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REFERENCE TITLE: **taxation; solar energy equipment**

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
First Regular Session  
2005

## **HB 2373**

Introduced by  
Representatives Mason: Downing

**AN ACT**

**AMENDING SECTIONS 42-14155, 43-222, 43-1021 AND 43-1083, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1083.01; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1182; RELATING TO TAXATION OF SOLAR ENERGY EQUIPMENT.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-14155, Arizona Revised Statutes, is amended to  
3 read:

4 42-14155. Valuation of renewable energy equipment; definition

5 A. Through December 31, 2011, the department shall determine the  
6 valuation of taxable renewable energy equipment in the manner prescribed by  
7 this section.

8 B. The value of renewable energy equipment is twenty per cent of the  
9 depreciated cost of the equipment.

10 C. For the purposes of this section, "renewable energy equipment"  
11 means electric generation facilities, electric transmission, electric  
12 distribution, gas distribution or combination gas and electric transmission  
13 and distribution and transmission and distribution cooperative property that  
14 is located in this state, that is used or useful for the generation, storage,  
15 transmission or distribution of electric power, energy or fuel derived from  
16 solar, wind or other nonpetroleum renewable sources. ~~not intended for~~  
17 ~~self-consumption, including~~ RENEWABLE ENERGY EQUIPMENT INCLUDES PROPERTY THAT  
18 USES SOLAR THERMAL WATER HEATING SYSTEMS AND materials and supplies and  
19 construction work in progress, but ~~excluding~~ EXCLUDES licensed vehicles and  
20 property valued under sections 42-14154 and 42-14156.

21 Sec. 2. Section 43-222, Arizona Revised Statutes, is amended to read:

22 43-222. Income tax credit review schedule

23 Each year the joint legislative income tax credit review committee  
24 shall review the following income tax credits:

- 25 1. In 2004, sections 43-1081.01, 43-1083, 43-1084 and 43-1170.01.
- 26 2. In 2005, sections 43-1087, 43-1088 and 43-1175.
- 27 3. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02,  
28 43-1090, 43-1176 and 43-1181.
- 29 4. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,  
30 43-1166, 43-1167 and 43-1169.
- 31 5. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and  
32 43-1178.
- 33 6. In 2009, sections 43-1076 and 43-1162.
- 34 7. IN 2010, SECTIONS 43-1083.01 AND 43-1182.

35 Sec. 3. Section 43-1021, Arizona Revised Statutes, is amended to read:

36 43-1021. Additions to Arizona gross income

37 In computing Arizona adjusted gross income, the following amounts shall  
38 be added to Arizona gross income:

39 1. A beneficiary's share of the fiduciary adjustment to the extent  
40 that the amount determined by section 43-1333 increases the beneficiary's  
41 Arizona gross income.

42 2. An amount equal to the "ordinary income portion" of a lump sum  
43 distribution that was excluded from federal adjusted gross income pursuant to  
44 section 402(d) of the internal revenue code.

45 3. The amount of interest income received on obligations of any state,  
46 territory or possession of the United States, or any political subdivision

1 thereof, located outside the state of Arizona, reduced, for tax years  
2 beginning from and after December 31, 1996, by the amount of any interest on  
3 indebtedness and other related expenses that were incurred or continued to  
4 purchase or carry those obligations and that are not otherwise deducted or  
5 subtracted in arriving at Arizona gross income.

6 4. Annuity income received during the taxable year to the extent that  
7 the sum of the proceeds received from such annuity in all taxable years prior  
8 to and including the current taxable year exceeds the total consideration and  
9 premiums paid by the taxpayer. This paragraph applies only to those  
10 annuities with respect to which the first payment was received prior to  
11 December 31, 1978.

12 5. The excess of a partner's share of partnership taxable income  
13 required to be included under chapter 14, article 2 of this title over the  
14 income required to be reported under section 702(a)(8) of the internal  
15 revenue code.

16 6. The excess of a partner's share of partnership losses determined  
17 pursuant to section 702(a)(8) of the internal revenue code over the losses  
18 allowable under chapter 14, article 2 of this title.

19 7. The amount by which the adjusted basis of property described in  
20 this paragraph and computed pursuant to the internal revenue code exceeds the  
21 adjusted basis of such property computed pursuant to this title and the  
22 income tax act of 1954, as amended. This paragraph shall apply to all  
23 property which is held for the production of income and which is sold or  
24 otherwise disposed of during the taxable year, except depreciable property  
25 used in a trade or business.

