



GREATER PHOENIX
ECONOMIC COUNCIL

RENEWABLE ENERGY

Renewable Energy Incentive Program

Arizona has passed landmark legislation that opens the door for renewable energy and solar companies to expand here. The Arizona Renewable Energy Tax Incentive Program supports 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. The benefits to eligible companies include:

1. Refundable corporate income tax credit.
2. 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 pays 80% or more of the cost of the healthcare premium

BENEFITS

1. Refundable corporate income tax credit up to 10% of the total capital investment of the project.

- Tax credit to be taken in equal installments over five years.
- The amount of the tax credit is determined by a job to capital investment ratio as explained below.

2. Real and personal property tax reclassification, effectively constituting a 77% reduction, for projects with a minimum of \$25M in capital investment.

- Period of reclassification—either 10 or 15 years—is based on the following wage levels:
 - o If 51% of new jobs pay a wage between 125% and 199% of the median state wage, the reclassification would exist for 10 years.
 - o If 51% of new jobs pay a wage at least 200% of the median state wage the reclassification would exist for 15 years.

PROGRAM CAP

- The program cap is for the income tax credit portion only.
- The state of Arizona may pre-approve \$70M in benefits per year.
- The program is effective until December 31, 2014, making the cap \$350M over five years.

For more information and questions about this program, contact GPEC.

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