

# **ARIZONA INCOME TAX CREDITS**

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**Arizona Department of Revenue  
Office of Economic Research and Analysis**

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If you have any questions or comments regarding the data contained in this report, please contact the Office of Economic Research & Analysis at the Arizona Department of Revenue at (602) 716-6090.

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**ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|   |   | 2011                                     | 2010                                      | 2009   | 2008   | 2007   | 2006   | 2005   | 2004  | 2003   |
|---|---|--|---|--|--|--|--|--|---|--|
| Agricultural Pollution Control Equipment                  | # of claims<br>credit available<br>credit used<br>carry forward     | Data Not Available                       | Data Not Releasable                       | 3<br>\$16,569<br>\$13,306<br>\$3,263             | 5<br>\$14,331<br>\$14,087<br>\$244               | Data Not Releasable                              | Data Not Releasable                              | Data Not Releasable                              | Data Not Releasable                               | Data Not Releasable                              |
| Agricultural Preservation District                        | # of claims<br>credit available<br>credit refunded<br>carry forward |  |   |  |  |  |  | 0<br>\$0<br>\$0                                  | 0<br>\$0<br>\$0                                   | 0<br>\$0<br>\$0                                  |
| <b>REFUNDABLE</b>   |   |  |   |  |  |  |  |  |   |  |
| Agricultural Water Conservation                           | # of claims<br>credit available<br>credit used<br>carry forward     | Data Not Available                       | Data Not Available                        | 139<br>\$6,356,874<br>\$1,008,226<br>\$4,510,204 | 136<br>\$8,562,113<br>\$1,486,292<br>\$6,328,967 | 137<br>\$8,912,273<br>\$1,853,588<br>\$6,333,995 | 138<br>\$8,880,517<br>\$1,873,866<br>\$6,202,735 | 137<br>\$8,868,257<br>\$1,905,338<br>\$6,409,360 | 141<br>\$10,366,257<br>\$2,784,783<br>\$6,855,589 | 154<br>\$9,170,688<br>\$1,611,457<br>\$7,273,813 |
| Alternative Fuel Delivery System                          | # of claims<br>credit available<br>credit used<br>carry forward     |  |   |  |  |  |  |  | 0<br>\$0<br>\$0<br>\$0                            | 0<br>\$0<br>\$0<br>\$0                           |
| <b>NONREFUNDABLE</b>                                      |   |  |   |  |  |  |  |  |   |  |
| Alternative Fuel Vehicles                                 | # of claims<br>credit available<br>credit used<br>carry forward     |  |   |  |  |  |  |  | 26<br>\$251,238<br>\$34,972<br>\$0                | 50<br>\$407,905<br>\$60,504<br>\$347,401         |
| <b>NONREFUNDABLE</b>                                      |   |  |   |  |  |  |  |  |   |  |
| Clean Elections   | # of claims<br>credit available<br>credit used<br>carry forward     | 24,939<br>\$618,653<br>\$574,614         | 24,908<br>\$712,628<br>\$644,314          | 26,088<br>\$691,600<br>\$633,415                 | 33,966<br>\$830,123<br>\$773,000                 | 34,358<br>\$875,909<br>\$815,625                 | 33,046<br>\$831,486<br>\$817,591                 | 31,075<br>\$811,007<br>\$801,435                 | 32,338<br>\$748,343<br>\$739,774                  | 32,042<br>\$746,749<br>\$727,224                 |
| Commerical & Industrial Solar Energy Credit               | # of claims<br>credit available<br>credit used<br>carry forward     | 17<br>\$157,080<br>\$51,384<br>\$105,696 | 46<br>\$471,117<br>\$257,980<br>\$213,137 | 81<br>\$549,543<br>\$325,054<br>\$224,489        | 53<br>\$428,724<br>\$279,874<br>\$148,850        | 15<br>\$75,549<br>\$54,558<br>\$20,991           | 5<br>\$27,507<br>\$18,086<br>\$9,421             |  |   |  |
| Construction Materials                                    | # of claims<br>credit available<br>credit used<br>carry forward     |  |   |  |  |  |  |  | Data Not Releasable                               | Data Not Releasable                              |
| Contributions To Charities Providing Help To Working Poor | # of claims<br>credit available<br>credit used<br>carry forward     | 66,396<br>\$18,155,691<br>\$17,964,003   | 61,602<br>\$16,868,195<br>\$16,684,046    | 49,676<br>\$13,585,636<br>\$12,857,493           | 36,568<br>\$11,077,991<br>\$11,059,408           | 18,280<br>\$5,877,831<br>\$5,860,953             | 29,202<br>\$7,988,039<br>\$7,939,507             | 25,587<br>\$6,637,500<br>\$6,589,000             | 20,736<br>\$3,884,600<br>\$3,851,700              | 17,467<br>\$3,283,100<br>\$3,259,400             |
| Defense Contracting                                       | # of claims<br>credit available<br>credit used<br>carry forward     | Data Not Available                       | 0<br>\$0<br>\$0<br>\$0                    | 0<br>\$0<br>\$0<br>\$0                           | 0<br>\$0<br>\$0<br>\$0                           | 0<br>\$0<br>\$0<br>\$0                           | 0<br>\$0<br>\$0<br>\$0                           | 0<br>\$0<br>\$0<br>\$0                           | 0<br>\$0<br>\$0<br>\$0                            | 0<br>\$0<br>\$0<br>\$0                           |
| Donations to the Military Family Relief Fund              | # of claims<br>credit available<br>credit used<br>carry forward     | 3,007<br>\$996,695<br>\$996,695          | 3,052<br>\$995,849<br>\$995,849           | 3,185<br>\$998,331<br>\$998,331                  | 3,070<br>\$982,575<br>\$982,575                  |  |  |  |   |  |

**ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|  |   | 2011                                    | 2010   | 2009   | 2008   | 2007   | 2006   | 2005   | 2004   | 2003   |
|--|---|---|--|--|--|--|--|--|--|--|
| Employing National Guard Members               | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | Data Not Releasable                            | Data Not Releasable                            | Data Not Releasable                          | Data Not Releasable                            | Data Not Releasable                            |  |  |  |
| Employment of TANF Recipients                  | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | 3<br>\$21,929<br>\$20,822<br>\$1,107           | 0<br>\$0<br>\$0<br>\$0                         | Data Not Releasable                          | 5<br>\$24,606<br>\$12,666<br>\$11,940          | 0<br>\$0<br>\$0<br>\$0                         | Data Not Releasable                            | 0<br>\$0<br>\$0<br>\$0                         | Data Not Releasable                              |
| Enterprise Zone                                | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | Data Not Available                             | 98<br>\$1,258,831<br>\$1,190,630<br>\$586,953  | 138<br>\$1,751,048<br>\$892,784<br>\$850,776 | 151<br>\$1,632,256<br>\$1,003,582<br>\$593,280 | 197<br>\$2,158,246<br>\$1,642,905<br>\$397,705 | 193<br>\$2,296,501<br>\$1,458,081<br>\$713,499 | 165<br>\$2,204,199<br>\$1,339,705<br>\$738,055 | 202<br>\$2,981,234<br>\$1,713,943<br>\$1,190,859 |
| Environmental Technology                       | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | Data Not Releasable                            | Data Not Releasable                            | Data Not Releasable                          | Data Not Releasable                            | Data Not Releasable                            | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                           |
| Family Tax Credit                              | # of claims<br>credit available<br>credit used<br>carry forward | 516,785<br>\$44,268,240<br>\$5,817,731  | 516,513<br>\$44,548,440<br>\$5,594,106         | 515,867<br>\$44,711,520<br>\$5,270,319         | 501,013<br>\$42,060,538<br>\$5,811,534       | 518,820<br>\$42,706,477<br>\$6,784,150         | 472,266<br>\$39,733,177<br>\$7,166,327         | 439,056<br>\$36,737,292<br>\$7,661,867         | 425,484<br>\$35,617,953<br>\$7,709,270         | 417,451<br>\$35,068,208<br>\$7,445,937           |
| Healthy Forest Enterprises                     | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | Data Not Available                             | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                       | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                         |  |  |  |
| Income Taxes Paid To Other States or Countries | # of claims<br>credit available<br>credit used<br>carry forward | 32,694<br>\$50,419,973<br>\$50,419,973  | 36,535<br>\$84,093,029<br>\$84,093,029         | 30,125<br>\$75,216,168<br>\$75,216,168         | 31,103<br>\$78,837,292<br>\$78,837,292       | 27,706<br>\$105,315,257<br>\$105,315,257       | 34,880<br>\$124,937,274<br>\$124,937,274       | 34,664<br>\$119,416,310<br>\$119,416,310       | 29,956<br>\$80,229,015<br>\$80,229,015         | 25,722<br>\$62,484,651<br>\$62,484,651           |
| Increased Excise Taxes Paid                    | # of claims<br>credit available<br>credit used<br>carry forward | 650,694<br>\$34,736,264<br>\$34,736,264 | 656,524<br>\$35,278,230<br>\$35,278,230        | 664,675<br>\$35,928,030<br>\$35,928,030        | 605,599<br>\$32,308,185<br>\$32,308,185      | 579,464<br>\$30,444,007<br>\$30,444,007        | 536,940<br>\$28,751,332<br>\$28,751,332        | 546,678<br>\$29,358,243<br>\$29,358,243        | 555,762<br>\$29,924,907<br>\$29,924,907        | 548,831<br>\$29,581,905<br>\$29,581,905          |
| Investment in Qualified Small Business         | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | 203<br>\$2,687,097<br>\$791,082<br>\$1,896,015 | 208<br>\$1,823,893<br>\$574,434<br>\$1,249,498 | 128<br>\$867,689<br>\$411,156<br>\$456,644   | 84<br>\$415,766<br>\$296,115<br>\$119,736      |  |  |  |  |
| Military Reuse Zone                            | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                       | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                         | 0<br>\$0<br>\$0<br>\$0                           |
| Motion Picture Production and Infrastructure   | # of claims<br>credit available<br>credit used<br>carry forward | Data Not Available                      | Data Not Releasable                            | 5<br>\$81,932<br>\$77,267<br>\$4,665           | 9<br>\$273,567<br>\$267,771<br>\$5,796       | 4<br>\$153,184<br>\$128,165<br>\$25,019        | 0<br>\$0<br>\$0<br>\$0                         |  |  |  |

**ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|   |                     | 2011               | 2010                | 2009                | 2008         | 2007         | 2006         | 2005         | 2004                | 2003         |
|---|---------------------|--------------------|---------------------|---------------------|--------------|--------------|--------------|--------------|---------------------|--------------|
| Neighborhood  | # of claims         |                    |                     |                     |              |              | 80           | 395          | 832                 | 1,279        |
| Electric Vehicle                                    | credit available    |                    |                     |                     |              |              | \$237,622    | \$1,866,584  | \$4,014,888         | \$6,472,767  |
|   | credit used         |                    |                     |                     |              |              | \$67,977     | \$809,199    | \$1,184,437         | \$1,593,351  |
|   | carry forward       |                    |                     |                     |              |              | \$0          | \$1,057,385  | \$2,831,527         | \$4,879,416  |
| New Employment Credit                               | # of claims         | Data Not Available |                     |                     |              |              |              |              |                     |              |
|   | credit available    | Data Not Available |                     |                     |              |              |              |              |                     |              |
|   | credit used         | Data Not Available |                     |                     |              |              |              |              |                     |              |
|   | carry forward       | Data Not Available |                     |                     |              |              |              |              |                     |              |
| Pollution Control Device                            | # of claims         | Data Not Available | Data Not Releasable | Data Not Releasable | 5            | 10           | 14           | 23           | 28                  | 9            |
|   | credit available    | Data Not Available | Data Not Releasable | Data Not Releasable | \$18,492     | \$30,247     | \$31,327     | \$79,082     | \$40,676            | \$32,062     |
|   | credit used         | Data Not Available | Data Not Releasable | Data Not Releasable | \$5,731      | \$7,962      | \$14,412     | \$71,574     | \$16,385            | \$31,239     |
|   | carry forward       | Data Not Available | Data Not Releasable | Data Not Releasable | \$12,756     | \$22,767     | \$16,860     | \$7,508      | \$24,291            | \$823        |
| Private School Tuition Organization                 | # of claims         | 71,614             | 62,940              | 73,430              | 78,434       | 76,065       | 73,617       | 69,239       | 63,830              | 58,122       |
|   | credit available    | \$48,981,406       | \$43,183,534        | \$50,879,153        | \$55,260,728 | \$54,304,968 | \$51,012,326 | \$42,196,206 | \$31,846,494        | \$29,445,596 |
|   | credit used         | \$48,981,406       | \$43,183,534        | \$50,879,153        | \$55,260,728 | \$54,304,968 | \$51,012,326 | \$42,196,206 | \$31,846,494        | \$29,445,596 |
|   | carry forward       |                    |                     |                     |              |              |              |              |                     |              |
| Property Tax  | # of claims         | 18,308             | 17,526              | 17,366              | 15,675       | 16,810       | 13,247       | 13,943       | 14,786              | 15,028       |
|   | credit available    | \$7,091,576        | \$6,750,770         | \$6,606,391         | \$5,722,697  | \$5,979,296  | \$4,776,863  | \$4,977,070  | \$5,242,685         | \$5,301,879  |
|   | credit used         | \$7,091,576        | \$6,750,770         | \$6,606,391         | \$5,722,697  | \$5,979,296  | \$4,776,863  | \$4,977,070  | \$5,242,685         | \$5,301,879  |
|   | carry forward       |                    |                     |                     |              |              |              |              |                     |              |
| Public School Extra Curricular Activity             | # of claims         | 250,210            | 250,004             | 239,031             | 233,450      | 214,356      | 218,664      | 215,369      | 213,987             | 201,407      |
|   | credit available    | \$48,443,537       | \$43,718,717        | \$42,657,087        | \$45,164,366 | \$44,069,896 | \$43,230,433 | \$35,416,279 | \$30,958,872        | \$27,753,764 |
|   | credit used         | \$48,443,537       | \$43,718,717        | \$42,657,087        | \$45,164,366 | \$44,069,896 | \$43,230,433 | \$35,416,279 | \$30,958,872        | \$27,753,764 |
|   | carry forward       |                    |                     |                     |              |              |              |              |                     |              |
| Recycling Equipment                                 | # of claims         |                    | 0                   | 0                   | 0            | 0            | 0            | 0            |                     | 4            |
|   | credit available    | Data Not Available | \$0                 | \$0                 | \$0          | \$0          | \$0          | \$0          | Data Not Releasable | \$3,891      |
|   | credit used         | Data Not Available | \$0                 | \$0                 | \$0          | \$0          | \$0          | \$0          | Data Not Releasable | \$2,380      |
|   | carry forward       | Data Not Available | \$0                 | \$0                 | \$0          | \$0          | \$0          | \$0          | Data Not Releasable | \$1,511      |
| Renewable Energy Industry-Investment and Employment | # of claims         |                    | 0                   |                     |              |              |              |              |                     |              |
|   | credit available    | Data Not Available | \$0                 |                     |              |              |              |              |                     |              |
|   | credit used         | Data Not Available | \$0                 |                     |              |              |              |              |                     |              |
|   | carry forward       | Data Not Available | \$0                 |                     |              |              |              |              |                     |              |
| Renewable Energy Production                         | # of claims         | Data Not Available |                     |                     |              |              |              |              |                     |              |
|   | credit available    | Data Not Available |                     |                     |              |              |              |              |                     |              |
|   | credit used         | Data Not Available |                     |                     |              |              |              |              |                     |              |
|   | carry forward       | Data Not Available |                     |                     |              |              |              |              |                     |              |
| Research & Development                              | # of claims         |                    | 451                 | 329                 | 325          | 269          | 273          | 200          | 166                 | 136          |
|   | credit available    | Data Not Available | \$16,442,177        | \$12,193,592        | \$11,498,748 | \$9,148,365  | \$9,850,289  | \$8,452,545  | \$5,885,622         | \$4,020,038  |
|   | credit used         | Data Not Available | \$6,260,696         | \$4,548,356         | \$4,807,765  | \$3,470,821  | \$4,192,874  | \$3,357,579  | \$1,654,296         | \$1,189,536  |
|   | CREDIT REFUNDED     |                    | \$201,257           | \$0                 | \$0          | \$0          | \$0          | \$0          | \$0                 | \$0          |
|   | ltd carry forward   |                    | \$298,270           | \$385,009           | \$427,187    | \$530,475    | \$757,727    | \$854,668    | \$1,096,963         | \$1,143,176  |
|   | unltd carry forward |                    | \$9,601,832         | \$7,260,227         | \$6,263,796  | \$5,147,099  | \$4,899,688  | \$4,240,298  | \$3,134,363         | \$1,687,326  |
| School Site Donation                                | # of claims         |                    |                     | 23                  | 55           | 72           | 89           | 80           | 100                 | 45           |
|   | credit available    | Data Not Available | Data Not Available  | \$1,003,782         | \$2,010,294  | \$6,255,914  | \$10,553,076 | \$8,889,390  | \$5,671,414         | \$2,924,583  |
|   | credit used         | Data Not Available | Data Not Available  | \$76,226            | \$321,623    | \$2,819,579  | \$7,812,958  | \$6,029,585  | \$3,513,793         | \$2,048,930  |
|   | carry forward       |                    |                     | \$357,500           | \$1,639,328  | \$3,217,277  | \$2,534,946  | \$2,859,896  | \$2,157,621         | \$716,187    |

**ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|  |                    | 2011               | 2010               | 2009          | 2008          | 2007          | 2006          | 2005          | 2004                | 2003                |
|--|--------------------|--------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------------|
| Solar Energy   | # of claims        |                    |                    | 8,449         | 5,124         | 2,560         | 4,241         | 3,729         | 3,049               | 2,687               |
|  | credit available   | Data Not Available | Data Not Available | \$6,268,971   | \$3,211,537   | \$1,604,336   | \$2,575,111   | \$1,945,208   | \$1,485,693         | \$1,315,181         |
|  | credit used        |                    |                    | \$4,983,151   | \$2,511,451   | \$1,218,593   | \$2,062,822   | \$1,588,034   | \$1,211,632         | \$1,050,632         |
|  | carry forward      |                    |                    | \$1,285,485   | \$699,705     | \$385,384     | \$511,408     | \$356,337     | \$274,061           | \$251,310           |
| Solar Hot Water Plumbing Stub Outs & Electric Vehicle Recharge | # of claims        |                    |                    | 16            | 11            | 0             | 6             | 22            | 17                  |                     |
|  | credit available   | Data Not Available | Data Not Available | \$2,850       | \$1,053       | \$0           | \$525         | \$18,538      | \$15,220            | Data Not Releasable |
|  | credit used        |                    |                    | \$1,568       | \$930         | \$0           | \$525         | \$9,687       | \$5,677             |                     |
|  | carry forward      |                    |                    | \$1,282       | \$123         | \$0           | \$0           | \$8,851       | \$9,543             |                     |
| Solar Liquid Fuel Research & Development                       | Data Not Available |                    |                    |               |               |               |               |               |                     |                     |
| Technology Training REFUNDABLE                                 | # of claims        |                    |                    |               |               |               |               | 0             | 0                   | 0                   |
|  | credit available   |                    |                    |               |               |               |               | \$0           | \$0                 | \$0                 |
|  | credit refunded    |                    |                    |               |               |               |               | \$0           | \$0                 | \$0                 |
|  | carry forward      |                    |                    |               |               |               |               |               |                     |                     |
| Underground Storage Tanks                                      | # of claims        |                    |                    |               |               |               |               |               | 0                   | 0                   |
|  | credit available   |                    |                    |               |               |               |               |               | \$0                 | \$0                 |
|  | credit used        |                    |                    |               |               |               |               |               | \$0                 | \$0                 |
|  | carry forward      |                    |                    |               |               |               |               |               |                     |                     |
| Vehicle Refueling Apparatus & Infrastructure NONREFUNDABLE     | # of claims        |                    |                    |               |               |               |               |               |                     | 5                   |
|  | credit available   |                    |                    |               |               |               |               |               | Data Not Releasable | \$13,872            |
|  | credit used        |                    |                    |               |               |               |               |               |                     | \$8,960             |
|  | carry forward      |                    |                    |               |               |               |               |               |                     | \$4,912             |
| Water Conservation Systems Credit                              |                    |                    |                    |               |               |               |               |               |                     |                     |
| <b>TOTAL</b>   | # of claims        | 1,634,804          | 1,630,547          | 1,629,012     | 1,545,084     | 1,489,230     | 1,416,908     | 1,380,397     | 1,361,409           | 1,320,650           |
|  | credit available   | \$253,937,491      | \$295,969,202      | \$300,972,297 | \$301,019,341 | \$317,873,773 | \$335,584,150 | \$307,967,664 | \$248,573,143       | \$221,151,414       |
|  | credit used        | \$215,137,570      | \$244,454,967      | \$243,957,252 | \$247,028,849 | \$264,477,689 | \$286,321,680 | \$261,663,222 | \$202,257,681       | \$175,325,108       |
|  | credit refunded    | \$0                | \$201,257          | \$0           | \$0           | \$0           | \$0           | \$0           | \$0                 | \$0                 |
| carry forward  | \$113,685          | \$11,727,072       | \$15,510,052       | \$16,434,575  | \$15,887,216  | \$14,578,161  | \$15,701,423  | \$16,079,468  | \$16,483,079        |                     |
| ltd carry forward  | \$0                | \$298,270          | \$385,009          | \$427,187     | \$530,475     | \$757,727     | \$854,668     | \$1,096,963   | \$1,143,176         |                     |

Notes:

1. Shaded areas indicate that the credit was not in effect during the tax year.
2. "Data Not Available" indicates that the credit data was not available at the time of publication.
3. "Data Not Releasable" indicates that the credit information cannot be released due to confidentiality restrictions.
4. "Total" includes credits for which information was "not releasable" individually.
5. DATA IN *ITALICS* ARE PRELIMINARY.

**ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|                             |                  | 2010         | 2009         | 2008        | 2007         | 2006         | 2005         | 2004         | 2003         | 2002         |
|-----------------------------|------------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Agricultural                | # of claims      | 0            | 0            | 0           | 0            |              | 0            |              |              |              |
| Pollution                   | credit available | \$0          | \$0          | \$0         | \$0          | Data Not     | \$0          | Data Not     | Data Not     | Data Not     |
| Control                     | credit used      | \$0          | \$0          | \$0         | \$0          | Releasable   | \$0          | Releasable   | Releasable   | Releasable   |
| Equipment                   | carry forward    | \$0          | \$0          | \$0         | \$0          |              | \$0          |              |              |              |
| Agricultural                | # of claims      |              |              |             |              |              | 0            | 0            | 0            | 0            |
| Preservation                | credit available |              |              |             |              |              | \$0          | \$0          | \$0          | \$0          |
| District                    | credit used      |              |              |             |              |              | \$0          | \$0          | \$0          | \$0          |
| <b>REFUNDABLE</b>           | credit refunded  |              |              |             |              |              | \$0          | \$0          | \$0          | \$0          |
| Agricultural                | # of claims      |              |              |             |              |              | 0            |              |              |              |
| Water                       | credit available |              |              |             |              |              | \$0          | Data Not     | Data Not     | Data Not     |
| Conservation                | credit used      |              |              |             |              |              | \$0          | Releasable   | Releasable   | Releasable   |
|                             | carry forward    |              |              |             |              |              | \$0          |              |              |              |
| Alternative                 | # of claims      |              |              |             |              |              |              |              |              | 3            |
| Fuel Delivery               | credit available |              |              |             |              |              |              | Data Not     | Data Not     | \$457,906    |
| System                      | credit used      |              |              |             |              |              |              | Releasable   | Releasable   | \$1,039      |
| <b>NONREFUNDABLE</b>        | carry forward    |              |              |             |              |              |              |              |              | \$456,867    |
| Alternative                 | # of claims      |              |              |             |              |              |              | 3            | 5            | 7            |
| Fuel                        | credit available |              |              |             |              |              |              | \$659,570    | \$645,555    | \$678,479    |
| Vehicles                    | credit used      |              |              |             |              |              |              | \$2,837      | \$1,726      | \$32,924     |
| <b>NONREFUNDABLE</b>        | carry forward    |              |              |             |              |              |              | \$0          | \$643,829    | \$645,555    |
| Clean                       | # of claims      | 260          | 228          | 329         | 227          | 122          | 102          | 93           | 111          | 102          |
| Elections                   | credit available | \$2,842      | \$1,292      | \$22,558    | \$2,615      | \$684        | \$2,019      | \$597        | \$1,778      | \$646        |
|                             | credit used      | \$2,842      | \$1,292      | \$22,558    | \$2,615      | \$684        | \$2,019      | \$597        | \$1,773      | \$646        |
|                             | carry forward    |              |              |             |              |              |              |              |              |              |
| Commerical &                | # of claims      | 12           | 10           | 7           |              |              |              |              |              |              |
| Industrial Solar            | credit available | \$194,824    | \$202,692    | \$85,550    | Data Not     | Data Not     |              |              |              |              |
| Energy Credit               | credit used      | \$129,528    | \$87,118     | \$74,899    | Releasable   | Releasable   |              |              |              |              |
|                             | carry forward    | \$65,296     | \$115,574    | \$10,651    |              |              |              |              |              |              |
| Consolidated                | # of claims      |              |              |             |              | 52           | 28           | 32           | 34           | 32           |
| Filer                       | credit available |              |              |             |              | \$31,647,046 | \$36,327,939 | \$38,635,451 | \$40,959,575 | \$43,168,347 |
|                             | credit used      |              |              |             |              | \$0          | \$4,680,893  | \$2,307,512  | \$2,299,299  | \$2,208,772  |
| <b>REFUNDABLE</b>           | credit refunded  |              |              |             |              | \$31,647,046 | \$0          | \$0          | \$0          | \$0          |
|                             | carry forward    |              |              |             |              | \$0          | \$31,647,046 | \$36,327,939 | \$38,660,276 | \$40,959,575 |
| Construction                | # of claims      |              |              |             |              |              |              |              |              | 3            |
| Materials                   | credit available |              |              |             |              |              |              | Data Not     | Data Not     | \$426,692    |
|                             | credit used      |              |              |             |              |              |              | Releasable   | Releasable   | \$100        |
|                             | carry forward    |              |              |             |              |              |              |              |              | \$426,592    |
| Contributions to            | # of claims      | 63           | 69           | 74          | 62           | 57           | 5            |              |              |              |
| School Tuition              | credit available | \$11,112,298 | \$10,776,757 | \$9,180,214 | \$11,625,278 | \$10,625,940 | \$530,000    |              |              |              |
| Organizations               | credit used      | \$8,471,772  | \$8,873,043  | \$6,147,240 | \$10,823,475 | \$10,369,546 | \$526,260    |              |              |              |
|                             | carry forward    | \$2,600,526  | \$1,903,714  | \$3,032,974 | \$801,803    | \$256,394    | \$3,740      |              |              |              |
| Contributions to            | # of claims      |              |              |             |              |              |              |              |              |              |
| School Tuition              | credit available | Data Not     | Data Not     |             |              |              |              |              |              |              |
| Organizations for Disabled/ | credit used      | Releasable   | Releasable   |             |              |              |              |              |              |              |
| Displaced Students          | carry forward    |              |              |             |              |              |              |              |              |              |

**ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|  |                  | 2010                | 2009                | 2008                | 2007                | 2006                | 2005                | 2004                | 2003                | 2002                |
|--|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Defense Contracting                          | # of claims      | 0                   |                     |                     |                     |                     |                     |                     |                     |                     |
|  | credit available | \$0                 | Data Not Releasable |
|  | credit used      | \$0                 |                     |                     |                     |                     |                     |                     |                     |                     |
|  | carry forward    | \$0                 |                     |                     |                     |                     |                     |                     |                     |                     |
| Donation of Motor Vehicles To Work Program   | # of claims      |                     |                     |                     |                     |                     |                     |                     |                     | 0                   |
|  | credit available |                     |                     |                     |                     |                     |                     |                     |                     | \$0                 |
|  | credit used      |                     |                     |                     |                     |                     |                     |                     |                     | \$0                 |
|  | carry forward    |                     |                     |                     |                     |                     |                     |                     |                     | \$0                 |
| Employing National Guard Members             | # of claims      | 8                   | 6                   | 5                   |                     | 3                   |                     |                     |                     |                     |
|  | credit available | \$17,900            | \$14,900            | \$9,000             | Data Not Releasable | \$5,000             |                     |                     |                     |                     |
|  | credit used      | \$17,900            | \$7,000             | \$3,100             |                     | \$5,000             |                     |                     |                     |                     |
|  | carry forward    | \$0                 | \$7,900             | \$5,900             |                     | \$0                 |                     |                     |                     |                     |
| Employment of TANF Recipients                | # of claims      | 7                   | 12                  | 9                   | 12                  | 11                  | 13                  | 14                  | 9                   | 8                   |
|  | credit available | \$120,533           | \$132,312           | \$60,870            | \$53,978            | \$54,562            | \$124,397           | \$491,175           | \$472,478           | \$184,997           |
|  | credit used      | \$61,289            | \$43,178            | \$29,006            | \$45,064            | \$40,804            | \$99,575            | \$485,190           | \$466,392           | \$173,600           |
|  | carry forward    | \$59,244            | \$89,134            | \$31,864            | \$8,914             | \$13,758            | \$24,822            | \$5,985             | \$6,086             | \$11,397            |
| Enterprise Zone                              | # of claims      | 78                  | 92                  | 101                 | 102                 | 104                 | 120                 | 119                 | 125                 | 131                 |
|  | credit available | \$10,933,518        | \$12,539,207        | \$11,748,712        | \$10,210,113        | \$11,349,158        | \$11,682,526        | \$12,647,800        | \$14,461,392        | \$15,373,144        |
|  | credit used      | \$5,475,438         | \$6,148,657         | \$7,083,503         | \$6,910,484         | \$9,114,221         | \$7,887,054         | \$7,647,392         | \$6,685,976         | \$6,509,295         |
|  | carry forward    | \$5,403,734         | \$6,278,531         | \$4,571,332         | \$3,178,105         | \$2,232,712         | \$3,302,824         | \$4,345,843         | \$7,719,484         | \$8,652,741         |
| Environmental Technology Facility            | # of claims      |                     |                     | 3                   |                     |                     |                     |                     |                     |                     |
|  | credit available | Data Not Releasable | Data Not Releasable | \$38,719,232        | Data Not Releasable |
|  | credit used      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|  | carry forward    |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Healthy Forest Enterprises                   | # of claims      | 0                   |                     |                     |                     | 0                   | 0                   |                     |                     |                     |
|  | credit available | \$0                 | Data Not Releasable | Data Not Releasable | Data Not Releasable | \$0                 | \$0                 |                     |                     |                     |
|  | credit used      | \$0                 |                     |                     |                     | \$0                 | \$0                 |                     |                     |                     |
|  | carry forward    | \$0                 |                     |                     |                     | \$0                 | \$0                 |                     |                     |                     |
| Military Reuse Zone                          | # of claims      |                     |                     |                     |                     |                     |                     |                     |                     | 3                   |
|  | credit available | Data Not Releasable | \$90,389            |
|  | credit used      |                     |                     |                     |                     |                     |                     |                     |                     | \$41,050            |
|  | carry forward    |                     |                     |                     |                     |                     |                     |                     |                     | \$49,339            |
| Motion Picture Production and Infrastructure | # of claims      | 12                  | 5                   | 11                  | 7                   |                     |                     |                     |                     |                     |
|  | credit available | \$9,400,847         | \$1,811,033         | \$7,551,568         | \$6,802,746         | Data Not Releasable |                     |                     |                     |                     |
|  | credit used      | \$8,579,472         | \$1,343,532         | \$7,377,180         | \$1,189,442         |                     |                     |                     |                     |                     |
|  | carry forward    | \$821,375           | \$467,501           | \$174,388           | \$5,613,304         |                     |                     |                     |                     |                     |
| Neighborhood Electric Vehicles               | # of claims      |                     |                     |                     |                     |                     | 4                   | 10                  | 13                  | 17                  |
|  | credit available |                     |                     |                     |                     | Data Not Releasable | \$680,915           | \$791,263           | \$820,049           | \$903,497           |
|  | credit used      |                     |                     |                     |                     |                     | \$3,041             | \$11,380            | \$29,085            | \$60,175            |
|  | carry forward    |                     |                     |                     |                     |                     | \$677,874           | \$779,883           | \$790,964           | \$843,322           |

**ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|  |                   | 2010                | 2009                | 2008                | 2007          | 2006          | 2005                | 2004                | 2003                | 2002                |
|--|-------------------|---------------------|---------------------|---------------------|---------------|---------------|---------------------|---------------------|---------------------|---------------------|
| Pollution Control Device                                       | # of claims       | 15                  | 15                  | 17                  | 15            | 20            | 24                  | 24                  | 30                  | 31                  |
|  | credit available  | \$5,706,043         | \$5,809,439         | \$4,998,385         | \$4,285,128   | \$5,746,154   | \$8,470,200         | \$7,373,129         | \$8,642,942         | \$8,239,252         |
|  | credit used       | \$2,510,980         | \$1,715,431         | \$1,418,256         | \$2,295,135   | \$1,997,280   | \$2,119,047         | \$1,206,299         | \$2,464,946         | \$2,460,289         |
|  | carry forward     | \$2,673,160         | \$3,681,020         | \$3,570,094         | \$1,893,073   | \$3,592,073   | \$5,718,685         | \$5,841,857         | \$5,824,164         | \$5,776,562         |
| Recycling Equipment  | # of claims       |                     |                     |                     |               |               |                     |                     | 4                   | 4                   |
|  | credit available  |                     |                     |                     |               |               | Data Not Releasable | Data Not Releasable | \$192,332           | \$197,477           |
|  | credit used       |                     |                     |                     |               |               |                     |                     | \$3,426             | \$5,145             |
|  | carry forward     |                     |                     |                     |               |               |                     |                     | \$188,906           | \$192,332           |
| Renewable Energy Industry - Investment and Employment          | # of claims       | 0                   |                     |                     |               |               |                     |                     |                     |                     |
|  | credit available  | \$0                 |                     |                     |               |               |                     |                     |                     |                     |
|  | credit used       | \$0                 |                     |                     |               |               |                     |                     |                     |                     |
|  | carry forward     | \$0                 |                     |                     |               |               |                     |                     |                     |                     |
| Research & Development   | # of claims       | 257                 | 242                 | 246                 | 243           | 240           | 220                 | 216                 | 190                 | 169                 |
|  | credit available  | \$405,408,862       | \$333,400,502       | \$377,277,717       | \$288,366,833 | \$274,891,223 | \$217,631,630       | \$133,324,542       | \$94,773,457        | \$53,837,597        |
|  | credit used       | \$58,466,382        | \$33,486,510        | \$49,695,671        | \$57,789,014  | \$54,615,253  | \$48,477,977        | \$36,956,148        | \$32,266,955        | \$12,499,682        |
|  | CREDIT REFUNDED   | \$3,832,323         | \$0                 | \$0                 | \$0           | \$0           | \$0                 | \$0                 | \$0                 | \$0                 |
|  | ltd carry forward | \$289,764,970       | \$328,244,889       | \$495,594,526       | \$502,418,742 | \$513,626,822 | \$529,431,406       | \$538,954,073       | \$541,872,113       | \$530,255,341       |
|  | carry forward     | \$275,470,101       | \$296,636,388       | \$323,968,708       | \$275,729,780 | \$225,140,292 | \$165,325,500       | \$103,844,450       | \$45,645,561        |                     |
| School Site Donation   | # of claims       |                     |                     |                     | 0             | 6             | 5                   | 3                   |                     |                     |
|  | credit available  | Data Not Releasable | Data Not Releasable | Data Not Releasable | \$0           | \$2,756,579   | \$1,273,681         | \$616,473           | Data Not Releasable | Data Not Releasable |
|  | credit used       |                     |                     |                     | \$0           | \$2,755,447   | \$1,272,504         | \$616,473           |                     |                     |
|  | carry forward     |                     |                     |                     | \$0           | \$1,132       | \$1,177             | \$0                 |                     |                     |
| Solar Hot Water Plumbing Stub Outs & Electric Vehicle Recharge | # of claims       | 0                   | 0                   | 0                   | 0             | 0             | 0                   | 0                   | 0                   | 0                   |
|  | credit available  | \$0                 | \$0                 | \$0                 | \$0           | \$0           | \$0                 | \$0                 | \$0                 | \$0                 |
|  | credit used       | \$0                 | \$0                 | \$0                 | \$0           | \$0           | \$0                 | \$0                 | \$0                 | \$0                 |
|  | carry forward     | \$0                 | \$0                 | \$0                 | \$0           | \$0           | \$0                 | \$0                 | \$0                 | \$0                 |
| Taxes Paid for Coal Consumed In Generating Electrical Power    | # of claims       | 4                   | 4                   |                     | 4             | 3             | 3                   | 3                   | 3                   | 3                   |
|  | credit available  | \$7,302,889         | \$6,296,204         | Data Not Releasable | \$3,947,803   | \$3,245,536   | \$3,051,885         | \$3,038,101         | \$3,145,343         | \$3,064,674         |
|  | credit used       | \$2,182,237         | \$658,252           |                     | \$1,057,873   | \$929,098     | \$843,909           | \$908,990           | \$1,229,020         | \$1,504,851         |
|  | carry forward     | \$4,777,067         | \$5,281,480         |                     | \$2,529,562   | \$1,956,070   | \$1,870,939         | \$1,799,254         | \$1,744,443         | \$1,559,823         |
| Technology Training  | # of claims       |                     |                     |                     |               |               |                     |                     |                     | 4                   |
|  | credit available  |                     |                     |                     |               |               | \$46,356            | \$39,963            | \$33,426            | \$41,083            |
|  | credit used       |                     |                     |                     |               |               | \$46,356            | \$36,268            | \$33,006            | \$30,000            |
| <b>REFUNDABLE</b>  | credit refunded   |                     |                     |                     |               |               | \$0                 | \$3,695             | \$420               | \$11,083            |
| Underground Storage Tanks                                      | # of claims       |                     |                     |                     |               |               |                     |                     | 0                   |                     |
|  | credit available  |                     |                     |                     |               |               |                     | \$0                 | \$0                 | Data Not Releasable |
|  | credit used       |                     |                     |                     |               |               |                     | \$0                 | \$0                 |                     |
|  | carry forward     |                     |                     |                     |               |               |                     |                     |                     |                     |
| Vehicle Refueling Apparatus & Infrastructure                   | # of claims       |                     |                     |                     |               |               |                     |                     |                     |                     |
|  | credit available  |                     |                     |                     |               |               |                     | Data Not Releasable | Data Not Releasable | Data Not Releasable |
|  | credit used       |                     |                     |                     |               |               |                     |                     |                     |                     |
| <b>NONREFUNDABLE</b>   | carry forward     |                     |                     |                     |               |               |                     |                     |                     |                     |

**ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR**

|               |                    | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 | 2004                 | 2003                 | 2002                 |
|---------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Water         | # of claims        | 0                    | 0                    | 0                    |                      |                      |                      |                      |                      |                      |
| Conservation  | credit available   | \$0                  | \$0                  | \$0                  | Data Not             |                      |                      |                      |                      |                      |
| Plumbing Stub | credit used        | \$0                  | \$0                  | \$0                  | Releasable           |                      |                      |                      |                      |                      |
| Outs          | carry forward      | \$0                  | \$0                  | \$0                  |                      |                      |                      |                      |                      |                      |
| <b>TOTAL</b>  | <b># of claims</b> | <i>724</i>           | <i>693</i>           | <i>812</i>           | <i>682</i>           | <i>627</i>           | <i>533</i>           | <i>534</i>           | <i>544</i>           | <i>535</i>           |
|               | credit available   | \$468,295,332        | \$391,121,202        | \$456,234,583        | \$353,952,965        | \$373,729,373        | \$320,293,148        | \$264,638,911        | \$233,980,450        | \$203,703,721        |
|               | credit used        | <i>\$86,793,306</i>  | <i>\$54,507,601</i>  | <i>\$83,617,733</i>  | <i>\$93,372,306</i>  | <i>\$88,122,733</i>  | <i>\$65,967,630</i>  | <i>\$50,650,393</i>  | <i>\$46,247,386</i>  | <i>\$29,744,745</i>  |
|               | credit refunded    | <i>\$3,832,323</i>   | \$0                  | \$0                  | \$0                  | <i>\$31,647,046</i>  | \$0                  | \$3,695              | \$420                | \$11,083             |
|               | carry forward      | <i>\$309,038,913</i> | <i>\$332,379,868</i> | <i>\$368,174,300</i> | <i>\$304,826,169</i> | <i>\$257,494,377</i> | <i>\$240,413,864</i> | <i>\$210,675,783</i> | <i>\$166,513,222</i> | <i>\$655,783,632</i> |
|               | ltd carry forward  | <i>\$289,764,970</i> | <i>\$328,244,889</i> | <i>\$495,594,526</i> | <i>\$502,418,742</i> | <i>\$513,626,822</i> | <i>\$529,431,406</i> | <i>\$538,954,073</i> | <i>\$541,872,113</i> | \$0                  |

Notes:

1. Shaded areas indicate that the credit was not in effect during the tax year.
2. "Data Not Available" indicates that the credit data was not available at the time of publication.
3. "Data Not Releasable" indicates that the credit information cannot be released due to confidentiality restrictions.
4. "Total" includes credits for which information was "not releasable" individually.
5. DATA IN *ITALICS* ARE PRELIMINARY.
6. "ltd carry forward" refers to pre-2003 research & development carry forward, for which use is restricted.

