

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2492
(Reference to printed bill)

1 Page 1, line 3, strike "sections" insert "section"; after the second comma strike
2 remainder of line

3 Line 4, strike "41-1526.01,"

4 Line 7, strike "fee:"

5 Page 2, strike lines 4 and 5

6 Renumber to conform

7 Strike lines 16 and 17

8 Reletter to conform

9 After line 43, insert:

10 "Sec. 2. Section 41-1525, Arizona Revised Statutes, is amended to
11 read:

12 41-1525. Arizona quality jobs incentives; tax credits for new
13 employment; qualifications; definitions

14 A. The owner of a business located in this state ~~before July 2017~~ is
15 eligible for income tax credits under section 43-1074 or 43-1161 or an
16 insurance premium tax credit under section 20-224.03 for net increases in
17 full-time employees residing in this state and hired in qualified
18 employment positions in this state.

19 B. To qualify under this section, and subject to preapproval by the
20 authority, the business must meet ~~either~~ **AT LEAST ONE** of the following
21 requirements for each location of the business before it claims a first
22 year tax credit for the location:

1 1. Invest at least five million dollars of capital investment and
2 create at least twenty-five NET new qualified employment positions ~~at a~~
3 ~~location within the exterior boundaries of a city or town that has a~~
4 ~~population of fifty thousand persons or more and that is located in a~~
5 ~~county that has a population of eight hundred thousand persons or more~~ THAT
6 PAY COMPENSATION AT LEAST EQUAL TO ONE HUNDRED PERCENT OF THE COUNTY MEDIAN
7 WAGE AS COMPUTED ANNUALLY BY THE AUTHORITY IN AN URBAN LOCATION.

8 2. INVEST AT LEAST TWO MILLION FIVE HUNDRED THOUSAND DOLLARS OF
9 CAPITAL INVESTMENT AND CREATE AT LEAST TWENTY-FIVE NET NEW QUALIFIED
10 EMPLOYMENT POSITIONS THAT PAY COMPENSATION AT LEAST EQUAL TO ONE HUNDRED
11 TWENTY-FIVE PERCENT OF THE COUNTY MEDIAN WAGE AS COMPUTED ANNUALLY BY THE
12 AUTHORITY IN AN URBAN LOCATION.

13 3. INVEST AT LEAST ONE MILLION DOLLARS OF CAPITAL INVESTMENT AND
14 CREATE AT LEAST TWENTY-FIVE NET NEW QUALIFIED EMPLOYMENT POSITIONS THAT PAY
15 COMPENSATION AT LEAST EQUAL TO ONE HUNDRED FIFTY PERCENT OF THE COUNTY
16 MEDIAN WAGE AS COMPUTED ANNUALLY BY THE AUTHORITY IN AN URBAN LOCATION.

17 4. INVEST AT LEAST FIVE HUNDRED THOUSAND DOLLARS OF CAPITAL
18 INVESTMENT AND CREATE AT LEAST TWENTY-FIVE NET NEW QUALIFIED EMPLOYMENT
19 POSITIONS THAT PAY COMPENSATION AT LEAST EQUAL TO TWO HUNDRED PERCENT OF
20 THE COUNTY MEDIAN WAGE AS COMPUTED ANNUALLY BY THE AUTHORITY IN AN URBAN
21 LOCATION.

22 ~~2.~~ 5. Invest at least one million dollars of capital investment and
23 create at least five NET NEW qualified employment positions in ~~any other~~ A
24 RURAL location.

25 6. INVEST AT LEAST FIVE HUNDRED THOUSAND DOLLARS OF CAPITAL
26 INVESTMENT AND CREATE AT LEAST FIVE NET NEW QUALIFIED POSITIONS THAT PAY
27 COMPENSATION AT LEAST EQUAL TO ONE HUNDRED TWENTY-FIVE PERCENT OF THE
28 COUNTY MEDIAN WAGE AS COMPUTED ANNUALLY BY THE AUTHORITY IN A RURAL
29 LOCATION.

