

REFERENCE TITLE: green technology and manufacturing incentives

State of Arizona
Senate
Fifty-first Legislature
First Regular Session
2013

SB 1005

Introduced by
Senator Ableser

AN ACT

AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 41-1509 AND 41-1510; AMENDING SECTIONS 42-12006 AND 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1075; AMENDING SECTIONS 43-1079 AND 43-1161, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1161.01; AMENDING SECTION 43-1167, ARIZONA REVISED STATUTES; RELATING TO ENVIRONMENTALLY FRIENDLY BUSINESS TAX INCENTIVES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 10, article 1, Arizona Revised Statutes,
3 is amended by adding sections 41-1509 and 41-1510, to read:

4 41-1509. Green manufacturing property tax incentives:
5 certification; definitions

6 A. THE AUTHORITY SHALL ANNUALLY CERTIFY GREEN MANUFACTURING BUSINESSES
7 FOR PROPERTY TAX ASSESSMENT AS CLASS SIX PROPERTY AS PROVIDED BY SECTION
8 42-12006. TO QUALIFY UNDER THIS SECTION:

9 1. A GREEN MANUFACTURING BUSINESS MUST MEET THE MINIMUM INVESTMENT
10 REQUIREMENTS PRESCRIBED BY THIS PARAGRAPH. THE INVESTMENTS MAY BE
11 CUMULATIVE. SUBJECT TO SUBSECTION E OF THIS SECTION, CERTIFICATION IS
12 EFFECTIVE ON JANUARY 1 OF THE VALUATION YEAR, AS DEFINED IN SECTION 42-11001,
13 FOLLOWING COMPLETION OF THE REQUIRED INVESTMENT. TO QUALIFY, THE GREEN
14 MANUFACTURING BUSINESS MUST INVEST AT LEAST THE FOLLOWING AMOUNT, AS
15 APPLICABLE, IN FIXED ASSETS AFTER DECEMBER 31, 2013:

16 (a) IN COUNTIES WITH A POPULATION OF TWO HUNDRED FIFTY THOUSAND
17 PERSONS OR MORE, TWO MILLION DOLLARS, EXCEPT AS PROVIDED IN SUBDIVISION (b)
18 OF THIS PARAGRAPH.

19 (b) IN ALL OTHER COUNTIES, AND IN CITIES AND TOWNS LOCATED IN COUNTIES
20 WITH A POPULATION OF TWO HUNDRED FIFTY THOUSAND PERSONS OR MORE AND THAT HAVE
21 NO PORTION OF THE CORPORATE BOUNDARIES LOCATED WITHIN TWENTY-FIVE AIR MILES
22 FROM THE EXTERIOR CORPORATE BOUNDARY OF THE LARGEST CITY IN THE COUNTY:

23 (i) CITIES AND TOWNS WITH A POPULATION OF EIGHTY THOUSAND PERSONS OR
24 MORE, TWO MILLION DOLLARS.

25 (ii) CITIES AND TOWNS WITH A POPULATION OF AT LEAST FIFTEEN THOUSAND
26 BUT LESS THAN EIGHTY THOUSAND PERSONS AND IN UNINCORPORATED AREAS OF THE
27 COUNTY, ONE MILLION DOLLARS.

28 (iii) CITIES AND TOWNS WITH A POPULATION OF LESS THAN FIFTEEN THOUSAND
29 PERSONS, FIVE HUNDRED THOUSAND DOLLARS.

30 2. A BUSINESS INITIALLY APPLYING FOR CERTIFICATION UNDER THIS SECTION
31 MUST REPORT THE FOLLOWING WITH SUPPORTING DOCUMENTATION TO THE AUTHORITY ON A
32 FORM AND IN A MANNER PRESCRIBED BY THE AUTHORITY:

33 (a) THE BUSINESS NAME AND MAILING ADDRESS AND ANY OTHER CONTACT
34 INFORMATION REQUESTED BY THE AUTHORITY.

35 (b) THE BUSINESS LOCATION.

36 (c) THE NUMBER OF FULL-TIME EMPLOYEES AT THE TIME OF APPLICATION AND
37 THE BENEFITS PROVIDED TO EMPLOYEES.

38 (d) THE ASSESSOR'S PARCEL NUMBER OF REAL PROPERTY TO WHICH CLASS SIX
39 ASSESSMENT CLASSIFICATION WILL APPLY.

40 (e) IF AVAILABLE, THE ASSESSOR'S ACCOUNT NUMBER FOR PERSONAL PROPERTY
41 TO WHICH CLASS SIX ASSESSMENT CLASSIFICATION WILL APPLY.

42 (f) THE GROSS RECEIPTS, GROSS PAYROLL AND AVERAGE HOURLY WAGE PAID TO
43 EMPLOYEES FOR THE PRECEDING TAXABLE YEAR.

44 (g) A STATEMENT OF THE OWNERSHIP AND DESCRIPTION OF OPERATIONS OF THE
45 BUSINESS.

1 (h) DOCUMENTATION OF THE REQUIRED INVESTMENT IN FIXED ASSETS THAT
2 IDENTIFIES THE FIXED ASSETS AND ESTABLISHES THE COST OF THE FIXED ASSETS AND
3 THE TIME OF INVESTMENT.

4 (i) DOCUMENTATION THAT ESTABLISHES THE TYPE AND AMOUNT OF
5 MANUFACTURING ACTIVITY CONDUCTED AT THE LOCATION.

6 (j) THE OWNERSHIP AND FULL CASH VALUE OF REAL AND PERSONAL PROPERTY TO
7 BE CERTIFIED.

8 (k) OTHER INFORMATION NECESSARY FOR THE MANAGEMENT AND REPORTING OF
9 THIS PROGRAM AS DETERMINED BY THE AUTHORITY.

10 B. CERTIFICATION UNDER THIS SECTION IS VALID FOR FIVE YEARS SUBJECT TO
11 ANNUAL RECERTIFICATION IF THE BUSINESS CONTINUES TO MEET THE OTHER
12 ELIGIBILITY REQUIREMENTS.

13 C. TO BE ANNUALLY RECERTIFIED PURSUANT TO SUBSECTION B OF THIS
14 SECTION, A GREEN MANUFACTURING BUSINESS MUST CONTINUE TO MEET ALL THE
15 ELIGIBILITY REQUIREMENTS OF THIS SECTION AND MUST ANNUALLY REPORT THE
16 FOLLOWING AND PROVIDE SUPPORTING DOCUMENTATION TO THE AUTHORITY ON A FORM AND
17 IN A MANNER APPROVED BY THE AUTHORITY:

18 1. INFORMATION REQUIRED BY SUBSECTION A, PARAGRAPH 2, SUBDIVISIONS
19 (a), (b), (d), (e), (f), (i), (j) AND (k) OF THIS SECTION.

20 2. CHANGES IN LOCATION, OWNERSHIP AND OPERATIONS OF THE BUSINESS IN
21 THE IMMEDIATELY PRECEDING YEAR.

22 3. THE AVERAGE NUMBER OF FULL-TIME EMPLOYEES AT THE LOCATION FOR THE
23 IMMEDIATELY PRECEDING YEAR.

24 D. TO QUALIFY FOR CLASSIFICATION AS CLASS SIX PROPERTY FOR TAX
25 PURPOSES, THE CERTIFIED BUSINESS MUST SUBMIT A COPY OF THE AUTHORITY'S
26 INITIAL CERTIFICATION, AND EACH ANNUAL RECERTIFICATION, WITH A WRITTEN
27 REQUEST TO RECLASSIFY THE PROPERTY TO THE COUNTY ASSESSOR OF THE COUNTY IN
28 WHICH THE PROPERTY IS LOCATED ON OR BEFORE DECEMBER 10 OF EACH YEAR.

29 E. A GREEN MANUFACTURING BUSINESS SHALL SUBMIT ITS APPLICATION FOR
30 INITIAL CERTIFICATION OR ANNUAL RECERTIFICATION TO THE AUTHORITY NOT LATER
31 THAN OCTOBER 1 OF EACH YEAR. THE AUTHORITY SHALL NOTIFY THE APPROPRIATE
32 COUNTY ASSESSORS OF ALL QUALIFIED PROPERTIES LOCATED WITHIN THEIR COUNTY NOT
33 LATER THAN DECEMBER 1 OF EACH YEAR.

34 F. IF A GREEN MANUFACTURING BUSINESS MOVES FROM THE ORIGINALLY
35 CERTIFIED LOCATION, IT LOSES ITS ELIGIBILITY. THE MANUFACTURER MAY APPLY FOR
36 CERTIFICATION AT A NEW LOCATION FOR THE REMAINDER OF ITS FIVE YEARS IF IT
37 MEETS THE MINIMUM INVESTMENT REQUIREMENTS IN FIXED ASSETS THAT WERE NOT MOVED
38 FROM THE PRIOR LOCATION, MEETS ALL OTHER ELIGIBILITY REQUIREMENTS OF THIS
39 SECTION AND HAS NOT REACHED THE FIVE-YEAR ELIGIBILITY LIMIT.

