

REFERENCE TITLE: green technology and manufacturing incentives

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

SB 1073

Introduced by
Senators Ableser, Bradley, Farley, Gallardo, Hobbs, Tovar; Representatives
Mendez, Sherwood; Senators Meza, Pancrazi

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 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, 2014:

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 REQUEST
27 TO RECLASSIFY THE PROPERTY TO THE COUNTY ASSESSOR OF THE COUNTY IN WHICH THE
28 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 A FIXED ASSET.

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) IS INDEPENDENTLY OWNED AND OPERATED.

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

1 (c) USES TECHNOLOGIES, PRODUCTS, GOODS AND SERVICES IN THE
2 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 THAT IS 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 WHO QUALIFY FOR THE CREDIT AND FOR ALL EMPLOYEES AT THE
11 LOCATION.

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

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

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

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

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

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

25 (j) CAPITAL INVESTMENT MADE IN THIS STATE DURING THE TAXABLE YEAR AND
26 THE PRECEDING TAXABLE YEAR.

27 (k) THAT EACH QUALIFIED EMPLOYMENT POSITION MEETS ALL OF THE FOLLOWING
28 REQUIREMENTS:

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

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

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

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

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

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

1 3. FOR ANY YEAR IN WHICH THE TAXPAYER IS CLAIMING FIRST YEAR CREDITS,
2 REPORT AND CERTIFY THE FOLLOWING ADDITIONAL INFORMATION AND PROVIDE
3 SUPPORTING DOCUMENTATION TO THE AUTHORITY ON A FORM AND IN A MANNER APPROVED
4 BY THE AUTHORITY, AND AS SPECIFIED IN SUBSECTION C OF THIS SECTION:

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

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

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

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

14 (iii) TWO HUNDRED QUALIFIED EMPLOYMENT POSITIONS PER TAXPAYER EACH
15 YEAR.

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

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

21 (e) THAT ALL EMPLOYEES FOR WHOM SECOND AND THIRD YEAR CREDITS ARE
22 CLAIMED ARE IN QUALIFIED EMPLOYMENT POSITIONS FOR WHICH FIRST YEAR CREDITS
23 WERE ALLOWED AND CLAIMED BY THE TAXPAYER ON THE ORIGINAL FIRST AND SECOND
24 YEAR TAX RETURNS. FOR THE PURPOSES OF THIS SUBDIVISION, THE REQUIREMENT TO
25 CLAIM THE CREDIT ON THE ORIGINAL TAX RETURN DOES NOT APPLY TO QUALIFIED
26 EMPLOYMENT POSITIONS CREATED BEFORE JANUARY 1, 2014 AND CERTIFIED TO THE
27 AUTHORITY.

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

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

44 D. ANY INFORMATION SUBMITTED TO THE AUTHORITY UNDER SUBSECTION B,
45 PARAGRAPH 2, SUBDIVISIONS (e) THROUGH (i) OF THIS SECTION IS EXEMPT FROM

1 TITLE 39, CHAPTER 1, ARTICLE 2, IS CONSIDERED TO BE CONFIDENTIAL AND IS NOT
2 SUBJECT TO DISCLOSURE EXCEPT:

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

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

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

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

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

21 H. FOR THE PURPOSES OF THIS SECTION:

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

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

26 3. "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 4. "RETAIL SALES" MEANS THE SALE OF TANGIBLE PERSONAL PROPERTY TO AN
30 ULTIMATE CONSUMER.

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

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

39 42-12006. Class six property

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

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

43 2. Real and personal property that is located within the area of a
44 foreign trade zone or subzone established under 19 United States Code section
45 81 and title 44, chapter 18, that is activated for foreign trade zone use by

1 the district director of the United States customs service pursuant to
2 19 Code of Federal Regulations section 146.6 and that is valued at full cash
3 value. Property that is classified under this paragraph shall not thereafter
4 be classified under paragraph 6 of this section.

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

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

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

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

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

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

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

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

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

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

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

1 paragraph. For the purposes of this paragraph, "remediation of the
2 environment" means one or more of the following actions:

3 (a) Monitoring, assessing or evaluating the release or threatened
4 release.