**AGRICULTURAL POLLUTION CONTROL EQUIPMENT CREDIT**

**Statute:** A.R.S. § 43-1081.01  
**Effective Date:** For taxable years from and after 12/31/98  
**Provisions:** A nonrefundable credit is allowed for expenses that a taxpayer (involved in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products) incurs to purchase tangible personal property that is primarily used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies for this credit includes the portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition or reconstruction, replacement or improvement of that property that is directly used, constructed or installed to prevent, monitor, control or reduce air, water or land pollution.  
**Credit:** The credit is equal to 25% of the cost of the real or personal property, not to exceed \$25,000.  
**Carry forward:** Five years.

|             | # of claimants | Total credit         | Used                 | Carry forward        |
|-------------|----------------|----------------------|----------------------|----------------------|
| <b>1999</b> | 1              | //////////////////// | //////////////////// | //////////////////// |
| <b>2000</b> | 9              | \$77,096             | \$15,218             | \$61,878             |
| <b>2001</b> | 9              | \$54,870             | \$17,500             | \$37,370             |
| <b>2002</b> | 6              | \$47,706             | \$32,542             | \$15,164             |
| <b>2003</b> | 1              | //////////////////// | //////////////////// | //////////////////// |
| <b>2004</b> | 1              | //////////////////// | //////////////////// | //////////////////// |
| <b>2005</b> | 2              | //////////////////// | //////////////////// | //////////////////// |
| <b>2006</b> | 1              | //////////////////// | //////////////////// | //////////////////// |
| <b>2007</b> | 1              | //////////////////// | //////////////////// | //////////////////// |
| <b>2008</b> | 5              | \$14,331             | \$14,087             | \$244                |
| <b>2009</b> | 3              | \$16,569             | \$13,306             | \$3,263              |
| <b>2010</b> | 2              | //////////////////// | //////////////////// | //////////////////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

*Italics indicate preliminary numbers.*

**AGRICULTURAL PRESERVATION DISTRICT CREDIT**

**Statute:** A.R.S. § 43-1081.02

**Effective Date:** For taxable years from and after 12/31/00

**Repealed:** For taxable years ending before 1/1/06. Repeal date set when credit enacted.

**Provisions:** A *refundable* credit is allowed for a taxpayer who owns property classified as Class Two property (agricultural) and who conveys ownership or development rights to an agricultural preservation district. No district can award credits exceeding \$10 million.

**Credit:** The amount of the credit is either the appraised value of the property if the taxpayer conveys ownership to the district or the difference between the appraised value of the undeveloped land and the appraised value of the land for development purposes if the taxpayer conveys the development rights of the property to the district. No credit in a calendar year can exceed \$33,000.

As of the date of this publication, no claim for the agricultural preservation district credit has been found.

**AGRICULTURAL WATER CONSERVATION SYSTEM CREDIT**

**Statute:** A.R.S. § 43-1084  
**Effective Date:** For taxable years from and after 12/31/93  
**Provisions:** A nonrefundable credit is allowed for expenses incurred during the taxable year to purchase and install an agricultural water conservation system in Arizona. The system must be primarily designed to substantially conserve water on land used to (1) produce crops, fruits or other agricultural products, (2) raise, harvest or grow trees, or (3) sustain livestock. The expense must be consistent with a conservation plan filed and in effect with the United States Department of Agriculture Soil Conservation Service.  
**Credit:** The credit is equal to 75% of the qualifying expenses.  
**Carry forward:** Five years.

|             | # of claimants | Total credit | Used        | Carry forward |
|-------------|----------------|--------------|-------------|---------------|
| <b>1994</b> | 35             | \$1,800,000  | \$382,000   | \$1,400,000   |
| <b>1995</b> | 54             | \$2,600,000  | \$923,000   | \$1,700,000   |
| <b>1996</b> | 75             | \$4,247,392  | \$721,093   | \$3,524,790   |
| <b>1997</b> | 63             | \$3,752,833  | \$430,131   | \$3,323,906   |
| <b>1998</b> | 94             | \$4,567,632  | \$625,676   | \$3,941,314   |
| <b>1999</b> | 129            | \$8,484,744  | \$970,210   | \$7,213,521   |
| <b>2000</b> | 130            | \$8,157,000  | \$1,578,411 | \$6,527,281   |
| <b>2001</b> | 136            | \$8,442,943  | \$1,484,014 | \$6,160,791   |
| <b>2002</b> | 133            | \$7,984,544  | \$1,256,346 | \$6,157,459   |
| <b>2003</b> | 154            | \$9,170,688  | \$1,611,457 | \$7,273,813   |
| <b>2004</b> | 141            | \$10,366,257 | \$2,784,783 | \$6,855,589   |
| <b>2005</b> | 137            | \$8,868,257  | \$1,905,338 | \$6,409,360   |
| <b>2006</b> | 138            | \$8,880,517  | \$1,873,866 | \$6,202,735   |
| <b>2007</b> | 137            | \$8,912,273  | \$1,853,588 | \$6,333,995   |
| <b>2008</b> | 136            | \$8,562,113  | \$1,486,292 | \$6,328,967   |
| <b>2009</b> | 139            | \$6,356,874  | \$1,008,226 | \$4,510,204   |

*Italics indicate preliminary numbers.*

**ALTERNATIVE FUEL DELIVERY SYSTEM CREDIT**

**Statute:** A.R.S. § 43-1086.02  
**Effective Date:** For taxable years from and after 12/31/97  
**Repealed:** To qualify for the credit, a contract for construction must have been entered into prior to 10/20/00 and construction must have begun before 11/9/00.

**Provisions:** A credit is allowed for construction costs or operating costs for constructing or operating an alternative fuel delivery system in Arizona that is capable of dispensing an alternative fuel to an alternative fuel vehicle. Construction costs means costs directly associated with the construction of an alternative fuel delivery system and does not include any construction costs for gasoline or diesel fuel delivery systems or adjacent buildings, landscaping or paving for areas not directly connected to the alternative fuel delivery system. Operating costs means costs directly associated with the dispensing of alternative fuel through an alternative fuel delivery system plus a reasonable charge for overhead functions. *This credit was refundable for tax year 2000 only.*

**Credit:** The amount of the credit is equal to 100% of the costs incurred up to a maximum of \$400,000 for an alternative fuel delivery system that is accessible to the general public or for an alternative fuel delivery system that is dispensing renewable fuel. For an alternative fuel delivery system that does not satisfy the qualifications in the previous system, the credit is 50% of the costs incurred up to a maximum of \$200,000.

**Carry forward:** Five years.

**FOR NONREFUNDABLE CREDITS:**

|                | 1998     | 1999     | 2000 <sup>1</sup> | 2001     | 2002 | 2003 | 2004 |
|----------------|----------|----------|-------------------|----------|------|------|------|
| # of claimants | //////// | 13       | 7                 | 2        | 0    | 0    | 0    |
| # of stations  | //////// | 20       | --                | ---      |      |      |      |
| Total credit   | //////// | //////// | ////////          | //////// |      |      |      |
| Used           | //////// | //////// | ////////          | //////// |      |      |      |
| Carry forward  | //////// | //////// | ////////          | //////// |      |      |      |

The bars in the cells of the table indicate that release of data would violate confidentiality laws.

- The average Federal Adjusted Gross Income (FAGI) for taxpayers claiming the alternative fuel delivery system credit in 1999 was \$217,873.
- The average FAGI for taxpayers claiming the alternative fuel delivery system credit in 2000 was \$364,145.

**FOR REFUNDABLE CREDITS:**

|                 | 2000        | 2001     |
|-----------------|-------------|----------|
| # of claimants  | 19          | 2        |
| # of stations   | 20          | //////// |
| Total credit    | \$2,863,157 | //////// |
| Credit refunded | \$2,863,157 | //////// |

- The average FAGI for taxpayers claiming the refundable alternative fuel delivery system credit in 2000 was \$523,998.

<sup>1</sup> All nonrefundable 2000 and 2001 claims are of carry forward from 1999

**ALTERNATIVE FUEL VEHICLES CREDIT**

**Statute:** A.R.S. § 43-1086  
**Effective Date:** For taxable years from and after 12/31/93  
**Repealed:** To qualify for the credit, a contract or purchase order for the vehicle must have been entered into prior to 10/21/00. No refundable credit is allowed for taxable years ending after 12/31/01. The nonrefundable credit was repealed with the passage of the refundable credit language.

**Provisions:** A credit is allowed for (1) purchase or lease, for a period of at least 3 years, of one or more new original equipment manufactured alternative fuel vehicles or (2) expenses incurred for converting one or more conventionally fueled vehicles to operate on an alternative fuel. *This credit was refundable for tax years 2000 and 2001 only.*

- Credit:** The amount of the credit is equal to:
1. For low emission vehicles 12,000 pounds or less, the greater of 30% of cost or \$5,000 if new or the greater of 15% of the cost or \$2,500 if used.
  2. For an ultralow or inherently low emission vehicle, the greater of 40% of cost or \$7,500 if new or the greater of 20% of the cost or \$3,750 if used.
  3. For a zero or super ultralow emission vehicle, the greater of 50% of cost or \$10,000 if new or the greater of 25% of the cost or \$5,000 if used.
  4. For a used zero emission vehicle that is leased, the greater of 25% of cost or \$2,500.
  5. For a low emission vehicle over 12,000 pounds, the greater of 30% of cost or \$30,000 if new or the greater of 15% of the cost or \$15,000 if used.
  6. For conversion of a vehicle over 12,000 pounds, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price or \$30,000.
  7. For purchase of converted vehicles over 12,000 pounds, the greater of 15% of cost or \$15,000.
  8. For conversion of any other vehicle, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price of the vehicle or \$5,000.
  9. For purchase of any other converted vehicle, the greater of 15% of cost or \$2,500.

This language replaced another alternative fuel vehicle credit that allowed much less credit; the previous credit was for a maximum amount of \$1,000 per vehicle

**Carry forward:** Five years for the nonrefundable alternative fuel vehicle and 10 years for the nonrefundable neighborhood electric vehicle credit.

**FOR ALTERNATIVE FUEL VEHICLES NONREFUNDABLE CREDIT EXCEPT NEIGHBORHOOD ELECTRIC VEHICLES:**

|      | # of claimants | # of vehicles | Total credit | Used      | Carry forward |
|------|----------------|---------------|--------------|-----------|---------------|
| 1995 | 24             | 14            | \$14,000     | \$11,000  | \$3,000       |
| 1996 | 35             |               | \$33,050     | \$23,773  | \$9,277       |
| 1997 | 33             |               | \$32,703     | \$23,409  | \$9,294       |
| 1998 | 72             | 61            | \$78,272     | \$56,864  | \$21,408      |
| 1999 | 241            | 167           | \$2,227,522  | \$727,117 | \$1,500,405   |
| 2000 | 162            | -----         | \$2,770,835  | \$364,450 | \$2,412,885   |
| 2001 | 111            | -----         | \$2,231,236  | \$199,273 | \$2,036,270   |
| 2002 | 74             | -----         | \$605,422    | \$104,771 | \$500,944     |
| 2003 | 50             | -----         | \$407,905    | \$60,504  | \$347,401     |
| 2004 | 26             | -----         | \$251,238    | \$34,972  | \$0           |

The carry forward in 2004 is zeroed out because 2004 is the last year in which any carry forward for this credit can be claimed.

- The average Federal Adjusted Gross Income (FAGI) for the taxpayers claiming the nonrefundable credit in 1998 was \$92,409.
- The average FAGI for taxpayers claiming the nonrefundable credit in 1999 was \$181,288.

