

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2264

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Title 41, chapter 10, article 1, Arizona Revised Statutes,  
3 is amended by adding section 41-1526, to read:

4 41-1526. Certification of businesses for property tax  
5 classification; employment and capital investment  
6 requirements; reports; definitions

7 A. BEGINNING JULY 1, 2014 THROUGH JUNE 30, 2019, THE ARIZONA COMMERCE  
8 AUTHORITY SHALL ANNUALLY CERTIFY BUSINESSES THAT QUALIFY FOR PROPERTY TAX  
9 INCENTIVES UNDER THIS SECTION. NEW PERSONAL PROPERTY AND REAL PROPERTY  
10 IMPROVEMENTS THAT ARE NEWLY CONSTRUCTED OR UNDERGO A MAJOR RENOVATION FROM  
11 AND AFTER DECEMBER 31, 2013 THROUGH JUNE 30, 2019 AND THAT ARE OWNED OR USED  
12 BY A CERTIFIED BUSINESS MAY BE CLASSIFIED AS CLASS SIX PROPERTY PURSUANT TO  
13 SECTION 42-12006. TO QUALIFY FOR CLASSIFICATION AS CLASS SIX PROPERTY, THE  
14 NEW PERSONAL PROPERTY OR REAL PROPERTY IMPROVEMENTS SHALL NOT BE USED  
15 PRIMARILY FOR RETAIL, UTILITY, HOSPITAL OR MINING OPERATIONS. TO QUALIFY  
16 UNDER THIS SECTION, THE BUSINESS MUST:

17 1. BE A MANUFACTURING OPERATION, CORPORATE OR REGIONAL HEADQUARTERS,  
18 ADMINISTRATIVE OFFICE OR RESEARCH AND DEVELOPMENT OPERATIONS OF AN EXPORT  
19 ORIENTED MANUFACTURER. FOR THE PURPOSES OF THIS PARAGRAPH, "EXPORT ORIENTED  
20 MANUFACTURER" MEANS A MANUFACTURER THAT DOES BOTH OF THE FOLLOWING:

21 (a) MAKES SIXTY-FIVE PER CENT OR MORE OF ITS SALES OUT OF THIS STATE.

22 (b) IS CLASSIFIED IN SECTIONS 31, 32 AND 33 OF THE 2007 EDITION OF THE  
23 NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM AS PUBLISHED BY THE NATIONAL  
24 TECHNICAL INFORMATION SERVICE OF THE UNITED STATES DEPARTMENT OF COMMERCE.

25 2. INVEST AT LEAST TWENTY-FIVE MILLION DOLLARS OF CAPITAL INVESTMENT  
26 WITHIN A THREE-YEAR PERIOD AND CREATE AT LEAST ONE HUNDRED TWENTY-FIVE NEW  
27 QUALIFIED EMPLOYMENT POSITIONS WITHIN THE EXTERIOR BOUNDARIES OF A CITY OR  
28 TOWN THAT HAS A POPULATION OF FIFTY THOUSAND PERSONS OR MORE AND THAT IS  
29 LOCATED IN A COUNTY THAT HAS A POPULATION OF EIGHT HUNDRED THOUSAND PERSONS  
30 OR MORE.

1           3. INVEST AT LEAST TWO MILLION DOLLARS OF CAPITAL INVESTMENT WITHIN A  
2 THREE-YEAR PERIOD AND CREATE AT LEAST FIFTEEN QUALIFIED EMPLOYMENT POSITIONS  
3 IN ANY OTHER LOCATION, EXCEPT THAT IF THE BUSINESS IS RELOCATING FROM A  
4 LOCATION WITHIN THIS STATE DESCRIBED IN PARAGRAPH 2 OF THIS SUBSECTION, IT  
5 MUST MEET THE INVESTMENT AND EMPLOYMENT REQUIREMENTS PRESCRIBED BY PARAGRAPH  
6 2 OF THIS SUBSECTION.

