



Greater Phoenix  
Chamber of  
Commerce

### Arizona Competitiveness Bill

The Greater Phoenix Chamber of Commerce supported HB2001/SB1001 in the Second Regular Session of the 50<sup>th</sup> Legislature. Below, please find a summary of the key tax measures and the effective dates of the provisions that are contained in the recently passed Arizona Competitiveness Bill. The legislature passed the bill on Wednesday, February 16<sup>th</sup>, with Governor Jan Brewer signing it into law on Thursday, February 17<sup>th</sup>.

#### Property Tax Assessment Ration Reductions

Class 1, commercial property		Class 2, agricultural property	
TY 2013	19.5% (down from 20%)	TY 2016	15% (down from 16%)
TY 2014	19%		
TY 2015	18.5%		
TY 2016	18%		

#### Residential Property Tax Reform

Beginning in 2012, to take advantage of the homeowners rebate (“state aid” on tax bills), Class 3 property owners (residential property/primary residence) will be required to remit a signed affidavit stating their primary residence. The affidavit will be required every other even year.

#### Business Personal Property Tax Reductions

The depreciation schedule is further accelerated.

Assessment Year	Percentage of Scheduled Depreciated Value	
	Current Percentages	Effective Tax Year 2012
1	30%	25%
2	46%	41%
3	62%	57%
4	78%	73%
5	94%	89%
6	DOR Schedule	DOR Schedule

#### Increase in Personal Property Tax Exemption (TY 2011)

- Increased annually to the maximum amount by the employee cost index in the two most recent years (replaces the Gross Domestic Product Cost Deflator index)

**Corporate Income Tax Changes**

Reductions in Rate		Increase in Elective Sales Factor <sup>1</sup>	
TY 2014	6.5% (down from 6.968%)	TY 2014	85% (up from 80%)
TY 2015	6%	TY 2015	90%
TY 2016	5.5%	TY 2016	95%
TY 2017	4.9%	TY 2017	100%

**AZ Commerce Authority**

- Formally creates the Arizona Commerce Authority and repeals the Arizona Department of Commerce
- Provides tax credits- \$3,000/FTE (full-time employees) for 3 years for net new qualifying jobs created by companies in Arizona, capped at 400 FTE's
- Provides for R&D- 10% excess-additional credit for basic research payments made to a state university-total cap of \$10 million (effective TY 2012)
- Creates a deal closing fund
- Repeals the existing Enterprise Zone law

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<sup>1</sup> Sales factor- a system used to calculate taxable income for Arizona