40 G. ONCE A GREEN MANUFACTURING BUSINESS ESTABLISHES THE BASIS FOR
41 ELIGIBILITY AND THE AUTHORITY CERTIFIES THE MANUFACTURER, THE BUSINESS MAY
42 CHANGE ITS BASIS OF ELIGIBILITY DURING THE FOUR REMAINING YEARS OF POTENTIAL
43 ELIGIBILITY AS LONG AS THE MANUFACTURER MEETS THE REQUIREMENTS FOR THE NEW
44 BASIS OF ELIGIBILITY.

1 H. IF A CERTIFIED GREEN MANUFACTURING BUSINESS IS PURCHASED BY ANOTHER
2 ENTITY OR CHANGES BY MORE THAN TWENTY PER CENT OF THE OWNERSHIP INTEREST
3 THROUGH REORGANIZATION, STOCK PURCHASE OR MERGER, THE CERTIFICATION IS
4 TERMINATED. THE NEW GREEN MANUFACTURING BUSINESS MAY APPLY FOR CERTIFICATION
5 ACCORDING TO ELIGIBILITY REQUIREMENTS OF THIS SECTION.

6 I. A BUSINESS THAT WAS ORIGINALLY CERTIFIED FOR A TEN-YEAR PERIOD OF
7 PROPERTY RECLASSIFICATION LOSES ELIGIBILITY FOR ANY YEAR IN WHICH THE
8 BUSINESS IS NO LONGER INDEPENDENTLY OWNED AND OPERATED.

9 J. THE AUTHORITY SHALL NOTIFY THE DEPARTMENT OF REVENUE AND THE COUNTY
10 ASSESSOR IF A CERTIFIED GREEN MANUFACTURING BUSINESS CLOSES, MOVES OR FAILS
11 TO MAINTAIN ITS ELIGIBILITY, AND THE ASSESSOR SHALL MAKE THE APPROPRIATE
12 CHANGES TO THE TAX ROLL.

13 K. THE AUTHORITY MAY MAKE SITE VISITS TO A TAXPAYER'S FACILITIES IF IT
14 IS NECESSARY TO FURTHER DOCUMENT OR CLARIFY REPORTED INFORMATION. THE
15 TAXPAYER MUST FREELY PROVIDE THE ACCESS.

16 L. DOCUMENTS FILED WITH THE AUTHORITY PURSUANT TO THIS SECTION SHALL
17 CONTAIN EITHER A SWORN STATEMENT OR CERTIFICATION, SIGNED BY AN OFFICER OF
18 THE COMPANY UNDER PENALTY OF PERJURY, THAT THE INFORMATION CONTAINED IS TRUE
19 AND CORRECT ACCORDING TO THE BEST BELIEF AND KNOWLEDGE OF THE PERSON
20 SUBMITTING THE INFORMATION AFTER A REASONABLE INVESTIGATION OF THE FACTS. IF
21 THE DOCUMENT CONTAINS INFORMATION THAT IS MATERIALLY FALSE, THE TAXPAYER IS
22 INELIGIBLE FOR THE TAX BENEFITS UNDER THIS SECTION AND IS SUBJECT TO RECOVERY
23 OF THE AMOUNT OF TAX BENEFITS ALLOWED IN PRECEDING YEARS BASED ON THE FALSE
24 INFORMATION, INCLUDING PENALTIES AND INTEREST.

25 M. THE AUTHORITY BY RULE MAY PRESCRIBE ADDITIONAL REPORTING
26 REQUIREMENTS FOR PERSONS WHO CLAIM A TAX BENEFIT PURSUANT TO THIS SECTION.

27 N. FOR THE PURPOSES OF THIS SECTION:

28 1. "CLOSELY HELD" MEANS THAT FIVE OR FEWER INDIVIDUALS OWN MORE THAN
29 FIFTY PER CENT OF THE OWNERSHIP INTEREST IN THE COMPANY, CORPORATION OR
30 PARTNERSHIP.

31 2. "FAMILY OWNED" MEANS THAT MORE THAN FIFTY PER CENT OF THE OWNERSHIP
32 INTEREST IN THE COMPANY, CORPORATION OR PARTNERSHIP IS OWNED BY MEMBERS OF
33 THE SAME FAMILY.

34 3. "FIXED ASSETS" MEANS PROPERTY THAT IS USED IN OPERATING A BUSINESS,
35 SUCH AS FURNITURE, LAND, BUILDINGS AND MACHINERY, AND THAT IS NOT ORDINARILY
36 CONVERTED INTO CASH AFTER IT IS DECLARED FIXED ASSETS.

37 4. "GREEN MANUFACTURING BUSINESS" MEANS A MANUFACTURING ENTERPRISE
38 THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS WHEN CERTIFIED OR RECERTIFIED BY
39 THE AUTHORITY:

40 (a) THE BUSINESS IS INDEPENDENTLY OWNED AND OPERATED.

41 (b) THE BUSINESS IS LOCATED IN CAPITAL FACILITIES IN THIS STATE THAT
42 ARE CERTIFIED PURSUANT TO THE UNITED STATES GREEN BUILDING COUNCIL LEADERSHIP
43 IN ENERGY AND ENVIRONMENTAL DESIGN (LEED) GREEN BUILDING STANDARDS.

1 (c) THE BUSINESS USES TECHNOLOGIES, PRODUCTS, GOODS AND SERVICES IN
2 THE MANUFACTURING PROCESS THAT MEASURE, PREVENT, LIMIT, MINIMIZE, CORRECT OR
3 REDUCE ENVIRONMENTAL RISK AND MINIMIZE POLLUTION OF RESOURCES.

4 5. "INDEPENDENTLY OWNED AND OPERATED" MEANS NOT MORE THAN FIFTY PER
5 CENT OF THE OWNERSHIP INTEREST IN THE GREEN MANUFACTURING BUSINESS IS HELD BY
6 ANOTHER ENTITY UNLESS THE FINAL OWNERSHIP OF THE ENTITY IS FAMILY OWNED OR
7 CLOSELY HELD.

8 6. "MANUFACTURING" MEANS FABRICATING, PRODUCING OR MANUFACTURING
9 PRODUCTS, WARES OR ARTICLES FOR USE FROM RAW OR PREPARED MATERIALS AND
10 IMPARTING TO THOSE MATERIALS NEW FORMS, QUALITIES, PROPERTIES AND
11 COMBINATIONS. MANUFACTURING DOES NOT INCLUDE GENERATING ELECTRICITY AT A
12 FACILITY ASSESSED PURSUANT TO TITLE 42, CHAPTER 14, ARTICLE 4.

13 41-1510. Green manufacturing income tax credits; certification;
14 definitions

15 A. THE OWNER OF A GREEN MANUFACTURING BUSINESS IS ELIGIBLE FOR AN
16 INCOME TAX CREDIT UNDER SECTION 43-1075 OR 43-1161.01 FOR NET INCREASES IN
17 QUALIFIED EMPLOYMENT POSITIONS, EXCEPT EMPLOYMENT POSITIONS AT A LOCATION
18 WHERE MORE THAN TEN PER CENT OF THE BUSINESS CONDUCTED AT THE LOCATION
19 CONSISTS OF RETAIL SALES OF TANGIBLE PERSONAL PROPERTY, MEASURED EITHER BY
20 THE NUMBER OF EMPLOYEES ASSIGNED TO RETAIL SALES OR THE SQUARE FOOTAGE OF THE
21 FACILITY USED FOR RETAIL SALES ACTIVITIES AT THE LOCATION. RETAIL SALES AND
22 RETAIL SALES ACTIVITIES DO NOT INCLUDE:

23 1. FOOD AND BEVERAGE FOR CONSUMPTION ON THE PREMISES SOLELY BY
24 EMPLOYEES AND OCCASIONAL GUESTS OF EMPLOYEES AT THE LOCATION.

25 2. PROMOTIONAL PRODUCTS THAT ARE NOT AVAILABLE FOR SALE AND THAT
26 DISPLAY THE COMPANY LOGO OR TRADEMARK.

27 3. PRODUCTS THAT ARE SOLD TO COMPANY EMPLOYEES.

28 B. TO QUALIFY FOR A TAX CREDIT, THE GREEN MANUFACTURING BUSINESS MUST:
29 1. CERTIFY TO THE DEPARTMENT OF REVENUE ON OR BEFORE THE DUE DATE OF
30 THE TAX RETURN, INCLUDING ANY EXTENSIONS FOR THE YEAR FOR WHICH THE CREDIT IS
31 CLAIMED, ON A FORM PRESCRIBED BY THE DEPARTMENT OF REVENUE INCLUDING
32 ELECTRONIC MEDIA, INFORMATION THAT THE DEPARTMENT OF REVENUE MAY REQUIRE,
33 INCLUDING THE OWNERSHIP INTERESTS OF CO-OWNERS OF THE BUSINESS IF THE
34 BUSINESS IS A PARTNERSHIP, LIMITED LIABILITY COMPANY OR AN S CORPORATION, AND
35 THE FOLLOWING INFORMATION FOR EACH EMPLOYEE IN THE LOCATION:

36 (a) THE DATE OF INITIAL EMPLOYMENT.

37 (b) THE NUMBER OF HOURS WORKED DURING THE YEAR.

38 (c) WHETHER THE POSITION WAS FULL TIME.

39 (d) THE RESIDENCE OF THE EMPLOYEE.