7           4. PAY AT LEAST FIFTY-ONE PER CENT OF THE NEW EMPLOYEES IN QUALIFIED  
8 EMPLOYMENT POSITIONS COMPENSATION EQUAL TO:

9           (a) ONE HUNDRED TWENTY-FIVE PER CENT OF THE MEDIAN WAGE BY COUNTY AS  
10 COMPUTED ANNUALLY BY THE AUTHORITY WITHIN THE EXTERIOR BOUNDARIES OF A CITY  
11 OR TOWN THAT HAS A POPULATION OF FIFTY THOUSAND PERSONS OR MORE AND THAT IS  
12 LOCATED IN A COUNTY THAT HAS A POPULATION OF EIGHT HUNDRED THOUSAND PERSONS  
13 OR MORE.

14           (b) ONE HUNDRED TEN PER CENT OF THE MEDIAN WAGE BY COUNTY AS COMPUTED  
15 ANNUALLY BY THE AUTHORITY IN ANY OTHER LOCATION.

16           5. CERTIFY TO THE AUTHORITY THAT NONE OF THE EMPLOYEES FILLING  
17 QUALIFIED EMPLOYMENT POSITIONS WERE EMPLOYED BY THE BUSINESS DURING THE  
18 TWELVE MONTHS BEFORE THE CURRENT DATE OF HIRE EXCEPT FOR THOSE RELOCATING TO  
19 THIS STATE.

20           6. OBTAIN AND SUBMIT TO THE AUTHORITY A RESOLUTION OF THE GOVERNING  
21 BODY OF THE CITY OR TOWN IN WHICH THE BUSINESS WILL BE LOCATED, OR OF THE  
22 COUNTY BOARD OF SUPERVISORS IF THE BUSINESS WILL NOT BE LOCATED IN A CITY OR  
23 TOWN. THE RESOLUTION MUST ACKNOWLEDGE THAT THE BUSINESS INTENDS TO MEET THE  
24 REQUIREMENTS OF THIS SECTION AND CONSENT TO THE REDUCED ASSESSED VALUATION OF  
25 THE TAXABLE PROPERTY. THE GOVERNING BODY MUST ESTABLISH A POLICY REVIEW  
26 COMMITTEE RESPONSIBLE FOR RECOMMENDING TO THE GOVERNING BODY APPROVAL OR  
27 DISAPPROVAL OF THE RESOLUTION REQUIRED BY THIS PARAGRAPH. APPROVAL SHALL NOT  
28 BE UNREASONABLY WITHHELD. AFTER MAKING ITS RECOMMENDATION WITH RESPECT TO  
29 THE BUSINESS AND APPROVAL OR DISAPPROVAL BY THE GOVERNING BODY, THE POLICY  
30 REVIEW COMMITTEE IS DISSOLVED. THE COMMITTEE SHALL INCLUDE:

31           (a) A REPRESENTATIVE OF THE COUNTY.

32           (b) A REPRESENTATIVE OF THE CITY OR TOWN, AS APPLICABLE.

1           (c) A REPRESENTATIVE OF ANY COMMUNITY COLLEGE DISTRICT IN WHICH THE  
2 BUSINESS WILL BE LOCATED.

3           (d) A REPRESENTATIVE OF EACH SCHOOL DISTRICT IN WHICH THE BUSINESS  
4 WILL BE LOCATED.

5           (e) A REPRESENTATIVE OF ANOTHER SPECIAL TAXING DISTRICT IN WHICH THE  
6 BUSINESS WILL BE LOCATED.

7           B. THE AUTHORITY SHALL NOT CERTIFY ANY BUSINESS FOR QUALIFICATION FOR  
8 PROPERTY TAX INCENTIVES AFTER JUNE 30, 2019 EXCEPT AS PROVIDED BY SUBSECTIONS  
9 F AND G OF THIS SECTION. HOWEVER, CERTIFICATION UNDER THIS SECTION IS VALID  
10 FOR TEN YEARS, INCLUDING AFTER 2019, SUBJECT TO ANNUAL RECERTIFICATION IF THE  
11 BUSINESS CONTINUES TO MEET THE OTHER ELIGIBILITY REQUIREMENTS.

12           C. TO BE ANNUALLY RECERTIFIED PURSUANT TO SUBSECTION B OF THIS  
13 SECTION, A BUSINESS MUST CONTINUE TO MEET ALL THE ELIGIBILITY REQUIREMENTS OF  
14 THIS SECTION AND MUST ANNUALLY REPORT THE FOLLOWING AND PROVIDE SUPPORTING  
15 DOCUMENTATION TO THE AUTHORITY ON A FORM AND IN A MANNER APPROVED BY THE  
16 AUTHORITY:

17           1. THE BUSINESS NAME AND MAILING ADDRESS AND ANY OTHER CONTACT  
18 INFORMATION REQUESTED BY THE AUTHORITY.