5 (b) Excavating, removing, transporting, treating and disposing of
6 contaminated soil.

7 (c) Pumping and treating contaminated water.

8 (d) Treatment, containment or removal of contaminants in groundwater
9 or soil.

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

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

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

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

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

27 7. Real and personal property and improvements to the property that
28 are used specifically and solely to manufacture from and after December 31,
29 2006 through December 31, 2023 biodiesel fuel that is one hundred per cent
30 biodiesel and its by-products or motor vehicle biofuel and its by-products
31 and that are valued at full cash value. This paragraph applies only to the
32 portion of property that is used specifically for manufacturing and
33 processing one hundred per cent biodiesel fuel, or its related by-products,
34 or motor vehicle biofuel, or its related by-products, from raw feedstock
35 obtained from off-site sources, including necessary on-site storage
36 facilities that are intrinsically associated with the manufacturing process.
37 Any other commercial or industrial use disqualifies the entire property from
38 classification under this paragraph. For the purposes of this paragraph,
39 "motor vehicle biofuel" means a solid, liquid or gaseous fuel that is derived
40 from biological material such as plant or animal matter, excluding organic
41 material that has been transformed by geological processes into substances
42 such as coal or petroleum or derivatives thereof, and that:

43 (a) Contains fuel additives in compliance with federal and state law.

44 (b) Is manufactured exclusively for use in a motor vehicle.

1 8. Real and personal property and improvements that are certified
 2 pursuant to section 41-1511, subsection C, paragraph 2 and that are used for
 3 renewable energy manufacturing or headquarters operations as provided by
 4 section 42-12057. This paragraph applies only to property that is used in
 5 manufacturing and headquarters operations of renewable energy companies,
 6 including necessary on-site research and development, testing and storage
 7 facilities that are associated with the manufacturing process. Up to ten per
 8 cent of the aggregate full cash value of the property may be derived from
 9 uses that are ancillary to and intrinsically associated with the
 10 manufacturing process or headquarters operation. Any additional ancillary
 11 property is not qualified for classification under this paragraph. No new
 12 properties may be classified pursuant to this paragraph from and after
 13 December 31, 2014. Classification under this paragraph is limited to the
 14 time periods determined by the Arizona commerce authority pursuant to section
 15 41-1511, subsection C, paragraph 2, subdivision (a) or (b). Property that is
 16 classified under this paragraph shall not thereafter be classified under any
 17 other paragraph of this section.

18 Sec. 3. Section 43-222, Arizona Revised Statutes, is amended to read:
 19 43-222. Income tax credit review schedule

20 The joint legislative income tax credit review committee shall review
 21 the following income tax credits:

22 1. For years ending in 0 and 5, sections 43-1079.01, 43-1087, 43-1088,
 23 43-1090.01, 43-1167.01, 43-1175 and 43-1182.

24 2. For years ending in 1 and 6, sections 43-1074.02, 43-1083,
 25 43-1083.02, 43-1085.01, 43-1164.02, 43-1164.03 and 43-1183.

26 3. For years ending in 2 and 7, sections 43-1073, 43-1079, 43-1080,
 27 43-1085, 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1090,
 28 43-1164, 43-1167, 43-1169, 43-1176 and 43-1181.

29 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081, 43-1168,
 30 43-1170 and 43-1178.

31 5. For years ending in 4 and 9, sections 43-1075, 43-1076, 43-1076.01,
 32 43-1081.01, 43-1083.01, 43-1084, 43-1161.01, 43-1162, 43-1162.01, 43-1164.01,
 33 43-1170.01 and 43-1184 and, beginning in 2019, sections 43-1083.03 and
 34 43-1164.04.