40 (e) THE EMPLOYEE'S ANNUAL COMPENSATION.

41 (f) THE TOTAL COST OF HEALTH INSURANCE FOR THE EMPLOYEE AND THE COST
42 PAID BY THE EMPLOYER.

43 (g) IF THE EMPLOYEE WAS PREVIOUSLY EMPLOYED, THE LAST DATE OF PREVIOUS
44 EMPLOYMENT.

1 2. REPORT AND CERTIFY TO THE AUTHORITY THE FOLLOWING INFORMATION, AND
2 PROVIDE SUPPORTING DOCUMENTATION, ON A FORM AND IN A MANNER APPROVED BY THE
3 AUTHORITY AND, AS SPECIFIED IN SUBSECTION C OF THIS SECTION, FOR EACH YEAR IN
4 WHICH THE TAXPAYER EARNED AND CLAIMED OR USED CREDITS OR IS CARRYING FORWARD
5 AMOUNTS FROM PREVIOUSLY EARNED AND CLAIMED CREDITS:

6 (a) THE BUSINESS NAME AND MAILING ADDRESS AND ANY OTHER CONTACT
7 INFORMATION REQUESTED BY THE AUTHORITY.

8 (b) THE BUSINESS LOCATION.

9 (c) THE AVERAGE HOURLY WAGE AND THE TOTAL AMOUNT OF COMPENSATION PAID
10 TO EMPLOYEES QUALIFIED FOR THE CREDIT AND FOR ALL EMPLOYEES AT THE LOCATION.

11 (d) THE TOTAL NUMBER OF QUALIFIED EMPLOYMENT POSITIONS AND THE AMOUNT
12 OF INCOME TAX CREDITS QUALIFIED FOR IN THE TAX YEAR.

13 (e) THE ESTIMATED AMOUNT OF TAX CREDITS TO BE USED IN THE TAX YEAR TO
14 OFFSET TAX LIABILITY.

15 (f) THE ESTIMATED AMOUNT OF TAX CREDITS TO BE AVAILABLE FOR
16 CARRYFORWARD IN THE TAX YEAR AND THE TAX YEAR IN WHICH THE CREDITS EXPIRE.

17 (g) THE NUMBER OF JOBS AND THE AMOUNT OF CREDITS EARNED AND CLAIMED ON
18 THE PRIOR YEAR'S INCOME TAX RETURNS.

19 (h) THE AMOUNT OF CREDITS USED TO OFFSET TAX LIABILITIES ON THE PRIOR
20 YEAR'S INCOME TAX RETURN.

21 (i) THE AMOUNT OF CREDITS AVAILABLE FOR CARRYFORWARD AS REPORTED ON
22 THE PRIOR YEAR'S TAX RETURN AND THE TAX YEAR THE CREDITS EXPIRE.

23 (j) CAPITAL INVESTMENT MADE IN THIS STATE DURING THE TAX YEAR AND THE
24 PRECEDING TAX YEAR.

25 (k) THAT EACH QUALIFIED EMPLOYMENT POSITION MEETS ALL OF THE FOLLOWING
26 REQUIREMENTS:

27 (i) THE POSITION IS AT LEAST ONE THOUSAND SEVEN HUNDRED FIFTY HOURS
28 PER YEAR OF FULL-TIME PERMANENT EMPLOYMENT.

29 (ii) ALL CREDITS THAT ARE BEING CLAIMED ARE FOR WAGES FOR JOB DUTIES
30 PERFORMED PRIMARILY AT THE LOCATION OF THE BUSINESS.

31 (iii) THE EMPLOYMENT INCLUDES HEALTH INSURANCE COVERAGE FOR THE
32 EMPLOYEE FOR WHICH THE EMPLOYER PAYS AT LEAST FIFTY PER CENT OF THE PREMIUM
33 OR MEMBERSHIP COST. IF THE TAXPAYER IS SELF-INSURED, THE EMPLOYER PAYS AT
34 LEAST FIFTY PER CENT OF A PREDETERMINED FIXED COST PER EMPLOYEE FOR AN
35 INSURANCE PROGRAM THAT IS PAYABLE WHETHER OR NOT THE EMPLOYEE HAS FILED
36 CLAIMS.

37 (iv) THE EMPLOYER PAYS COMPENSATION AT LEAST EQUAL TO THE WAGE OFFER
38 BY COUNTY AS COMPUTED ANNUALLY BY THE DEPARTMENT OF ECONOMIC SECURITY.

39 (l) THAT THE ONLY RETAIL SALES ACTIVITIES ENGAGED IN AT THE LOCATION
40 WERE AS SPECIFIED IN SUBSECTION A OF THIS SECTION.

41 (m) OTHER INFORMATION NECESSARY FOR THE MANAGEMENT AND REPORTING OF
42 THE INCENTIVES UNDER THIS SECTION.

43 3. FOR ANY YEAR IN WHICH THE TAXPAYER IS CLAIMING FIRST YEAR CREDITS,
44 REPORT AND CERTIFY THE FOLLOWING ADDITIONAL INFORMATION AND PROVIDE

1 SUPPORTING DOCUMENTATION TO THE AUTHORITY ON A FORM AND IN A MANNER APPROVED
2 BY THE AUTHORITY, AND AS SPECIFIED IN SUBSECTION C OF THIS SECTION:

3 (a) THAT ALL OF THE EMPLOYEES WITH RESPECT TO WHOM A CREDIT IS CLAIMED
4 FOR RESIDED IN THIS STATE ON THE DATE OF EMPLOYMENT.

5 (b) THAT THE INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS
6 FOR WHICH CREDIT IS SOUGHT IS THE LEAST OF:

7 (i) THE TOTAL NUMBER OF FILLED QUALIFIED EMPLOYMENT POSITIONS CREATED
8 AT THE LOCATION DURING THE TAXABLE YEAR.

9 (ii) THE DIFFERENCE BETWEEN THE AVERAGE NUMBER OF FULL-TIME EMPLOYEES
10 AT THE LOCATION IN THE CURRENT TAX YEAR AND THE AVERAGE NUMBER OF FULL-TIME
11 EMPLOYEES DURING THE IMMEDIATELY PRECEDING TAX YEAR.

12 (iii) TWO HUNDRED QUALIFIED EMPLOYMENT POSITIONS PER TAXPAYER EACH
13 YEAR.

14 (c) THAT ALL EMPLOYEES FILLING A QUALIFIED EMPLOYMENT POSITION WERE
15 EMPLOYED FOR AT LEAST NINETY DAYS DURING THE FIRST TAXABLE YEAR.

16 (d) THAT NONE OF THE EMPLOYEES FILLING QUALIFIED EMPLOYMENT POSITIONS
17 WERE EMPLOYED BY THE TAXPAYER DURING THE TWELVE MONTHS BEFORE THE CURRENT
18 DATE OF HIRE.

19 (e) THAT ALL EMPLOYEES FOR WHOM SECOND AND THIRD YEAR CREDITS ARE
20 CLAIMED ARE IN QUALIFIED EMPLOYMENT POSITIONS FOR WHICH FIRST YEAR CREDITS
21 WERE ALLOWED AND CLAIMED BY THE TAXPAYER ON THE ORIGINAL FIRST AND SECOND
22 YEAR TAX RETURNS. FOR THE PURPOSES OF THIS SUBDIVISION, THE REQUIREMENT TO
23 CLAIM THE CREDIT ON THE ORIGINAL TAX RETURN DOES NOT APPLY TO QUALIFIED
24 EMPLOYMENT POSITIONS CREATED BEFORE JANUARY 1, 2013 AND CERTIFIED TO THE
25 AUTHORITY.

26 (f) THAT ALL EMPLOYEES FOR WHOM CREDITS ARE TAKEN PERFORMED THEIR JOB
27 DUTIES PRIMARILY AT THE LOCATION OF THE BUSINESS.

28 C. TO QUALIFY FOR FIRST YEAR CREDITS, THE REPORT AND CERTIFICATION
29 PRESCRIBED BY SUBSECTION B, PARAGRAPHS 2 AND 3 OF THIS SECTION MUST BE FILED
30 WITH THE AUTHORITY BY THE EARLIER OF SIX MONTHS AFTER THE END OF THE TAXABLE
31 YEAR IN WHICH THE QUALIFIED EMPLOYMENT POSITIONS WERE CREATED OR BY THE DATE
32 THE TAX RETURN IS FILED FOR THE TAXABLE YEAR IN WHICH THE QUALIFIED
33 EMPLOYMENT POSITIONS WERE CREATED. TO QUALIFY FOR SECOND YEAR CREDITS, THE
34 REPORT AND CERTIFICATION PRESCRIBED BY SUBSECTION B, PARAGRAPH 2 OF THIS
35 SECTION MUST BE FILED WITH THE AUTHORITY BY THE EARLIER OF SIX MONTHS AFTER
36 THE END OF THE TAXABLE YEAR OR THE DATE THE TAX RETURN IS FILED FOR THE
37 TAXABLE YEAR IN WHICH THE SECOND YEAR CREDITS ARE ALLOWABLE. TO QUALIFY FOR
38 THIRD YEAR CREDITS, THE REPORT AND CERTIFICATION PRESCRIBED BY SUBSECTION B,
39 PARAGRAPH 2 OF THIS SECTION MUST BE FILED WITH THE AUTHORITY BY THE EARLIER
40 OF SIX MONTHS AFTER THE END OF THE TAXABLE YEAR OR THE DATE THE TAX RETURN IS
41 FILED FOR THE TAXABLE YEAR IN WHICH THE THIRD YEAR CREDITS ARE ALLOWABLE.

