

HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2670**

Olson Floor Amendment

The Olson substitute floor amendment to the Appropriations committee amendment makes the following changes:

1. Stipulates, for tax credit purposes, that self-consumption includes power used by related entities if the entities are under the same ownership interests that collectively own more than 80%, rather than 50%.

The floor amendment also maintains the following changes, which were adopted in the Appropriations committee amendment:

1. Caps the total aggregate tax credit an international operations center may claim at \$25 million.
2. Contains a retroactive effective date for tax credit changes and a delayed effective date for utility relief provisions.

Amendment explanation prepared by Jennifer Thomsen

Phone Number 6-3040

lcs

2/23/2015

OLSON SUBSTITUTE FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2670

I move the following SUBSTITUTE amendment to the APPROPRIATION Committee Amendment
to

HOUSE BILL 2670 (Reference to printed bill)

- 1 Page 1, line 39, strike "TAX" insert "TAXABLE"
- 2 Page 2, line 16, strike "FOLLOWING" insert "AFTER"
- 3 Line 23, after "PUBLIC" insert a comma
- 4 Line 24, after "DEPARTMENT" insert "OF REVENUE"
- 5 Strike lines 29 and 30, insert "UNLESS OWNERSHIP OF THE INTERNATIONAL OPERATIONS
- 6 CENTER IS SOLD, CONVEYED, TRANSFERRED OR OTHERWISE DIRECTLY OR INDIRECTLY
- 7 DISPOSED OF TO ANOTHER ENTITY IN WHICH THE ORIGINAL OWNER HOLDS LESS THAN A
- 8 CONTROLLING INTEREST. FOR THE PURPOSES OF THIS SUBSECTION, "CONTROLLING
- 9 INTEREST" MEANS AT LEAST EIGHTY PERCENT OF THE VOTING SHARES OF A CORPORATION
- 10 OR OF THE INTERESTS IN A NONCORPORATE ENTITY."
- 11 Line 38, after the first "THE" strike remainder of line; strike line 39, insert
- 12 "MITIGATION OF THE TAX BURDEN ON THE"
- 13 Page 19, line 25, after the first "THE" strike remainder of line; line 26, strike
- 14 "FACILITY IN" insert "POWER IS GENERATED PRIMARILY FOR THE PURPOSES OF"
- 15 Page 20, line 3, after the first "THE" strike remainder of line; line 4, strike
- 16 "FACILITY IN" insert "POWER IS GENERATED PRIMARILY FOR THE PURPOSES OF"
- 17 Line 6, strike "A" insert "ONE OR MORE"
- 18 Line 7, strike "FACILITY" insert "FACILITIES"; strike "PRODUCES" insert
- 19 "PRODUCE"
- 20 Line 12, strike the second "THE" insert "EACH"
- 21 Line 13, strike the second "THE" insert "A"
- 22 Line 18, strike "FIFTY" insert "EIGHTY"
- 23 Line 19, strike "POWER" insert "UTILITY"
- 24 Strike line 20, insert "THE SAME UTILITY THAT PROVIDES POWER TO THE"
- 25 Line 23, strike "PRIMARILY"

1 Page 20, line 32, after "dollars" strike remainder of line

2 Line 33, strike "IS COMPRISED OF A SINGLE ENTITY OR MULTIPLE AFFILIATED
3 ENTITIES"; after the period insert "IF A TAXPAYER USES THE POWER GENERATED BY
4 THE RENEWABLE ENERGY FACILITY IN THE TAXPAYER'S INTERNATIONAL OPERATIONS
5 CENTER, THE TAXPAYER, INCLUDING ALL AFFILIATES OF THE TAXPAYER, MAY NOT
6 CUMULATE TAX CREDITS UNDER THIS SECTION OVER DIFFERENT TAXABLE YEARS
7 EXCEEDING, IN THE AGGREGATE, TWENTY-FIVE MILLION DOLLARS."

8 Page 22, line 22, after "MUST" insert "SUBMIT THE REQUEST FOR FINAL CERTIFICATION
9 FOR EACH OF THE RENEWABLE ENERGY FACILITIES FOR WHICH CAPITAL INVESTMENT WILL
10 BE CLAIMED TOWARDS THE REQUIRED INVESTMENT THRESHOLD AND MUST"