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

37 43-1075. Credit for increased employment by green manufacturing
 38 businesses; definitions

39 **A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR NET**
 40 **INCREASES IN QUALIFIED EMPLOYMENT POSITIONS OF RESIDENTS OF THIS STATE BY A**
 41 **GREEN MANUFACTURING BUSINESS QUALIFIED PURSUANT TO SECTION 41-1510, EXCEPT**
 42 **EMPLOYMENT POSITIONS AT A LOCATION WHERE MORE THAN TEN PER CENT OF THE**
 43 **BUSINESS CONSISTS OF RETAIL SALES OF TANGIBLE PERSONAL PROPERTY, MEASURED BY**
 44 **EITHER THE NUMBER OF EMPLOYEES ASSIGNED TO RETAIL SALES OR THE SQUARE FOOTAGE**

1 OF THE FACILITY USED FOR RETAIL SALES ACTIVITIES AT THE LOCATION. RETAIL
2 SALES AND RETAIL SALES ACTIVITIES DO NOT INCLUDE:

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

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

7 3. PRODUCTS THAT ARE SOLD TO COMPANY EMPLOYEES.

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

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

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

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

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

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

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

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

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

31 (c) THE EMPLOYMENT MUST INCLUDE 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 TAXPAYER MUST PAY
34 AT 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 (d) THE EMPLOYER MUST PAY COMPENSATION AT LEAST EQUAL TO THE WAGE
38 OFFER BY COUNTY AS COMPUTED ANNUALLY BY THE DEPARTMENT OF ECONOMIC SECURITY.

39 (e) THE EMPLOYEE MUST HAVE BEEN EMPLOYED FOR AT LEAST NINETY DAYS
40 DURING THE FIRST TAXABLE YEAR. AN EMPLOYEE WHO IS HIRED DURING THE LAST
41 NINETY DAYS OF THE TAXABLE YEAR SHALL BE CONSIDERED A NEW EMPLOYEE DURING THE
42 NEXT TAXABLE YEAR. A QUALIFIED EMPLOYMENT POSITION THAT IS FILLED DURING THE
43 LAST NINETY DAYS OF THE TAXABLE YEAR IS CONSIDERED TO BE A NEW QUALIFIED
44 EMPLOYMENT POSITION FOR THE NEXT TAXABLE YEAR.

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

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

6 E. THE NET INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS IS
7 THE LESSER OF THE TOTAL NUMBER OF FILLED QUALIFIED EMPLOYMENT POSITIONS
8 CREATED DURING THE TAXABLE YEAR OR THE DIFFERENCE BETWEEN THE AVERAGE NUMBER
9 OF FULL-TIME EMPLOYEES IN THE CURRENT TAXABLE YEAR AND THE AVERAGE NUMBER OF
10 FULL-TIME EMPLOYEES DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE NET
11 INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS COMPUTED UNDER THIS
12 SUBSECTION SHALL NOT EXCEED TWO HUNDRED QUALIFIED EMPLOYMENT POSITIONS PER
13 TAXPAYER EACH YEAR.

14 F. A TAXPAYER WHO CLAIMS A CREDIT UNDER SECTION 43-1079 SHALL NOT
15 CLAIM A CREDIT UNDER THIS SECTION WITH RESPECT TO THE SAME EMPLOYMENT
16 POSITION.

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

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

28 I. IF A PERSON PURCHASES A BUSINESS OR CHANGES OWNERSHIP THROUGH
29 REORGANIZATION, STOCK PURCHASE OR MERGER, THE NEW TAXPAYER MAY CLAIM FIRST
30 YEAR CREDITS ONLY FOR ONE OR MORE QUALIFIED EMPLOYMENT POSITIONS THAT IT
31 CREATED AND FILLED WITH AN ELIGIBLE EMPLOYEE AFTER THE PURCHASE OR
32 REORGANIZATION WAS COMPLETE. IF A PERSON PURCHASES A TAXPAYER THAT HAD
33 QUALIFIED FOR FIRST OR SECOND YEAR CREDITS OR CHANGES OWNERSHIP THROUGH
34 REORGANIZATION, STOCK PURCHASE OR MERGER, THE NEW TAXPAYER MAY CLAIM THE
35 SECOND OR THIRD YEAR CREDITS IF THE TAXPAYER MEETS OTHER ELIGIBILITY
36 REQUIREMENTS OF THIS SECTION. CREDITS FOR WHICH A TAXPAYER QUALIFIED BEFORE
37 THE CHANGES DESCRIBED IN THIS SUBSECTION ARE TERMINATED AND LOST AT THE TIME
38 THE CHANGES ARE IMPLEMENTED.

