

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 8
SENATE BILL 1484

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1083.04; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1164.05; RELATING TO TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-222, Arizona Revised Statutes, is amended to
3 read:

4 43-222. Income tax credit review schedule

5 The joint legislative income tax credit review committee shall review
6 the following income tax credits:

7 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087, 43-1088,
8 43-1090.01, 43-1167.01, 43-1175 and 43-1182.

9 2. For years ending in 1 and 6, sections 43-1074.02, 43-1083,
10 43-1083.02, 43-1085.01, 43-1164.02, 43-1164.03 and 43-1183.

11 3. For years ending in 2 and 7, sections 43-1073, 43-1079, 43-1080,
12 43-1085, 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1090,
13 43-1164, 43-1167, 43-1169, 43-1176 and 43-1181.

14 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081, 43-1168,
15 43-1170 and 43-1178.

16 5. For years ending in 4 and 9, sections 43-1076, 43-1076.01,
17 43-1081.01, 43-1083.01, 43-1083.04, 43-1084, 43-1162, 43-1162.01, 43-1164.01,
18 43-1164.05, 43-1170.01 and 43-1184 and, beginning in 2019, sections
19 43-1083.03 and 43-1164.04.

20 Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
21 amended by adding section 43-1083.04, to read:

22 43-1083.04. Credit for renewable energy investment and
23 production for self-consumption by manufacturers;
24 definitions

25 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR
26 INVESTMENT IN NEW RENEWABLE ENERGY FACILITIES THAT PRODUCE ENERGY FOR
27 SELF-CONSUMPTION USING RENEWABLE ENERGY RESOURCES IF THE POWER WILL BE USED
28 PRIMARILY FOR MANUFACTURING.

29 B. THE TAXPAYER IS ELIGIBLE FOR THE CREDIT IF ALL OF THE FOLLOWING
30 APPLY:

31 1. THE TAXPAYER INVESTS AT LEAST THREE HUNDRED MILLION DOLLARS IN NEW
32 RENEWABLE ENERGY FACILITIES IN THIS STATE THAT PRODUCE ENERGY FOR
33 SELF-CONSUMPTION USING RENEWABLE ENERGY RESOURCES. THE MINIMUM INVESTMENT
34 MUST BE COMPLETED WITHIN A THREE-YEAR PERIOD BEGINNING ON THE DATE THE
35 INITIAL APPLICATION IS RECEIVED OR DECEMBER 31, 2017, WHICHEVER IS EARLIER.

36 2. AT LEAST NINETY PER CENT OF THE ENERGY PRODUCED AT EACH RENEWABLE
37 ENERGY FACILITY IS USED FOR SELF-CONSUMPTION IN THIS STATE. SELF-CONSUMPTION
38 INCLUDES THE POWER USED BY RELATED ENTITIES IF THE RELATED ENTITIES ARE OWNED
39 DIRECTLY OR INDIRECTLY BY THE SAME OWNERSHIP INTERESTS THAT COLLECTIVELY OWN
40 MORE THAN FIFTY PER CENT. A FACILITY THAT TRANSFERS THE POWER IT GENERATES
41 TO A UTILITY QUALIFIES UNDER THIS PARAGRAPH IF AT LEAST NINETY PER CENT OF
42 THE POWER IS TRANSFERRED BACK FOR SELF-CONSUMPTION IN THIS STATE.

43 3. THE POWER IS USED PRIMARILY FOR MANUFACTURING. A LESSOR OF A
44 MANUFACTURING FACILITY THAT IS USING POWER FOR SELF-CONSUMPTION UNDER
45 PARAGRAPH 2 OF THIS SUBSECTION QUALIFIES UNDER THIS PARAGRAPH IF THE LESSEE
46 IS A MANUFACTURER AND THE POWER IS TRANSFERRED AS PART OF THE LEASE TO THE
47 LESSEE.

