with the building or project.

A refund shall not be authorized for:

- Routine operating expenditures;
- The purchase of replacements of items previously purchased as part of a project unless the items previously purchased will not enable the project to function as originally intended;
- Licensed motor vehicles; or
- Expenditures for routine repair and maintenance that do not result in new construction or expansion.

For projects approved on or after July 1, 2005, the refund of state sales and use taxes shall not include the refund of taxes dedicated to the Educational Adequacy Fund (.875%) provided in § 19-5-1227 or the taxes dedicated to the Conservation Tax Fund (.125%) provided in § 19-6-484.

All project costs must be incurred within four (4) years from the date the project is approved by the Commission. The project plan may be revised by written amendment filed with the Commission. The Commission's approval of an amendment will not extend the time period in which project costs may be incurred. Amendments that exceed twenty-five percent (25%) of the original project plan's estimated cost will not be considered and shall be submitted as a new project.

Eligible Businesses Tax Back Refunds

For an eligible business to receive a refund, the business must file an *Annual Sales and Use Tax Refund Request Form (Form Tax Back 1000)* and schedule (*Schedule A*) listing the qualified purchases at the end of each calendar year.

An approved eligible business may receive a sales and use tax refund on eligible purchases made by a contractor or developer performing work, or building a structure for lease or sale to the approved eligible business provided the eligible business submits to the DFA Tax Credits/Special Refunds Section a notarized *Contractor's/Developer's Waiver of Refund Form (Form Tax Back 1100)* completed by the contractor or developer waiving any and all rights to claim a refund of sales and use taxes.

An approved business is prohibited from claiming a refund for the same amount of local tax that:

- The approved business has received, or will be receiving, for a local tax cap rebate on qualifying Tax Back purchases, either on the approved business's Sales and Use Tax Report or as a refund from the Sales and Use Tax Section; or
- The contractor or developer has received, or will be receiving, a local tax cap rebate on qualifying Tax Back purchases, either on the contractor's or developer's Sales and Use Tax Report or as a refund from the Sales and Use Tax Section.

Example: An eligible business approved for the Tax Back program makes a purchase of eligible items on an invoice totaling ten thousand dollars (\$10,000). Assuming a local tax rate of one percent (1%), the total local tax due is one hundred dollars (\$100). The local tax cap for business purposes is limited to the tax due on two thousand five hundred dollars (\$2,500). If the business claims a local tax cap rebate for the seventy-five dollars (\$75) (the tax paid in excess of the tax due on two thousand five hundred dollars (\$2,500)) on its Sales and Use Tax Report or as a refund from the Sales and Use Tax Section; the business's Tax Back refund is limited to twenty-five dollars (\$25) for this invoice. If the business has not claimed, or does not plan to claim, the local tax cap rebate, it may claim the full amount of local tax paid on its Tax Back Sales and Use Tax Refund Request.

Refunds to Developers/Contractors

Developers building a structure for lease to an approved eligible business and contractors performing work for an approved eligible business may be permitted to receive a sales and use tax refund on eligible purchases directly from the state only when the approved eligible business requests the DFA Tax Credits/Special Refunds Section, in writing, that this be permitted and states the basis for this request. This request must be approved by the DFA prior to the signing of the financial incentive agreement.

The DFA Revenue Division will authorize this procedure only when it is satisfied that:

- The written request sufficiently states the basis for this request and provides a satisfactory

- explanation why this arrangement is crucial to the success of the project;
- All requirements of the Consolidated Incentive Act of 2003, as amended, and Commission rules will be adhered to;
 - The requisite affidavit indicating to whom the benefit accrues is submitted to the DFA.
 - If the business receives the benefit, a *notarized affidavit (Form Tax Back 1400)* is presented to the DFA Revenue Division from the contractor or developer stating the eligible business will receive the benefit of the sales and use tax refunds by having the cost of construction or lease payments reduced by the amount of the tax refund; or
 - If the contractor receives the benefit, a *notarized affidavit (Form Tax Back 1300)* is presented to the DFA Revenue Division from the approved eligible business waiving the right to claim a refund of sales and use taxes, and passing on the right to claim refunds to the contractor or developer. The affidavit must state that the eligible business acknowledges that if the eligible business fails to comply with the conditions contained in the Act or this rule, that the business will be liable for the payment of all sales and use taxes which were refunded to the contractors and developers under this Act, plus interest; and
 - The eligible business's incentive agreement with the Commission must include a provision for recapture of the sales and use tax refunds from the contractor or developer if the eligible business closes and ceases operations within a short period.