39 J. A FAILURE TO TIMELY REPORT AND CERTIFY TO THE ARIZONA COMMERCE
40 AUTHORITY AND THE DEPARTMENT OF REVENUE THE INFORMATION PRESCRIBED BY SECTION
41 41-1510, SUBSECTION B, PARAGRAPHS 1, 2 AND 3, AND IN THE MANNER PRESCRIBED BY
42 SECTION 41-1510, SUBSECTION C, DISQUALIFIES THE TAXPAYER FROM THE CREDIT
43 UNDER THIS SECTION. THE DEPARTMENT OF REVENUE SHALL REQUIRE WRITTEN EVIDENCE
44 OF THE TIMELY REPORT TO THE ARIZONA COMMERCE AUTHORITY.

- 1 K. FOR THE PURPOSES OF THIS SECTION:
- 2 1. "ASSIGNED TO RETAIL" MEANS WORKING MORE THAN TWENTY-FIVE PER CENT
- 3 OF AN EMPLOYEE'S TIME IN ONE OR MORE RETAIL SALES ACTIVITIES.
- 4 2. "LOCATION" MEANS A SINGLE PARCEL OR CONTIGUOUS PARCELS OF OWNED OR
- 5 LEASED LAND, THE STRUCTURES AND PERSONAL PROPERTY CONTAINED ON THE LAND OR
- 6 ANY PART OF THE STRUCTURES OCCUPIED BY A TAXPAYER.
- 7 3. "RETAIL SALES" MEANS THE SALE OF TANGIBLE PERSONAL PROPERTY TO AN
- 8 ULTIMATE CONSUMER.
- 9 4. "RETAIL SALES ACTIVITIES" MEANS ALL ACTIVITIES PERSONS OPERATING A
- 10 RETAIL BUSINESS NORMALLY ENGAGE IN, INCLUDING TAKING ORDERS, FILLING ORDERS,
- 11 BILLING ORDERS, RECEIVING AND PROCESSING PAYMENTS AND SHIPPING, STOCKING AND
- 12 DELIVERING TANGIBLE PERSONAL PROPERTY TO THE ULTIMATE CONSUMER, EXCEPT DROP
- 13 SHIPMENTS BY A COMPANY ACTING ON BEHALF OF AN UNRELATED COMPANY THAT HAS MADE
- 14 A SALE TO A FINAL CONSUMER.

15 Sec. 5. Section 43-1079, Arizona Revised Statutes, is amended to read:
 16 43-1079. Credit for increased employment in military reuse
 17 zones; definition

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

- 25 1. With respect to each employee other than a dislocated military base
- 26 employee:
- 27 1st year of employment \$ 500
- 28 2nd year of employment \$1,000
- 29 3rd year of employment \$1,500
- 30 4th year of employment \$2,000
- 31 5th year of employment \$2,500
- 32 2. With respect to each dislocated military base employee:
- 33 1st year of employment \$1,000
- 34 2nd year of employment \$1,500
- 35 3rd year of employment \$2,000
- 36 4th year of employment \$2,500
- 37 5th year of employment \$3,000

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

44 C. The net increase in the number of employees for purposes of this
 45 section shall be determined by comparing the taxpayer's average employment in

1 the military reuse zone during the taxable year with the taxpayer's previous
2 year's fourth quarter employment in the zone, based on the taxpayer's report
3 to the department of economic security for unemployment insurance purposes
4 but considering only employment in the zone.

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

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

17 F. A taxpayer who claims a credit under section 43-1074, [43-1075](#) or
18 [43-1083.01](#) may not claim a credit under this section with respect to the same
19 ~~employees~~ EMPLOYMENT POSITION.

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

25 Sec. 6. Section 43-1161, Arizona Revised Statutes, is amended to read:
26 [43-1161. Credit for new employment](#)

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

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

34 1. Three thousand dollars for each full-time employee hired in a
35 qualified employment position in the first year or partial year of
36 employment. Employees hired in the last ninety days of the taxable year are
37 excluded for that taxable year and are considered to be new employees in the
38 following taxable year.