1 C. SUBJECT TO SUBSECTION F OF THIS SECTION, THE CREDIT AUTHORIZED BY
2 THIS SECTION IS ONE MILLION DOLLARS PER YEAR FOR FIVE YEARS FOR EACH
3 RENEWABLE ENERGY FACILITY. THE MAXIMUM CREDIT ALLOWED PER TAXPAYER PER YEAR
4 IS FIVE MILLION DOLLARS. THE INITIAL CREDIT FOR EACH FACILITY IS CLAIMED IN
5 THE YEAR THAT THE FACILITY BECOMES OPERATIONAL. A CREDIT, OTHER THAN
6 CARRYOVERS ALLOWED UNDER SUBSECTION M OF THIS SECTION, MAY NOT BE CLAIMED FOR
7 ANY TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025.

8 D. TO QUALIFY AS A SEPARATE RENEWABLE ENERGY FACILITY FOR THE PURPOSES
9 OF THIS SECTION, A FACILITY MUST BE LOCATED AT LEAST ONE MILE FROM ANY OTHER
10 RENEWABLE ENERGY FACILITY FOR WHICH THE TAXPAYER IS CLAIMING A CREDIT UNDER
11 THIS SECTION.

12 E. TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST
13 APPLY TO THE DEPARTMENT FOR CERTIFICATION OF THE CREDIT ON A FORM PRESCRIBED
14 BY THE DEPARTMENT. THE APPLICATION SHALL INCLUDE:

15 1. THE NAME, ADDRESS AND SOCIAL SECURITY NUMBER OR FEDERAL EMPLOYER
16 IDENTIFICATION NUMBER OF THE APPLICANT.

17 2. AN ESTIMATE OF THE TOTAL INVESTMENT THE TAXPAYER WILL MAKE, OVER A
18 THREE-YEAR PERIOD BEGINNING ON THE DATE THE APPLICATION IS RECEIVED, IN NEW
19 RENEWABLE ENERGY PRODUCTION FACILITIES IN THIS STATE THAT PRODUCE ENERGY FOR
20 SELF-CONSUMPTION USING RENEWABLE ENERGY RESOURCES.

21 3. THE EXPECTED LOCATION OF EACH OF THE TAXPAYER'S FACILITIES THAT
22 COMPRISE THE TOTAL INVESTMENT IN PARAGRAPH 2 OF THIS SUBSECTION AND THE
23 EARLIEST DATE THAT EACH FACILITY IS EXPECTED TO BE OPERATIONAL.

24 4. A STATEMENT THAT AT LEAST NINETY PER CENT OF THE POWER GENERATED BY
25 EACH FACILITY SHALL BE FOR SELF-CONSUMPTION AND SHALL BE USED FOR
26 MANUFACTURING.

27 5. ANY ADDITIONAL INFORMATION THAT THE DEPARTMENT REQUIRES.

28 F. THE DEPARTMENT SHALL REVIEW EACH APPLICATION UNDER SUBSECTION E OF
29 THIS SECTION AND PREAPPROVE THE TAXPAYER FOR A SPECIFIED AMOUNT OF CREDIT
30 THAT IS AUTHORIZED. CREDITS ARE ALLOWED UNDER THIS SECTION AND SECTION
31 43-1164.05 ON A FIRST COME, FIRST SERVED BASIS. THE DEPARTMENT MAY NOT
32 AUTHORIZE TAX CREDITS UNDER THIS SECTION AND SECTION 43-1164.05 THAT EXCEED
33 IN THE AGGREGATE A TOTAL OF TEN MILLION DOLLARS FOR ANY CALENDAR YEAR. THE
34 PORTION OF EACH YEAR'S LIMIT THAT IS RESERVED FOR EACH TAXPAYER MUST BE BASED
35 ON THE YEAR THAT EACH CREDIT IS EXPECTED TO BE CLAIMED USING THE DATES
36 PROVIDED IN SUBSECTION E, PARAGRAPH 3 OF THIS SECTION. IF THE YEAR A
37 FACILITY IS COMPLETED IS DIFFERENT FROM THE ESTIMATED COMPLETION DATE
38 PROVIDED IN SUBSECTION E, PARAGRAPH 3 OF THIS SECTION, THE TAXPAYER MUST
39 AMEND THE APPLICATION WITH THE NEW DATES. IF AN APPLICATION IS RECEIVED
40 THAT, IF AUTHORIZED, WOULD REQUIRE THE DEPARTMENT TO EXCEED THE TEN MILLION
41 DOLLAR LIMIT, THE DEPARTMENT SHALL GRANT THE APPLICANT ONLY THE REMAINING
42 CREDIT AMOUNT THAT WOULD NOT EXCEED THE TEN MILLION DOLLAR LIMIT. AFTER THE
43 DEPARTMENT AUTHORIZES TEN MILLION DOLLARS IN TAX CREDITS, THE DEPARTMENT
44 SHALL DENY ANY SUBSEQUENT APPLICATIONS THAT ARE RECEIVED FOR THAT CALENDAR
45 YEAR. THE DEPARTMENT MAY NOT AUTHORIZE ANY ADDITIONAL TAX CREDITS THAT
46 EXCEED THE TEN MILLION DOLLAR LIMIT EVEN IF THE AMOUNTS THAT HAVE BEEN
47 CERTIFIED TO ANY TAXPAYER ARE NOT CLAIMED OR A TAXPAYER OTHERWISE FAILS TO

