

COMMITTEE ON FINANCE
SENATE AMENDMENTS TO H.B. 2649
(Reference to House engrossed bill)

1 Page 1, line 44, after "is" insert "EITHER"

2 Line 45, after the first "authority" insert "OR A PROSPECTIVE DATE STATED IN
3 THE APPLICATION THAT DOES NOT EXCEED FIVE YEARS AFTER THE DATE ON WHICH THE
4 APPLICATION WAS SUBMITTED"

5 Page 2, line 2, after "center" insert "THAT SUBMITS AN APPLICATION TO THE
6 AUTHORITY"

7 Page 7, between lines 26 and 27, insert:

8 "Sec. 2. Section 41-1520, Arizona Revised Statutes, is amended to
9 read:

10 41-1520. International operations centers; utility relief;
11 certification; revocation; definitions

12 A. Utility relief is allowed for the owner or operator of an
13 international operations center that is certified pursuant to this section.

14 B. To qualify for the utility relief, the owner or operator must
15 submit to the authority an application in a form prescribed by the
16 authority that includes all of the following:

17 1. The owner's or operator's name, address and telephone number.

18 2. The address of the site where the facility is or will be located,
19 including, if applicable, information sufficient to identify the specific
20 portion or portions of the facility comprising the international operations
21 center.

22 3. AN ESTIMATE OF THE TOTAL INVESTMENT THE OWNER OR OPERATOR OR AN
23 AFFILIATED ENTITY WILL MAKE, OVER A THREE-YEAR PERIOD BEGINNING ON THE DATE
24 THE APPLICATION IS RECEIVED, IN NEW RENEWABLE ENERGY FACILITIES IN THIS
25 STATE THAT PRODUCE ENERGY FOR SELF-CONSUMPTION BY THE INTERNATIONAL
26 OPERATIONS CENTER USING RENEWABLE ENERGY RESOURCES.

27 4. THE EXPECTED LOCATION OF EACH OF THE RENEWABLE ENERGY FACILITIES
28 THAT COMPRISE THE TOTAL INVESTMENT ESTIMATED IN PARAGRAPH 3 OF THIS

1 SUBSECTION AND THE EARLIEST DATE THAT EACH FACILITY IS EXPECTED TO BE
2 OPERATIONAL.

3 5. A STATEMENT THAT A PORTION OF THE POWER BY EACH RENEWABLE ENERGY
4 FACILITY, AS REQUIRED BY SUBSECTION D, PARAGRAPH 4 OF THIS SECTION, IS FOR
5 SELF-CONSUMPTION AND WILL BE USED FOR INTERNATIONAL OPERATIONS CENTER USE.

6 C. Within sixty days after receiving a complete and correct
7 application, the authority shall review the application and either issue a
8 written certification that the international operations center qualifies
9 for the utility relief or provide written reasons for its denial. A
10 failure to approve or deny the application within sixty days after the date
11 of submittal constitutes certification of the international operations
12 center, and the authority shall issue written certification to the owner or
13 operator within fourteen days. The authority shall send a copy of the
14 certification to the department of revenue.

15 D. The owner or operator of the international operations center must
16 achieve ~~both~~ ALL of the following ~~investment~~ requirements after taking into
17 account the combined investments made by the owner or operator:

18 1. A minimum annual investment of \$100,000,000 in new capital
19 assets, including costs of land, buildings and international operations
20 center equipment in each of ten consecutive taxable years of the owner or
21 operator. Investments greater than \$100,000,000 in any taxable year may be
22 carried forward as a credit toward the investment requirement in future
23 years.

24 2. On or before the tenth anniversary of certification, a minimum
25 investment of at least \$1,250,000,000 in new capital assets, including
26 costs of land, buildings and international operations center equipment.