39 2. Three thousand dollars for each full-time employee in a qualified
40 employment position for the full taxable year in the second year of
41 continuous employment.

42 3. Three thousand dollars for each full-time employee in a qualified
43 employment position for the full taxable year in the third year of continuous
44 employment.

1 C. The capital investment and the new qualified employment positions
2 requirements of section 41-1525, subsection B must be accomplished within
3 twelve months after the start of the required capital investment. No credit
4 may be claimed until both requirements are met. A business that meets the
5 requirements of section 41-1525, subsection B for a location is eligible to
6 claim first year credits for three years beginning with the taxable year in
7 which those requirements are completed. Employees hired at the location
8 before the beginning of the taxable year but during the twelve-month period
9 allowed in this subsection are considered to be new employees for the taxable
10 year in which all of those requirements are completed. The employees that
11 are considered to be new employees for the taxable year under this subsection
12 shall not be included in the average number of full-time employees during the
13 immediately preceding taxable year until the taxable year in which all of the
14 requirements of section 41-1525, subsection B are completed. An employee
15 working at a temporary work site in this state while the designated location
16 is under construction is considered to be working at the designated location
17 if all of the following occur:

18 1. The employee is hired after the start of the required investment at
19 the designated location.

20 2. The employee is hired to work at the designated location after it
21 is completed.

22 3. The payroll for the employees destined for the designated location
23 is segregated from other employees.

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

26 D. To qualify for a credit under this section, the taxpayer and the
27 employment positions must meet the requirements prescribed by section
28 41-1525.

29 E. A credit is allowed for employment in the second and third year
30 only for qualified employment positions for which a credit was claimed and
31 allowed in the first year.

32 F. The net increase in the number of qualified employment positions is
33 the lesser of the total number of filled qualified employment positions
34 created at the designated location or locations during the taxable year or
35 the difference between the average number of full-time employees in this
36 state in the current taxable year and the average number of full-time
37 employees in this state during the immediately preceding taxable year. The
38 net increase in the number of qualified employment positions computed under
39 this subsection may not exceed the difference between the average number of
40 full-time employees in this state in the current taxable year and the average
41 number of full-time employees in this state during the immediately preceding
42 taxable year.

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

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

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

11 J. If the business is sold or changes ownership through
12 reorganization, stock purchase or merger, the new taxpayer may claim first
13 year credits only for the qualified employment positions that it created and
14 filled with an eligible employee after the purchase or reorganization was
15 complete. If a person purchases a taxpayer that had qualified for first or
16 second year credits or changes ownership through reorganization, stock
17 purchase or merger, the new taxpayer may claim the second or third year
18 credits if it meets other eligibility requirements of this section. Credits
19 for which a taxpayer qualified before the changes described in this
20 subsection are terminated and lost at the time the changes are implemented.

21 K. A failure to timely report and certify to the Arizona commerce
22 authority the information prescribed by section 41-1525, subsection E, and in
23 the manner prescribed by section 41-1525, subsection F disqualifies the
24 taxpayer from the credit under this section. The department shall require
25 written evidence of the timely report to the Arizona commerce authority.

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

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

30 43-1161.01. Credit for increased employment by green
31 manufacturing businesses; definitions

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

- 40 1. FOOD AND BEVERAGE FOR CONSUMPTION ON THE PREMISES SOLELY BY
- 41 EMPLOYEES AND OCCASIONAL GUESTS OF EMPLOYEES AT THE LOCATION.
- 42 2. PROMOTIONAL PRODUCTS THAT ARE NOT AVAILABLE FOR SALE AND THAT
- 43 DISPLAY THE COMPANY LOGO OR TRADEMARK.
- 44 3. PRODUCTS THAT ARE SOLD TO COMPANY EMPLOYEES.