1 MEET THE REQUIREMENTS TO CLAIM THE ADDITIONAL CREDIT.

2 G. IF A TAXPAYER FAILS TO START CONSTRUCTION WITHIN SIX MONTHS AFTER
3 SUBMITTING THE APPLICATION UNDER SUBSECTION E OF THIS SECTION, THE
4 PREAPPROVAL ISSUED UNDER SUBSECTION F OF THIS SECTION IS VOID AND ALL MONIES
5 RESERVED FROM THE LIMITS SPECIFIED IN SUBSECTION F OF THIS SECTION REVERT
6 BACK TO THE LIMIT FOR THE YEAR FOR WHICH THEY WERE RESERVED.

7 H. EACH YEAR AFTER INITIAL PREAPPROVAL, ON OR BEFORE THE ANNIVERSARY
8 DATE OF THE APPLICATION SPECIFIED IN SUBSECTION E OF THIS SECTION, THE
9 TAXPAYER MUST SUBMIT TO THE DEPARTMENT:

10 1. DOCUMENTATION OF THE TAXPAYER'S PROGRESS TOWARD THE THREE HUNDRED
11 MILLION DOLLAR INVESTMENT REQUIRED BY SUBSECTION B, PARAGRAPH 1 OF THIS
12 SECTION. THIS DOCUMENTATION IS NOT REQUIRED AFTER THE DEPARTMENT RECEIVES A
13 REPORT STATING THAT THE THREE HUNDRED MILLION DOLLAR INVESTMENT HAS BEEN
14 REACHED.

15 2. DOCUMENTATION FOR EACH FACILITY THAT DEMONSTRATES THAT AT LEAST
16 NINETY PER CENT OF THE POWER GENERATED BY EACH RENEWABLE ENERGY FACILITY IS
17 FOR SELF-CONSUMPTION.

18 I. THE TAXPAYER MUST SUBMIT A REQUEST FOR FINAL CERTIFICATION TO THE
19 DEPARTMENT WITHIN THIRTY DAYS AFTER EACH OF THE RENEWABLE ENERGY FACILITIES
20 FOR WHICH AN AUTHORIZATION WAS GIVEN UNDER SUBSECTION F OF THIS SECTION
21 BECOMES OPERATIONAL. WITHIN THIRTY DAYS AFTER RECEIVING A COMPLETED REQUEST
22 UNDER THIS SUBSECTION, THE DEPARTMENT SHALL REVIEW THE REQUEST AND EITHER
23 ISSUE A FINAL CERTIFICATION OF THE CREDIT TO THE TAXPAYER OR ISSUE A DENIAL
24 OF THE CREDIT IF IT IS DETERMINED THAT THE REQUIREMENTS OF THIS SECTION HAVE
25 NOT BEEN MET. EVERY FINAL CERTIFICATION ISSUED UNDER THIS SUBSECTION MUST
26 INCLUDE A FACILITY CODE ISSUED BY THE DEPARTMENT THAT IS UNIQUE TO EACH
27 FACILITY. TO SHOW THAT THE FACILITY HAS BEEN CERTIFIED, THE TAXPAYER SHALL
28 INCLUDE WITH THE TAX RETURN THE FACILITY CODE FOR EACH FACILITY FOR WHICH A
29 CREDIT IS CLAIMED.

