

City of Fayetteville Staff Review Form

2017-0386

Legistar File ID

8/1/2017

City Council Meeting Date - Agenda Item Only

N/A for Non-Agenda Item

Devin Howland

7/12/2017

ECONOMIC DEVELOPMENT (050)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

B-UNLIMITED, INC.: A RESOLUTION TO APPROVE AND CERTIFY THE PARTICIPATION OF B-UNLIMITED, INC. IN THE ARKANSAS TAX BACK PROGRAM AND TO AGREE TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO REFUND CITY SALES TAX BACK TO B-UNLIMITED, INC. FOR QUALIFIED PURCHASES

Budget Impact:

Account Number

Fund

Project Number

Project Title

Budgeted Item? No

Current Budget \$ -

Funds Obligated \$ -

Current Balance \$ -

Does item have a cost? No

Item Cost

Budget Adjustment Attached? NA

Budget Adjustment

Remaining Budget \$ -

V20140710

Previous Ordinance or Resolution #

Original Contract Number:

Approval Date:

Comments:



MEETING OF AUGUST 1, 2017

TO: Mayor; Fayetteville City Council
THRU: Don Marr, Chief of Staff
FROM: Devin Howland, Director of Economic Vitality
DATE: July 12, 2017
SUBJECT: **B-Unlimited, Inc. Tax Back Program**

RECOMMENDATION:

The City Staff and Administration recommend on behalf of the Mayor's office that the City Council of the City of Fayetteville pass a resolution in support of B-Unlimited, Inc. to participate in the State of Arkansas Tax Back Program. The Arkansas Economic Development Commission seeks local support for the Tax Back Program, and the City Council's action to support this application will result in their approval.

BACKGROUND:

The City of Fayetteville was contacted by Steve Clark, President and CEO of the Fayetteville Chamber of Commerce and Chung Tan, Director of Economic Development with the Fayetteville Chamber of Commerce, seeking endorsement of B-Unlimited, Inc. to participate in the State of Arkansas Tax Back Program of the Consolidated Incentive Act of 2003.

B-Unlimited is a custom collegiate licensed apparel company headquartered in Fayetteville. B-Unlimited Inc. has seen a rapid increase in sales from \$500,000 in 2009 to a projected \$10,000,000 in sales this year. Recently, B-Unlimited purchased a property at 2291 S School and this expansion project includes an investment of \$300,000 in new construction, improvements, and equipment modernization. Furthermore, B-Unlimited Inc. is committed to creating 16 new jobs at an average wage of \$15.02 per hour resulting in an annual payroll of \$500,000.

DISCUSSION:

B-Unlimited, Inc. meets the Fayetteville First Plan's strategic focus of retaining manufacturers, retailers, and e-commerce companies.

BUDGET/STAFF IMPACT:

We believe the budget impact will be neutral. The job growth will spur new sales tax growth from the new employees but most importantly may lead to further expansion in this area supporting B-Unlimited, Inc.'s needs.

Attachments:

Exhibit A: Chamber of Commerce Support Letter

Exhibit B: Consolidated Incentive Act of 2003 Incentive Application



July 10, 2017

Mayor Lioneld Jordan
City Council
113 W Mountain
Fayetteville, AR 72701

Dear Mayor Jordan and City Council Aldermen/women:

I write to support B-Unlimited, Inc.'s application for the Sales and Use Tax Refund program. B-Unlimited, Inc. is a custom collegiate licensed apparel screen printing company headquartered in Fayetteville. The company saw its sales increased from \$500,000 in 2009 to an expected \$10 million this year.

With the explosive growth comes the need to expand and create new jobs. B-Unlimited recently bought a property in south Fayetteville (2291 S School Ave) and this expansion project includes \$300,000 worth of new construction, expansion/improvement of existing buildings and modernization in terms of equipment. There will be 16 new jobs created with an average wage of \$15.02 per hour resulting in an annual new payroll of \$500,000.