19           2. THE PHYSICAL ADDRESS OF THE BUSINESS LOCATION.

20           3. THE ASSESSOR'S PARCEL NUMBER OF REAL PROPERTY TO WHICH THE CLASS  
21 SIX ASSESSMENT CLASSIFICATION WILL APPLY.

22           4. IF AVAILABLE, THE ASSESSOR'S ACCOUNT NUMBER FOR PERSONAL PROPERTY  
23 TO WHICH THE CLASS SIX ASSESSMENT CLASSIFICATION WILL APPLY.

24           5. FOR THE LOCATION, THE GROSS RECEIPTS, GROSS PAYROLL AND AVERAGE  
25 HOURLY WAGE PAID TO EMPLOYEES FOR THE PRECEDING TAX YEAR.

26           6. DOCUMENTATION THAT ESTABLISHES THE TYPE AND AMOUNT OF BUSINESS  
27 ACTIVITY CONDUCTED AT THE LOCATION.

28           7. OWNERSHIP AND FULL CASH VALUE OF REAL AND PERSONAL PROPERTY TO BE  
29 CERTIFIED.

30           8. CHANGES IN LOCATION, OWNERSHIP AND OPERATIONS OF THE BUSINESS IN  
31 THE IMMEDIATELY PRECEDING YEAR.

1           9. THE AVERAGE NUMBER OF FULL-TIME EMPLOYEES AT THE LOCATION FOR THE  
2 IMMEDIATELY PRECEDING YEAR.

3           10. OTHER INFORMATION NECESSARY FOR THE MANAGEMENT OF THESE PROPERTY  
4 TAX INCENTIVES AS DETERMINED BY THE AUTHORITY.

5           D. TO RECEIVE CLASSIFICATION AS CLASS SIX PROPERTY FOR TAX PURPOSES,  
6 ON OR BEFORE DECEMBER 10 OF EACH YEAR THE CERTIFIED BUSINESS MUST SUBMIT TO  
7 THE ASSESSOR OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED:

8           1. A COPY OF THE AUTHORITY'S INITIAL CERTIFICATION.

9           2. A COPY OF THE CURRENT ANNUAL RECERTIFICATION.

10          3. A WRITTEN REQUEST TO CLASSIFY THE PROPERTY AS CLASS SIX.

11          E. A BUSINESS SHALL SUBMIT ITS APPLICATION FOR INITIAL CERTIFICATION  
12 OR ANNUAL RECERTIFICATION TO THE AUTHORITY NOT LATER THAN OCTOBER 1 OF EACH  
13 YEAR. THE AUTHORITY SHALL NOTIFY THE APPROPRIATE COUNTY ASSESSORS OF ALL  
14 QUALIFIED PROPERTIES LOCATED IN THE ASSESSOR'S COUNTY NOT LATER THAN  
15 DECEMBER 1 OF EACH YEAR.

16          F. IF A BUSINESS MOVES FROM THE ORIGINALLY CERTIFIED LOCATION, IT  
17 LOSES ITS ELIGIBILITY. THE BUSINESS MAY APPLY FOR CERTIFICATION AT A NEW  
18 LOCATION FOR THE REMAINDER OF ITS TEN YEARS IF IT MEETS THE MINIMUM  
19 INVESTMENT REQUIREMENTS IN FIXED ASSETS THAT WERE NOT MOVED FROM THE PRIOR  
20 LOCATION, MEETS ALL OTHER ELIGIBILITY REQUIREMENTS OF THIS SECTION AND HAS  
21 NOT REACHED THE TEN YEAR ELIGIBILITY LIMIT. FOR THE PURPOSES OF THIS  
22 SUBSECTION, "FIXED ASSETS" MEANS PROPERTY THAT IS USED IN OPERATING A  
23 BUSINESS, SUCH AS FURNITURE, LAND, BUILDINGS AND MACHINERY, AND THAT IS NOT  
24 ORDINARILY CONVERTED INTO CASH AFTER IT IS DECLARED A FIXED ASSET.