30 J. IF THE TAXPAYER FAILS TO MAKE THE REQUIRED THREE HUNDRED MILLION
31 DOLLAR INVESTMENT WITHIN THE TIME PERIOD REQUIRED BY SUBSECTION B, PARAGRAPH
32 1 OF THIS SECTION, THE TAXPAYER MUST CEASE CLAIMING ANY CREDITS UNDER THIS
33 SECTION AND SHALL RECAPTURE ANY CREDITS ALREADY CLAIMED. THE RECAPTURE MUST
34 BE MADE ON THE TAXPAYER'S INCOME TAX RETURN FOR THE TAX YEAR IN WHICH IT WAS
35 FIRST KNOWN THAT THE REQUIRED INVESTMENT WOULD NOT BE MADE WITHIN THE
36 REQUIRED TIME.

37 K. IF A PARTICULAR FACILITY CEASES TO MEET THE REQUIREMENTS OF THIS
38 SECTION OR IF THE FACILITY IS SOLD, THE TAXPAYER MAY NOT CLAIM ANY FUTURE
39 CREDITS RELATED TO THAT FACILITY.

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

47 M. IF THE ALLOWABLE TAX CREDIT FOR A TAXPAYER EXCEEDS THE TAXES

1 OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO
2 TAXES DUE UNDER THIS TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES
3 UNDER THIS TITLE MAY BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE
4 TAXABLE YEARS AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

5 N. A TAXPAYER MAY NOT CLAIM A CREDIT UNDER THIS SECTION AND SECTION
6 43-1083.02 REGARDING THE SAME FACILITIES.

7 O. THE DEPARTMENT SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
8 AND PROCEDURES AS NECESSARY TO EFFECTUATE THE PURPOSES OF THIS SECTION.

9 P. FOR THE PURPOSES OF THIS SECTION:

10 1. "BIOMASS" MEANS ORGANIC MATERIAL THAT IS AVAILABLE ON A RENEWABLE
11 OR RECURRING BASIS, INCLUDING:

12 (a) FOREST-RELATED MATERIALS, INCLUDING MILL RESIDUES, LOGGING
13 RESIDUES, FOREST THINNINGS, SLASH, BRUSH, LOW-COMMERCIAL VALUE MATERIALS OR
14 UNDESIRABLE SPECIES, SALT CEDAR AND OTHER PHREATOPHYTE OR WOODY VEGETATION
15 REMOVED FROM RIVER BASINS OR WATERSHEDS AND WOODY MATERIAL HARVESTED FOR THE
16 PURPOSE OF FOREST FIRE FUEL REDUCTION OR FOREST HEALTH AND WATERSHED
17 IMPROVEMENT.

18 (b) AGRICULTURAL-RELATED MATERIALS, INCLUDING ORCHARD TREES, VINEYARD,
19 GRAIN OR CROP RESIDUES, INCLUDING STRAWS AND STOVER, AQUATIC PLANTS AND
20 AGRICULTURAL PROCESSED COPRODUCTS AND WASTE PRODUCTS, INCLUDING FATS, OILS,
21 GREASES, WHEY AND LACTOSE.

22 (c) ANIMAL WASTE, INCLUDING MANURE AND SLAUGHTERHOUSE AND OTHER
23 PROCESSING WASTE.

24 (d) SOLID WOODY WASTE MATERIALS, INCLUDING LANDSCAPE OR RIGHT-OF-WAY
25 TREE TRIMMINGS, RANGELAND MAINTENANCE RESIDUES, WASTE PALLETS, CRATES AND
26 MANUFACTURING, CONSTRUCTION AND DEMOLITION WOOD WASTES BUT EXCLUDING
27 PRESSURE-TREATED, CHEMICALLY TREATED OR PAINTED WOOD WASTES AND WOOD
28 CONTAMINATED WITH PLASTIC.

29 (e) CROPS AND TREES PLANTED FOR THE PURPOSE OF BEING USED TO PRODUCE
30 ENERGY.

31 (f) LANDFILL GAS, WASTEWATER TREATMENT GAS AND BIOSOLIDS, INCLUDING
32 ORGANIC WASTE BYPRODUCTS GENERATED DURING THE WASTEWATER TREATMENT PROCESS.