11 Line 24, strike the first "THE" insert "EACH"

12 Strike lines 26 through 42, insert:

13 "K. IF THE TAXPAYER FAILS TO MAKE THE REQUIRED INVESTMENT IN RENEWABLE
14 ENERGY FACILITIES WITHIN THE TIME PERIOD REQUIRED BY SUBSECTION B, PARAGRAPH
15 1 OR SUBSECTION C, PARAGRAPH 1 OF THIS SECTION OR IF THE CERTIFICATION OF AN
16 INTERNATIONAL OPERATIONS CENTER HAS BEEN REVOKED UNDER SECTION 41-1520 DUE TO
17 A FAILURE TO MAKE A ONE BILLION TWO HUNDRED FIFTY MILLION DOLLAR INVESTMENT
18 IN THE CENTER WITHIN TEN YEARS AFTER CERTIFICATION OR IF THE TAXPAYER FAILS
19 TO RECEIVE FINAL CERTIFICATION OF THE CREDIT UNDER SUBSECTION J OF THIS
20 SECTION, THE TAXPAYER SHALL NOT BE ELIGIBLE AND MUST CEASE CLAIMING ANY
21 FURTHER CREDITS UNDER THIS SECTION AND SHALL REIMBURSE THE AMOUNT OF ALL
22 CREDITS PREVIOUSLY RECEIVED UNDER THIS SECTION. THE REIMBURSEMENT MUST BE
23 MADE ON THE TAXPAYER'S INCOME TAX RETURN FOR THE TAXABLE YEAR IN WHICH IT IS
24 FIRST KNOWN THAT THE REQUIRED INVESTMENT WOULD NOT BE MADE WITHIN THE
25 REQUIRED TIME OR THE TAXABLE YEAR IN WHICH THE CERTIFICATION WAS REVOKED.
26 THE DEPARTMENT MAY GIVE SPECIAL CONSIDERATION OR ALLOW A TEMPORARY EXEMPTION
27 FROM REIMBURSEMENT IF THERE IS EXTRAORDINARY HARDSHIP DUE TO FACTORS BEYOND
28 THE TAXPAYER'S CONTROL. IF THE REIMBURSEMENT IS DUE TO REVOCATION OF THE
29 CERTIFICATION OF AN INTERNATIONAL OPERATIONS CENTER DUE TO A FAILURE TO
30 INVEST ONE BILLION TWO HUNDRED FIFTY MILLION DOLLARS IN THE CENTER WITHIN TEN
31 YEARS AFTER CERTIFICATION, THE CREDITS SHALL BE REIMBURSED IN INVERSE
32 PROPORTION TO THE TOTAL CAPITAL INVESTMENT MADE IN THE INTERNATIONAL
33 OPERATIONS CENTER DIVIDED BY ONE BILLION TWO HUNDRED FIFTY MILLION DOLLARS.
34 THE DEPARTMENT MAY REQUIRE REIMBURSEMENT BEFORE THE TENTH ANNIVERSARY OF
35 CERTIFICATION OF AN INTERNATIONAL OPERATIONS CENTER IF THE FACILITY HAS BEEN
36 CLOSED OR RELOCATED OR THE TAXPAYER HAS OTHERWISE DEMONSTRATED THAT THE ONE
37 BILLION TWO HUNDRED FIFTY MILLION DOLLAR INVESTMENT WILL NOT BE TIMELY MADE."