25          G. IF A CERTIFIED BUSINESS IS PURCHASED BY ANOTHER ENTITY OR CHANGES  
26 BY MORE THAN TWENTY PER CENT OF THE OWNERSHIP INTEREST THROUGH  
27 REORGANIZATION, STOCK PURCHASE OR MERGER, THE CERTIFICATION IS TERMINATED.  
28 THE NEW BUSINESS MAY APPLY FOR CERTIFICATION ACCORDING TO ELIGIBILITY  
29 REQUIREMENTS OF THIS SECTION.

30          H. THE AUTHORITY BY RULE MAY PRESCRIBE ADDITIONAL REPORTING  
31 REQUIREMENTS FOR PERSONS WHO CLAIM A TAX BENEFIT PURSUANT TO THIS SECTION.

32          I. THE AUTHORITY SHALL:

1           1. MONITOR THE IMPLEMENTATION AND OPERATION OF THIS SECTION AND  
2 CONTINUALLY EVALUATE THE PROGRESS MADE IN ATTRACTING NEW BUSINESSES.

3           2. ASSIST AN EMPLOYER OR PROSPECTIVE EMPLOYER TO OBTAIN THE BENEFITS  
4 OF ANY INCENTIVE OR INDUCEMENT AUTHORIZED PURSUANT TO THIS SECTION.

5           3. PROVIDE INFORMATION REGARDING THE BUSINESS INCENTIVES ON REQUEST  
6 AND CONDUCT INFORMATIONAL AND INSTRUCTIONAL SEMINARS AND TRAINING.

7           4. NOTIFY THE DEPARTMENT OF REVENUE AND THE COUNTY ASSESSOR IF A  
8 CERTIFIED BUSINESS CLOSES, MOVES OR FAILS TO MAINTAIN ITS ELIGIBILITY, AND  
9 THE ASSESSOR SHALL MAKE THE APPROPRIATE CHANGES TO THE CLASSIFICATION OF THE  
10 PROPERTY ON THE TAX ROLL. THE AUTHORITY MAY GIVE SPECIAL CONSIDERATION, OR  
11 ALLOW TEMPORARY EXEMPTION FROM DISQUALIFICATION UNDER THIS PARAGRAPH, IN THE  
12 CASE OF EXTRAORDINARY HARDSHIP DUE TO FACTORS BEYOND THE CONTROL OF THE  
13 QUALIFYING BUSINESS.

14           J. THE AUTHORITY MAY MAKE SITE VISITS TO A TAXPAYER'S FACILITIES IF IT  
15 IS NECESSARY TO FURTHER DOCUMENT OR CLARIFY REPORTED INFORMATION. THE  
16 TAXPAYER MUST FREELY PROVIDE THE ACCESS.

17           K. DOCUMENTS FILED WITH THE AUTHORITY PURSUANT TO THIS SECTION SHALL  
18 CONTAIN EITHER A SWORN STATEMENT OR CERTIFICATION, SIGNED BY AN OFFICER OF  
19 THE BUSINESS UNDER PENALTY OF PERJURY, THAT THE INFORMATION CONTAINED IS TRUE  
20 AND CORRECT ACCORDING TO THE BEST BELIEF AND KNOWLEDGE OF THE PERSON  
21 SUBMITTING THE INFORMATION AFTER A REASONABLE INVESTIGATION OF THE FACTS. IF  
22 THE DOCUMENT CONTAINS INFORMATION THAT IS MATERIALLY FALSE, THE TAXPAYER IS  
23 INELIGIBLE FOR THE TAX BENEFITS UNDER THIS SECTION AND IS SUBJECT TO RECOVERY  
24 OF THE AMOUNT OF TAX BENEFITS ALLOWED IN PRECEDING YEARS BASED ON THE FALSE  
25 INFORMATION, INCLUDING PENALTIES AND INTEREST.

26           L. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE AUTHORITY SHALL  
27 TRANSMIT A REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER  
28 OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRPERSONS OF THE SENATE FINANCE  
29 COMMITTEE AND THE HOUSE OF REPRESENTATIVES WAYS AND MEANS COMMITTEE, OR THEIR  
30 SUCCESSOR COMMITTEES, AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY  
31 OF STATE. THE REPORT IS IN ADDITION TO, BUT MAY BE COMBINED WITH, THE REPORT

1 UNDER SECTION 41-1525, SUBSECTION K. THE REPORT SHALL CONTAIN THE FOLLOWING  
2 INFORMATION:

3 1. THE AMOUNT OF CAPITAL INVESTMENT MADE DURING THE PRECEDING FISCAL  
4 YEAR AND CUMULATIVELY FOR THE PURPOSES OF QUALIFYING FOR THE TAX INCENTIVES  
5 UNDER THIS SECTION.