33 2. "RENEWABLE ENERGY FACILITY" MEANS A FACILITY IN WHICH THE TAXPAYER
34 INVESTED AT LEAST THIRTY MILLION DOLLARS, THAT HAS AT LEAST TWENTY MEGAWATTS
35 GENERATING CAPACITY OR A MINIMUM TYPICAL ANNUAL GENERATION OF FORTY THOUSAND
36 MEGAWATT HOURS, THAT IS LOCATED ON LAND IN THIS STATE OWNED OR LEASED BY THE
37 TAXPAYER AND THAT PRODUCES ELECTRICITY USING A QUALIFIED ENERGY RESOURCE.

38 3. "RENEWABLE ENERGY RESOURCE" MEANS A RESOURCE THAT GENERATES
39 ELECTRICITY THROUGH THE USE OF ONLY THE FOLLOWING ENERGY SOURCES:

40 (a) SOLAR LIGHT.

41 (b) SOLAR HEAT.

42 (c) WIND.

43 (d) BIOMASS, INCLUDING FUEL CELLS SUPPLIED DIRECTLY OR INDIRECTLY WITH
44 BIOMASS GENERATED FUELS.

45 Sec. 3. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
46 amended by adding section 43-1164.05, to read:

1 3. THE EXPECTED LOCATION OF EACH OF THE TAXPAYER'S FACILITIES THAT
2 COMPRISE THE TOTAL INVESTMENT IN PARAGRAPH 2 OF THIS SUBSECTION AND THE
3 EARLIEST DATE THAT EACH FACILITY IS EXPECTED TO BE OPERATIONAL.

4 4. A STATEMENT THAT AT LEAST NINETY PER CENT OF THE POWER GENERATED BY
5 EACH FACILITY SHALL BE FOR SELF-CONSUMPTION AND SHALL BE USED FOR
6 MANUFACTURING.

7 5. ANY ADDITIONAL INFORMATION THAT THE DEPARTMENT REQUIRES.

8 F. THE DEPARTMENT SHALL REVIEW EACH APPLICATION UNDER SUBSECTION E OF
9 THIS SECTION AND PREAPPROVE THE TAXPAYER FOR A SPECIFIED AMOUNT OF CREDIT
10 THAT IS AUTHORIZED. CREDITS ARE ALLOWED UNDER THIS SECTION AND SECTION
11 43-1083.04 ON A FIRST COME, FIRST SERVED BASIS. THE DEPARTMENT MAY NOT
12 AUTHORIZE TAX CREDITS UNDER THIS SECTION AND SECTION 43-1083.04 THAT EXCEED
13 IN THE AGGREGATE A TOTAL OF TEN MILLION DOLLARS FOR ANY CALENDAR YEAR. THE
14 PORTION OF EACH YEAR'S LIMIT THAT IS RESERVED FOR EACH TAXPAYER MUST BE BASED
15 ON THE YEAR THAT EACH CREDIT IS EXPECTED TO BE CLAIMED USING THE DATES
16 PROVIDED IN SUBSECTION E, PARAGRAPH 3 OF THIS SECTION. IF THE YEAR A
17 FACILITY IS COMPLETED IS DIFFERENT FROM THE ESTIMATED COMPLETION DATE
18 PROVIDED IN SUBSECTION E, PARAGRAPH 3 OF THIS SECTION, THE TAXPAYER MUST
19 AMEND THE APPLICATION WITH THE NEW DATES. IF AN APPLICATION IS RECEIVED
20 THAT, IF AUTHORIZED, WOULD REQUIRE THE DEPARTMENT TO EXCEED THE TEN MILLION
21 DOLLAR LIMIT, THE DEPARTMENT SHALL GRANT THE APPLICANT ONLY THE REMAINING
22 CREDIT AMOUNT THAT WOULD NOT EXCEED THE TEN MILLION DOLLAR LIMIT. AFTER THE
23 DEPARTMENT AUTHORIZES TEN MILLION DOLLARS IN TAX CREDITS, THE DEPARTMENT
24 SHALL DENY ANY SUBSEQUENT APPLICATIONS THAT ARE RECEIVED FOR THAT CALENDAR
25 YEAR. THE DEPARTMENT MAY NOT AUTHORIZE ANY ADDITIONAL TAX CREDITS THAT
26 EXCEED THE TEN MILLION DOLLAR LIMIT EVEN IF THE AMOUNTS THAT HAVE BEEN
27 CERTIFIED TO ANY TAXPAYER ARE NOT CLAIMED OR A TAXPAYER OTHERWISE FAILS TO
28 MEET THE REQUIREMENTS TO CLAIM THE ADDITIONAL CREDIT.