1 Page 24, line 20, after the first "THE" strike remainder of line; line 21, strike
2 "FACILITY IN" insert "POWER IS GENERATED PRIMARILY FOR THE PURPOSES OF"
3 Line 41, after the first "THE" strike remainder of line; line 42, strike
4 "FACILITY IN" insert "POWER IS GENERATED PRIMARILY FOR THE PURPOSES OF"
5 Line 44, strike "A" insert "ONE OR MORE"
6 Line 45, strike "FACILITY" insert "FACILITIES"; strike "PRODUCES" insert
7 "PRODUCE"
8 Page 25, line 3, after "OR" insert "BY"
9 Line 4, strike the second "THE" insert "EACH"
10 Line 5, strike the second "THE" insert "A"
11 Line 10, strike "FIFTY" insert "EIGHTY"
12 Line 11, strike "POWER" insert "UTILITY"
13 Strike line 12, insert "THE SAME UTILITY THAT PROVIDES POWER TO THE"
14 Line 15, strike "PRIMARILY"
15 Line 24, after "dollars" strike remainder of line
16 Line 25, strike "IS COMPRISED OF A SINGLE ENTITY OR MULTIPLE AFFILIATED
17 ENTITIES"; after the period insert "IF A TAXPAYER USES THE POWER GENERATED BY
18 THE RENEWABLE ENERGY FACILITY IN THE TAXPAYER'S INTERNATIONAL OPERATIONS
19 CENTER, THE TAXPAYER, INCLUDING ALL AFFILIATES OF THE TAXPAYER, MAY NOT
20 CUMULATE TAX CREDITS UNDER THIS SECTION OVER DIFFERENT TAXABLE YEARS
21 EXCEEDING, IN THE AGGREGATE, TWENTY-FIVE MILLION DOLLARS."
22 Page 27, line 13, after "MUST" insert "SUBMIT THE REQUEST FOR FINAL CERTIFICATION
23 FOR EACH OF THE RENEWABLE ENERGY FACILITIES FOR WHICH CAPITAL INVESTMENT WILL
24 BE CLAIMED TOWARDS THE REQUIRED INVESTMENT THRESHOLD AND MUST"
25 Line 15, strike the first "THE" insert "EACH"
26 Strike lines 17 through 33, insert:
27 "K. IF THE TAXPAYER FAILS TO MAKE THE REQUIRED INVESTMENT IN RENEWABLE
28 ENERGY FACILITIES WITHIN THE TIME PERIOD REQUIRED BY SUBSECTION B, PARAGRAPH
29 1 OR SUBSECTION C, PARAGRAPH 1 OF THIS SECTION OR IF THE CERTIFICATION OF AN
30 INTERNATIONAL OPERATIONS CENTER HAS BEEN REVOKED UNDER SECTION 41-1520 DUE TO
31 A FAILURE TO MAKE A ONE BILLION TWO HUNDRED FIFTY MILLION DOLLAR INVESTMENT
32 IN THE CENTER WITHIN TEN YEARS AFTER CERTIFICATION OR IF THE TAXPAYER FAILS
33 TO RECEIVE FINAL CERTIFICATION OF THE CREDIT UNDER SUBSECTION J OF THIS
34 SECTION, THE TAXPAYER SHALL NOT BE ELIGIBLE AND MUST CEASE CLAIMING ANY
35 FURTHER CREDITS UNDER THIS SECTION AND SHALL REIMBURSE THE AMOUNT OF ALL
36 CREDITS PREVIOUSLY RECEIVED UNDER THIS SECTION. THE REIMBURSEMENT MUST BE
37 MADE ON THE TAXPAYER'S INCOME TAX RETURN FOR THE TAXABLE YEAR IN WHICH IT IS

1 FIRST KNOWN THAT THE REQUIRED INVESTMENT WOULD NOT BE MADE WITHIN THE
2 REQUIRED TIME OR THE TAXABLE YEAR IN WHICH THE CERTIFICATION WAS REVOKED.
3 THE DEPARTMENT MAY GIVE SPECIAL CONSIDERATION OR ALLOW A TEMPORARY EXEMPTION
4 FROM REIMBURSEMENT IF THERE IS EXTRAORDINARY HARDSHIP DUE TO FACTORS BEYOND
5 THE TAXPAYER'S CONTROL. IF THE REIMBURSEMENT IS DUE TO REVOCATION OF THE
6 CERTIFICATION OF AN INTERNATIONAL OPERATIONS CENTER DUE TO A FAILURE TO
7 INVEST ONE BILLION TWO HUNDRED FIFTY MILLION DOLLARS IN THE CENTER WITHIN TEN
8 YEARS AFTER CERTIFICATION, THE CREDITS SHALL BE REIMBURSED IN INVERSE
9 PROPORTION TO THE TOTAL CAPITAL INVESTMENT MADE IN THE INTERNATIONAL
10 OPERATIONS CENTER DIVIDED BY ONE BILLION TWO HUNDRED FIFTY MILLION DOLLARS.
11 THE DEPARTMENT MAY REQUIRE REIMBURSEMENT BEFORE THE TENTH ANNIVERSARY OF
12 CERTIFICATION OF AN INTERNATIONAL OPERATIONS CENTER IF THE FACILITY HAS BEEN
13 CLOSED OR RELOCATED OR THE TAXPAYER HAS OTHERWISE DEMONSTRATED THAT THE ONE
14 BILLION TWO HUNDRED FIFTY MILLION DOLLAR INVESTMENT WILL NOT BE TIMELY MADE."

15 Page 28, after line 45, insert:

16 "Sec. 7. Effective date; retroactivity

17 A. Sections 42-5063, 42-5159 and 42-6012, Arizona Revised Statutes, as
18 amended by this act, are effective from and after the last day of the month
19 of the general effective date of the fifty-second legislature, first regular
20 session.

21 B. Sections 43-1083.04 and 43-1164.05, Arizona Revised Statutes, as
22 amended by this act, apply retroactively to taxable years beginning from and
23 after December 31, 2014."

24 Amend title to conform

JUSTIN OLSON

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02/24/2015
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C: dmt