6 2. THE NUMBER OF BUSINESSES CERTIFIED FOR PROPERTY TAX INCENTIVES IN  
7 THE PRECEDING FISCAL YEAR AND CUMULATIVELY, AND FOR EACH SUCH BUSINESS:

8 (a) THE NAME AND LOCATION.

9 (b) THE NUMBER OF EMPLOYEES.

10 (c) THE FULL CASH VALUE OF THE PROPERTY QUALIFYING FOR CLASSIFICATION  
11 AS CLASS SIX PURSUANT TO SECTION 42-12006.

12 3. AN EVALUATION OF THE EFFECTIVENESS OF THE INCENTIVES AND ANY  
13 SUGGESTIONS TO IMPROVE THE INCENTIVES.

14 M. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE DEPARTMENT OF REVENUE  
15 SHALL TRANSMIT A REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE  
16 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRPERSONS OF THE SENATE  
17 FINANCE COMMITTEE AND THE HOUSE OF REPRESENTATIVES WAYS AND MEANS COMMITTEE,  
18 OR THEIR SUCCESSOR COMMITTEES, AND SHALL PROVIDE A COPY OF THE REPORT TO THE  
19 SECRETARY OF STATE. THE REPORT SHALL CONTAIN THE FOLLOWING INFORMATION:

20 1. THE FULL CASH VALUE AND ASSESSED VALUATION OF PROPERTY CLASSIFIED  
21 AS CLASS SIX PURSUANT TO SECTION 42-12006, PARAGRAPH 9 AND THE ASSESSED  
22 VALUATION OF THAT PROPERTY IF IT WERE NOT CLASSIFIED AS CLASS SIX.

23 2. THE FISCAL IMPACT ON EACH TAXING JURISDICTION FOR THE CURRENT TAX  
24 YEAR OF CLASSIFYING PROPERTY AS CLASS SIX RATHER THAN IN THE CLASSIFICATION  
25 IN WHICH IT WOULD OTHERWISE BE CLASSIFIED.

26 N. FOR THE PURPOSES OF THIS SECTION:

27 1. "CAPITAL INVESTMENT" MEANS AN EXPENDITURE TO:

28 (a) ACQUIRE OR IMPROVE PROPERTY THAT IS USED IN OPERATING A BUSINESS,  
29 INCLUDING LAND, BUILDINGS, MACHINERY AND FIXTURES.

30 (b) LEASE MACHINERY OR EQUIPMENT THAT IS USED IN OPERATING A BUSINESS.

1           2. "LOCATION" MEANS A SINGLE PARCEL OR CONTIGUOUS PARCELS OF OWNED OR  
2 LEASED LAND IN THIS STATE, THE STRUCTURES AND PERSONAL PROPERTY CONTAINED ON  
3 THE LAND OR ANY PART OF THE STRUCTURES OCCUPIED BY THE OWNER.

4           3. "QUALIFIED EMPLOYMENT POSITION" MEANS EMPLOYMENT THAT MEETS THE  
5 FOLLOWING REQUIREMENTS:

6           (a) THE POSITION CONSISTS OF AT LEAST ONE THOUSAND SEVEN HUNDRED FIFTY  
7 HOURS PER YEAR OF FULL-TIME PERMANENT EMPLOYMENT.

8           (b) THE JOB DUTIES ARE PERFORMED PRIMARILY AT THE LOCATION OR  
9 LOCATIONS OF THE BUSINESS.

10           (c) THE EMPLOYMENT PROVIDES HEALTH INSURANCE COVERAGE FOR THE EMPLOYEE  
11 FOR WHICH THE EMPLOYER PAYS AT LEAST SIXTY-FIVE PER CENT OF THE PREMIUM OR  
12 MEMBERSHIP COST. IF THE BUSINESS IS SELF-INSURED, THE EMPLOYER PAYS AT LEAST  
13 SIXTY-FIVE PER CENT OF A PREDETERMINED FIXED COST PER EMPLOYEE FOR AN  
14 INSURANCE PROGRAM THAT IS PAYABLE WHETHER OR NOT THE EMPLOYEE HAS FILED  
15 CLAIMS.