27 3. AN INVESTMENT BY THE OWNER OR OPERATOR OR AN AFFILIATED ENTITY,
28 OR A THIRD-PARTY ENTITY ON BEHALF OF OR FOR THE DIRECT BENEFIT OF THE OWNER
29 OR OPERATOR, OF AT LEAST \$100,000,000 IN ONE OR MORE NEW RENEWABLE ENERGY
30 FACILITIES IN THIS STATE THAT PRODUCE ENERGY FOR SELF-CONSUMPTION USING
31 RENEWABLE ENERGY RESOURCES. THE MINIMUM INVESTMENT MUST BE COMPLETED
32 WITHIN A THREE-YEAR PERIOD BEGINNING ON THE DATE THE INITIAL APPLICATION IS

1 RECEIVED OR BY DECEMBER 31, 2030, WHICHEVER IS EARLIER. CONSTRUCTION OF
2 THE RENEWABLE ENERGY FACILITIES SHALL BEGIN NOT LATER THAN SIX MONTHS AFTER
3 THE RECEIPT OF THE APPLICATION.

4 4. THE USE OF A PORTION OF THE ENERGY PRODUCED AT EACH RENEWABLE
5 ENERGY FACILITY FOR SELF-CONSUMPTION IN THIS STATE. BY THE FIFTH YEAR A
6 RENEWABLE ENERGY FACILITY IS IN OPERATION, AT LEAST FIFTY-ONE PERCENT OF
7 THE ENERGY PRODUCED MUST BE USED FOR SELF-CONSUMPTION IN THIS STATE.
8 SELF-CONSUMPTION INCLUDES THE POWER USED BY RELATED ENTITIES IF THE RELATED
9 ENTITIES ARE DIRECTLY OR INDIRECTLY UNDER THE SAME OWNERSHIP INTERESTS THAT
10 COLLECTIVELY OWN MORE THAN EIGHTY PERCENT. POWER THAT A RENEWABLE ENERGY
11 FACILITY TRANSFERS TO A UTILITY QUALIFIES AS SELF-CONSUMPTION IF THE
12 UTILITY IS THE SAME UTILITY THAT PROVIDES POWER TO THE OWNER'S OR
13 OPERATOR'S INTERNATIONAL OPERATIONS CENTER IN THIS STATE, REGARDLESS OF
14 WHETHER THE OWNER OR OPERATOR OR AN AFFILIATED ENTITY OWNS OR LEASES THE
15 RENEWABLE ENERGY FACILITY OR THE LAND ON WHICH IT IS LOCATED AT THE TIME OF
16 TRANSFER.

17 5. THE USE OF POWER FOR SELF-CONSUMPTION UNDER PARAGRAPH 4 OF THIS
18 SUBSECTION IS FOR AN INTERNATIONAL OPERATIONS CENTER IN THIS STATE. A
19 LESSOR OF AN INTERNATIONAL OPERATIONS CENTER FACILITY THAT USES POWER FOR
20 SELF-CONSUMPTION UNDER PARAGRAPH 4 OF THIS SUBSECTION SATISFIES THE
21 REQUIREMENTS OF THIS PARAGRAPH IF THE LESSEE IS AN INTERNATIONAL OPERATIONS
22 CENTER AND THE POWER IS TRANSFERRED AS PART OF THE LEASE TO THE LESSEE.

23 E. Within thirty days after the end of each taxable year following
24 certification, and within thirty days after the tenth anniversary of
25 certification, the owner or operator shall furnish the authority written
26 information demonstrating whether the certified international operations
27 center has or has not satisfied the ~~investment~~ requirements prescribed in
28 subsection D of this section. Until the ~~investment~~ requirements prescribed
29 in subsection D of this section are met, the owner or operator shall keep
30 detailed records of all capital investment in the international operations
31 center, including costs of land, buildings and international operations

1 center equipment, and all utility relief directly received by the owner or
2 operator.

3 F. If the authority determines that the requirements of this section
4 have not been satisfied, the authority may revoke the certification of the
5 international operations center and notify the department of revenue in
6 writing. The owner or operator may appeal the revocation. The authority
7 may give special consideration or allow a temporary exception if there is
8 extraordinary hardship due to factors beyond the owner's or operator's
9 control. If certification is revoked, the department of revenue shall
10 order the owner or operator to forfeit further entitlement to utility
11 relief. If the owner or operator fails to make a minimum capital
12 investment of \$100,000,000 in a taxable year, taking into account any
13 excess investment amounts carried forward from previous years, the owner or
14 operator may avoid revocation of its certification by paying to the
15 department of revenue within sixty days after the end of the taxable year
16 the amount of the utility relief provided pursuant to this section in that
17 year.