42 D. ANY INFORMATION SUBMITTED TO THE AUTHORITY UNDER SUBSECTION B,
43 PARAGRAPH 2, SUBDIVISIONS (e) THROUGH (i) OF THIS SECTION IS EXEMPT FROM
44 TITLE 39, CHAPTER 1, ARTICLE 2 AND CONSIDERED TO BE CONFIDENTIAL AND IS NOT
45 SUBJECT TO DISCLOSURE EXCEPT:

1 1. TO THE EXTENT THAT THE PERSON OR ORGANIZATION THAT PROVIDED THE
2 INFORMATION CONSENTS TO THE DISCLOSURE.

3 2. TO THE DEPARTMENT OF REVENUE FOR USE IN TAX ADMINISTRATION.

4 E. DOCUMENTS FILED WITH THE AUTHORITY AND THE DEPARTMENT OF REVENUE
5 UNDER SUBSECTION B OF THIS SECTION SHALL CONTAIN EITHER A SWORN STATEMENT OR
6 CERTIFICATION, SIGNED BY AN OFFICER OF THE COMPANY UNDER PENALTY OF PERJURY,
7 THAT THE INFORMATION CONTAINED IS TRUE AND CORRECT ACCORDING TO THE BEST
8 BELIEF AND KNOWLEDGE OF THE PERSON SUBMITTING THE INFORMATION AFTER A
9 REASONABLE INVESTIGATION OF THE FACTS. IF THE DOCUMENT CONTAINS INFORMATION
10 THAT IS MATERIALLY FALSE, THE TAXPAYER IS INELIGIBLE FOR THE TAX CREDITS
11 DESCRIBED IN SUBSECTION A OF THIS SECTION AND IS SUBJECT TO RECOVERY OF THE
12 AMOUNT OF TAX CREDITS ALLOWED IN PRECEDING TAXABLE YEARS BASED ON THE FALSE
13 INFORMATION, PLUS PENALTIES AND INTEREST.

14 F. THE AUTHORITY MAY MAKE SITE VISITS TO A TAXPAYER'S FACILITIES IF IT
15 IS NECESSARY TO FURTHER DOCUMENT OR CLARIFY REPORTED INFORMATION. THE
16 TAXPAYER MUST FREELY PROVIDE THE ACCESS.

17 G. THE AUTHORITY BY RULE MAY PRESCRIBE ADDITIONAL REPORTING
18 REQUIREMENTS FOR TAXPAYERS WHO CLAIM TAX BENEFITS PURSUANT TO THIS SECTION.

19 H. FOR THE PURPOSES OF THIS SECTION:

20 1. "ASSIGNED TO RETAIL" MEANS WORKING MORE THAN TWENTY-FIVE PER CENT
21 OF AN EMPLOYEE'S TIME IN ONE OR MORE RETAIL SALES ACTIVITIES.

22 2. "GREEN MANUFACTURING BUSINESS" HAS THE SAME MEANING PRESCRIBED IN
23 SECTION 41-1509.

24 3. "LOCATION" MEANS A SINGLE PARCEL OR CONTIGUOUS PARCELS OF OWNED OR
25 LEASED LAND, THE STRUCTURES AND PERSONAL PROPERTY CONTAINED ON THE LAND OR
26 ANY PART OF THE STRUCTURES OCCUPIED BY A TAXPAYER.

27 4. "RETAIL SALES" MEANS THE SALE OF TANGIBLE PERSONAL PROPERTY TO AN
28 ULTIMATE CONSUMER.

29 5. "RETAIL SALES ACTIVITIES" MEANS ALL ACTIVITIES THAT PERSONS
30 OPERATING A RETAIL BUSINESS NORMALLY ENGAGE IN, INCLUDING TAKING ORDERS,
31 FILLING ORDERS, BILLING ORDERS, RECEIVING AND PROCESSING PAYMENTS AND
32 SHIPPING, STOCKING AND DELIVERING TANGIBLE PERSONAL PROPERTY TO THE ULTIMATE
33 CONSUMER, EXCEPT DROP SHIPMENTS BY A COMPANY ACTING ON BEHALF OF AN UNRELATED
34 COMPANY THAT HAS MADE A SALE TO A FINAL CONSUMER.

35 Sec. 2. Section 42-12006, Arizona Revised Statutes, is amended to
36 read:

37 42-12006. Class six property

38 For purposes of taxation, class six is established consisting of:

39 1. Noncommercial historic property as defined in section 42-12101 and
40 valued at full cash value.

41 2. Real and personal property that is located within the area of a
42 foreign trade zone or subzone established under 19 United States Code section
43 81 and title 44, chapter 18, that is activated for foreign trade zone use by
44 the district director of the United States customs service pursuant to
45 19 Code of Federal Regulations section 146.6 and that is valued at full cash

1 value. Property that is classified under this paragraph shall not thereafter
2 be classified under paragraph 6 of this section.

3 3. Real and personal property and improvements that are located in a
4 military reuse zone that is established under title 41, chapter 10, article 3
5 and that is devoted to providing aviation or aerospace services or to
6 manufacturing, assembling or fabricating aviation or aerospace products,
7 valued at full cash value and subject to the following terms and conditions:

8 (a) Property may not be classified under this paragraph for more than
9 five tax years.

10 (b) Any new addition or improvement to property already classified
11 under this paragraph qualifies separately for classification under this
12 paragraph for not more than five tax years.

13 (c) If a military reuse zone is terminated, the property in that zone
14 that was previously classified under this paragraph shall be reclassified as
15 prescribed by this article.

16 (d) Property that is classified under this paragraph shall not
17 thereafter be classified under paragraph 6 of this section.

18 4. Real and personal property and improvements or a portion of such
19 property comprising an environmental technology manufacturing, producing or
20 processing facility that qualified under section 41-1514.02 OR A GREEN
21 MANUFACTURING BUSINESS CERTIFIED PURSUANT TO SECTION 41-1509, valued at full
22 cash value and subject to the following terms and conditions:

23 (a) Property shall be classified under this paragraph for twenty tax
24 years from the date placed in service.

25 (b) Any addition or improvement to property already classified under
26 this paragraph qualifies separately for classification under this subdivision
27 for an additional twenty tax years from the date placed in service.

28 (c) After revocation of certification under section 41-1514.02,
29 property that was previously classified under this paragraph shall be
30 reclassified as prescribed by this article.

31 (d) Property that is classified under this paragraph shall not
32 thereafter be classified under paragraph 6 of this section.

33 5. That portion of real and personal property that is used on or after
34 January 1, 1999 specifically and solely for remediation of the environment by
35 an action that has been determined to be reasonable and necessary to respond
36 to the release or threatened release of a hazardous substance by the
37 department of environmental quality pursuant to section 49-282.06 or pursuant
38 to its corrective action authority under rules adopted pursuant to section
39 49-922, subsection B, paragraph 4 or by the United States environmental
40 protection agency pursuant to the national contingency plan (40 Code of
41 Federal Regulations part 300) and that is valued at full cash value.
42 Property that is not being used specifically and solely for the remediation
43 objectives described in this paragraph shall not be classified under this
44 paragraph. For the purposes of this paragraph, "remediation of the
45 environment" means one or more of the following actions:

1 (a) Monitoring, assessing or evaluating the release or threatened
2 release.

3 (b) Excavating, removing, transporting, treating and disposing of
4 contaminated soil.

5 (c) Pumping and treating contaminated water.

6 (d) Treatment, containment or removal of contaminants in groundwater
7 or soil.

8 6. Real and personal property and improvements constructed or
9 installed from and after December 31, 2004 through December 31, 2024 and
10 owned by a qualified business under section 41-1516 and used solely for the
11 purpose of harvesting, transporting or processing qualifying forest products
12 removed from qualifying projects as defined in section 41-1516. The
13 classification under this paragraph is subject to the following terms and
14 conditions:

15 (a) Property may be initially classified under this paragraph only in
16 valuation years 2005 through 2024.

17 (b) Property may not be classified under this paragraph for more than
18 five years.

19 (c) Any new addition or improvement, constructed or installed from and
20 after December 31, 2004 through December 31, 2024, to property already
21 classified under this paragraph qualifies separately for classification and
22 assessment under this paragraph for not more than five years.

23 (d) Property that is classified under this paragraph shall not
24 thereafter be classified under paragraph 2, 3 or 4 of this section.

25 7. Real and personal property and improvements to the property that
26 are used specifically and solely to manufacture from and after December 31,
27 2006 through December 31, 2016 biodiesel fuel that is one hundred per cent
28 biodiesel and its by-products and that are valued at full cash value. This
29 paragraph applies only to the portion of property that is used specifically
30 for manufacturing and processing one hundred per cent biodiesel fuel, or its
31 related by-products, from raw feedstock obtained from off-site sources,
32 including necessary on-site storage facilities that are intrinsically
33 associated with the manufacturing process. Any other commercial or
34 industrial use disqualifies the entire property from classification under
35 this paragraph.

