



2017 Arizona Legislative Session Recap (53rd Legislature, First Regular Session)

SB1416: quality jobs incentives; tax credits

Signed: May 22, 2017

Effective: January 1, 2018

[Chapter 340](#)

Extends and modifies several existing tax credits and incentives:

- **Quality Jobs Tax Credit:** The Quality Jobs Tax Credit program, previously set to sunset July of 2017, is extended 8 years to July 2025. Additionally, a tiered model is introduced to recognize industries and/or applicants such as corporate headquarters, legal offices, and financial services that have exceptionally high-paying jobs, but may not have the capital investment needs that the program currently requires.

URBAN			
Status	Min # of New Jobs	% of County Median Wage	Min. Capex
Existing	25	100%	\$5,000,000
NEW	25	125%	\$2,500,000
NEW	25	150%	\$1,000,000
NEW	25	200%	\$500,000

RURAL			
Status	Min # of New Jobs	% of County Median Wage	Min. Capex
Existing	5	100%	\$1,000,000
NEW	5	125%	\$500,000
NEW	5	150%	\$100,000

- **Accelerated Additional Depreciation:** Allows Class Six real and personal property located within a Foreign Trade Zone or a Military Reuse Zone to be assessed with the same additional depreciation values as Class One and Class 2(P) property if all the following apply:
 - The property is acquired during or after TY 2017
 - The property is initially classified as Class Six property during or after TY 2018
 - The property is used in a manufacturing application pursuant to statute
- **Qualified Facility Tax Credit:** Clarifies that a taxpayer may claim all five annual investments of Qualified Facilities Tax Credits that were preapproved by the Arizona Commerce Authority (ACA) before the sunset date of January 1, 2023, notwithstanding any intervening repeal or termination of the credit.

- **Research & Development Tax Credit:** Maintains the current rate of Research and Development tax credits through TY 2022, at which point the credit reduces. The current R&D tax credit applies to both corporations and individuals and is equal to 24% of the first \$2.5 million in qualifying expenses plus 15% of the qualifying expenses in excess of \$2.5 million. For 2023 and thereafter, the tax credit rates will lower 20% for the first \$2.5 million in qualifying expenses and 11% of the qualifying expenses in excess of \$2.5 million.
- **Public Infrastructure Funding for Large Manufacturing Investments:** This program provides municipalities a means of mitigating infrastructure costs by allowing construction sales tax dollars generated by manufacturing investments that would otherwise flow to the State, to be redirected. This can only be used for large manufacturing projects over \$500M in counties with a population of 800,000 and projects over \$50M in smaller counties.

Proposed Improvements:

- Requires a city commit 100%, instead of 20% of their portion of prime contracting Transaction Privilege Tax (TPT) related to the new building construction be used for public infrastructure improvements.
 - Qualifying investment decreased from 25% to 10%.
 - Allows project to begin 180 days before the final paperwork must be filed
 - Clarifies the definition of public infrastructure.
 - Excess TPT revenues will be returned to the state.
- **Fractional Ownership Aircraft TPT Exemption:** Exempts an aircraft sold to a person for use in a fractional ownership program from TPT and use tax.

HB2191: angel investor; tax credit cap

Signed: May 22, 2017

Effective: August 9, 2017

[Chapter 319](#)

Allows the Arizona Commerce Authority (ACA) to authorize an additional \$10 million in tax credits against qualified investments made in qualified small businesses through June 30, 2021.

- No more than \$2,500,000 in tax credits may be authorized per calendar year

SB1292: Arizona competes fund; microenterprises

Signed: May 22, 2017

Effective: August 9, 2017

[Chapter 336](#)

Requires the ACA to reserve up to \$1,000,000 of the Arizona Competes Fund (ACF) for grants to advance microenterprise development and continues the ACF for 8 years.

- Defines microenterprise as any business that is located or principally based in this state and that employ 10 or fewer employees, including start-up, home-based and self-employed businesses.

HB2213: GPLET reform; K-12 taxes

Signed: March 30, 2017

Effective: August 9, 2017

[Chapter 120](#)



Modifies existing rates and requirements pertaining to the government property lease excise tax (GPLET).

Specifies that new limitations would not apply to leases or development agreements for the lease of government property if either of the following occurred before January 1, 2017:

- A corresponding resolution, ordinance or submitted request for proposal for the lease or intent to lease such property was approved by the governing body of the government lessor; or
- A proposal was submitted to the government lessor in response to a request for proposals.

SJR1002: Phoenix-Goodyear Airport; Military Reuse Zone

Signed: March 2, 2017

Effective: August 9, 2017

Renews the Phoenix-Goodyear Airport as a MRZ until December 3, 2027.

SB1524: budget procedures; budget reconciliation 2017-2018

Signed: May 12, 2017

Effective: August 9, 2017

[Chapter 307](#)

Reestablishes, retroactive to January 1, 2017, the Arizona Job Training Fund (Fund), specifies the Fund will consist of legislative appropriations, federal monies, gifts, grants and other monies and grants the ACA permission to administer the Fund with exceptions.

HB2088: incorporation; urbanized areas

Signed: February 21, 2017

Effective: August 9, 2017

[Chapter 1](#)

Directs county boards of supervisors to act on the incorporation petition of urbanized areas without an approved petition from the city or town opposed to the incorporation if certain conditions are met.

HB2152: emissions credits; voluntary emissions bank

Signed: May 1, 2017

Effective: August 9, 2017

[Chapter 225](#)

Makes various modifications and introduces new provisions to the Arizona Emissions Bank

SB1326: telecommunications; broadband; accelerated depreciation

Signed: April 28, 2017

Effective: January 1, 2018

[Chapter 220](#)

Requires DOR to apply additional depreciation to the scheduled depreciation values of personal property defined as qualifying broadband infrastructure as follows:

- 25% for the first tax year of assessment
- 41% for the second tax year of assessment

- 57% for the third tax year of assessment
- 73% for the fourth tax year of assessment
- 89% for the fifth tax year of assessment
- Scheduled depreciation value for the sixth and each subsequent tax year of assessment thereafter.

SB1454: county improvement districts; assessment; contribution

Signed: May 22, 2017

Effective: August 9, 2017

[Chapter 342](#)

Allows the payment of preliminary incidental costs of a county improvement district (district) to be assessed and levied on a per parcel basis.

Specifies that in addition to requirements regarding the financing of districts, a district may also be financed using the following:

- proceeds received from the sale of bonds of the district;
- county monies that are contributed to the district;
- state or federal grants;
- private contributions; and
- Any other monies available to the district by law.