26 8. The amount of depreciation or amortization of costs of any capital  
27 investment that is deducted pursuant to section 167 or 179 of the internal  
28 revenue code by a qualified defense contractor with respect to which an  
29 election is made to amortize pursuant to section 43-1024.

30 9. The amount of gain from the sale or other disposition of a capital  
31 investment which a qualified defense contractor has elected to amortize  
32 pursuant to section 43-1024.

33 10. Amounts withdrawn from the Arizona state retirement system, the  
34 corrections officer retirement plan, the public safety personnel retirement  
35 system, the elected officials' retirement plan or a county or city retirement  
36 plan by an employee upon termination of employment before retirement to the  
37 extent they were deducted in arriving at Arizona taxable income in any year.

38 11. That portion of the net operating loss included in federal adjusted  
39 gross income which has already been taken as a net operating loss for Arizona  
40 purposes or which is separately taken as a subtraction under the special net  
41 operating loss transition rule.

42 12. Any nonitemized amount deducted pursuant to section 170 of the  
43 internal revenue code representing contributions to an educational  
44 institution which denies admission, enrollment or board and room  
45 accommodations on the basis of race, color or ethnic background except those  
46 institutions primarily established for the education of American Indians.

1           13. The amount paid as taxes on property in this state with respect to  
2 which a credit is claimed under section 43-1078.

3           14. Amounts withdrawn from a medical savings account by the individual  
4 during the taxable year computed pursuant to section 220(f) of the internal  
5 revenue code and not included in federal adjusted gross income.

6           15. Any amount of agricultural water conservation expenses that were  
7 deducted pursuant to the internal revenue code for which a credit is claimed  
8 under section 43-1084.

9           16. The amount by which the depreciation or amortization computed under  
10 the internal revenue code with respect to property for which a credit was  
11 taken under section 43-1080 exceeds the amount of depreciation or  
12 amortization computed pursuant to the internal revenue code on the Arizona  
13 adjusted basis of the property.

14           17. The amount by which the adjusted basis computed under the internal  
15 revenue code with respect to property for which a credit was claimed under  
16 section 43-1080 and which is sold or otherwise disposed of during the taxable  
17 year exceeds the adjusted basis of the property computed under section  
18 43-1080.

19           18. The amount by which the depreciation or amortization computed under  
20 the internal revenue code with respect to property for which a credit was  
21 taken under either section 43-1081 or 43-1081.01 exceeds the amount of  
22 depreciation or amortization computed pursuant to the internal revenue code  
23 on the Arizona adjusted basis of the property.

24           19. The amount by which the adjusted basis computed under the internal  
25 revenue code with respect to property for which a credit was claimed under  
26 either section 43-1081 or 43-1081.01 and which is sold or otherwise disposed  
27 of during the taxable year exceeds the adjusted basis of the property  
28 computed under section 43-1081 or 43-1081.01, as applicable.

29           20. The deduction referred to in section 1341(a)(4) of the internal  
30 revenue code for restoration of a substantial amount held under a claim of  
31 right.

32           21. The amount by which a net operating loss carryover or capital loss  
33 carryover allowable pursuant to section 1341(b)(5) of the internal revenue  
34 code exceeds the net operating loss carryover or capital loss carryover  
35 allowable pursuant to section 43-1029, subsection F.

36           22. Any amount deducted pursuant to section 170 of the internal revenue  
37 code representing contributions to a school tuition organization or a public  
38 school for which a credit is claimed under section 43-1089 or 43-1089.01.

39           23. Any amount deducted in computing Arizona gross income as expenses  
40 for installing solar stub outs or electric vehicle recharge outlets in this  
41 state with respect to which a credit is claimed pursuant to section 43-1090.

42           24. Any wage expenses deducted pursuant to the internal revenue code  
43 for which a credit is claimed under section 43-1087 and representing net  
44 increases in qualified employment positions for employment of temporary  
45 assistance for needy families recipients.

1           25. Any amount deducted for conveying ownership or development rights  
2 of property to an agricultural preservation district under section 48-5702  
3 for which a credit is claimed under section 43-1081.02.

4           26. The amount of any depreciation allowance allowed pursuant to  
5 section 167(a) of the internal revenue code to the extent not previously  
6 added.