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- The average FAGI for taxpayers claiming the nonrefundable credit in 2000 was \$134,789.
- The average FAGI for taxpayers claiming the nonrefundable credit in 2001 was \$123,460.
- The average FAGI for taxpayers claiming the nonrefundable credit in 2002 was \$91,643.

**FOR THE REFUNDABLE CREDIT:**

|                       | 2000         | 2001        |
|-----------------------|--------------|-------------|
| <b># of claimants</b> | 4,905        | 158         |
| <b># of vehicles</b>  | 5,458        | 177         |
| <b>Total credit</b>   | \$94,544,474 | \$2,694,618 |
| <b>Used</b>           | \$13,251,856 | \$325,684   |
| <b>Refunded</b>       | \$81,240,048 | \$2,368,934 |
| <b>Carry forward</b>  | \$52,570     | \$0         |

- The average FAGI for taxpayers claiming the refundable credit in 2000 was \$144,169.
- The average FAGI for taxpayers claiming the refundable credit in 2001 was \$130,348.

**FOR NEIGHBORHOOD ELECTRIC VEHICLES:**

|                                      | 1999         | 2000         | 2001 <sup>2</sup> | 2002        | 2003        |
|--------------------------------------|--------------|--------------|-------------------|-------------|-------------|
| <b># of claimants</b>                | 1,207        | 4,198        | 2,634             | 1,785       | 1,279       |
| <b># of vehicles</b>                 | 1,470        | 4,285        | ----              | ----        | ---         |
| <b>Cost of vehicles</b>              | \$13,767,275 | \$37,898,442 | ----              | ----        | ----        |
| <b>Credit</b>                        | \$13,968,334 | \$34,451,311 | ----              | ----        | ----        |
| <b>Carry forward from prior year</b> | -----        | \$5,687,956  | \$16,463,626      | \$9,603,599 | \$6,472,767 |
| <b>Total Credit</b>                  | \$13,968,334 | \$40,139,267 | \$16,463,626      | \$9,603,599 | \$6,472,767 |
| <b>Used</b>                          | \$7,868,830  | \$22,254,044 | \$5,720,094       | \$2,478,629 | \$1,593,351 |
| <b>Carry forward</b>                 | \$6,099,504  | \$17,885,862 | \$10,743,532      | \$7,124,970 | \$4,879,416 |

|                         | 2004        | 2005        | 2006      |
|-------------------------|-------------|-------------|-----------|
| <b># of claimants</b>   | 832         | 395         | 80        |
| <b># of vehicles</b>    | ----        | ----        | ----      |
| <b>Cost of vehicles</b> | ----        | ----        | ----      |
| <b>Credit</b>           | \$4,014,888 | \$1,866,584 | \$237,622 |
| <b>Used</b>             | \$1,184,437 | \$809,199   | \$67,977  |
| <b>Carry forward</b>    | \$2,831,527 | \$1,057,385 | ----      |

- The average FAGI for taxpayers claiming the credit for neighborhood electric vehicles in 1999 was \$442,341.
- The average FAGI for taxpayers claiming the credit for neighborhood electric vehicles in 2000 was \$484,419.

<sup>2</sup> All 2001 claims for nonrefundable vehicles are carry forward from 2000.

**CLEAN ELECTIONS CREDIT**

**Statute:** A.R.S. § 16-954B  
**Effective Date:** For donations made in taxable years beginning on or after 1/1/98  
**Repealed:** For donations made from and after 8/2/12  
**Provisions:** A nonrefundable credit is allowed for donations made directly to the Clean Elections Fund or a donation made on the tax return.  
**Credit:** The credit is not to exceed 20% of the tax liability or the maximum credit amount adjusted biennially (per A.R.S. § 16-959A), whichever is greater. For tax years 2009 and 2010 the maximum credit amount was \$640 for single filers (\$1,280 for married filing jointly).  
**Carry forward:** None.

|             | <b># of claimants</b> | <b>Total credit</b> | <b>Used</b> |
|-------------|-----------------------|---------------------|-------------|
| <b>1999</b> | 8,585                 | \$546,255           | \$502,151   |
| <b>2000</b> | 23,717                | \$564,312           | \$537,345   |
| <b>2001</b> | 26,757                | \$639,427           | \$599,485   |
| <b>2002</b> | 33,470                | \$725,230           | \$688,864   |
| <b>2003</b> | 32,042                | \$746,749           | \$727,224   |
| <b>2004</b> | 32,338                | \$748,343           | \$739,774   |
| <b>2005</b> | 31,075                | \$811,007           | \$801,435   |
| <b>2006</b> | 33,046                | \$831,486           | \$817,591   |
| <b>2007</b> | 34,358                | \$875,909           | \$815,625   |
| <b>2008</b> | 33,966                | \$830,123           | \$773,000   |
| <b>2009</b> | 26,088                | \$691,600           | \$633,415   |
| <b>2010</b> | 24,908                | \$712,628           | \$644,314   |
| <b>2011</b> | 24,939                | \$618,653           | \$574,614   |

*Italics indicate preliminary numbers.*

**COMMERCIAL AND INDUSTRIAL SOLAR ENERGY CREDIT**

**Statute:** A.R.S. § 43-1085  
**Effective Date:** For installing devices in taxable years beginning on or after 1/1/06.  
**Repealed:** For taxable years beginning from and after 1/1/19. Repeal date set when credit enacted.  
**Provisions:** A nonrefundable credit is allowed for installing one or more solar energy devices for commercial or industrial purposes in the taxpayer's trade or business.  
**Credit:** The credit is equal to 10% of the installed cost of the device. Total credits under this section may not exceed \$25,000 per taxpayer with respect to the same building in the same year or \$50,000 in total credits in any year.  
**Carry forward:** Five years.

The Arizona Department of Commerce has reported the following certifications. Until the returns are filed, there is no way to determine how many will be claimed as corporate income tax credits and how many will be claimed as individual income tax credits.

| Tax Year | # of Approvals | Cost of Installation | Credit Allowed |
|----------|----------------|----------------------|----------------|
| 2006     | 16             | \$1,639,428          | \$144,977      |
| 2007     | 15             | \$2,948,897          | \$156,744      |
| 2008     | 45             | \$11,205,236         | \$602,074      |
| 2009     | 63             | \$21,760,115         | \$860,218      |
| 2010     | 62             | \$30,315,719         | \$997,786      |
| 2011     | 66             | \$20,576,078         | \$999,638      |

Fewer returns have actually been filed by taxpayers than the number of Commerce certifications.

|                 | 2006      | 2007      | 2008        | 2009         | 2010        | 2011      |
|-----------------|-----------|-----------|-------------|--------------|-------------|-----------|
| # of claimants  | 5         | 15        | 53          | 81           | 46          | 17        |
| # of devices    | 4         | 8         | 26          | 15           | 17          | 0         |
| Cost of devices | \$275,068 | \$661,280 | \$5,021,934 | \$11,980,212 | \$3,243,855 | \$0       |
| Credit          | \$27,507  | \$66,128  | \$410,714   | \$428,445    | \$260,383   | \$0       |
| Carry forward   | -----     | \$9,421   | \$18,010    | \$121,098    | \$210,734   | \$157,080 |
| Total credit    | \$27,507  | \$75,549  | \$428,724   | \$549,543    | \$471,117   | \$157,080 |
| Credit used     | \$18,086  | \$54,558  | \$279,874   | \$325,054    | \$257,980   | \$51,384  |
| Carry forward   | \$9,421   | \$20,991  | \$148,850   | \$224,489    | \$213,137   | \$105,696 |

*Italics indicate preliminary numbers.*

**CONSTRUCTION MATERIALS CREDIT**

**Statute:** A.R.S. § 43-1082

**Effective Date:** For taxable years from and after 12/31/94.

**Repealed:** For taxable years ending before 1/1/00. Repeal date set when credit enacted.

**Provisions:** A nonrefundable credit is allowed for new construction materials incorporated into a qualifying facility located entirely within Arizona, construction of which is begun on or after 1/1/94 and completed on or before 12/31/99. A qualifying facility means a new building or structure, or expansion of an existing building or structure predominantly used for manufacturing, fabricating, mining, refining, metallurgical operations, direct broadcast satellite television or data transmission services or research and development and which has a total cost of construction in excess of \$5 million.

**Credit:** The credit is 5% of the purchase price of the materials.

**Carry forward:** Five years.

Claims have been recorded for this credit for tax year 1999 (4 claims), 2000 (2 claims), 2001 (1 claim), 2003 (1 claim) and 2004 (1 claim) but there are too few to release additional information.

**CONTRIBUTIONS TO CHARITIES THAT PROVIDE ASSISTANCE TO THE WORKING POOR CREDIT**

**Statute:** A.R.S. § 43-1088

**Effective Date:** For taxable years from and after 12/31/97

**Provisions:** A nonrefundable credit is allowed for voluntary cash contributions to a qualifying charitable organization. A qualifying charitable organization means a 501(c)(3) that spends at least 50% of its budget on services to Arizona residents who receive TANF benefits or low income residents of this state and their households. Low income individuals means persons whose household income is less than 150% of the federal poverty level. The credit applies only to contributions to qualifying charitable organizations that exceed the total amount deducted on the taxpayer's Schedule A in the taxpayer's baseline year. The baseline year is the 1996 taxable year if the taxpayer had charitable contributions as itemized deductions on the Schedule A. If the taxpayer did not deduct charitable contributions on the Schedule A in 1996, the taxpayer's baseline year is the first taxable year after 1996 that charitable contributions were deducted on the Schedule A.

For taxable years 2009 and later, the baseline year requirement was eliminated. However to claim the credit for taxable year 2009 and later the taxpayer must claim itemized deductions on the return filed for the year in which the credit is claimed,

**Credit:** The credit is the amount of the voluntary cash contribution, not to exceed \$400 for married filing joint filers and \$200 for all other filing statuses.