18 G. EACH YEAR AFTER INITIAL CERTIFICATION, ON OR BEFORE THE
19 ANNIVERSARY DATE OF THE APPLICATION SPECIFIED IN SUBSECTION B OF THIS
20 SECTION, THE OWNER, OPERATOR OR AFFILIATED ENTITY MUST SUBMIT TO THE
21 AUTHORITY:

22 1. DOCUMENTATION OF THE OWNER'S, OPERATOR'S OR AFFILIATED ENTITY'S
23 PROGRESS TOWARD THE INVESTMENT REQUIRED BY SUBSECTION D, PARAGRAPH 3 OF
24 THIS SECTION. THIS DOCUMENTATION IS NOT REQUIRED AFTER THE AUTHORITY
25 RECEIVES A REPORT STATING THAT THE REQUIRED INVESTMENT THRESHOLD HAS BEEN
26 REACHED.

27 2. DOCUMENTATION FOR EACH RENEWABLE ENERGY FACILITY THAT
28 DEMONSTRATES THAT THE REQUIRED PORTION OF THE POWER GENERATED BY EACH
29 FACILITY IS FOR SELF-CONSUMPTION AS REQUIRED BY SUBSECTION D, PARAGRAPH 4
30 OF THIS SECTION.

31 ~~G.~~ H. The authority and the department of revenue shall prescribe
32 forms and procedures as necessary for the purposes of this section.

1 ~~I.~~ I. Proprietary business information contained in the application
2 form described in subsection B of this section and the written notice
3 described in subsection F of this section are confidential and may not be
4 disclosed to the public, except that the information shall be transmitted
5 to the department of revenue. The authority or the department of revenue
6 may disclose the name of an international operations center that has been
7 certified pursuant to this section.

8 ~~J.~~ J. Except as provided in subsection F of this section, on
9 certification, the international operations center remains certified unless
10 ownership of the international operations center is sold, conveyed,
11 transferred or otherwise directly or indirectly disposed of to another
12 entity in which the original owner holds less than a controlling interest.
13 For the purposes of this subsection, "controlling interest" means at least
14 eighty percent of the voting shares of a corporation or of the interests in
15 a noncorporate entity.

16 ~~K.~~ K. An owner or operator may be composed of a single entity or
17 affiliated entities.

18 L. IF THE INFORMATION REQUIRED BY SUBSECTION B, PARAGRAPHS 3, 4 AND
19 5 OF THIS SECTION AND THE DOCUMENTATION REQUIRED BY SUBSECTION G OF THIS
20 SECTION WAS ALREADY PROVIDED TO THE DEPARTMENT OF REVENUE FOR THE PURPOSES
21 OF THE CREDIT PROVIDED BY SECTION 43-1164.05, THE OWNER OR OPERATOR IS NOT
22 REQUIRED TO PROVIDE THE INFORMATION OR DOCUMENTATION A SECOND TIME UNDER
23 THIS SECTION.

24 ~~M.~~ M. For the purposes of this section:

25 1. "AFFILIATED ENTITY" INCLUDES ANY ENTITY IN WHICH THE OWNER OR
26 OPERATOR OF THE INTERNATIONAL OPERATIONS CENTER IS ENTITLED TO A
27 DISTRIBUTIVE SHARE OF THE ENTITY'S INCOME OR LOSS AND ANY ENTITY THAT IS
28 DISREGARDED FOR FEDERAL INCOME TAX PURPOSES AND IS DIRECTLY OR INDIRECTLY
29 OWNED WHOLLY OR IN PART BY THE OWNER OR OPERATOR OF THE INTERNATIONAL
30 OPERATIONS CENTER.