36 8. Real and personal property and improvements that are certified
37 pursuant to section 41-1511, subsection C, paragraph 2 and that are used for
38 renewable energy manufacturing or headquarters operations as provided by
39 section 42-12057. This paragraph applies only to property that is used in
40 manufacturing and headquarters operations of renewable energy companies,
41 including necessary on-site research and development, testing and storage
42 facilities that are associated with the manufacturing process. Up to ten per
43 cent of the aggregate full cash value of the property may be derived from
44 uses that are ancillary to and intrinsically associated with the
45 manufacturing process or headquarters operation. Any additional ancillary

1 property is not qualified for classification under this paragraph. No new
2 properties may be classified pursuant to this paragraph from and after
3 December 31, 2014. Classification under this paragraph is limited to the
4 time periods determined by the Arizona commerce authority pursuant to section
5 41-1511, subsection C, paragraph 2, subdivision (a) or (b). Property that is
6 classified under this paragraph shall not thereafter be classified under any
7 other paragraph of this section.

8 Sec. 3. Section 43-222, Arizona Revised Statutes, is amended to read:
9 43-222. Income tax credit review schedule

10 The joint legislative income tax credit review committee shall review
11 the following income tax credits:

12 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087, 43-1088,
13 43-1090.01, 43-1167.01, 43-1175 and 43-1182.

14 2. For years ending in 1 and 6, sections 43-1074.02, 43-1083,
15 43-1083.02, 43-1085.01, 43-1164.02, 43-1164.03 and 43-1183.

16 3. For years ending in 2 and 7, sections 43-1073, 43-1079, 43-1080,
17 43-1085, 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1090,
18 43-1164, 43-1167, 43-1169, 43-1176 and 43-1181.

19 4. For years ending in 3 and 8, sections 43-1074.01, 43-1075, 43-1081,
20 43-1161.01, 43-1168, 43-1170 and 43-1178.

21 5. For years ending in 4 and 9, sections 43-1076, 43-1076.01,
22 43-1081.01, 43-1083.01, 43-1084, 43-1162, 43-1162.01, 43-1164.01, 43-1170.01
23 and 43-1184 and, beginning in 2019, sections 43-1083.03 and 43-1164.04.

24 Sec. 4. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
25 amended by adding section 43-1075, to read:

26 43-1075. Credit for increased employment by green manufacturing
27 businesses: definitions

28 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR NET
29 INCREASES IN QUALIFIED EMPLOYMENT POSITIONS OF RESIDENTS OF THIS STATE BY A
30 GREEN MANUFACTURING BUSINESS QUALIFIED PURSUANT TO SECTION 41-1510, EXCEPT
31 EMPLOYMENT POSITIONS AT A LOCATION WHERE MORE THAN TEN PER CENT OF THE
32 BUSINESS CONSISTS OF RETAIL SALES OF TANGIBLE PERSONAL PROPERTY, MEASURED BY
33 EITHER THE NUMBER OF EMPLOYEES ASSIGNED TO RETAIL SALES OR THE SQUARE FOOTAGE
34 OF THE FACILITY USED FOR RETAIL SALES ACTIVITIES AT THE LOCATION. RETAIL
35 SALES AND RETAIL SALES ACTIVITIES DO NOT INCLUDE:

36 1. FOOD AND BEVERAGE FOR CONSUMPTION ON THE PREMISES SOLELY BY
37 EMPLOYEES AND OCCASIONAL GUESTS OF EMPLOYEES AT THE LOCATION.

38 2. PROMOTIONAL PRODUCTS THAT ARE NOT AVAILABLE FOR SALE AND THAT
39 DISPLAY THE COMPANY LOGO OR TRADEMARK.

40 3. PRODUCTS THAT ARE SOLD TO COMPANY EMPLOYEES.

41 B. SUBJECT TO SUBSECTION E OF THIS SECTION, THE AMOUNT OF THE CREDIT
42 IS EQUAL TO:

43 1. ONE-FOURTH OF THE TAXABLE WAGES PAID TO AN EMPLOYEE IN A QUALIFIED
44 EMPLOYMENT POSITION, NOT TO EXCEED FIVE HUNDRED DOLLARS, IN THE FIRST YEAR OR
45 PARTIAL YEAR OF EMPLOYMENT.

1 2. ONE-THIRD OF THE TAXABLE WAGES PAID TO AN EMPLOYEE IN A QUALIFIED
2 EMPLOYMENT POSITION, NOT TO EXCEED ONE THOUSAND DOLLARS PER QUALIFIED
3 EMPLOYMENT POSITION, IN THE SECOND YEAR OF CONTINUOUS EMPLOYMENT.

4 3. ONE-HALF OF THE TAXABLE WAGES PAID TO AN EMPLOYEE IN A QUALIFIED
5 EMPLOYMENT POSITION, NOT TO EXCEED ONE THOUSAND FIVE HUNDRED DOLLARS PER
6 QUALIFIED EMPLOYMENT POSITION, IN THE THIRD YEAR OF CONTINUOUS EMPLOYMENT.

7 C. TO QUALIFY FOR A CREDIT UNDER THIS SECTION:

8 1. ALL OF THE EMPLOYEES WITH RESPECT TO WHOM A CREDIT IS CLAIMED MUST
9 RESIDE IN THIS STATE.

10 2. A QUALIFIED EMPLOYMENT POSITION MUST MEET ALL OF THE FOLLOWING
11 REQUIREMENTS:

12 (a) THE POSITION MUST BE A MINIMUM OF ONE THOUSAND SEVEN HUNDRED FIFTY
13 HOURS PER YEAR OF FULL-TIME AND PERMANENT EMPLOYMENT.

14 (b) THE JOB DUTIES MUST BE PERFORMED PRIMARILY AT THE LOCATION OF THE
15 BUSINESS. IF AN ELIGIBLE EMPLOYEE IN A QUALIFIED EMPLOYMENT POSITION IS
16 TRANSFERRED OR ASSIGNED TO WORK IN THE TAXPAYER'S WORKPLACE AT A DIFFERENT
17 LOCATION, IT MAY BE CONSIDERED TO BE CONTINUOUS EMPLOYMENT IF IT CONTINUES TO
18 MEET ALL QUALIFIED EMPLOYMENT POSITION REQUIREMENTS.

19 (c) THE EMPLOYMENT MUST INCLUDE HEALTH INSURANCE COVERAGE FOR THE
20 EMPLOYEE FOR WHICH THE EMPLOYER PAYS AT LEAST FIFTY PER CENT OF THE PREMIUM
21 OR MEMBERSHIP COST. IF THE TAXPAYER IS SELF-INSURED, THE TAXPAYER MUST PAY
22 AT LEAST FIFTY PER CENT OF A PREDETERMINED FIXED COST PER EMPLOYEE FOR AN
23 INSURANCE PROGRAM THAT IS PAYABLE WHETHER OR NOT THE EMPLOYEE HAS FILED
24 CLAIMS.

25 (d) THE EMPLOYER MUST PAY COMPENSATION AT LEAST EQUAL TO THE WAGE
26 OFFER BY COUNTY AS COMPUTED ANNUALLY BY THE DEPARTMENT OF ECONOMIC SECURITY.

27 (e) THE EMPLOYEE MUST HAVE BEEN EMPLOYED FOR AT LEAST NINETY DAYS
28 DURING THE FIRST TAXABLE YEAR. AN EMPLOYEE WHO IS HIRED DURING THE LAST
29 NINETY DAYS OF THE TAXABLE YEAR SHALL BE CONSIDERED A NEW EMPLOYEE DURING THE
30 NEXT TAXABLE YEAR. A QUALIFIED EMPLOYMENT POSITION THAT IS FILLED DURING THE
31 LAST NINETY DAYS OF THE TAXABLE YEAR IS CONSIDERED TO BE A NEW QUALIFIED
32 EMPLOYMENT POSITION FOR THE NEXT TAXABLE YEAR.

33 (f) THE EMPLOYEE MUST NOT HAVE BEEN PREVIOUSLY EMPLOYED BY THE
34 TAXPAYER WITHIN TWELVE MONTHS BEFORE THE CURRENT DATE OF HIRE.

35 D. A CREDIT IS ALLOWED FOR EMPLOYMENT IN THE SECOND AND THIRD YEARS
36 ONLY FOR QUALIFIED EMPLOYMENT POSITIONS FOR WHICH A CREDIT WAS ALLOWED AND
37 CLAIMED BY THE TAXPAYER ON THE ORIGINAL FIRST AND SECOND YEAR TAX RETURNS.

38 E. THE NET INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS IS
39 THE LESSER OF THE TOTAL NUMBER OF FILLED QUALIFIED EMPLOYMENT POSITIONS
40 CREATED DURING THE TAX YEAR OR THE DIFFERENCE BETWEEN THE AVERAGE NUMBER OF
41 FULL-TIME EMPLOYEES IN THE CURRENT TAX YEAR AND THE AVERAGE NUMBER OF
42 FULL-TIME EMPLOYEES DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE NET
43 INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS COMPUTED UNDER THIS
44 SUBSECTION SHALL NOT EXCEED TWO HUNDRED QUALIFIED EMPLOYMENT POSITIONS PER
45 TAXPAYER EACH YEAR.

