

Quality Jobs through Renewable Industries Program

The Quality Jobs through Renewable Industries Program is designed to stimulate new investments in manufacturing and headquarter operations of in-state and out-of-state renewable energy companies, including solar, wind, biofuel, geothermal and other renewable technologies. It is designed to generate net new revenue to the state. The benefits include:

- Refundable corporate income tax credit.
- Real and personal property tax reduction.

REQUIREMENTS

Businesses making new investments in manufacturing and/or headquarter operations in Arizona in renewable energy industries are eligible for the program if they meet the following requirements:

- 51% of new jobs must pay a wage that is equal to or exceeds 125% of the state's median wage as determined by the Arizona Department of Commerce.
- Firm must offer health coverage for which the firm pays 80% or more of the premium for the employee or equivalent for alternative models.

BENEFITS

1. Refundable corporate income tax credit.

a. If the project meets the following job to capital investment ratio, the company would receive a state income tax credit equal to 10% of the total capital investment* of their project:

Type	Criteria	Project Example	Calculation
Manufacturing	Creates at least 1.5 jobs per \$500,000 in capital investment	\$150M in capital investment 1,273 jobs	$\$150\text{M} \times 10\% =$ \$15M
Headquarter	Creates at least 1 job per \$200,000 in capital investment	\$10M in capital investment 50 jobs	$\$10\text{M} \times 10\% =$ \$1M

b. If the project does not meet the above job-to-capital investment ratio, the company would receive a reduced benefit as follows:

Type	Criteria	Project Example	Calculation
Manufacturing	Creates less than 1.5 jobs per \$500,000 in capital investment	\$150M in capital investment 150 jobs	$150 \times \$500,000 / 1.5 = \$50M \times 10\% = \mathbf{\$5M}$
Headquarter	Creates less than 1 job per \$200,000 in capital investment	\$10M in capital investment 35 jobs	$35 \times \$200,000 / 1 = \$7M \times 10\% = \mathbf{\$700,000}$

**Capital investment is investment in facilities, equipment, land and infrastructure for a qualifying project.*

Tax Credit Guidelines

Allowable tax credits are taken in equal installments over a period of five (5) years.

2. Real and personal property tax reduction.

Qualifying projects certified under this program making a capital investment of at least \$25 million are eligible for a reclassification of real and personal property tax as follows:

- Class 6 property tax reclassification for all real and personal property, effectively constituting an approximate 77% reduction.

The reclassification period will be determined as follows:

- If project pays 51% of employees between 125% and 199% of the median state wage on average, the reclassification would exist for 10 years. If project pays 51% of employees at least 200% of the median state wage on average, the reclassification would exist for 15 years.

This program is effective as of January 1, 2010 and will sunset on December 31, 2014.