30 7. INVEST AT LEAST ONE HUNDRED THOUSAND DOLLARS OF CAPITAL
31 INVESTMENT AND CREATE AT LEAST FIVE NET NEW QUALIFIED POSITIONS THAT PAY

1 COMPENSATION AT LEAST EQUAL TO ONE HUNDRED FIFTY PERCENT OF THE COUNTY
2 MEDIAN WAGE AS COMPUTED ANNUALLY BY THE AUTHORITY IN A RURAL LOCATION.

3 C. The capital investment and the new qualified employment positions
4 requirements of subsection B of this section must be accomplished within
5 twelve months after the start of the required capital investment. No
6 credit may be claimed until both requirements are met. A business that
7 meets the requirements of subsection B of this section for a location is
8 eligible to claim first year credits for three years beginning with the
9 taxable year in which those requirements are completed. Employees hired at
10 the location before the beginning of the taxable year but during the
11 twelve-month period allowed in this subsection are considered to be new
12 employees for the taxable year in which all of those requirements are
13 completed. The employees that are considered to be new employees for the
14 taxable year under this subsection shall not be included in the average
15 number of full-time employees during the immediately preceding taxable year
16 until the taxable year in which all of the requirements of subsection B of
17 this section are completed. An employee working at a temporary ~~work site~~
18 WORKSITE in this state while the designated location is under construction
19 is considered to be working at the designated location if all of the
20 following occur:

21 1. The employee is hired after the start of the required investment
22 at the designated location.

23 2. The employee is hired to work at the designated location after it
24 is completed.

25 3. The payroll for the employees destined for the designated
26 location is segregated from other employees.

27 4. The employee is moved to the designated location within thirty
28 days after its completion.

29 D. No more than ten thousand new jobs for all employers qualify for
30 first year credits each year.

31 E. To claim a tax credit, the business must:

1 1. Obtain preapproval from the authority at a time, on a form and in
2 a manner prescribed by the authority. Preapproval shall cover all first
3 year credits intended to be claimed for the designated location and all
4 second and third year credits associated with those first year credits.

5 2. Certify to the department of revenue or the department of
6 insurance, as applicable, on or before the due date of the tax return,
7 including any extensions for the year for which the credit is claimed, in a
8 form prescribed by the department, including electronic media, information
9 that the department may require, including the ownership interests of
10 co-owners of the business if the business is a partnership, limited
11 liability company or an S corporation, and the following information for
12 each employee in the designated location:

13 (a) The date of initial employment.

14 (b) The number of hours worked during the year.

15 (c) Whether the position was full-time.

16 (d) The employee's annual compensation.

17 (e) The total cost of health insurance for the employee and the cost
18 paid by the employer.

19 (f) Other information required by the department.

20 3. Report and certify to the authority the following information,
21 and provide supporting documentation, on a form and in a manner approved by
22 the authority, and as specified in subsection F of this section, for each
23 year in which the taxpayer earned and claimed or used credits or is
24 carrying forward amounts from previously earned and claimed credits:

25 (a) The business name and mailing address and any other contact
26 information requested by the authority.

27 (b) The physical address of the business location or locations and
28 the number of employees qualified for the credit at each location.

29 (c) The average hourly wage and the total amount of compensation
30 paid to employees qualified for the credit and for all employees.

1 (d) The total number of qualified employment positions and the
2 amount of income tax or premium tax credits qualified for in the taxable
3 year.

4 (e) The estimated amount of tax credits to be used in the taxable
5 year to offset tax liability.

6 (f) The estimated amount of tax credits to be available for
7 carryforward in the taxable year and the year in which the credits expire.

8 (g) The number of jobs and the amount of credits earned and claimed
9 on the prior year's tax return.

10 (h) The amount of credits used to offset tax liabilities on the
11 prior year's tax return.

12 (i) The amount of credits available for carryforward as reported on
13 the prior year's tax return and the year the credits expire.

14 (j) Capital investment made during the taxable year and the
15 preceding taxable year.

16 (k) Other information necessary for the management and reporting of
17 the incentives under this section.