**Carry forward:** Five years.

For taxable years 1998 through 2001, tax returns were reviewed to obtain the contribution, total credit amount, credit amount used and carry forward amounts. For taxable years 2002 and later, the total credit and used amounts were estimated. Due to taxpayers claiming multiple credits, the carry forward amounts were not estimated.

|                         | <b># of claimants</b> | <b>Total contributions</b> | <b>Total credit</b> | <b>Used</b>        | <b>Carry forward</b> |
|-------------------------|-----------------------|----------------------------|---------------------|--------------------|----------------------|
| <b>1998</b>             | 2,894                 | \$523,501                  | \$481,037           | \$476,691          | \$4,346              |
| <b>1999</b>             | 6,725                 | \$1,237,519                | \$1,168,515         | \$1,154,768        | \$13,747             |
| <b>2000</b>             | 10,654                | \$1,897,876                | \$1,829,205         | \$1,792,123        | \$35,581             |
| <b>2001</b>             | 12,538                | \$2,332,832                | \$2,257,673         | \$2,196,043        | \$41,852             |
| <b>2002</b>             | 14,226                | N/A                        | \$2,687,900         | \$2,676,900        | ---                  |
| <b>2003</b>             | 17,467                | N/A                        | \$3,286,100         | \$3,259,400        | ---                  |
| <b>2004</b>             | 20,736                | N/A                        | \$3,884,600         | \$3,851,700        | ---                  |
| <b>2005</b>             | 25,587                | N/A                        | \$6,637,500         | \$6,589,000        | ---                  |
| <b>2006</b>             | 29,202                | N/A                        | \$7,988,039         | \$7,939,507        | ---                  |
| <b>2007<sup>3</sup></b> | <i>18,280</i>         | <i>N/A</i>                 | <i>\$5,877,831</i>  | <i>\$5,860,953</i> | ---                  |
| <b>2008</b>             | 36,568                | N/A                        | \$11,077,991        | \$11,059,408       | ---                  |
| <b>2009</b>             | 49,676                | N/A                        | \$13,585,636        | \$12,857,493       | ---                  |
| <b>2010</b>             | 61,602                | N/A                        | \$16,868,195        | \$16,684,046       | ---                  |
| <b>2011</b>             | 66,396                | N/A                        | \$18,155,691        | \$17,964,003       | ---                  |

*Italics indicate preliminary numbers.*

<sup>3</sup> The significant drop in tax year 2007 data is not real. At this time, further information is not available to update this data.

ARIZONA INDIVIDUAL INCOME TAX

**Reported contribution amounts for credits claimed:<sup>4</sup>**

| <b>1998 Charities</b>                |                  | <b>1999 Charities</b>               |                    |
|--------------------------------------|------------------|-------------------------------------|--------------------|
| United Way                           | \$132,977        | United Way                          | \$262,172          |
| Salvation Army                       | \$35,877         | Salvation Army                      | \$84,949           |
| Habitat for Humanity                 | \$26,008         | St. Vincent de Paul                 | \$64,176           |
| St. Vincent de Paul                  | \$23,825         | Habitat for Humanity                | \$48,870           |
| Primavera                            | \$15,440         | St. Mary's Food Bank                | \$37,302           |
| Westside Food Bank                   | \$15,045         | Neighborhood Clinic                 | \$31,675           |
| St. Mary's Food Bank                 | \$13,963         | Gospel Rescue Mission               | \$28,143           |
| Gospel Rescue Mission                | \$10,263         | Community Food Bank                 | \$27,229           |
| Community Food Bank                  | \$7,712          | Jewish Family & Children Services   | \$25,870           |
| Red Cross                            | \$6,776          | Westside Food Bank                  | \$24,749           |
| United Methodist Outreach Ministries | \$6,680          | Primavera                           | \$19,406           |
| Goodwill                             | \$6,654          | Phoenix Rescue Mission              | \$16,733           |
| Other                                | \$222,281        | Other                               | \$566,245          |
| <b>Total reported contributions</b>  | <b>\$523,501</b> | <b>Total reported contributions</b> | <b>\$1,237,519</b> |

| <b>2000 Charities</b>               |                    | <b>2001 Charities</b>               |                    |
|-------------------------------------|--------------------|-------------------------------------|--------------------|
| United Way                          | \$386,109          | United Way                          | \$417,316          |
| Salvation Army                      | \$120,387          | Habitat for Humanity                | \$135,336          |
| St. Vincent de Paul                 | \$106,762          | Salvation Army                      | \$128,444          |
| Habitat for Humanity                | \$97,624           | St. Vincent de Paul                 | \$100,112          |
| St. Mary's Food Bank                | \$64,329           | St. Mary's Food Bank                | \$95,702           |
| Jewish Family & Children Services   | \$59,503           | Jewish Family & Children Services   | \$70,507           |
| Neighborhood Clinic                 | \$48,585           | Phoenix Rescue Mission              | \$58,053           |
| Community Food Bank                 | \$42,246           | Community Food Bank                 | \$54,294           |
| Westside Food Bank                  | \$39,939           | Westside Food Bank                  | \$49,158           |
| Gospel Rescue Mission               | \$34,647           | Neighborhood Clinic                 | \$46,810           |
| Catholic Community Service          | \$31,525           | Catholic Community Service          | \$36,673           |
| Phoenix Rescue Mission              | \$27,427           | Gospel Rescue Mission               | \$34,316           |
| Other                               | \$838,783          | Other                               | \$1,106,111        |
| <b>Total reported contributions</b> | <b>\$1,897,876</b> | <b>Total reported contributions</b> | <b>\$2,332,832</b> |

<sup>4</sup> Contribution amounts shown represent those attributable to calculating the credit and do not represent total contributions made by the taxpayers. "Other" includes those amounts where the charities were not identified.

**DEFENSE CONTRACTING CREDIT**

**Statute:** A.R.S. § 43-1077 and 1078

**Effective Date:** For taxable years from and after 9/30/92

**Repealed:** Certification by the Arizona Department of Commerce was required by June 30, 2001, valid for five taxable years. No new credits could be claimed after tax year 2006.

**Provisions:** The nonrefundable credit is for a net increase in employment of qualified employees under a United States Department of Defense contract or for a net increase in private commercial employment by a qualified defense contractor due to full-time equivalent positions transferred during the taxable year from exclusively defense related activities to exclusively private commercial activities. A tax credit is also allowed for a portion of property taxes paid on class 3 (commercial or industrial) property.

**Credit:** For net increases in employment, the credit is \$2500 for each first year full-time equivalent position created, \$2000 for the second year, \$1500 for the third year, \$1000 for the fourth year and \$500 for the fifth year of full-time employment. The credit for property tax paid is determined first by calculating 40% of the property tax if more than 900 new full-time equivalent positions are created, 30% of property taxes for 601 to 900 positions, 20% for 301 to 600 positions and 10% for up to 300 positions. This amount is then multiplied by the percentage determined by dividing the taxpayer's total gross income from USDOD contracts apportioned to Arizona by the taxpayer's total gross income from all sources apportioned to Arizona.

**Carry forward:** Five years.

As of the date of this publication, no claim for the defense contracting credit has been found.

**DONATIONS TO THE MILITARY FAMILY RELIEF FUND CREDIT**

**Statute:** A.R.S. § 43-1086  
**Effective Date:** For taxable years from and after 12/31/08.  
**Repealed:** For taxable years ending before 12/31/18. Repeal date was set when credit enacted, but extended in 2012 legislation.  
**Provisions:** A credit is allowed cash donations made to the Military Family Relief fund which is administered by the Arizona Department of Veterans' Services. Donations to the fund will qualify for the credit if the total amount donated to the fund during the calendar year has not exceeded one million dollars. Donations made to the fund after the one million cap has been reached will not qualify for the tax credit.  
**Credit:** The credit is equal to the lesser of the cash donation, credit amount of \$400 for married filing joint/\$200 for all other filing statuses, or the taxpayer's tax liability.  
**Carry forward:** None.

The Arizona Department of Veterans' Services has reported the following donations. Note that the "# of donations" represents the total count of donations and therefore contains duplicates as there are individuals who made more than one donation during the year. The total amount of donations does not account for the tax credit limitation that will be applied when the tax return is filed.

|             | <b># of donations</b> | <b>Total donations</b> |
|-------------|-----------------------|------------------------|
| <b>2008</b> | 3,130                 | \$993,132              |
| <b>2009</b> | 3,259                 | \$1,004,775            |
| <b>2010</b> | 3,128                 | \$1,000,384            |
| <b>2011</b> | 3,093                 | \$999,296              |

The following table adjusts for multiple donations and estimates the credit amount claimed on tax returns by limiting the donation by the credit cap of \$400 (without information on filing status, estimate assumes the higher married filing joint cap).

|             | <b># of claimants</b> | <b>Credit</b> | <b>Credit Used</b> |
|-------------|-----------------------|---------------|--------------------|
| <b>2008</b> | 3,070                 | \$982,575     | \$982,575          |
| <b>2009</b> | 3,185                 | \$998,331     | \$998,331          |
| <b>2010</b> | 3,052                 | \$995,849     | \$995,849          |
| <b>2011</b> | 3,007                 | \$996,695     | \$996,695          |

*Italics indicate preliminary numbers.*

**DONATION OF MOTOR VEHICLES TO WHEELS TO WORK PROGRAM CREDIT**

**Statute:** A.R.S. § 43-1090.01  
**Effective Date:** For taxable years from and after 12/31/98  
**Repealed:** For donations made from and after 7/1/02  
**Provisions:** A nonrefundable credit is allowed for the fair market value of any vehicle that is donated to the wheels to work program. The value of the vehicle is determined by the private entity.  
**Credit:** The maximum credit is \$1,500 per vehicle.  
**Carry forward:** None.

|      | # of claimants | # of vehicles | Average vehicle value | Total credit | Used      |
|------|----------------|---------------|-----------------------|--------------|-----------|
| 1999 | 92             | 92            | \$2,207               | \$121,698    | \$102,327 |
| 2000 | 464            | 473           | \$2,214               | \$615,576    | \$549,223 |
| 2001 | 163            | 169           | \$2,408               | \$213,200    | \$173,319 |
| 2002 | 41             | 44            | \$2,420               | \$54,025     | \$40,261  |

**EMPLOYING NATIONAL GUARD MEMBERS CREDIT**

**Statute:** A.R.S. § 43-1079.01

**Effective Date:** For taxable years from and after 12/31/05

**Provisions:** A nonrefundable credit is allowed to each taxpayer whose employee is a member of the Arizona national guard if the employee is placed on active duty. The employee must be employed in a full-time equivalent position when the employee is placed on active duty. Each member of the Arizona national guard who is employed must have served during the taxable year on active duty for training that exceeds the required annual training period, including any activation for federal or state contingencies or emergencies.

**Credit:** The credit is equal to \$1,000 for each employee who is placed on active duty by the Arizona national guard.

**Carry forward:** Five years.

Claims have been recorded for this credit for tax year 2006 (1 claim), 2007 (1 claim), 2008 (1 claim), 2009 (2 claims) and 2010 (2 claims) but there are too few to release additional information.

**EMPLOYMENT OF TANF RECIPIENTS CREDIT**

**Statute:** A.R.S. § 43-1087

**Effective Date:** For taxable years from and after 12/31/97

**Provisions:** A nonrefundable credit is allowed for net increases in qualified employment of recipients of temporary assistance for needy families who are Arizona residents. To qualify for a credit, several conditions must be met, including that all employees must reside in Arizona and be TANF recipients, must be employed full-time, must have insurance coverage if insurance coverage is offered to non-TANF employees, must be paid minimum wage or a wage comparable to that received by non-TANF employees, must have been employed for at least 90 days during the first year.

**Credit:** The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1<sup>st</sup> year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2<sup>nd</sup> year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3<sup>rd</sup> year of continuous employment.

