House of Representatives

HB 2009/SB 1001

2013-2014; revenue; budget reconciliation

Sponsor: Representative Pratt

DPA	Caucus and COW
X	As Transmitted to Governor

OVERVIEW

HB 2009 makes temporary and permanent statutory changes relating to state revenues in order to implement the Fiscal Year (FY) 2013-14 state budget.

PROVISIONS

Computer Data Centers

- Establishes, effective September 1, 2013, tax relief during the qualification period of owners, operators, and colocation tenants of computer data centers (CDC's) who are certified by the Arizona Commerce Authority (ACA).
- Stipulates that the owner or operator of a CDC, to qualify for tax relief, must submit a certification form to the ACA containing the following:
  - Name, address, and phone number.
  - Address of the data center.
  - Anticipated investment and job creation associated with the CDC, whether it qualifies as a sustainable redevelopment project, and affirmation that the CDC meets investment requirements.
- Provides that a certification form is deemed approved within 60 days unless the ACA affirmatively approves or denies the form within that period and requires the ACA to issue a written certification within 14 days of approval.
- Prohibits the ACA from certifying a new CDC after December 31, 2023.
- Provides that an owner or operator may separate or aggregate one or more units in a facility into one or more CDC's, provided that CDC equipment is not part of more than one CDC.
- Requires, to qualify for tax relief as a *new CDC*, within 5 years of certification, that an owner or operator notify the ACA whether or not a CDC has created a minimum investment of:
  - $25 Million if located in a county with a population under 800,000 persons.
  - $50 Million if located in a county with a population greater than 800,000 persons.
- Requires, to qualify for tax relief as an *existing CDC*, within 5 years of certification, that an owner or operator notify the ACA whether or not a CDC has created a minimum investment of $250 Million within the 72 months prior to September 1, 2013.
- States that the qualification period is 10 calendar years from when the certification form is filed, unless the CDC qualifies as a sustainable redevelopment project whereas the qualification period may then be up to 20 years.
- Allows DOR to revoke a new CDC's certification if it fails to meet requirements.

- Provides that the ACA and Department of Revenue (DOR) will collaborate to adopt rules and procedures.
- Stipulates that proprietary business information relating to a CDC is confidential, but may be disclosed to the DOR.
- Requires the owner or operator to supply a list of qualified colocation tenants to the ACA and DOR, and update changes within 30 days.
- Provides that certification is unaffected by future transfer, sale, or disposition of a CDC.
- Stipulates that a CDC cannot generate electricity for resale or generate, provide, or sell electricity outside of the CDC.
- Allows an owner or operator to include single or affiliated entities.
- Defines *computer data center*, *computer data center equipment*, *existing computer data center*, *facility*, *modular data center*, *new computer data center*, *qualification period*, *qualified colocation tenant*, *sustainable redevelopment project*, and *tax relief*.
- Exempts CDC construction from prime contracting transaction privilege tax (TPT).
- Exempts CDC equipment purchases from retail TPT and use tax.

Miscellaneous Provisions

- Codifies the ability of the Registrar of Contractors to expend up to 14% of the prior FY revenues from the Residential Contractor's Recovery Fund for employees, contracted services, equipment, and operational support.
- Provides that a technical college located on an Indian reservation shall receive 5% of transaction privilege tax (TPT) revenues received from sources located on the same Indian reservation, up to $875,000 in a single FY.
- Exempts the following agencies from rule-making requirements relating to increasing fees for FY 2013-14, with the Legislative intent that the generated revenue does not exceed the corresponding amount:
  - Arizona Department of Racing - $2,600,000
  - Office of Pest Management - $525,000
  - Radiation Regulatory Agency - $561,000
- Exempts the Director of the Arizona Department of Agriculture from rule-making relating to the continuation of FY 2012-13 fees for FY 2013-14, with the Legislative intent that the generated revenue does not exceed:
  - $218,000 to the State General Fund.
  - $113,000 to the Pesticide Trust Fund.
  - $26,000 to the Dangerous Plants, Pests and Diseases Trust Fund.
- Prohibits the Director of the Arizona Department of Insurance (DOI) from revising fees or assessments in FY 2013-14 in order to meet the statutory requirement that DOI recover between 95% and 110% of its appropriated budget.
- Allows counties with a population of less than 200,000 persons, according to the 2010 census, to use any source of county revenue to meet its fiscal obligations in FY 2013-14 with the stipulation that the county report the specific source and amount of revenues the county intends to use to the Joint Legislative Budget Committee by October 1, 2013.

- Allows the Superintendant of the Department of Financial Institutions (DFI) to use monies from the DFI Receivership Revolving Fund for an electronic licensing system, with the Legislative intent that such expenditures do not exceed $850,000.

- Provides, retroactively to tax year 2013, that the tax credit for a voluntary cash contribution to a qualifying foster care charitable organization cannot exceed $400 per single individual or head of household and $800 for a married couple filing a joint tax return. Defines *qualifying foster care charitable organization*.
- Appropriates $1 Million each from the BSF to the Arizona State Parks Board and the Arizona Commission on the Arts for FY 2013-14.
- Appropriates $1 Million from the State Parks Revenue Fund to the Arizona State Parks Board for capital improvements for FY 2013-14.