29 G. IF A TAXPAYER FAILS TO START CONSTRUCTION WITHIN SIX MONTHS AFTER
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31 PREAPPROVAL ISSUED UNDER SUBSECTION F OF THIS SECTION IS VOID AND ALL MONIES
32 RESERVED FROM THE LIMITS SPECIFIED IN SUBSECTION F OF THIS SECTION REVERT
33 BACK TO THE LIMIT FOR THE YEAR FOR WHICH THEY WERE RESERVED.

34 H. EACH YEAR AFTER INITIAL PREAPPROVAL, ON OR BEFORE THE ANNIVERSARY
35 DATE OF THE APPLICATION SPECIFIED IN SUBSECTION E OF THIS SECTION, THE
36 TAXPAYER MUST SUBMIT TO THE DEPARTMENT:

37 1. DOCUMENTATION OF THE TAXPAYER'S PROGRESS TOWARD THE THREE HUNDRED
38 MILLION DOLLAR INVESTMENT REQUIRED BY SUBSECTION B, PARAGRAPH 1 OF THIS
39 SECTION. THIS DOCUMENTATION IS NOT REQUIRED AFTER THE DEPARTMENT RECEIVES A
40 REPORT STATING THAT THE THREE HUNDRED MILLION DOLLAR INVESTMENT HAS BEEN
41 REACHED.

42 2. DOCUMENTATION FOR EACH FACILITY THAT DEMONSTRATES THAT AT LEAST
43 NINETY PER CENT OF THE POWER GENERATED BY EACH RENEWABLE ENERGY FACILITY IS
44 FOR SELF-CONSUMPTION.

45 I. THE TAXPAYER MUST SUBMIT A REQUEST FOR FINAL CERTIFICATION TO THE
46 DEPARTMENT WITHIN THIRTY DAYS AFTER EACH OF THE RENEWABLE ENERGY FACILITIES
47 FOR WHICH AN AUTHORIZATION WAS GIVEN UNDER SUBSECTION F OF THIS SECTION

1 BECOMES OPERATIONAL. WITHIN THIRTY DAYS AFTER RECEIVING A COMPLETED REQUEST
2 UNDER THIS SUBSECTION, THE DEPARTMENT SHALL REVIEW THE REQUEST AND EITHER
3 ISSUE A FINAL CERTIFICATION OF THE CREDIT TO THE TAXPAYER OR ISSUE A DENIAL
4 OF THE CREDIT IF IT IS DETERMINED THAT THE REQUIREMENTS OF THIS SECTION HAVE
5 NOT BEEN MET. EVERY FINAL CERTIFICATION ISSUED UNDER THIS SUBSECTION MUST
6 INCLUDE A FACILITY CODE ISSUED BY THE DEPARTMENT THAT IS UNIQUE TO EACH
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15 FIRST KNOWN THAT THE REQUIRED INVESTMENT WOULD NOT BE MADE WITHIN THE
16 REQUIRED TIME.

17 K. IF A PARTICULAR FACILITY CEASES TO MEET THE REQUIREMENTS OF THIS
18 SECTION OR IF THE FACILITY IS SOLD, THE TAXPAYER MAY NOT CLAIM ANY FUTURE
19 CREDITS RELATED TO THAT FACILITY.

20 L. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
21 PARTNERSHIP AND MEMBERS OF A LIMITED LIABILITY COMPANY, MAY EACH CLAIM THE
22 PRO RATA SHARE OF THE CREDIT ALLOWED UNDER THIS SECTION BASED ON OWNERSHIP
23 INTEREST. THE TOTAL OF THE CREDITS ALLOWED ALL THE OWNERS OF THE BUSINESS
24 MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED FOR A SOLE OWNER OF
25 THE BUSINESS.

