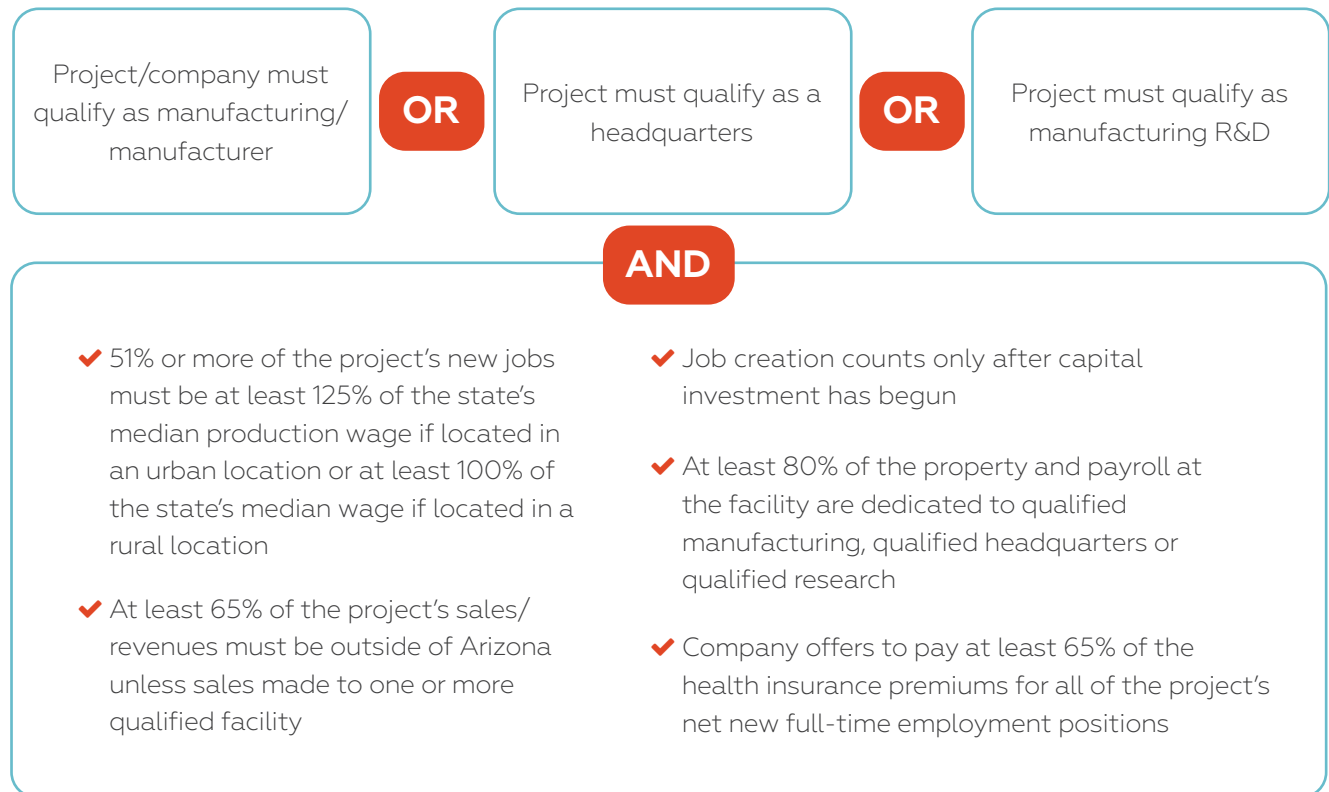


QUALIFIED FACILITY REFUNDABLE TAX CREDIT PROGRAM

The Arizona Qualified Facility Refundable Tax Credit Program provides a refundable income tax credit against Arizona income tax liabilities for qualifying capital investment and net new job creation. A location may qualify for multiple allocations as long as each allocation separately includes qualifying capital expenditures and net new job creation.

Key Qualifiers



Financial Benefits

Refundable

in absence of Arizona income tax liability

\$20,000

per job for qualifying capital investment less than \$2 billion

\$30,000

per job for capital investment of \$2 billion or more

Total project credit not to exceed

10% of capital investment

Claimed equally over five consecutive years

After completion of net new job creations/payment of qualifying investment (*limited to \$30 million/tax payer/year and \$125 million per calendar year program-wide*)

Qualifications and Requirements

Establish or expand a facility in Arizona that devotes at least 80% percent of the square footage of the facility and payroll at the facility to one or more of the following:



Manufacturing facility where at least 65% of the products are sold outside of Arizona or sold to another facility that sells at least 65% outside of Arizona.

“Manufacturing” means fabricating, producing or manufacturing raw or prepared materials into usable products, imparting new forms, qualities, properties and combinations. Manufacturing does not include generating electricity distribution services, software development, food processing (food manufacturing is okay), or agricultural activity. To demonstrate eligibility as a manufacturer, a taxpayer must be able to document four separate and unique processes that impart new forms, qualities, properties and combinations.



Headquarters facility for a company that derives at least 65% of its revenues from sales outside of Arizona.

“Headquarters” means a principal central administrative office where primary headquarters related functions and services are performed, including financial, personnel, administrative, legal, planning and similar business functions and which houses the most senior executives relating to headquarters functions.



Research and development facility where activities are conducted for a manufacturing company that derives at least 65% of its revenues from sales outside of Arizona.

“Qualified research” has the same meaning prescribed by section 41(d) of the internal revenue code, as defined by section 43-105, except that the research must be conducted by a taxpayer involved in manufacturing that derives at least 65% of its revenue from out-of-state sales.

View additional information at www.azcommerce.com/incentives/qualified-facility/

