

RENEWABLE ENERGY TAX INCENTIVE PROGRAM

(ESTABLISHED UNDER A.R.S. §41-1511)

SUMMARY

The goal of the Renewable Energy Tax Incentive Program (RETIP) is to encourage business investment that will produce high-quality employment opportunities and enhance Arizona’s position as a center for production and use of renewable energy products. The program accomplishes this goal by providing tax incentives to businesses in the solar, water, wind, geothermal, biomass, biogas, landfill gas and other non-fossil renewable energy industries expanding or locating in Arizona.

Administered by Arizona Commerce Authority (ACA), this program offers a real and personal property tax reduction.

REAL AND PERSONAL PROPERTY TAX REDUCTION

Who is eligible? How does my company qualify?

All real and personal property primarily dedicated to renewable energy manufacturing and/or headquarters operations can be reclassified to Class 6 property, effectively constituting a 75% annual savings in property taxes. Businesses making new qualifying investment of \$25 million or more in manufacturing and/or headquarter operations in Arizona in renewable energy industries are eligible for:

- **10 years** of property tax savings, if the company pays at least 51% of the net new full-time employment positions between 125% and 199% of the annual median wage.
- **15 years** of property tax savings, if the company pays at least 51% of the net new full-time employment positions at least 200% of the annual median wage.

There is no limitation on the amount of property tax savings available to a qualified business in any calendar year under the RETIP program. Property tax benefits, however, cannot be claimed until a project is operational.

RETIP DEFINITIONS

“Capital Investment” means an expenditure to acquire, lease or improve property that is used in operating a business, including land, buildings, machinery and fixtures.

“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.

“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 for off-site consumption.

“Qualifying investment” means investment in land, buildings, machinery and fixtures for expansion of an existing renewable energy operation or establishment of a new renewable energy operation in this state after September 30, 2009. Qualifying investment does NOT include relocating an existing renewable energy operation in this state to another location in this state without additional capital investment of at least two hundred fifty thousand dollars.

“Qualifying renewable energy operation” means the facility where a qualifying investment was made.

“Renewable energy” means usable energy, including electricity, fuels, gas and heat, produced through the conversion of energy provided by sunlight, water, wind, geothermal, heat, biomass, biogas, landfill gas or other nonfossil renewable resource.

“Renewable energy business” means a person primarily engaged in the business of renewable energy manufacturing operations or renewable energy headquarters operations.

“Renewable energy operations” are limited to manufactures of, and headquarters for, systems and components that are used or useful in manufacturing renewable energy equipment for the generation, storage, testing and research and development, transmission or distribution of electricity from renewable resources, including specialized packaging for the renewable energy equipment manufactured at the qualifying renewable energy operation.

“Renewable energy resource” means a resource that is replaced by natural and assisted processes at a rate that is comparable to or faster than the rate of natural depletion and consumption by humans.

Contact us to learn about additional programs and the benefits of doing business in Arizona.

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