7           27. With respect to property for which an expense deduction was taken  
8 pursuant to section 179 of the internal revenue code, the amount in excess of  
9 twenty-five thousand dollars.

10           28. ANY AMOUNT DEDUCTED IN COMPUTING ARIZONA TAXABLE INCOME AS  
11 DEPRECIATION FOR A SOLAR ENERGY DEVICE WITH RESPECT TO WHICH A CREDIT IS  
12 CLAIMED PURSUANT TO SECTION 43-1083.01.

13           Sec. 4. Section 43-1083, Arizona Revised Statutes, is amended to read:

14           43-1083. Credit for solar energy devices

15           A. A credit is allowed against the taxes imposed by this title for  
16 each resident who is not a dependent of another taxpayer for installing a  
17 solar energy device, as defined in section 42-5001, during the taxable year  
18 in the taxpayer's residence located in this state. EXCEPT FOR A RESIDENTIAL  
19 PHOTOVOLTAIC POWER SYSTEM, the credit is equal to twenty-five per cent of the  
20 cost of the device. THE CREDIT FOR A RESIDENTIAL PHOTOVOLTAIC POWER SYSTEM  
21 IS EQUAL TO FIFTEEN PER CENT OF THE COST OF THE DEVICE.

22           B. EXCEPT FOR A RESIDENTIAL PHOTOVOLTAIC POWER SYSTEM, the maximum  
23 credit in a taxable year may not exceed one thousand dollars. THE MAXIMUM  
24 CREDIT IN A TAXABLE YEAR FOR A RESIDENTIAL PHOTOVOLTAIC POWER SYSTEM MAY NOT  
25 EXCEED THREE THOUSAND DOLLARS. The person who provides the solar energy  
26 device shall furnish the taxpayer with an accounting of the cost to the  
27 taxpayer.

28           C. ~~A~~ THE taxpayer ~~may claim the credit under this section only once~~  
29 ~~in a tax year and~~ may not ~~cumulate over different tax years~~ ACCUMULATE TOTAL  
30 tax credits under this section exceeding, in the aggregate, ~~one~~ FIVE thousand  
31 dollars ~~for~~ WITH RESPECT TO the same residence.

32           ~~C~~. D. If the allowable tax credit exceeds the taxes otherwise due  
33 under this title on the claimant's income, or if there are no taxes due under  
34 this title, the amount of the claim not used to offset taxes under this title  
35 may be carried forward for not more than five consecutive taxable years as a  
36 credit against subsequent years' income tax liability.

37           ~~D~~. E. A husband and wife who file separate returns for a taxable year  
38 in which they could have filed a joint return may each claim only one-half of  
39 the tax credit that would have been allowed for a joint return.

40           ~~E~~. F. The credit allowed under this section is in lieu of any  
41 allowance for state tax purposes for exhaustion, ~~AND~~ wear and tear of the  
42 solar energy device under section 167 of the internal revenue code.

43           ~~F~~. G. To qualify for the credit under this section the solar energy  
44 device and its installation shall meet the requirements of title 44, chapter  
45 11, article 11.

1           ~~G.~~ H. A solar hot water heater plumbing stub out that was installed  
2 by the builder of a house or dwelling unit before title was conveyed to the  
3 taxpayer does not qualify for a credit under this section, but the taxpayer  
4 may claim a credit for the device under section 43-1090 or 43-1176 under the  
5 circumstances, conditions and limitations prescribed by section 43-1090,  
6 subsection C or 43-1176, subsection C, as applicable.

7           Sec. 5. Title 43, chapter 10, article 5, Arizona Revised Statutes, is  
8 amended by adding section 43-1083.01, to read:

9           43-1083.01. Credit for commercial solar energy devices

10           A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2004, A  
11 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR INSTALLING ONE  
12 OR MORE SOLAR ENERGY DEVICES, AS DEFINED IN SECTION 42-5001, DURING THE  
13 TAXABLE YEAR FOR COMMERCIAL OR INDUSTRIAL PURPOSES IN THE TAXPAYER'S TRADE OR  
14 BUSINESS LOCATED IN THIS STATE.