26 M. IF THE ALLOWABLE TAX CREDIT FOR A TAXPAYER EXCEEDS THE TAXES
27 OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO
28 TAXES DUE UNDER THIS TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES
29 UNDER THIS TITLE MAY BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE
30 TAXABLE YEARS AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

31 N. A TAXPAYER MAY NOT CLAIM A CREDIT UNDER THIS SECTION AND SECTION
32 43-1164.03 REGARDING THE SAME FACILITIES.

33 O. THE DEPARTMENT SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS
34 AND PROCEDURES AS NECESSARY TO EFFECTUATE THE PURPOSES OF THIS SECTION.

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39 RESIDUES, FOREST THINNINGS, SLASH, BRUSH, LOW-COMMERCIAL VALUE MATERIALS OR
40 UNDESIRABLE SPECIES, SALT CEDAR AND OTHER PHREATOPHYTE OR WOODY VEGETATION
41 REMOVED FROM RIVER BASINS OR WATERSHEDS AND WOODY MATERIAL HARVESTED FOR THE
42 PURPOSE OF FOREST FIRE FUEL REDUCTION OR FOREST HEALTH AND WATERSHED
43 IMPROVEMENT.

44 (b) AGRICULTURAL-RELATED MATERIALS, INCLUDING ORCHARD TREES, VINEYARD,
45 GRAIN OR CROP RESIDUES, INCLUDING STRAWS AND STOVER, AQUATIC PLANTS AND
46 AGRICULTURAL PROCESSED COPRODUCTS AND WASTE PRODUCTS, INCLUDING FATS, OILS,
47 GREASES, WHEY AND LACTOSE.

1 (c) ANIMAL WASTE, INCLUDING MANURE AND SLAUGHTERHOUSE AND OTHER
2 PROCESSING WASTE.

3 (d) SOLID WOODY WASTE MATERIALS, INCLUDING LANDSCAPE OR RIGHT-OF-WAY
4 TREE TRIMMINGS, RANGELAND MAINTENANCE RESIDUES, WASTE PALLETS, CRATES AND
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6 PRESSURE-TREATED, CHEMICALLY TREATED OR PAINTED WOOD WASTES AND WOOD
7 CONTAMINATED WITH PLASTIC.

8 (e) CROPS AND TREES PLANTED FOR THE PURPOSE OF BEING USED TO PRODUCE
9 ENERGY.

10 (f) LANDFILL GAS, WASTEWATER TREATMENT GAS AND BIOSOLIDS, INCLUDING
11 ORGANIC WASTE BYPRODUCTS GENERATED DURING THE WASTEWATER TREATMENT PROCESS.

12 2. "RENEWABLE ENERGY FACILITY" MEANS A FACILITY IN WHICH THE TAXPAYER
13 INVESTED AT LEAST THIRTY MILLION DOLLARS, THAT HAS AT LEAST TWENTY MEGAWATTS
14 GENERATING CAPACITY OR A MINIMUM TYPICAL ANNUAL GENERATION OF FORTY THOUSAND
15 MEGAWATT HOURS, THAT IS LOCATED ON LAND IN THIS STATE OWNED OR LEASED BY THE
16 TAXPAYER AND THAT PRODUCES ELECTRICITY USING A QUALIFIED ENERGY RESOURCE.

17 3. "RENEWABLE ENERGY RESOURCE" MEANS A RESOURCE THAT GENERATES
18 ELECTRICITY THROUGH THE USE OF ONLY THE FOLLOWING ENERGY SOURCES:

19 (a) SOLAR LIGHT.

20 (b) SOLAR HEAT.

21 (c) WIND.

22 (d) BIOMASS, INCLUDING FUEL CELLS SUPPLIED DIRECTLY OR INDIRECTLY WITH
23 BIOMASS GENERATED FUELS.

24 Sec. 4. Purpose

25 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
26 enacts sections 43-1083.04 and 43-1164.05, Arizona Revised Statutes, as added
27 by this act, to provide incentives to manufacturers that are committed to
28 reducing their carbon footprint by investing in and producing renewable
29 energy for self-consumption.

APPROVED BY THE GOVERNOR APRIL 11, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 11, 2014.