

Qualified Facility Tax Credit Program

- Calendar Year 2024 Annual Report

Prepared by the:

ARIZONA
COMMERCE AUTHORITY

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Program Overview

The Qualified Facility Tax Credit Program (the “Program”) was established to promote the location and expansion of manufacturing facilities, manufacturing research and development facilities, and all business headquarters for the sake of i) generating high quality employment opportunities for Arizonans, ii) increasing Arizona’s property tax base and iii) enhancing Arizona’s position as a center for manufacturing and business headquarters. The Program achieves these goals by providing refundable income tax credits to businesses expanding or locating qualified facilities in Arizona.

The Arizona Commerce Authority (“Authority”) is authorized to pre-approve refundable income tax credits of up to \$125 million each calendar year. Pre-approvals in respect to any taxpayer in any calendar year are limited to \$30 million.

Refundable income tax credits under the Program equal the lesser of:

- 10% of the qualified investment made at the facility;
- \$20,000 per net new job at the facility if the total qualifying investment is less than \$2,000,000,000, or \$30,000 per net new full-time employment position associated with the facility if the total qualifying investment is \$2,000,000,000 or more; or
- \$30 million per taxpayer, per year.

A business is eligible for Program tax credits if it:

- 1) Makes a qualifying capital investment not greater than 36 months prior to submittal of an application for pre-approval to establish or expand a facility that devotes at least 80% of both the property and payroll at the facility to one or more of the following:
 - a. Qualified manufacturing if at least 65% of the manufactured products are sold outside of Arizona;
 - b. Qualifying research and development if conducted by a manufacturing business that derives at least 65% of its revenues from sales outside of Arizona; or
 - c. Qualified headquarters activities for a business that derives at least 65% of its revenues from sales outside of Arizona; *and*
- 2) Creates net new employment positions associated with the facility at least 51% of which are paid a wage equal to or greater than 125% of the state’s annual median wage for production occupations if located in an urban area or 100% of the state’s annual median wage for production occupations if located in a rural area. The net new employment positions must be:
 - a. Full-time and permanent (1,750 hours per year);
 - b. Filled for at least 90 days by an employee who has not worked for the taxpayer within 12 months before the date of hire (other than an employee relocating to Arizona from another state); and
 - c. Offered health insurance at least 65% of the cost of which is paid by the employer.

If a business satisfies the Program’s eligibility requirements, the Authority will issue a certification of pre-approval and reserve tax credits for the applicant-business. After the qualified facility begins operations, the business can apply to the Authority for post-approval, at which point the applicant-business must submit a managed review report to the Authority, prepared by a third-party CPA, that confirms the extent of the business’s investment and job creation. If the applicant-business receives “post-approval,” the applicant-business may claim Program tax credits with the Arizona Department of Revenue in five equal annual installments.

Reporting Requirements

Pursuant to A.R.S. § 41-1512(U) and (V), the Authority is required to prepare and publish an annual report, not later than April 30 of each year, providing the following Program information in respect to the preceding calendar year:

1. The name of each business receiving pre-approval and the amount of income tax credits pre-approved for each business’s qualifying investment,
2. The amount of income tax credits post-approved with respect to each qualifying investment,
3. A percentage comparison of (i) the annual amount of monies credited by Arizona to qualified facilities with (ii) the estimated amount of monies spent in Arizona in the form of qualifying investments, and
4. Data on growth in Arizona of qualified facilities and related employment and wages.

Calendar Year 2024 Program Activity

I) Pre-Approvals

During calendar year 2024, the Authority issued thirty-one pre-approvals to thirty unique businesses. The names of the businesses and the amount of Program income tax credits pre-approved and amended for each business are reflected in the chart below.

Calendar Year 2024 Pre-Approvals	
Business Name	Pre-Approved Tax Credit Amount
Rauch North America, Inc. [Amendment]*	\$2,327,118
Acumen Fiscal Agent, LLC	186,060
Applied Materials, Inc. - ASU Location, Phase 2	2,800,000
Arrivia, Inc.	573,078
ASM America Phoenix	6,999,780
Boeing	11,760,000
Bubbies Homemade Ice Cream & Desserts, Inc.	640,000
Fender Musical Instruments Corporation	2,000,000
HDA-SMC, Inc.	800,000
Heraeus Conamic North America LLC	1,060,000
JA Solar	18,000,000
KP Aviation Holdings, LLC	460,000
Marana HoldCo, Inc.	6,400,000
Mercury Systems, Inc. - Amendment	527,021
Microchip Technology Incorporated HQ	4,200,000
Next Level Steel**	502,280
Northrop Grumman Systems Corp - Chandler	5,170,000
Northrop Grumman Systems Corp - Gilbert	12,120,000
NUCOR	3,060,000
Planatome, LLC	195,900
Setnix, LLC	2,840,000
Southwark Metal Manufacturing Company	700,000

Superior Industries, Inc.	850,000
The Procter & Gamble Manufacturing Company	3,000,000
TSMC	30,000,000
Vanguard Group Amendment	1,934,500
VB Cosmetics, Inc.	800,000
Viavi Solutions Inc	2,220,000
Vivid Impact	474,263
Yerecic Label, Inc.	400,000
Yield Engineering Systems, Inc,	2,000,000
Total	\$125,000,000

* portion of 2023 application applied to 2024 cap

**a portion of 2024 application will be applied to 2025 cap

II) Post-Approvals.

During calendar year 2024, the Authority issued seventeen post-approvals to seventeen unique businesses. The names of the businesses and the amount of Program income tax credits post-approved for each business are reflected in the chart below.