18 4. For any year in which the taxpayer is claiming first year
19 credits, report and certify the following additional information and
20 provide supporting documentation to the authority on a form and in a manner
21 approved by the authority, and as specified in subsection F of this
22 section:

23 (a) That the net increase in the number of qualified employment
24 positions for which credit is sought is the least of:

25 (i) The total number of filled qualified employment positions
26 created at the designated location or locations during the taxable year.

27 (ii) The difference between the average number of full-time
28 employees in this state in the current taxable year and the average number
29 of full-time employees in this state during the immediately preceding
30 taxable year.

31 (b) That all employees filling a qualified employment position were
32 employed for at least ninety days during the first taxable year. Employees

1 hired in the last ninety days of the taxable year are excluded for that
2 taxable year and are considered to be new employees in the following
3 taxable year.

4 (c) That none of the employees filling qualified employment
5 positions were employed by the taxpayer during the twelve months before the
6 current date of hire except for those relocating to this state.

7 (d) That all employees for whom second and third year credits are
8 claimed are in qualified employment positions for which first year credits
9 were allowed and claimed by the taxpayer on the original first and second
10 year tax returns.

11 (e) That all employees for whom credits are taken performed their
12 job duties primarily at the designated locations of the business.

13 F. To qualify for first year credits, the report and certification
14 prescribed by subsection E, paragraphs 3 and 4 of this section must be
15 filed with the authority by the earlier of six months after the end of the
16 taxable year in which the qualified employment positions were created or by
17 the date the tax return is filed for the taxable year in which the
18 qualified employment positions were created. To qualify for second year
19 credits, the report and certification prescribed by subsection E, paragraph
20 3 of this section must be filed with the authority by the earlier of six
21 months after the end of the taxable year or the date the tax return is
22 filed for the taxable year in which the second year credits are allowable.
23 To qualify for third year credits, the report and certification prescribed
24 by subsection E, paragraph 3 of this section must be filed with the
25 authority by the earlier of six months after the end of the taxable year or
26 the date the tax return is filed for the taxable year in which the third
27 year credits are allowable.

28 G. Any information submitted to the authority under subsection E,
29 paragraph 3, subdivisions (e) through (j) of this section is exempt from
30 title 39, chapter 1, article 2 and considered to be confidential and is not
31 subject to disclosure except:

1 1. To the extent that the person or organization that provided the
2 information consents to the disclosure.

3 2. To the department of revenue for use in tax administration.

4 H. Documents filed with the authority, the department of insurance
5 and the department of revenue under subsection E of this section shall
6 contain either a sworn statement or certification, signed by an officer of
7 the company under penalty of perjury, that the information contained is
8 true and correct according to the best belief and knowledge of the person
9 submitting the information after a reasonable investigation of the facts.
10 If the document contains information that is materially false, the taxpayer
11 is ineligible for the tax credits described under subsection A of this
12 section and is subject to recovery of the amount of tax credits allowed in
13 preceding taxable years based on the false information, plus penalties and
14 interest.

15 I. The authority may make site visits to a taxpayer's facilities if
16 it is necessary to further document or clarify reported information. The
17 taxpayer must freely provide the access.

18 J. The authority by rule shall prescribe preapproval requirements
19 and additional reporting requirements for taxpayers who claim tax credits
20 pursuant to this section.

21 K. On or before September 30 of each year, the authority shall
22 transmit a report to the governor, the president of the senate, the speaker
23 of the house of representatives and the chairpersons of the senate finance
24 committee and the house of representatives ways and means committee and
25 provide a copy of the report to the secretary of state. The report shall
26 include the following information:

27 1. The business names, locations, number of employees and amount of
28 compensation paid to employees qualifying for income tax credits as
29 reported to the authority.

30 2. The amount of capital investment, made during the preceding
31 fiscal year and cumulatively.

1 3. The total amount of income tax credits allowed for the preceding
2 taxable year and the number of qualified employment positions for which
3 credits were claimed pursuant to sections 43-1074 and 43-1161.

4 L. For the purposes of this section:

5 1. "Capital investment" means an expenditure to acquire, lease or
6 improve property that is used in operating a business, including:

7 (a) Land, buildings, machinery and fixtures.