I strongly recommend that the City Council approves a resolution to refund sales and use taxes to B-Unlimited for qualified purchases under this program. Your approval indicates positive support for our locally grown small businesses and encourages other small businesses to follow suit. While B-Unlimited hires and trains across the board, they pay special attention in developing and training creative and e-commerce skills thereby contributing to the workforce pool for this category of skill sets.

B-Unlimited is expected to continue its growth as it continues tapping into the custom collegiate licensed apparel market. Last but not least, B-Unlimited supports other local retailers as a service partner.

Thank you for your consideration.


Steve Clark, IOM
President/CEO



Consolidated Incentive Act of 2003 Incentive Application

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)

Applicants may only select one of the following programs:

Tax Back (Sales and Use Tax Refund program)
For new or expanding businesses with a \$100,000 minimum investment

OR

InvestArk (Sales and Use Tax Credit program)
For existing businesses only, with two (2) or more years of operating in Arkansas, investing a minimum of \$5,000,000 and obtaining a direct-pay sales/use tax permit.

Applicant

B-Unlimited, Inc.

Local Operating Name of Company

2291 S School Avenue

Fayetteville/AR 72701

Mailing Address

City/State

Zip

2291 S School Avenue

Fayetteville/AR 72701

Physical Location of Project

City/State/Zip

County

Kevin Wasemiller, 417-230-5271

Name and Title of Local Company Contact

Phone

Fax

kevin@b-unlimited.com b-unlimited.com

Company Contact e-mail address

Company Website

Complete Company Name, if company is filing for tax credit under a different name

Project Cost Estimate	Land	\$ _____
	Building (a) New construction	\$ 100,000
	(b) Existing building.....	\$ 100,000
	Equipment	\$ 100,000
	TOTAL	\$ 300,000

Employment

Present employment: 38 FT

Number of new employees resulting from this project: 16

Average Hourly wage of new employees hired for this project: \$ 15.02

Total annual payroll of new employees hired for this project: \$ 500,000

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 on line at www.ArkansasEDC.com.

**NAICS
Classification
Code**

323113

Custom collegiate licensed apparel screen printing company

Description of principal business activity, products manufactured, etc.

What percentage of the applicant's gross sales are retail sales to the public? 3 %
(An eligible company must not derive more than 10% of its revenue from sales to the general public)

If the applicant is a computer-related company, a distribution center, office sector business, motion picture company or a scientific and technical services business, 75% of the applicant's sales revenue must be derived from out of state.

What percentage of the applicant's sales is derived from out of state? 22 %

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.

I.D. Numbers

Employer's Federal I.D. Number _____

Arkansas Sales or Consumer Use Tax Number _____

Information for Income Tax Credit**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 I.D. Number
Ben Clark	100%	

When does your tax year end? 12 31
Month Date**Consultant Information**
(If Applicable)

Name of Consultant filing this application Phone Fax

Consultant Firm Name

Mailing Address City/ State/ Zip

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: 04/2017 Estimated Completion Date of Project: 10/2017

Project Description:

Project scope includes building executive offices and conference room(s), warehousing space, embroidery room (controlled conditions) as well as finishing out the second floor of our second building to accommodate more sales/artist offices.

Project Cost Estimates:		
Land:	Description:	
		\$
<i>Land Total:</i>		\$
Building:	New construction: Build out of executive offices and conference room; embroidery room and warehousing space	100,000
		\$
	Expansion or Purchase of existing facility: Building out the 2nd floor of our existing office/production space	100,000
		\$
<i>Building Total:</i>		\$ 200,000
Machinery and Equipment:	Description: Pre-printing machinery to maximize production efficiency as well as increase number of jobs per press per day as we anticipate a spike in sales/production this Fall 2017	
		\$
<i>Machinery & Equipment Total:</i>		\$ 100,000
Total Estimated Project Cost:		\$ 300,000

Certification

The undersigned authority, Ben Clark 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.**

Ben Clark CEO 06/20/2017
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.)

Ben Clark CEO 06/20/2017
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
900 West Capitol, Suite 400
Little Rock, AR 72201

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