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

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

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

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

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

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

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

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

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

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

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

32 (e) THE EMPLOYEE MUST HAVE BEEN EMPLOYED FOR AT LEAST NINETY DAYS
33 DURING THE FIRST TAXABLE YEAR. AN EMPLOYEE WHO IS HIRED DURING THE LAST
34 NINETY DAYS OF THE TAXABLE YEAR SHALL BE CONSIDERED A NEW EMPLOYEE DURING THE
35 NEXT TAXABLE YEAR. A QUALIFIED EMPLOYMENT POSITION THAT IS FILLED DURING THE
36 LAST NINETY DAYS OF THE TAXABLE YEAR IS CONSIDERED TO BE A NEW QUALIFIED
37 EMPLOYMENT POSITION FOR THE NEXT TAXABLE YEAR.

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

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

43 E. THE NET INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS IS
44 THE LESSER OF THE TOTAL NUMBER OF FILLED QUALIFIED EMPLOYMENT POSITIONS
45 CREATED DURING THE TAXABLE YEAR OR THE DIFFERENCE BETWEEN THE AVERAGE NUMBER

1 OF FULL-TIME EMPLOYEES IN THE CURRENT TAXABLE YEAR AND THE AVERAGE NUMBER OF
2 FULL-TIME EMPLOYEES DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE NET
3 INCREASE IN THE NUMBER OF QUALIFIED EMPLOYMENT POSITIONS COMPUTED UNDER THIS
4 SUBSECTION SHALL NOT EXCEED TWO HUNDRED QUALIFIED EMPLOYMENT POSITIONS PER
5 TAXPAYER EACH YEAR.

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

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

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

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

30 J. A FAILURE TO TIMELY REPORT AND CERTIFY TO THE ARIZONA COMMERCE
31 AUTHORITY AND THE DEPARTMENT OF REVENUE THE INFORMATION PRESCRIBED BY SECTION
32 41-1510, SUBSECTION B, PARAGRAPHS 1, 2 AND 3, AND IN THE MANNER PRESCRIBED BY
33 SECTION 41-1510, SUBSECTION C, DISQUALIFIES THE TAXPAYER FROM THE CREDIT
34 UNDER THIS SECTION. THE DEPARTMENT OF REVENUE SHALL REQUIRE WRITTEN EVIDENCE
35 OF THE TIMELY REPORT TO THE ARIZONA COMMERCE AUTHORITY.

36 K. FOR THE PURPOSES OF THIS SECTION:

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

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

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

44 4. "RETAIL SALES ACTIVITIES" MEANS ALL ACTIVITIES PERSONS OPERATING A
45 RETAIL BUSINESS NORMALLY ENGAGE IN, INCLUDING TAKING ORDERS, FILLING ORDERS,

1 BILLING ORDERS, RECEIVING AND PROCESSING PAYMENTS AND SHIPPING, STOCKING AND
2 DELIVERING TANGIBLE PERSONAL PROPERTY TO THE ULTIMATE CONSUMER, EXCEPT DROP
3 SHIPMENTS BY A COMPANY ACTING ON BEHALF OF AN UNRELATED COMPANY THAT HAS MADE
4 A SALE TO A FINAL CONSUMER.

5 Sec. 8. Section 43-1167, Arizona Revised Statutes, is amended to read:
6 43-1167. Credit for increased employment in military reuse
7 zones: definition

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

15 1. With respect to each employee other than a dislocated military base
16 employee:

17	1st year of employment	\$ 500
18	2nd year of employment	\$1,000
19	3rd year of employment	\$1,500
20	4th year of employment	\$2,000
21	5th year of employment	\$2,500

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

23	1st year of employment	\$1,000
24	2nd year of employment	\$1,500
25	3rd year of employment	\$2,000
26	4th year of employment	\$2,500
27	5th year of employment	\$3,000

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

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

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

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

7 F. A taxpayer who claims a credit under section 43-1161, [43-1161.01](#) or
8 [43-1164.01](#) may not claim a credit under this section with respect to the same
9 ~~employees~~ [EMPLOYMENT POSITION](#).

10 G. For the purposes of this section, "dislocated military base
11 employee" means a civilian who previously had permanent full-time civilian
12 employment on the military facility as of the date the closure of the
13 facility was finally determined under federal law, as certified by the
14 department of commerce.

15 Sec. 9. [Purpose](#)

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

21 Sec. 10. [Effective date](#)

22 This act is effective from and after December 31, 2014.