15           B. EXCEPT FOR A PHOTOVOLTAIC POWER SYSTEM, THE AMOUNT OF THE CREDIT IS  
16 EQUAL TO TWENTY-FIVE PER CENT OF THE COST OF THE DEVICE OR FIVE THOUSAND  
17 DOLLARS, WHICHEVER IS LESS. THE AMOUNT OF THE CREDIT FOR A PHOTOVOLTAIC  
18 POWER SYSTEM IS EQUAL TO FIFTEEN PER CENT OF THE COST OF THE DEVICE OR TEN  
19 THOUSAND DOLLARS, WHICHEVER IS LESS.

20           C. THE PERSON WHO PROVIDES OR INSTALLS THE SOLAR ENERGY DEVICE SHALL  
21 FURNISH THE TAXPAYER WITH AN ACCOUNTING OF THE COST TO THE TAXPAYER.

22           D. THE TAXPAYER MAY NOT ACCUMULATE TOTAL TAX CREDITS UNDER THIS  
23 SECTION EXCEEDING, IN THE AGGREGATE, TWENTY-FIVE THOUSAND DOLLARS WITH  
24 RESPECT TO THE SAME BUILDING.

25           E. THE TAXPAYER MAY ELECT TO TRANSFER A CREDIT UNDER THIS SECTION TO  
26 THE PROJECT DEVELOPER OR THE PERSON WHO PAID FOR THE SOLAR ENERGY DEVICE. IF  
27 THE TAXPAYER ELECTS TO TRANSFER THE CREDIT, THE TAXPAYER SHALL DELIVER TO THE  
28 PROJECT DEVELOPER OR THE PERSON WHO PAID FOR THE SOLAR ENERGY DEVICE A  
29 WRITTEN STATEMENT THAT THE TAXPAYER HAS ELECTED NOT TO CLAIM THE CREDIT AND  
30 THAT THE PROJECT DEVELOPER OR THE PERSON WHO PAID FOR THE SOLAR ENERGY DEVICE  
31 MAY CLAIM THE CREDIT, SUBJECT TO THE CONDITIONS AND LIMITATIONS PRESCRIBED BY  
32 THIS SECTION. FOR THE PURPOSES OF THIS SUBSECTION, "PROJECT DEVELOPER" MEANS  
33 THE PARTY SELECTED BY THE BUILDING OWNER TO SUPPLY THE SOLAR ENERGY DEVICE  
34 THROUGH A PURCHASE CONTRACT.

35           F. IF THE ALLOWABLE CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS  
36 TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS  
37 TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES UNDER THIS TITLE MAY  
38 BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS AS A  
39 CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

40           G. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND  
41 SHAREHOLDERS OF AN S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL  
42 REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED  
43 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS  
44 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN  
45 ALLOWED A SOLE OWNER.

1 H. THE CREDIT ALLOWED UNDER THIS SECTION IS IN LIEU OF ANY ALLOWANCE  
2 FOR STATE TAX PURPOSES FOR EXHAUSTION AND WEAR AND TEAR OF THE SOLAR ENERGY  
3 DEVICE UNDER SECTION 167 OF THE INTERNAL REVENUE CODE.

4 Sec. 6. Section 43-1121, Arizona Revised Statutes, is amended to read:  
5 43-1121. Additions to Arizona gross income: corporations

6 In computing Arizona taxable income for a corporation, the following  
7 amounts shall be added to Arizona gross income:

8 1. The amounts computed pursuant to section 43-1021, paragraphs 3  
9 through 9, 12, 26 and 27.

10 2. The amount of dividend income received from corporations and  
11 allowed as a deduction pursuant to sections 243, 244 and 245 of the internal  
12 revenue code.

13 3. Taxes which are based on income paid to states, local governments  
14 or foreign governments and which were deducted in computing federal taxable  
15 income.

16 4. Expenses and interest relating to tax-exempt income on indebtedness  
17 incurred or continued to purchase or carry obligations the interest on which  
18 is wholly exempt from the tax imposed by this title. Financial institutions,  
19 as defined in section 6-101, shall be governed by section 43-961, paragraph  
20 2.

21 5. Commissions, rentals and other amounts paid or accrued to a  
22 domestic international sales corporation controlled by the payor corporation  
23 if the domestic international sales corporation is not required to report its  
24 taxable income to this state because its income is not derived from or  
25 attributable to sources within this state. If the domestic international  
26 sales corporation is subject to article 4 of this chapter, the department  
27 shall prescribe by rule the method of determining the portion of the  
28 commissions, rentals and other amounts which are paid or accrued to the  
29 controlled domestic international sales corporation and which shall be  
30 deducted by the payor. "Control" for purposes of this paragraph means direct  
31 or indirect ownership or control of fifty per cent or more of the voting  
32 stock of the domestic international sales corporation by the payor  
33 corporation.