Calendar Year 2024 Post-Approvals	
Business Name	Post-Approved Tax Credit Amount
ArmorWorks Enterprise, Inc.	\$1,000,000
ASM Arizona	6,680,000
Ball Metal Beverage Container Corp.	840,000
Dexcom	7,700,000
Edmund Industrial Optics Inc.	250,000
Fairlife, Inc.	3,060,000
Hyundai-Transys Georgia Seating System, LLC	1,113,311
Lucid Motors	11,060,000
Mercury Systems, Inc. (Phoenix)	2,607,021
Newmark Group, Inc. (HQ)	461,338
Panda Holdco, LLC	240,477
Parker Fasteners	700,000

Rauch North America, Inc.	4,860,000
Seattle-Tacoma Box Company	600,000
The Vanguard Group, Inc.	2,340,000
United Foods International	920,000
VB Cosmetics	608,679
Total	\$45,040,826

Comparison of Program Tax Credits with Facility Investments

Based on data provided in the thirty-one applications that received pre-approvals, pre-approved tax credits in calendar year 2024 represented more than three percent (3.75%)* of the projected qualifying investment in new and expanding facilities: \$123,598,458* in pre-approved tax credits in relation to \$3,298,418,896* of projected qualifying investment.

*This comparison includes all of Next Level Steel (applied to 2024 and 2025 cap) and does not include Rauch North America (applied to 2023 and 2024 cap).

Industry Growth Data

Manufacturing represents a vital aspect of the Arizona economy. According to estimates from the Arizona Office of Economic Opportunity,¹ 194,201 people were employed by 5,646 manufacturing establishments in Arizona in 2024. Arizona’s average annual wages and salaries in the manufacturing industry equaled \$93,288 in 2024. Furthermore, for every one in-state manufacturing job in Arizona, an additional 2.42 jobs are supported, which means that, based on current 2024 employment estimates, manufacturing activities in Arizona supported an additional 469,966 jobs in Arizona.²

Based on 2024 estimated employment,³ Arizona’s three largest manufacturing sectors by employment were aerospace products and parts manufacturing, semiconductor and other electronic component manufacturing, and medical equipment and supplies manufacturing.

In 2024, manufacturers in Arizona exported \$27.8 billion in manufactured goods, 30.7 percent more than in 2019.⁴ Manufactured goods exports also accounted for 86.2 percent of the state’s total exports in 2024.⁵ Finally, according to the most recent Bureau of Economic Analysis statistics, manufacturing’s contribution to Arizona’s gross state product (GSP) totaled \$46.1 billion (current dollars, not adjusted for inflation), which represents 8.4% of the state’s total GSP.⁶

¹ Data from U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) via the Arizona Office of Economic Opportunity. QCEW data are updated each quarter and revised annually. The Arizona Office of Economic Opportunity's estimates include QCEW 2024 Q3 data.

² Multiplier provided by Elliott D. Pollack & Company

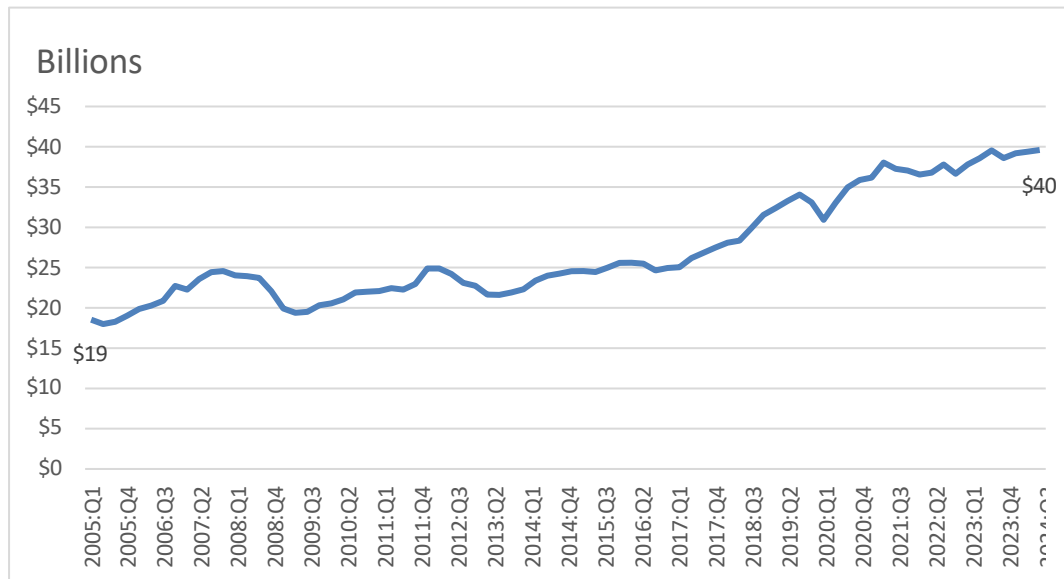
³ Using the North American Industry Classification System (NAICS) codes at the 4-digit level

⁴ Not adjusting for inflation.

⁵ WiserTrade, accessed April 18, 2025. Based on NAICS codes at the 3-digit level

⁶ Bureau of Economic Analysis, GSP by state in current dollars. Most recent data are for Q3 2024. Accessed April 18, 2025.

Arizona's Manufacturing Output, 2005 to 2024



Sources: Bureau of Economic Analysis quarterly real gross domestic product by state. Figures in billions of chained 2017 dollars. Accessed 4/18/2025.

Arizona Commerce Authority

ARIZONA COMMERCE AUTHORITY
April 30, 2025

Amended
April 27, 2026