If a developer or contractor has been authorized by the DFA to receive the refund, the developer or contractor must file an *Annual Sales and Use Tax Refund Request by Developer Form (Form Tax Back 1200)* and schedule (*Schedule A*) listing the qualified purchases.

A developer or contractor is prohibited from claiming the same amount of local tax that it has received, or will be receiving, for a local tax cap rebate on qualifying Tax Back purchases, either on its Sales and Use Tax Report or as a refund from the Sales and Use Tax Section.

Example: A developer or contractor makes a purchase of eligible items on an invoice totaling ten thousand dollars (\$10,000). Assuming a local tax rate of one percent (1%), the total local tax due is one hundred dollars (\$100). The local tax cap for business purposes is limited to the tax due on two thousand five hundred dollars (\$2,500). If the developer or contractor claims a local tax cap rebate for the seventy-five dollars (\$75) (the tax paid in excess of the tax due on two thousand five hundred dollars (\$2,500)) on its Sales and Use Tax Report or as a refund from the Sales and Use Tax Section; its Tax Back refund is limited to twenty-five dollars (\$25) for this invoice. If the contractor or developer has not claimed, or does not plan to claim, the local tax cap rebate, it may claim the full amount of local tax paid on its Tax Back Sales and Use Tax Refund Request.

Filing Requirements

It is the responsibility of the eligible business to file an *Annual Sales and Use Tax Refund Request Form (Tax Back 1000)* and supporting schedule (*Schedule A*) with the DFA at the end of each calendar year.

Upon determining the amount of eligible refund, the DFA shall issue a refund to the eligible business. All claims for sales and use tax refunds under this incentive program must be filed within three (3) years from the date of the qualified purchase or purchases or those claims will be denied.

Example: An eligible business is planning to expand its operations in a Tier 3 county and has signed an Advantage Arkansas agreement with the Commission. The business plans to hire seven (7) new full-time permanent employees at twelve dollars (\$12) per hour (\$12/hour X 2080 hours = \$24,960 average annual wage X seven (7) new employees = \$174,720 annual payroll). The business would meet the seventy-five thousand dollar (\$75,000) payroll threshold for a Tier 3 county. The business will renovate an existing building in the community and will spend approximately one hundred and twenty-five thousand dollars (\$125,000) in renovation costs. This investment is above the one hundred thousand dollar (\$100,000) threshold required. The sales tax paid on all renovation costs subject to the sales tax is eligible to be refunded at the sales or use tax rate in effect at the time of the purchase, excluding the taxes dedicated to the Educational Adequacy Fund and the Conservation Tax Fund. The eligible business must file for the sales or use tax refund within three (3) years of purchase or the claim will be denied. This example assumes all new full-time permanent employees are hired at the beginning of the first year and work forty (40) hours per week.

Notes: The refund of sales and use tax for eligible businesses is dependent upon the following:

- The refund is made contingent upon the signing of a financial incentive agreement for a jobs creation incentive (Advantage Arkansas or Create Rebate) within twenty-four (24) months of signing a financial incentive agreement for a sales and use tax refund for new and expanding eligible businesses;
- The items purchased being subject to the sales or use tax;
- The payroll threshold under the Advantage Arkansas or Create Rebate job creation financial incentive agreements being met within twenty-four (24) months of the signing of the financial incentive agreement unless the eligible business has met the requirements of a job creation financial incentive agreement under § 15-4-2705 or § 15-4-2707 within the previous forty-eight (48) months; and
- The documentation of the minimum investment of one hundred thousand dollars (\$100,000) needed to qualify for the sales and use tax refund.

Combination with other incentives: The sales and use tax refund for new and expanding eligible businesses, authorized by § 15-4-2706(d), may be combined with:

- Advantage Arkansas as authorized by § 15-4-2705 or Create Rebate as authorized by § 15-4-2707, if approved by the Executive Director; and
- The research and development income tax credit for university-based research authorized by § 15-4-2708(a); and
- The research and development income tax incentive for in-house research authorized by § 15-4-2708(b).