34 6. Federal income tax refunds received during the taxable year to the  
35 extent they were deducted in arriving at Arizona taxable income in a previous  
36 year.

37 7. The amount of net operating loss taken pursuant to section 172 of  
38 the internal revenue code.

39 8. The amount of exploration expenses determined pursuant to section  
40 617 of the internal revenue code to the extent that they exceed seventy-five  
41 thousand dollars and to the extent that the election is made to defer those  
42 expenses not in excess of seventy-five thousand dollars.

43 9. Amortization of costs incurred to install pollution control devices  
44 and deducted pursuant to the internal revenue code or the amount of deduction  
45 for depreciation taken pursuant to the internal revenue code on pollution  
46 control devices for which an election is made pursuant to section 43-1129.

- 1           10. The amount of depreciation or amortization of costs of child care  
2 facilities deducted pursuant to section 167 or 188 of the internal revenue  
3 code for which an election is made to amortize pursuant to section 43-1130.  
4           11. Arizona state income tax refunds received, to the extent the amount  
5 of the refunds is not already included in Arizona gross income, if a tax  
6 benefit was derived by deduction of this amount in a prior year.  
7           12. The amount paid as taxes on property in this state by a qualified  
8 defense contractor with respect to which a credit is claimed under section  
9 43-1166.  
10          13. The loss of an insurance company that is exempt under section  
11 43-1201 to the extent that it is included in computing Arizona gross income  
12 on a consolidated return pursuant to section 43-947.  
13          14. The amount by which the depreciation or amortization computed under  
14 the internal revenue code with respect to property for which a credit was  
15 taken under section 43-1169 exceeds the amount of depreciation or  
16 amortization computed pursuant to the internal revenue code on the Arizona  
17 adjusted basis of the property.  
18          15. The amount by which the adjusted basis computed under the internal  
19 revenue code with respect to property for which a credit was claimed under  
20 section 43-1169 and which is sold or otherwise disposed of during the taxable  
21 year exceeds the adjusted basis of the property computed under section  
22 43-1169.  
23          16. The amount by which the depreciation or amortization computed under  
24 the internal revenue code with respect to property for which a credit was  
25 taken under either section 43-1170 or 43-1170.01 exceeds the amount of  
26 depreciation or amortization computed pursuant to the internal revenue code  
27 on the Arizona adjusted basis of the property.  
28          17. The amount by which the adjusted basis computed under the internal  
29 revenue code with respect to property for which a credit was claimed under  
30 either section 43-1170 or 43-1170.01 and which is sold or otherwise disposed  
31 of during the taxable year exceeds the adjusted basis of the property  
32 computed under section 43-1170 or 43-1170.01, as applicable.  
33          18. The deduction referred to in section 1341(a)(4) of the internal  
34 revenue code for restoration of a substantial amount held under a claim of  
35 right.  
36          19. The amount by which a capital loss carryover allowable pursuant to  
37 section 1341(b)(5) of the internal revenue code exceeds the capital loss  
38 carryover allowable pursuant to section 43-1130.01, subsection F.  
39          20. Any amount deducted in computing Arizona taxable income as expenses  
40 for installing solar stub outs or electric vehicle recharge outlets in this  
41 state with respect to which a credit is claimed pursuant to section 43-1176.  
42          21. Any wage expenses deducted pursuant to the internal revenue code  
43 for which a credit is claimed under section 43-1175 and representing net  
44 increases in qualified employment positions for employment of temporary  
45 assistance for needy families recipients.

1           22. Any amount of expenses that were deducted pursuant to the internal  
2 revenue code and for which a credit is claimed under section 43-1178.

3           23. Any amount deducted for conveying ownership or development rights  
4 of property to an agricultural preservation district under section 48-5702  
5 for which a credit is claimed under section 43-1180.

6           24. The amount of any deduction that is claimed in computing Arizona  
7 gross income and that represents a donation of a school site for which a  
8 credit is claimed under section 43-1181.