1 F. A TAXPAYER WHO CLAIMS A CREDIT UNDER SECTION 43-1079 SHALL NOT
2 CLAIM A CREDIT UNDER THIS SECTION WITH RESPECT TO THE SAME EMPLOYMENT
3 POSITION.

4 G. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE INCOME TAXES OTHERWISE DUE
5 ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO STATE INCOME TAXES DUE ON THE
6 CLAIMANT'S INCOME, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST
7 INCOME TAXES MAY BE CARRIED FORWARD AS A TAX CREDIT AGAINST SUBSEQUENT
8 TAXABLE YEARS' INCOME TAX LIABILITY, NOT TO EXCEED FIVE TAXABLE YEARS.

9 H. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND
10 SHAREHOLDERS OF AN S CORPORATION, AS DEFINED IN SECTION 1361 OF THE INTERNAL
11 REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
12 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
13 ALLOWED ALL SUCH OWNERS OF THE BUSINESS MAY NOT EXCEED THE AMOUNT THAT WOULD
14 HAVE BEEN ALLOWED FOR A SOLE OWNER OF THE BUSINESS.

15 I. IF A PERSON PURCHASES A BUSINESS OR CHANGES OWNERSHIP THROUGH
16 REORGANIZATION, STOCK PURCHASE OR MERGER, THE NEW TAXPAYER MAY CLAIM FIRST
17 YEAR CREDITS ONLY FOR ONE OR MORE QUALIFIED EMPLOYMENT POSITIONS THAT IT
18 CREATED AND FILLED WITH AN ELIGIBLE EMPLOYEE AFTER THE PURCHASE OR
19 REORGANIZATION WAS COMPLETE. IF A PERSON PURCHASES A TAXPAYER THAT HAD
20 QUALIFIED FOR FIRST OR SECOND YEAR CREDITS OR CHANGES OWNERSHIP THROUGH
21 REORGANIZATION, STOCK PURCHASE OR MERGER, THE NEW TAXPAYER MAY CLAIM THE
22 SECOND OR THIRD YEAR CREDITS IF THE TAXPAYER MEETS OTHER ELIGIBILITY
23 REQUIREMENTS OF THIS SECTION. CREDITS FOR WHICH A TAXPAYER QUALIFIED BEFORE
24 THE CHANGES DESCRIBED IN THIS SUBSECTION ARE TERMINATED AND LOST AT THE TIME
25 THE CHANGES ARE IMPLEMENTED.

26 J. A FAILURE TO TIMELY REPORT AND CERTIFY TO THE ARIZONA COMMERCE
27 AUTHORITY AND THE DEPARTMENT OF REVENUE THE INFORMATION PRESCRIBED BY SECTION
28 41-1510, SUBSECTION B, PARAGRAPHS 1, 2 AND 3, AND IN THE MANNER PRESCRIBED BY
29 SECTION 41-1510, SUBSECTION C, DISQUALIFIES THE TAXPAYER FROM THE CREDIT
30 UNDER THIS SECTION. THE DEPARTMENT OF REVENUE SHALL REQUIRE WRITTEN EVIDENCE
31 OF THE TIMELY REPORT TO THE ARIZONA COMMERCE AUTHORITY.

32 K. FOR THE PURPOSES OF THIS SECTION:

33 1. "ASSIGNED TO RETAIL" MEANS WORKING MORE THAN TWENTY-FIVE PER CENT
34 OF AN EMPLOYEE'S TIME IN ONE OR MORE RETAIL SALES ACTIVITIES.

35 2. "LOCATION" MEANS A SINGLE PARCEL OR CONTIGUOUS PARCELS OF OWNED OR
36 LEASED LAND, THE STRUCTURES AND PERSONAL PROPERTY CONTAINED ON THE LAND OR
37 ANY PART OF THE STRUCTURES OCCUPIED BY A TAXPAYER.

38 3. "RETAIL SALES" MEANS THE SALE OF TANGIBLE PERSONAL PROPERTY TO AN
39 ULTIMATE CONSUMER.

40 4. "RETAIL SALES ACTIVITIES" MEANS ALL ACTIVITIES PERSONS OPERATING A
41 RETAIL BUSINESS NORMALLY ENGAGE IN, INCLUDING TAKING ORDERS, FILLING ORDERS,
42 BILLING ORDERS, RECEIVING AND PROCESSING PAYMENTS AND SHIPPING, STOCKING AND
43 DELIVERING TANGIBLE PERSONAL PROPERTY TO THE ULTIMATE CONSUMER, EXCEPT DROP
44 SHIPMENTS BY A COMPANY ACTING ON BEHALF OF AN UNRELATED COMPANY THAT HAS MADE
45 A SALE TO A FINAL CONSUMER.

1 Sec. 5. Section 43-1079, Arizona Revised Statutes, is amended to read:
2 43-1079. Credit for increased employment in military reuse
3 zones; definition

4 A. A credit is allowed against the taxes imposed by this title for net
5 increases in employment by the taxpayer of full-time employees working in a
6 military reuse zone, established under title 41, chapter 10, article 3, and
7 who are primarily engaged in providing aviation or aerospace services or in
8 manufacturing, assembling or fabricating aviation or aerospace products. The
9 amount of the credit is a dollar amount allowed for each new employee,
10 determined as follows:

11 1. With respect to each employee other than a dislocated military base
12 employee:

| | |
|-------------------------------------|---------|
| 13 1st year of employment | \$ 500 |
| 14 2nd year of employment | \$1,000 |
| 15 3rd year of employment | \$1,500 |
| 16 4th year of employment | \$2,000 |
| 17 5th year of employment | \$2,500 |

18 2. With respect to each dislocated military base employee:

| | |
|-------------------------------------|---------|
| 19 1st year of employment | \$1,000 |
| 20 2nd year of employment | \$1,500 |
| 21 3rd year of employment | \$2,000 |
| 22 4th year of employment | \$2,500 |
| 23 5th year of employment | \$3,000 |

24 B. If the allowable tax credit exceeds the taxes otherwise due under
25 this title on the claimant's income, or if there are no taxes due under this
26 title, the amount of the claim not used to offset the taxes under this title
27 may be carried forward as a credit against subsequent years' income tax
28 liability for the period, not to exceed five taxable years, if the business
29 remains in the military reuse zone.

30 C. The net increase in the number of employees for purposes of this
31 section shall be determined by comparing the taxpayer's average employment in
32 the military reuse zone during the taxable year with the taxpayer's previous
33 year's fourth quarter employment in the zone, based on the taxpayer's report
34 to the department of economic security for unemployment insurance purposes
35 but considering only employment in the zone.

36 D. Co-owners of a business, including partners in a partnership and
37 shareholders of an S corporation, as defined in section 1361 of the internal
38 revenue code, may each claim only the pro rata share of the credit allowed
39 under this section based on the ownership interest. The total of the credits
40 allowed all such owners may not exceed the amount that would have been
41 allowed for a sole owner of the business.

42 E. A credit is not allowed under this section with respect to an
43 employee whose place of employment is relocated by the taxpayer from a
44 location in this state to the military reuse zone, unless the employee is
45 engaged in aviation or aerospace services or in manufacturing, assembling or

1 fabricating aviation or aerospace products and the taxpayer maintains at
2 least the same number of employees in this state but outside the zone.

3 F. A taxpayer who claims a credit under section 43-1074, 43-1075 or
4 43-1083.01 may not claim a credit under this section with respect to the same
5 ~~employees~~ EMPLOYMENT POSITION.

6 G. For the purposes of this section, "dislocated military base
7 employee" means a civilian who previously had permanent full-time civilian
8 employment on the military facility as of the date the closure of the
9 facility was finally determined under federal law, as certified by the
10 Arizona commerce authority.

11 Sec. 6. Section 43-1161, Arizona Revised Statutes, is amended to read:
12 43-1161. Credit for new employment

13 A. For taxable years beginning from and after June 30, 2011, a credit
14 is allowed against the taxes imposed by this title for net increases in
15 full-time employees residing in this state and hired in qualified employment
16 positions in this state as computed and certified by the Arizona commerce
17 authority pursuant to section 41-1525.

18 B. Subject to subsection F of this section, the amount of the credit
19 is equal to:

20 1. Three thousand dollars for each full-time employee hired in a
21 qualified employment position in the first year or partial year of
22 employment. Employees hired in the last ninety days of the taxable year are
23 excluded for that taxable year and are considered to be new employees in the
24 following taxable year.

25 2. Three thousand dollars for each full-time employee in a qualified
26 employment position for the full taxable year in the second year of
27 continuous employment.

28 3. Three thousand dollars for each full-time employee in a qualified
29 employment position for the full taxable year in the third year of continuous
30 employment.