Incentive Application

Consolidated Incentive Act of 2003

OFFICE USE ONLY

Project #

Project Manager

Date Received

Incentive Program

Please select which of the following program(s) are applicable to this application:

Job Creation:

Advantage Arkansas (Income Tax Credit program)

Investment: (construction, expansion, modernization)

Tax Back (Sales and Use Tax Refund program)
For new or expanding businesses with a minimum required investment based on the tier in which the company locates. Tax Back must be combined with a job creation agreement.

Applicant

Central States Manufacturing, Inc.

Complete Company Name Filing for Advantage Arkansas Income Tax Credit

171 Naples, Springdale, AR 72762 Washington

Physical Location of Project - Street Number/Street/City/State/Zip County

Chad Ware, CFO

479-466-7280

Name and Title of Local Company Contact

Phone Number

cware@centralstatesmfg.com

www.centralstatesmfg.com

Company Contact E-mail Address

Company Website

Information for Advantage Arkansas - Income Tax Credit

Employer's Federal Tax ID Number _____

Arkansas Income Tax ID Number _____

Ownership of Company (Please check the appropriate box)

- Individual
 Partnership
 LLC
 Taxable Corporation (C Corporation)
 Small Business Corporation (Sub S Corporation)

If ownership of company is Individual, Partnership, LLC or Small Business Corporation, please provide the following information (a separate attachment may be submitted if necessary):

Name(s) of Owner(s)	Percent Ownership	Social Security Number or Federal Tax ID Number
Central States ESOP	100%	
Central States ESOP		
Central States ESOP		
Central States ESOP		

When does your tax year end? 12 / 31
Month Date

Information for Tax Back - Sales and Use Tax Refund

Arkansas Sales and Use Tax ID Number _____

If sales and use tax refund will be issued to an entity other than the applicant, please provide the following information:

None

Complete Company Name Filing for Tax Back Sales and Use Tax Refund

N/A

Relationship to Applicant

N/A

Mailing Address of Company Filing for Tax Back - City/State/Zip

EmploymentPresent employment: 299Number of new employees resulting from this project: 20Average hourly wage of new employees hired for this project: \$ 25.00Total annual payroll of new employees hired for this project: \$ 1,040,000

NOTE: To qualify for the income tax credits provided by the Advantage Arkansas program, the company must be an eligible business and meet the minimum payroll requirements for the Tier (county) in which the project is located. The Tier Map is available online at www.ArkansasEDC.com.

**NAICS
Classification
Code**332322Manufacturer of Metal Building Components and Packages

Description of principal business activity, products manufactured, etc.

If the applicant is a computer-related company, office sector business, motion picture company or a scientific and technical services business, 51% of the applicant's sales revenue must be derived from out of state.

If the applicant is a distribution center, 75% of their sales revenue must come from out-of-state customers.

What percentage of the applicant's sales is derived from out of state? 80 %

NOTE: Information contained in this application is subject to audit by the Arkansas Department of Finance and Administration. If any of the above information is found to be inaccurate and does not qualify, the business will be decertified and shall not receive any benefits and may be required to repay any benefits received, plus penalty.

**Consultant
Information**
(If Applicable)

N/A

N/A

Name of Consultant filing this application

Phone Number

N/A

Consultant Firm Name

N/A

Mailing Address

City/ State/ Zip

N/A

Consultant E-mail Address

Project Plan

Please indicate the activity planned by the company associated with this application.

(Check all that apply)

New Construction
 Expansion of existing business
 Modernization

Estimated Start Date of Project: 11/1/2021
 Estimated Completion Date of Project: 1/30/2022

Project Description:


Central States (CSMI) is looking to expand office space to meet our expected growth in the next several years. We are looking to purchase a new office building and modernize our existing building for new offices and larger break room for our production staff to allow more growth with production employees.

