STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

July 13, 2009

The Honorable Kirk Adams
Speaker of the House
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

RE: House Bill 2341; renewable energy production tax credit

Dear Speaker Adams:

Today I, with much deliberation, vetoed HB 2341. This bill attempted to revise current tax credits for the production of renewable energy to keep pace with similar tax credits offered by neighboring states. The bill sought to apply these credits against tax liabilities of the energy producer for new sources of power-generated beginning in 2010, instead of offering refundable tax credits.

While these efforts are necessary and should produce much needed renewable energy investment in Arizona, the bill goes too far in that there is no cap on the amount of tax credits which can be garnered by large scale solar energy producers. Both OSPB and the Department of Commerce expressed concern that there is no way to know how many potential tax dollars are being offered in this legislation because there is no way to know how many new megawatt hours may be produced over the next ten years. Some preliminary calculations have suggested that a single 100MW concentrated solar facility could claim tax credits in excess of $88 million over the ten-year period. That example facility is relatively small compared to the several being proposed at the moment.

I support the concepts being advanced by this legislation and urge lawmakers to revisit the tax credits specifically by placing a reasonable cap on the amount of credit that can be claimed. In order to prevent any delay which may send the wrong message to renewable energy producers interested in our State, I will immediately amend the "call" of the current special session to allow consideration of a revised version of this bill.

Sincerely,

Janice K. Brewer

Janice K. Brewer
GOVERNOR

JKB/ma
Cc: The Honorable Bob Burns
The Honorable. Lucille L. Mason
The Honorable Ken Bennett

1700 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007
602-542-4331 • FAX 602-542-7602