31 C. The capital investment and the new qualified employment positions
32 requirements of section 41-1525, subsection B must be accomplished within
33 twelve months after the start of the required capital investment. No credit
34 may be claimed until both requirements are met. A business that meets the
35 requirements of section 41-1525, subsection B for a location is eligible to
36 claim first year credits for three years beginning with the taxable year in
37 which those requirements are completed. Employees hired at the location
38 before the beginning of the taxable year but during the twelve-month period
39 allowed in this subsection are considered to be new employees for the taxable
40 year in which all of those requirements are completed. The employees that
41 are considered to be new employees for the taxable year under this subsection
42 shall not be included in the average number of full-time employees during the
43 immediately preceding taxable year until the taxable year in which all of the
44 requirements of section 41-1525, subsection B are completed. An employee
45 working at a temporary work site in this state while the designated location

1 is under construction is considered to be working at the designated location
2 if all of the following occur:

3 1. The employee is hired after the start of the required investment at
4 the designated location.

5 2. The employee is hired to work at the designated location after it
6 is completed.

7 3. The payroll for the employees destined for the designated location
8 is segregated from other employees.

9 4. The employee is moved to the designated location within thirty days
10 after its completion.

11 D. To qualify for a credit under this section, the taxpayer and the
12 employment positions must meet the requirements prescribed by section
13 41-1525.

14 E. A credit is allowed for employment in the second and third year
15 only for qualified employment positions for which a credit was claimed and
16 allowed in the first year.

17 F. The net increase in the number of qualified employment positions is
18 the lesser of the total number of filled qualified employment positions
19 created at the designated location or locations during the taxable year or
20 the difference between the average number of full-time employees in this
21 state in the current taxable year and the average number of full-time
22 employees in this state during the immediately preceding taxable year. The
23 net increase in the number of qualified employment positions computed under
24 this subsection may not exceed the difference between the average number of
25 full-time employees in this state in the current taxable year and the average
26 number of full-time employees in this state during the immediately preceding
27 taxable year.

28 G. A taxpayer who claims a credit under section [43-1161.01](#), 43-1164.01
29 or 43-1167 shall not claim a credit under this section with respect to the
30 same employment positions.

31 H. If the allowable tax credit exceeds the income taxes otherwise due
32 on the claimant's income, or if there are no state income taxes due on the
33 claimant's income, the amount of the claim not used as an offset against the
34 income taxes may be carried forward as a tax credit against subsequent years'
35 income tax liability for a period not exceeding five taxable years.

36 I. Co-owners of a business, including corporate partners in a
37 partnership, may each claim only the pro rata share of the credit allowed
38 under this section based on the ownership interest. The total of the credits
39 allowed all such owners of the business may not exceed the amount that would
40 have been allowed for a sole owner of the business.

41 J. If the business is sold or changes ownership through
42 reorganization, stock purchase or merger, the new taxpayer may claim first
43 year credits only for the qualified employment positions that it created and
44 filled with an eligible employee after the purchase or reorganization was
45 complete. If a person purchases a taxpayer that had qualified for first or

1 second year credits or changes ownership through reorganization, stock
2 purchase or merger, the new taxpayer may claim the second or third year
3 credits if it meets other eligibility requirements of this section. Credits
4 for which a taxpayer qualified before the changes described in this
5 subsection are terminated and lost at the time the changes are implemented.

6 K. A failure to timely report and certify to the Arizona commerce
7 authority the information prescribed by section 41-1525, subsection E, and in
8 the manner prescribed by section 41-1525, subsection F disqualifies the
9 taxpayer from the credit under this section. The department shall require
10 written evidence of the timely report to the Arizona commerce authority.

11 L. A tax credit under this section is subject to recovery for a
12 violation described in section 41-1525, subsection H.

13 Sec. 7. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
14 amended by adding section 43-1161.01, to read:

15 43-1161.01. Credit for increased employment by green
16 manufacturing businesses; definitions

17 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR NET
18 INCREASES IN QUALIFIED EMPLOYMENT POSITIONS OF RESIDENTS OF THIS STATE BY A
19 GREEN MANUFACTURING BUSINESS QUALIFIED PURSUANT TO SECTION 41-1510, EXCEPT
20 EMPLOYMENT POSITIONS AT A LOCATION WHERE MORE THAN TEN PER CENT OF THE
21 BUSINESS CONSISTS OF RETAIL SALES OF TANGIBLE PERSONAL PROPERTY, MEASURED BY
22 EITHER THE NUMBER OF EMPLOYEES ASSIGNED TO RETAIL SALES OR THE SQUARE FOOTAGE
23 OF THE FACILITY USED FOR RETAIL SALES ACTIVITIES AT THE LOCATION. RETAIL
24 SALES AND RETAIL SALES ACTIVITIES DO NOT INCLUDE:

25 1. FOOD AND BEVERAGE FOR CONSUMPTION ON THE PREMISES SOLELY BY
26 EMPLOYEES AND OCCASIONAL GUESTS OF EMPLOYEES AT THE LOCATION.

27 2. PROMOTIONAL PRODUCTS THAT ARE NOT AVAILABLE FOR SALE AND THAT
28 DISPLAY THE COMPANY LOGO OR TRADEMARK.

29 3. PRODUCTS THAT ARE SOLD TO COMPANY EMPLOYEES.

30 B. SUBJECT TO SUBSECTION E OF THIS SECTION, THE AMOUNT OF THE CREDIT
31 IS EQUAL TO:

32 1. ONE-FOURTH OF THE TAXABLE WAGES PAID TO AN EMPLOYEE IN A QUALIFIED
33 EMPLOYMENT POSITION, NOT TO EXCEED FIVE HUNDRED DOLLARS, IN THE FIRST YEAR OR
34 PARTIAL YEAR OF EMPLOYMENT.

35 2. ONE-THIRD OF THE TAXABLE WAGES PAID TO AN EMPLOYEE IN A QUALIFIED
36 EMPLOYMENT POSITION, NOT TO EXCEED ONE THOUSAND DOLLARS PER QUALIFIED
37 EMPLOYMENT POSITION, IN THE SECOND YEAR OF CONTINUOUS EMPLOYMENT.

38 3. ONE-HALF OF THE TAXABLE WAGES PAID TO AN EMPLOYEE IN A QUALIFIED
39 EMPLOYMENT POSITION, NOT TO EXCEED ONE THOUSAND FIVE HUNDRED DOLLARS PER
40 QUALIFIED EMPLOYMENT POSITION, IN THE THIRD YEAR OF CONTINUOUS EMPLOYMENT.

41 C. TO QUALIFY FOR A CREDIT UNDER THIS SECTION:

42 1. ALL OF THE EMPLOYEES WITH RESPECT TO WHOM A CREDIT IS CLAIMED MUST
43 RESIDE IN THIS STATE.

1 2. A QUALIFIED EMPLOYMENT POSITION MUST MEET ALL OF THE FOLLOWING
2 REQUIREMENTS:

3 (a) THE POSITION MUST BE A MINIMUM OF ONE THOUSAND SEVEN HUNDRED FIFTY
4 HOURS PER YEAR OF FULL-TIME AND PERMANENT EMPLOYMENT.

5 (b) THE JOB DUTIES MUST BE PERFORMED PRIMARILY AT THE LOCATION OF THE
6 BUSINESS. IF AN ELIGIBLE EMPLOYEE IN A QUALIFIED EMPLOYMENT POSITION IS
7 TRANSFERRED OR ASSIGNED TO WORK IN THE TAXPAYER'S WORKPLACE AT A DIFFERENT
8 LOCATION, IT MAY BE CONSIDERED TO BE CONTINUOUS EMPLOYMENT IF IT CONTINUES TO
9 MEET ALL QUALIFIED EMPLOYMENT POSITION REQUIREMENTS.

10 (c) THE EMPLOYMENT MUST INCLUDE HEALTH INSURANCE COVERAGE FOR THE
11 EMPLOYEE FOR WHICH THE EMPLOYER PAYS AT LEAST FIFTY PER CENT OF THE PREMIUM
12 OR MEMBERSHIP COST. IF THE TAXPAYER IS SELF-INSURED, THE TAXPAYER MUST PAY
13 AT LEAST FIFTY PER CENT OF A PREDETERMINED FIXED COST PER EMPLOYEE FOR AN
14 INSURANCE PROGRAM THAT IS PAYABLE WHETHER OR NOT THE EMPLOYEE HAS FILED
15 CLAIMS.

16 (d) THE EMPLOYER MUST PAY COMPENSATION AT LEAST EQUAL TO THE WAGE
17 OFFER BY COUNTY AS COMPUTED ANNUALLY BY THE DEPARTMENT OF ECONOMIC SECURITY.

18 (e) THE EMPLOYEE MUST HAVE BEEN EMPLOYED FOR AT LEAST NINETY DAYS
19 DURING THE FIRST TAXABLE YEAR. AN EMPLOYEE WHO IS HIRED DURING THE LAST
20 NINETY DAYS OF THE TAXABLE YEAR SHALL BE CONSIDERED A NEW EMPLOYEE DURING THE
21 NEXT TAXABLE YEAR. A QUALIFIED EMPLOYMENT POSITION THAT IS FILLED DURING THE
22 LAST NINETY DAYS OF THE TAXABLE YEAR IS CONSIDERED TO BE A NEW QUALIFIED
23 EMPLOYMENT POSITION FOR THE NEXT TAXABLE YEAR.

24 (f) THE EMPLOYEE MUST NOT HAVE BEEN PREVIOUSLY EMPLOYED BY THE
25 TAXPAYER WITHIN TWELVE MONTHS BEFORE THE CURRENT DATE OF HIRE.