Project Cost Estimates: \$5,000,000 - \$5,200,000		
Land:	Description: Land will be purchased with the price we pay for the office building.	
		\$
<i>Land Total:</i>		\$
Building:	New construction: New construction for existing building to add more office space and larger break room for production employees	200,000
		\$
	Expansion or Purchase of existing facility: Purchase of new office building - approximately 21,500 square feet for up to 100 employees for our Corporate offices. This price includes the land cost.	5,000,000
		\$
<i>Building Total:</i>		\$5,200,000
<i>New Square Footage:</i>		21,500
Machinery and Equipment:	Description:	0
		\$
<i>Machinery & Equipment Total:</i>		\$0
Total Estimated Project Cost:		\$5,200,000

Certification

The undersigned authority, Chad Ware acknowledges that he/she is
Company Official (Printed Name)
the owner or authorized official of the applicant company that has the authority to act on behalf of
the applicant.

This affidavit is made for the specific purpose of verifying that the information contained in this application is true and correct. The applicant acknowledges that only those eligible project costs incurred and/or employees hired after the date this application is received by the Commission will be considered for refund or credit. The Advantage Arkansas program requires a separate financial incentive agreement, signed by the applicant company and the Commission, before hiring any new, full-time, permanent employees. **The applicant company does hereby agree to report new job creation and investment figures annually to the Arkansas Department of Finance and Administration for the term of the incentive agreement and to the Arkansas Economic Development Commission upon request.**

 CFO 9/14/21
Signature of Company Official Title Date

Contract Disclosure

Any individual contracting with the State of Arkansas must make full disclosure if he or she is a current or former: member of the General Assembly, Constitutional Officer, Board or Commission member, State employee, or the spouse or immediate family member of any of the persons described herein; or if such persons having any position of control or any ownership interest of ten percent (10%) or greater in the entity currently applying to contract with the State. Please indicate if this disclosure is required for this application. Failure to disclose such information is a criminal offense and shall render any contract with the State of Arkansas null and void.

Disclosure Required?: Yes or No

Press Release Disclosure

I do do not authorize the Arkansas Economic Development Commission to release to the press the new job creation and investment figures.

(Signing this authorization to release job creation and investment numbers is not mandatory. However, information about benefits received is public information and may be obtained through a Freedom of Information request filed with the Arkansas Department of Finance and Administration.)

 CFO 9/14/21
Signature of Company Official Title Date

If you have questions about the incentive programs included in this application, please call the Arkansas Economic Development Commission at 501-682-7675 or visit the Commission's website at www.ArkansasEDC.com.

Submit this application to:
Business Development Division
Arkansas Economic Development Commission
1 Commerce Way, Suite 601
Little Rock, AR 72202

AEDC APPROVAL

The Commission's approval of this application is based upon its content. The eligibility provisions of the individual incentive programs will be administered by the Arkansas Department of Finance and Administration upon audit at a later date.

Signature of AEDC Incentives Manager

Central States Manufacturing, Inc
171 Naples
Springdale, AR 72762
Website: <https://www.centralstatesmfg.com/>

CEO: Jim Sliker
CFO: Chad Ware
Established: 1988
Type: Privately Held
NAICS Code: 332322

Phone: 800-356-2733
Email: cware@centralstatesmfg.com
Current Employees: 299
Industry: Wholesale of Steel Products

Central States Manufacturing, Inc formerly headquartered in Lowell produces metal roofing and siding for thousands of customers across America. These materials are used to make a variety of structures, including backyard garages, metal roofs, industrial complexes, and even agricultural buildings. The company began production in a small 15,000 square foot plant in Rogers, Arkansas in April 1988, but quickly outgrew the space. Since then, they have expanded their footprint across the USA to include 11 locations in 10 different states.

Expansion Plans: The company recently purchased a new 21,500 square foot office building at 171 Naples, Tontitown. This complex will serve as the new corporate offices and will be home to approx. 100 employees. The existing facility, located in Lowell, will remain as the production site and will undergo minor renovations to office space.

New Hires: 20 Full-Time Permanent
Average Hourly Wage: \$25.00/hour
Total Annual Payroll of New Employees: \$1,040,000
Land & Purchase Building Construction: \$5,200,000.00

Primary Company Contact: Chad Ware **Phone:** 479-466-7280
AEDC Contact: Jack Thomas **Phone:** 501-682-5355