9           25. ANY AMOUNT DEDUCTED IN COMPUTING ARIZONA TAXABLE INCOME AS  
10 DEPRECIATION FOR A SOLAR ENERGY DEVICE WITH RESPECT TO WHICH A CREDIT IS  
11 CLAIMED PURSUANT TO SECTION 43-1182.

12           Sec. 7. Title 43, chapter 11, article 6, Arizona Revised Statutes, is  
13 amended by adding section 43-1182, to read:

14           43-1182. Credit for commercial solar energy devices

15           A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2004, A  
16 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR INSTALLING ONE  
17 OR MORE SOLAR ENERGY DEVICES, AS DEFINED IN SECTION 42-5001, DURING THE  
18 TAXABLE YEAR FOR COMMERCIAL OR INDUSTRIAL PURPOSES IN THE TAXPAYER'S TRADE OR  
19 BUSINESS LOCATED IN THIS STATE.

20           B. EXCEPT FOR A PHOTOVOLTAIC POWER SYSTEM, THE AMOUNT OF THE CREDIT IS  
21 EQUAL TO TWENTY-FIVE PER CENT OF THE COST OF THE DEVICE OR FIVE THOUSAND  
22 DOLLARS, WHICHEVER IS LESS. THE AMOUNT OF THE CREDIT FOR A PHOTOVOLTAIC  
23 POWER SYSTEM IS EQUAL TO FIFTEEN PER CENT OF THE COST OF THE DEVICE OR TEN  
24 THOUSAND DOLLARS, WHICHEVER IS LESS.

25           C. THE PERSON WHO PROVIDES OR INSTALLS THE SOLAR ENERGY DEVICE SHALL  
26 FURNISH THE TAXPAYER WITH AN ACCOUNTING OF THE COST TO THE TAXPAYER.

27           D. THE TAXPAYER MAY NOT ACCUMULATE TOTAL TAX CREDITS UNDER THIS  
28 SECTION EXCEEDING, IN THE AGGREGATE, TWENTY-FIVE THOUSAND DOLLARS WITH  
29 RESPECT TO THE SAME BUILDING.

30           E. THE TAXPAYER MAY ELECT TO TRANSFER A CREDIT UNDER THIS SECTION TO  
31 THE PROJECT DEVELOPER OR THE PERSON WHO PAID FOR THE SOLAR ENERGY DEVICE. IF  
32 THE TAXPAYER ELECTS TO TRANSFER THE CREDIT, THE TAXPAYER SHALL DELIVER TO THE  
33 PROJECT DEVELOPER OR THE PERSON WHO PAID FOR THE SOLAR ENERGY DEVICE A  
34 WRITTEN STATEMENT THAT THE TAXPAYER HAS ELECTED NOT TO CLAIM THE CREDIT AND  
35 THAT THE PROJECT DEVELOPER OR THE PERSON WHO PAID FOR THE SOLAR ENERGY DEVICE  
36 MAY CLAIM THE CREDIT, SUBJECT TO THE CONDITIONS AND LIMITATIONS PRESCRIBED BY  
37 THIS SECTION. FOR THE PURPOSES OF THIS SUBSECTION, "PROJECT DEVELOPER" MEANS  
38 THE PARTY SELECTED BY THE BUILDING OWNER TO SUPPLY THE SOLAR ENERGY DEVICE  
39 THROUGH A PURCHASE CONTRACT.

40           F. IF THE ALLOWABLE CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS  
41 TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS  
42 TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES UNDER THIS TITLE MAY  
43 BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS AS A  
44 CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

45           G. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A  
46 PARTNERSHIP, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED

1 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS  
2 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN  
3 ALLOWED A SOLE OWNER.

4 H. THE CREDIT ALLOWED UNDER THIS SECTION IS IN LIEU OF ANY ALLOWANCE  
5 FOR STATE TAX PURPOSES FOR EXHAUSTION AND WEAR AND TEAR OF THE SOLAR ENERGY  
6 DEVICE UNDER SECTION 167 OF THE INTERNAL REVENUE CODE.

7 Sec. 8. Purpose

8 Pursuant to section 43-223, Arizona Revised Statutes, the legislature  
9 enacts sections 43-1083.01 and 43-1182, Arizona Revised Statutes, as added by  
10 this act, to encourage taxpayers to install solar energy devices in their  
11 businesses that are located in this state.

12 Sec. 9. Retroactivity

13 This act is effective retroactively to tax years beginning from and  
14 after December 31, 2004.