16           (d) THE POSITION DOES NOT INCLUDE EMPLOYMENT IN RETAIL, UTILITY,  
17 HOSPITAL OR MINING OPERATIONS.

18           Sec. 2. Section 42-12006, Arizona Revised Statutes, is amended to  
19 read:

20           42-12006. Class six property

21           For purposes of taxation, class six is established consisting of:

22           1. Noncommercial historic property as defined in section 42-12101 and  
23 valued at full cash value.

24           2. Real and personal property that is located within the area of a  
25 foreign trade zone or subzone established under 19 United States Code section  
26 81 and title 44, chapter 18, that is activated for foreign trade zone use by  
27 the district director of the United States customs service pursuant to  
28 19 Code of Federal Regulations section 146.6 and that is valued at full cash  
29 value. Property that is classified under this paragraph shall not thereafter  
30 be classified under paragraph 6 of this section.

31           3. Real and personal property and improvements that are located in a  
32 military reuse zone that is established under title 41, chapter 10, article 3

1 and that is devoted to providing aviation or aerospace services or to  
2 manufacturing, assembling or fabricating aviation or aerospace products,  
3 valued at full cash value and subject to the following terms and conditions:

4 (a) Property may not be classified under this paragraph for more than  
5 five tax years.

6 (b) Any new addition or improvement to property already classified  
7 under this paragraph qualifies separately for classification under this  
8 paragraph for not more than five tax years.

9 (c) If a military reuse zone is terminated, the property in that zone  
10 that was previously classified under this paragraph shall be reclassified as  
11 prescribed by this article.

12 (d) Property that is classified under this paragraph shall not  
13 thereafter be classified under paragraph 6 of this section.

14 4. Real and personal property and improvements or a portion of such  
15 property comprising an environmental technology manufacturing, producing or  
16 processing facility that qualified under section 41-1514.02, valued at full  
17 cash value and subject to the following terms and conditions:

18 (a) Property shall be classified under this paragraph for twenty tax  
19 years from the date placed in service.

20 (b) Any addition or improvement to property already classified under  
21 this paragraph qualifies separately for classification under this subdivision  
22 for an additional twenty tax years from the date placed in service.

23 (c) After revocation of certification under section 41-1514.02,  
24 property that was previously classified under this paragraph shall be  
25 reclassified as prescribed by this article.

26 (d) Property that is classified under this paragraph shall not  
27 thereafter be classified under paragraph 6 of this section.

28 5. That portion of real and personal property that is used on or after  
29 January 1, 1999 specifically and solely for remediation of the environment by  
30 an action that has been determined to be reasonable and necessary to respond  
31 to the release or threatened release of a hazardous substance by the  
32 department of environmental quality pursuant to section 49-282.06 or pursuant

1 to its corrective action authority under rules adopted pursuant to section  
2 49-922, subsection B, paragraph 4 or by the United States environmental  
3 protection agency pursuant to the national contingency plan (40 Code of  
4 Federal Regulations part 300) and that is valued at full cash value.  
5 Property that is not being used specifically and solely for the remediation  
6 objectives described in this paragraph shall not be classified under this  
7 paragraph. For the purposes of this paragraph, "remediation of the  
8 environment" means one or more of the following actions:

9 (a) Monitoring, assessing or evaluating the release or threatened  
10 release.

11 (b) Excavating, removing, transporting, treating and disposing of  
12 contaminated soil.

13 (c) Pumping and treating contaminated water.

14 (d) Treatment, containment or removal of contaminants in groundwater  
15 or soil.

16 6. Real and personal property and improvements constructed or  
17 installed from and after December 31, 2004 through December 31, 2024 and  
18 owned by a qualified business under section 41-1516 and used solely for the  
19 purpose of harvesting, transporting or processing qualifying forest products  
20 removed from qualifying projects as defined in section 41-1516. The  
21 classification under this paragraph is subject to the following terms and  
22 conditions:

23 (a) Property may be initially classified under this paragraph only in  
24 valuation years 2005 through 2024.