1 2. "BIOMASS" MEANS ORGANIC MATERIAL THAT IS AVAILABLE ON A RENEWABLE
2 OR RECURRING BASIS, INCLUDING:

3 (a) FOREST-RELATED MATERIALS, INCLUDING MILL RESIDUES, LOGGING
4 RESIDUES, FOREST THINNINGS, SLASH, BRUSH, LOW-COMMERCIAL VALUE MATERIALS OR
5 UNDESIRABLE SPECIES, SALT CEDAR AND OTHER PHREATOPHYTE OR WOODY VEGETATION
6 REMOVED FROM RIVER BASINS OR WATERSHEDS AND WOODY MATERIAL HARVESTED FOR
7 THE PURPOSE OF FOREST FIRE FUEL REDUCTION OR FOREST HEALTH AND WATERSHED
8 IMPROVEMENT.

9 (b) AGRICULTURAL-RELATED MATERIALS, INCLUDING ORCHARD TREES,
10 VINEYARD, GRAIN OR CROP RESIDUES, INCLUDING STRAWS AND STOVER, AQUATIC
11 PLANTS AND AGRICULTURAL PROCESSED COPRODUCTS AND WASTE PRODUCTS, INCLUDING
12 FATS, OILS, GREASES, WHEY AND LACTOSE.

13 (c) ANIMAL WASTE, INCLUDING MANURE AND SLAUGHTERHOUSE AND OTHER
14 PROCESSING WASTE.

15 (d) SOLID WOODY WASTE MATERIALS, INCLUDING LANDSCAPE OR RIGHT-OF-WAY
16 TREE TRIMMINGS, RANGELAND MAINTENANCE RESIDUES, WASTE PALLETS, CRATES AND
17 MANUFACTURING, CONSTRUCTION AND DEMOLITION WOOD WASTES, BUT EXCLUDING
18 PRESSURE-TREATED, CHEMICALLY TREATED OR PAINTED WOOD WASTES AND WOOD
19 CONTAMINATED WITH PLASTIC.

20 (e) CROPS AND TREES PLANTED FOR THE PURPOSE OF BEING USED TO PRODUCE
21 ENERGY.

22 (f) LANDFILL GAS, WASTEWATER TREATMENT GAS AND BIOSOLIDS, INCLUDING
23 ORGANIC WASTE BY-PRODUCTS GENERATED DURING THE WASTEWATER TREATMENT
24 PROCESS.

25 ~~1.~~ 3. "International operations center" means a facility or
26 connected facilities under the same ownership that are subject to the
27 investment thresholds under subsection D of this section and that
28 self-consume renewable energy from a qualified facility pursuant to
29 SUBSECTION D OF THIS SECTION OR section 43-1164.05, subsection B.

30 4. "RENEWABLE ENERGY FACILITY" MEANS A FACILITY IN WHICH THE OWNER,
31 OPERATOR OR AFFILIATED ENTITY INVESTED AT LEAST \$30,000,000, THAT HAS AT
32 LEAST TWENTY MEGAWATTS OF GENERATING CAPACITY OR A MINIMUM TYPICAL ANNUAL

1 GENERATION OF FORTY THOUSAND MEGAWATT HOURS, THAT IS LOCATED ON LAND IN
2 THIS STATE AND THAT PRODUCES ELECTRICITY USING A RENEWABLE ENERGY RESOURCE.

3 5. "RENEWABLE ENERGY RESOURCE" MEANS A RESOURCE THAT GENERATES
4 ELECTRICITY BY USING ONLY THE FOLLOWING ENERGY SOURCES:

5 (a) SOLAR LIGHT.

6 (b) SOLAR HEAT.

7 (c) WIND.

8 (d) BIOMASS, INCLUDING FUEL CELLS SUPPLIED DIRECTLY OR INDIRECTLY
9 WITH BIOMASS GENERATED FUELS.

10 ~~2.~~ 6. "Utility relief" means the mitigation of the tax burden on
11 the retail purchaser of electricity or natural gas through the application
12 of section 42-5063, subsection C, paragraph 7, section 42-5159, subsection
13 G, paragraph 2 and section 42-6012, paragraph 2."

14 Renumber to conform

15 Page 79, line 6, strike "2030" insert "2018"

16 Amend title to conform

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03/16/2021
3:59 PM
C: ed