



## SB1041

### WHAT DOES INVEST ARIZONA DO?

- It complements the leadership package (HB2001), passed by the legislature and signed by the Governor. Qualified companies can benefit as follows:
  - HB2001 offers a \$9,000 per-job tax credit.
  - SB1041 enhances this by temporarily reducing property taxes.
- It improves Arizona's competitiveness.
  - Currently, Arizona is last among Mountain West states on capital-intensive projects.
  - SB1041, alone, moves Arizona to the No. 3 position.
  - Together, HB2001 and SB1041 move Arizona to the No. 1 spot.

### WHY DO WE NEED INVEST ARIZONA?

- Business property taxes in Arizona are particularly uncompetitive. Companies seeking to leave California are skipping Arizona because of high property taxes.
- Our biggest competitors—Texas, Colorado, and Utah—all have the ability to reduce property taxes for companies. Arizona does not.
- The major tax reductions in HB2001 are deferred for budgetary reasons. Arizona needs jobs now. Invest Arizona will take effect in January 2012.

### WHY IS INVEST ARIZONA PRUDENT POLICY?

- Invest Arizona only reclassifies new real and personal property, allowing the current property tax base to remain intact for the state, counties and municipalities.
- Major successes recently announced in Arizona (such as the Intel and First Solar expansions) have resulted from property tax reductions, either through the new Renewable Energy Tax Incentive Program or use of the Foreign Trade Zone.
- Unlike the Foreign Trade Zone program, which can permanently reclassify current property, SB1041 calls for only temporary reclassification of 10 years
- Defense companies are not eligible for Foreign Trade Zone status for defense-related sites and cannot receive the property tax benefits. SB1041 encourages continued growth of Arizona's defense industry.

## HB2001: ARIZONA QUALITY JOBS INCENTIVES *(Already signed into law)*

### Program Requirements

An existing business expanding in Arizona or a new business investing in Arizona that meets all of the following requirements will be eligible for an income tax credit under the Arizona Quality Jobs Incentives program:

- A new operation in Arizona or an in-state expansion;
- The company's average wage is at least the county median wage as computed by the Arizona Department of Commerce. *(e.g.: Using 2009 data, the annual county median wage in Maricopa County is \$33,151 per year)*;
- Create a minimum amount of qualified net new full-time jobs and new capital investment.

Requirements	Urban	Rural
Definition	Cities with 50,000 or more residents in counties with 800,000 or more residents	All other locations
Net New Jobs	25	5
New Capital Investment	\$5M	\$1M

- Qualified net new jobs are those which:
  - Are new full-time jobs (at least 1,750 hours per year) during the same taxable year for which credits are claimed, and:
  - Pay at least the county median wage and offers coverage for at least 65% of the employee's health care premiums.

## SB1041: INVEST ARIZONA

Businesses qualifying under the Arizona Quality Jobs Incentives Program may have the real and personal property of only their new investment reclassified at the Class 6 assessment rate of 5% (effectively reducing property tax by 75%) for 10 years.

- Reclassification is on new investment only.
- A consenting resolution from the local government in which the business is locating or expanding must be obtained for the business to be eligible for the property tax reduction incentive.
- After the 10 year reclassification period, the parcel that was reclassified under this program is ineligible from any future reclassification.