26 D. A CREDIT IS ALLOWED FOR EMPLOYMENT IN THE SECOND AND THIRD YEARS
27 ONLY FOR QUALIFIED EMPLOYMENT POSITIONS FOR WHICH A CREDIT WAS ALLOWED AND
28 CLAIMED BY THE TAXPAYER ON THE ORIGINAL FIRST AND SECOND YEAR TAX RETURNS.

29 E. THE NET INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS IS
30 THE LESSER OF THE TOTAL NUMBER OF FILLED QUALIFIED EMPLOYMENT POSITIONS
31 CREATED DURING THE TAX YEAR OR THE DIFFERENCE BETWEEN THE AVERAGE NUMBER OF
32 FULL-TIME EMPLOYEES IN THE CURRENT TAX YEAR AND THE AVERAGE NUMBER OF
33 FULL-TIME EMPLOYEES DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE NET
34 INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS COMPUTED UNDER THIS
35 SUBSECTION SHALL NOT EXCEED TWO HUNDRED QUALIFIED EMPLOYMENT POSITIONS PER
36 TAXPAYER EACH YEAR.

37 F. A TAXPAYER WHO CLAIMS A CREDIT UNDER SECTION 43-1161 OR 43-1167
38 SHALL NOT CLAIM A CREDIT UNDER THIS SECTION WITH RESPECT TO THE SAME
39 EMPLOYMENT POSITION.

40 G. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE INCOME TAXES OTHERWISE DUE
41 ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO STATE INCOME TAXES DUE ON THE
42 CLAIMANT'S INCOME, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST
43 INCOME TAXES MAY BE CARRIED FORWARD AS A TAX CREDIT AGAINST SUBSEQUENT
44 TAXABLE YEARS' INCOME TAX LIABILITY, NOT TO EXCEED FIVE TAXABLE YEARS.

1 H. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP, MAY
2 EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED UNDER THIS SECTION
3 BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS ALLOWED ALL SUCH
4 OWNERS OF THE BUSINESS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED
5 FOR A SOLE OWNER OF THE BUSINESS.

6 I. IF A PERSON PURCHASES A BUSINESS OR CHANGES OWNERSHIP THROUGH
7 REORGANIZATION, STOCK PURCHASE OR MERGER, THE NEW TAXPAYER MAY CLAIM FIRST
8 YEAR CREDITS ONLY FOR ONE OR MORE QUALIFIED EMPLOYMENT POSITIONS THAT IT
9 CREATED AND FILLED WITH AN ELIGIBLE EMPLOYEE AFTER THE PURCHASE OR
10 REORGANIZATION WAS COMPLETE. IF A PERSON PURCHASES A TAXPAYER THAT HAD
11 QUALIFIED FOR FIRST OR SECOND YEAR CREDITS OR CHANGES OWNERSHIP THROUGH
12 REORGANIZATION, STOCK PURCHASE OR MERGER, THE NEW TAXPAYER MAY CLAIM THE
13 SECOND OR THIRD YEAR CREDITS IF IT MEETS OTHER ELIGIBILITY REQUIREMENTS OF
14 THIS SECTION. CREDITS FOR WHICH A TAXPAYER QUALIFIED BEFORE THE CHANGES
15 DESCRIBED IN THIS SUBSECTION ARE TERMINATED AND LOST AT THE TIME THE CHANGES
16 ARE IMPLEMENTED.

17 J. A FAILURE TO TIMELY REPORT AND CERTIFY TO THE ARIZONA COMMERCE
18 AUTHORITY AND THE DEPARTMENT OF REVENUE THE INFORMATION PRESCRIBED BY SECTION
19 41-1510, SUBSECTION B, PARAGRAPHS 1, 2 AND 3, AND IN THE MANNER PRESCRIBED BY
20 SECTION 41-1510, SUBSECTION C, DISQUALIFIES THE TAXPAYER FROM THE CREDIT
21 UNDER THIS SECTION. THE DEPARTMENT OF REVENUE SHALL REQUIRE WRITTEN EVIDENCE
22 OF THE TIMELY REPORT TO THE ARIZONA COMMERCE AUTHORITY.

23 K. FOR THE PURPOSES OF THIS SECTION:

24 1. "ASSIGNED TO RETAIL" MEANS WORKING MORE THAN TWENTY-FIVE PER CENT
25 OF AN EMPLOYEE'S TIME IN ONE OR MORE RETAIL SALES ACTIVITIES.

26 2. "LOCATION" MEANS A SINGLE PARCEL OR CONTIGUOUS PARCELS OF OWNED OR
27 LEASED LAND, THE STRUCTURES AND PERSONAL PROPERTY CONTAINED ON THE LAND OR
28 ANY PART OF THE STRUCTURES OCCUPIED BY A TAXPAYER.

29 3. "RETAIL SALES" MEANS THE SALE OF TANGIBLE PERSONAL PROPERTY TO AN
30 ULTIMATE CONSUMER.

31 4. "RETAIL SALES ACTIVITIES" MEANS ALL ACTIVITIES PERSONS OPERATING A
32 RETAIL BUSINESS NORMALLY ENGAGE IN, INCLUDING TAKING ORDERS, FILLING ORDERS,
33 BILLING ORDERS, RECEIVING AND PROCESSING PAYMENTS AND SHIPPING, STOCKING AND
34 DELIVERING TANGIBLE PERSONAL PROPERTY TO THE ULTIMATE CONSUMER, EXCEPT DROP
35 SHIPMENTS BY A COMPANY ACTING ON BEHALF OF AN UNRELATED COMPANY THAT HAS MADE
36 A SALE TO A FINAL CONSUMER.

37 Sec. 8. Section 43-1167, Arizona Revised Statutes, is amended to read:
38 43-1167. Credit for increased employment in military reuse
39 zones; definition

40 A. A credit is allowed against the taxes imposed by this title for net
41 increases in employment by the taxpayer of full-time employees working in a
42 military reuse zone, established under title 41, chapter 10, article 3, and
43 who are primarily engaged in providing aviation or aerospace services or in
44 manufacturing, assembling or fabricating aviation or aerospace products. The

1 amount of the credit is a dollar amount allowed for each new employee,
 2 determined as follows:

3 1. With respect to each employee other than a dislocated military base
 4 employee:

| | | |
|---|------------------------|---------|
| 5 | 1st year of employment | \$ 500 |
| 6 | 2nd year of employment | \$1,000 |
| 7 | 3rd year of employment | \$1,500 |
| 8 | 4th year of employment | \$2,000 |
| 9 | 5th year of employment | \$2,500 |

10 2. With respect to each dislocated military base employee:

| | | |
|----|------------------------|---------|
| 11 | 1st year of employment | \$1,000 |
| 12 | 2nd year of employment | \$1,500 |
| 13 | 3rd year of employment | \$2,000 |
| 14 | 4th year of employment | \$2,500 |
| 15 | 5th year of employment | \$3,000 |

16 B. If the allowable tax credit exceeds the taxes otherwise due under
 17 this title on the claimant's income, or if there are no taxes due under this
 18 title, the amount of the claim not used to offset the taxes under this title
 19 may be carried forward as a credit against subsequent years' income tax
 20 liability for the period, not to exceed five taxable years, if the business
 21 remains in the military reuse zone.

22 C. The net increase in the number of employees for purposes of this
 23 section shall be determined by comparing the taxpayer's average employment in
 24 the military reuse zone during the taxable year with the taxpayer's previous
 25 year's fourth quarter employment in the zone, based on the taxpayer's report
 26 to the department of economic security for unemployment insurance purposes
 27 but considering only employment in the zone.

28 D. Co-owners of a business, including corporate partners in a
 29 partnership, may each claim only the pro rata share of the credit allowed
 30 under this section based on the ownership interest. The total of the credits
 31 allowed all such owners may not exceed the amount that would have been
 32 allowed for a sole owner of the business.

33 E. A credit is not allowed under this section with respect to an
 34 employee whose place of employment is relocated by the taxpayer from a
 35 location in this state to the military reuse zone unless the employee is
 36 engaged in aviation or aerospace services or in manufacturing, assembling or
 37 fabricating aviation or aerospace products and the taxpayer maintains at
 38 least the same number of employees in this state but outside the zone.

39 F. A taxpayer who claims a credit under section 43-1161, [43-1161.01](#) or
 40 [43-1164.01](#) may not claim a credit under this section with respect to the same
 41 ~~employees~~ EMPLOYMENT POSITION.

42 G. For the purposes of this section, "dislocated military base
 43 employee" means a civilian who previously had permanent full-time civilian
 44 employment on the military facility as of the date the closure of the

1 facility was finally determined under federal law, as certified by the
2 department of commerce.

3 Sec. 9. Purpose

4 Pursuant to section 43-223, Arizona Revised Statutes, the income tax
5 credits enacted in sections 43-1075 and 43-1161.01, Arizona Revised Statutes,
6 as added by this act, are intended to encourage investment and development of
7 environmentally friendly businesses that will produce high quality employment
8 opportunities for citizens of this state.

9 Sec. 10. Effective date

10 This act is effective from and after December 31, 2013.