25 (b) Property may not be classified under this paragraph for more than  
26 five years.

27 (c) Any new addition or improvement, constructed or installed from and  
28 after December 31, 2004 through December 31, 2024, to property already  
29 classified under this paragraph qualifies separately for classification and  
30 assessment under this paragraph for not more than five years.

31 (d) Property that is classified under this paragraph shall not  
32 thereafter be classified under paragraph 2, 3 or 4 of this section.

1           7. Real and personal property and improvements to the property that  
2 are used specifically and solely to manufacture from and after December 31,  
3 2006 through December 31, 2016 biodiesel fuel that is one hundred per cent  
4 biodiesel and its by-products and that are valued at full cash value. This  
5 paragraph applies only to the portion of property that is used specifically  
6 for manufacturing and processing one hundred per cent biodiesel fuel, or its  
7 related by-products, from raw feedstock obtained from off-site sources,  
8 including necessary on-site storage facilities that are intrinsically  
9 associated with the manufacturing process. Any other commercial or  
10 industrial use disqualifies the entire property from classification under  
11 this paragraph.

12           8. Real and personal property and improvements that are certified  
13 pursuant to section 41-1511, subsection C, paragraph 2 and that are used for  
14 renewable energy manufacturing or headquarters operations as provided by  
15 section 42-12057. This paragraph applies only to property that is used in  
16 manufacturing and headquarters operations of renewable energy companies,  
17 including necessary on-site research and development, testing and storage  
18 facilities that are associated with the manufacturing process. Up to ten per  
19 cent of the aggregate full cash value of the property may be derived from  
20 uses that are ancillary to and intrinsically associated with the  
21 manufacturing process or headquarters operation. Any additional ancillary  
22 property is not qualified for classification under this paragraph. No new  
23 properties may be classified pursuant to this paragraph from and after  
24 December 31, 2014. Classification under this paragraph is limited to the  
25 time periods determined by the Arizona commerce authority pursuant to section  
26 41-1511, subsection C, paragraph 2, subdivision (a) or (b). Property that is  
27 classified under this paragraph shall not thereafter be classified under any  
28 other paragraph of this section.

29           9. NEW PERSONAL PROPERTY AND REAL PROPERTY IMPROVEMENTS THAT ARE NEWLY  
30 CONSTRUCTED OR UNDERGO A MAJOR RENOVATION FROM AND AFTER DECEMBER 31, 2013  
31 THROUGH JUNE 30, 2019 AND THAT ARE OWNED OR USED BY A BUSINESS THAT MEETS THE  
32 REQUIREMENTS OF, AND IS CERTIFIED BY THE ARIZONA COMMERCE AUTHORITY PURSUANT

1 TO SECTION 41-1526. PROPERTY MAY NOT BE CLASSIFIED UNDER THIS PARAGRAPH FOR  
2 MORE THAN TEN TAX YEARS. PROPERTY THAT HAS BEEN CLASSIFIED UNDER THIS  
3 PARAGRAPH SHALL NOT THEREAFTER BE CLASSIFIED UNDER ANY OTHER PROVISION OF  
4 THIS SECTION.

5 Sec. 3. Section 42-12057, Arizona Revised Statutes, is amended to  
6 read:

7 42-12057. Criteria for renewable energy property

8 A. To qualify for the classification as class six pursuant to section  
9 42-12006, paragraph ~~9~~ 8, the owner of a manufacturing facility or  
10 headquarters facility must be certified pursuant to section 41-1511,  
11 subsection C and must provide documentation to the county assessor each year  
12 that the facility is primarily dedicated to renewable energy manufacturing or  
13 regional, national or global renewable energy business headquarters  
14 operations.

15 B. For the purposes of this section, renewable energy operations are  
16 limited to manufacturers of, and headquarters for, systems and components  
17 that are used or useful in manufacturing renewable energy equipment for the  
18 generation, storage, testing and research and development, transmission or  
19 distribution of electricity from renewable resources, including specialized  
20 crates necessary to package the renewable energy equipment manufactured at  
21 the facility.

22 Sec. 4. Adoption of rules

23 The Arizona commerce authority shall adopt rules to implement section  
24 41-1526, Arizona Revised Statutes, as added by this act, on or before  
25 January 1, 2014."

26 Amend title to conform

THOMAS FORESE

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3:56 PM  
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