8 (b) For taxable years beginning from and after June 30, 2011,
9 equipment.

10 2. "Designated location" means the location at which the required
11 capital investment is made under subsection B of this section.

12 3. "Location" means a single parcel or contiguous parcels of owned
13 or leased land in this state, the structures and personal property
14 contained on the land or any part of the structures occupied by the owner.
15 Parcels that are separated only by a public thoroughfare or right-of-way
16 are considered to be contiguous but parcels that are in locations
17 respectively described by subsection B, paragraphs 1 and 2 of this section
18 are not considered to be contiguous.

19 4. "Qualified employment position" means employment that meets the
20 following requirements:

21 (a) The position consists of at least one thousand seven hundred
22 fifty hours per year of full-time permanent employment.

23 (b) The job duties are performed primarily at the location or
24 locations of the business in this state.

25 (c) The employment provides health insurance coverage for the
26 employee for which the employer pays at least sixty-five ~~per cent~~ PERCENT
27 of the premium or membership cost. If the business is self-insured, the
28 employer pays at least sixty-five ~~per cent~~ PERCENT of a predetermined fixed
29 cost per employee for an insurance program that is payable whether or not
30 the employee has filed claims.

1 (d) The employer pays compensation at least equal to the ~~median wage~~
2 ~~by county as computed annually by the authority~~ WAGE THRESHOLD AS DESCRIBED
3 IN SUBSECTION B OF THIS SECTION.

4 5. "RURAL LOCATION" MEANS A LOCATION THAT IS WITHIN THE BOUNDARIES
5 OF TRIBAL LANDS OR A CITY OR TOWN WITH A POPULATION OF LESS THAN FIFTY
6 THOUSAND PERSONS OR A COUNTY WITH A POPULATION OF LESS THAN EIGHT HUNDRED
7 THOUSAND PERSONS.

8 6. "URBAN LOCATION" MEANS A LOCATION THAT IS WITHIN THE EXTERIOR
9 BOUNDARIES OF A CITY OR TOWN THAT HAS A POPULATION OF FIFTY THOUSAND
10 PERSONS OR MORE AND THAT IS LOCATED IN A COUNTY THAT HAS A POPULATION OF
11 EIGHT HUNDRED THOUSAND PERSONS OR MORE.

12 Sec. 3. Title 41, chapter 10, article 1, Arizona Revised Statutes,
13 is amended by adding sections 41-1526 and 41-1526.01, to read:"

14 Renumber to conform

15 Page 3, line 15, after the period strike remainder of line

16 Strike lines 16 through 18

17 Line 25, strike "SHALL BE AT THE SOLE DISCRETION OF THE CHIEF EXECUTIVE
18 OFFICER," insert "IS"

19 Page 4, line 15, after "2." strike remainder of line

20 Line 16, strike "DETERMINED BY THE AUTHORITY,"

21 Line 18, after the period strike remainder of line

22 Strike lines 19 through 22

23 Line 25, after "DOCUMENTATION" strike remainder of line

24 Line 26, strike "DETERMINED BY THE AUTHORITY,"

25 Line 42, strike the first comma; after "DOCUMENTATION" strike remainder of
26 line

27 Line 43, strike "AND IN A MANNER APPROVED BY THE AUTHORITY, AND"

28 Page 56, line 29, after the period strike remainder of line

29 Strike line 30

30 Line 31, strike "REQUESTED FOR CONVERSION ON THE DATE OF APPLYING FOR THE
31 CONVERSION."

32 Page 59, line 38, after the period strike remainder of line

House Amendments to H.B. 2492

1 Page 59, strike line 39

2 Line 40, strike "REQUESTED FOR CONVERSION ON THE DATE OF APPLYING FOR THE
3 CONVERSION."

4 Page 60, line 5, strike "11" insert "13"

5 Amend title to conform

And, as so amended, it do pass

MICHELLE UGENTI-RITA
CHAIRMAN

2492WAYS AND MEANS
02/15/2017
10:26 AM
H: rca