**Carry forward:** Five years.

|             | # of claimants | Total credit | Used     | Carry forward |
|-------------|----------------|--------------|----------|---------------|
| <b>1998</b> | 1              | ////////     | //////// | ////////      |
| <b>1999</b> | 1              | ////////     | //////// | ////////      |
| <b>2000</b> | 0              | \$0          | \$0      | \$0           |
| <b>2001</b> | 0              | \$0          | \$0      | \$0           |
| <b>2002</b> | 4              | ////////     | //////// | ////////      |
| <b>2003</b> | 5              | ////////     | //////// | ////////      |
| <b>2004</b> | 0              | \$0          | \$0      | \$0           |
| <b>2005</b> | 5              | ////////     | //////// | ////////      |
| <b>2006</b> | 0              | \$0          | \$0      | \$0           |
| <b>2007</b> | 5              | \$24,606     | \$12,666 | \$11,940      |
| <b>2008</b> | 1              | ////////     | //////// | ////////      |
| <b>2009</b> | 0              | \$0          | \$0      | \$0           |
| <b>2010</b> | 3              | \$21,929     | \$20,822 | \$1,107       |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

*Italics indicate preliminary numbers.*

**ENTERPRISE ZONE CREDIT**

**Statute:** A.R.S. § 43-1074

**Effective Date:** For taxable years from and after 12/31/89.

**Sunset Date:** 6/30/2011.

**Provisions:** A nonrefundable credit is allowed for net increases in qualified employment positions of Arizona residents by a business located in an enterprise zone, except where more than 10% of the business conducted at the location consists of selling tangible personal property at retail. (Originally this credit had no restriction on retail businesses. Then for a few years, there was complete exclusion of retail businesses.) To qualify for the credit there are a number of requirements, including an Arizona residency requirement, 35% of the employees with respect to whom a credit is claimed must reside in an enterprise zone on the date of employment, located in the same county as the business is located, the position must be at least 1,750 hours per year, etc.

**Credit:** The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1<sup>st</sup> year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2<sup>nd</sup> year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3<sup>rd</sup> year of continuous employment.

**Carry forward:** Five years.

|      | # of claimants | Total credit | Used        | Carry forward |
|------|----------------|--------------|-------------|---------------|
| 1991 | 30             | \$67,000     | \$60,000    | \$7,000       |
| 1992 | 46             | \$145,000    | \$112,000   | \$33,000      |
| 1993 | 21             | \$221,000    | \$134,000   | \$87,000      |
| 1994 | 25             | \$595,894    | \$337,581   | \$258,313     |
| 1995 | 32             | \$835,696    | \$667,005   | \$168,691     |
| 1996 | 80             | \$796,678    | \$325,542   | \$468,135     |
| 1997 | 119            | \$1,348,636  | \$717,178   | \$631,458     |
| 1998 | 134            | \$1,932,606  | \$1,196,708 | \$735,928     |
| 1999 | 184            | \$2,704,548  | \$1,573,538 | \$1,133,681   |
| 2000 | 200            | \$3,669,226  | \$2,123,440 | \$1,553,807   |
| 2001 | 228            | \$4,038,179  | \$2,370,519 | \$1,667,790   |
| 2002 | 176            | \$2,838,420  | \$1,602,832 | \$1,289,247   |
| 2003 | 202            | \$2,981,234  | \$1,713,943 | \$1,190,859   |
| 2004 | 165            | \$2,204,199  | \$1,339,705 | \$738,055     |
| 2005 | 193            | \$2,296,501  | \$1,458,081 | \$713,499     |
| 2006 | 197            | \$2,158,246  | \$1,642,905 | \$397,705     |
| 2007 | 151            | \$1,632,256  | \$1,003,582 | \$593,280     |
| 2008 | 138            | \$1,751,048  | \$892,784   | \$850,776     |
| 2009 | 98             | \$1,258,831  | \$1,190,630 | \$586,953     |

*Italics indicate preliminary numbers.*

**ENVIRONMENTAL TECHNOLOGY FACILITY CREDIT**

**Statute:** A.R.S. § 43-1080

**Effective Date:** For taxable years from and after 12/31/92

**Provisions:** A nonrefundable credit is allowed for expenses incurred in constructing a qualified technology manufacturing, producing or processing facility. The facility must be either owned by the manufacturer, producer or processor, or leased for a term of five years or more. The facility must be used predominantly to do a variety of things (set out in statute) that involve recycled materials or renewable energy. The facility must cost an aggregate of at least \$20 million of new capital investment in Arizona within five years after construction begins or commencement of installation of improvements.

**Credit:** The credit is equal to 10% of the amount spent during the taxable year to construct the facility, including land acquisition, improvements, building improvements, machinery and equipment, but not exceeding 75% of the tax liability.

**Carry forward:** Fifteen years.

No claims have been recorded for this credit for tax years 1993 through 2005. Claims have been recorded for this credit for tax year 2006 (1 claim), 2007 (1 claim), 2008 (1 claim), 2009 (2 claims) and 2010 (1 claim) but there are too few to release additional information.

**FAMILY INCOME TAX CREDIT**

**Statute:** A.R.S. § 43-1073

**Effective Date:** For taxable years from and after 12/31/95

**Provisions:** The family income tax credit is a nonrefundable credit for taxpayers below certain income levels, with differing amounts for different household sizes.

**Credit:** The credit is \$40 per person in the household, not to exceed \$240 for married taxpayers filing joint returns or unmarried head of household filers and \$120 for taxpayers filing single or married filing separate returns. For taxpayers filing single or married filing separately, income must be less than or equal to \$10,000 to take the credit.

1. For taxpayers filing single or married filing separately, income<sup>5</sup> must be less than or equal to \$10,000 to take the credit.
2. For married taxpayers filing joint
  - a. with one dependent, the income threshold is \$20,000.
  - b. with two dependents, the income threshold is \$23,600.
  - c. with three dependents, the income threshold is \$27,300.
  - d. with four or more dependents, the income threshold is \$31,000.
3. For taxpayers filing as unmarried head of household,
  - a. with one dependent, the income threshold is \$20,000.
  - b. with two dependents, the income threshold is \$20,135.
  - c. with three dependents, the income threshold is \$23,800.
  - d. with four dependents, the income threshold is \$25,200.
  - e. with five or more dependents, the income threshold is \$26,575.

**Carry forward:** None.

|             | <b># of claimants</b> | <b>Total credit</b> | <b>Used</b> |
|-------------|-----------------------|---------------------|-------------|
| <b>1995</b> | 340,844               | \$20,600,000        | \$5,150,000 |
| <b>1996</b> | 340,790               | \$20,526,564        | \$5,071,340 |
| <b>1997</b> | 345,223               | \$20,483,252        | \$4,637,593 |
| <b>1998</b> | 312,768               | \$27,669,951        | \$7,390,406 |
| <b>1999</b> | 327,974               | \$28,374,663        | \$7,925,721 |
| <b>2000</b> | 335,253               | \$28,924,670        | \$7,799,840 |
| <b>2001</b> | 402,094               | \$33,377,585        | \$7,356,939 |
| <b>2002</b> | 427,798               | \$36,064,781        | \$7,382,178 |
| <b>2003</b> | 417,451               | \$35,068,208        | \$7,445,937 |
| <b>2004</b> | 425,484               | \$35,617,953        | \$7,709,270 |
| <b>2005</b> | 439,056               | \$36,737,292        | \$7,661,867 |
| <b>2006</b> | 448,960               | \$37,349,413        | \$6,867,294 |
| <b>2007</b> | 518,820               | \$42,706,477        | \$6,784,150 |
| <b>2008</b> | 501,013               | \$42,060,538        | \$5,811,534 |
| <b>2009</b> | 515,867               | \$44,711,520        | \$5,270,319 |
| <b>2010</b> | 516,513               | \$44,548,440        | \$5,594,106 |
| <b>2011</b> | 516,785               | \$44,268,240        | \$5,817,731 |

*Italics indicate preliminary numbers.*

<sup>5</sup> Income is defined as Arizona adjusted gross income plus any subtractions taken which reduced Federal Adjusted Gross Income.

**HEALTHY FOREST ENTERPRISE**

**Statute:** A.R.S. § 43-1076

**Effective Date:** For taxable years from and after 12/31/04.

**Repealed:** For taxable years beginning from and after 1/1/25. Repeal date set when credit enacted, but extended in 2012 legislation.

**Provisions:** A business may qualify for a nonrefundable credit, if certified by the Department of Commerce as a healthy forest enterprise. The business must enhance or sustain forest health, sustains or recovers watershed or improves public safety. It must be engaged in the business of harvesting, transporting or initial processing of qualifying forest products for commercial use.

**Credit:** The credit is based on the net increase in the number of qualified employment positions created and filled by businesses operating healthy forest enterprises. The credit amount per employee depends on the employee's year of employment; first year equal to the lesser of \$500 or one-fourth of the taxable wages paid to an employee in a qualified employment position; second year equal to the lesser of \$1,000 or one-third the wages paid to an employee in a qualified employment position; third year equal to the lesser of \$1,500 or one-half of the taxable wages paid to an employee in a qualified employment position.

**Carry forward:** Five years

As of the date of this publication, no claims on individual income tax returns for the healthy forest enterprise credit have been filed.

|  |
|--|
| <b>INCOME TAXES PAID TO OTHER STATES OR COUNTRIES CREDIT</b> |
|--|

**Statute:** A.R.S. § 43-1071

**Effective Date:** For taxable years from and after 1/01/35

**Provisions:** Residents are allowed a nonrefundable credit against income tax imposed in Arizona for net income taxes imposed by and paid to another state or country on income taxable in Arizona. The credit is available if the taxpayer is paying a net income tax to certain states and the tax owed to Arizona and the other state or country must be charged on the same income.

**Credit:** The credit is the amount of tax paid to the other state on the same income taxable in Arizona.

**Carry forward:** None.

Due to the volume of taxpayers claiming the credit for income taxes paid as well as the number claiming multiple credits, the following table represents only those taxpayers that have claimed the credit for income taxes paid to other states or countries and no other credits.

|             | # of<br>claimants | Total credit        | Used                |
|-------------|-------------------|---------------------|---------------------|
| <b>1995</b> | 22,496            | \$29,203,587        | \$29,203,587        |
| <b>1996</b> | 23,379            | \$40,570,806        | \$40,570,806        |
| <b>1997</b> | 25,325            | \$42,910,138        | \$42,910,138        |
| <b>1998</b> | 25,794            | \$53,091,928        | \$53,091,928        |
| <b>1999</b> | 26,317            | \$51,433,659        | \$51,433,659        |
| <b>2000</b> | 27,831            | \$57,403,404        | \$57,403,404        |
| <b>2001</b> | 29,007            | \$58,777,258        | \$58,777,258        |
| <b>2002</b> | 24,909            | \$52,843,508        | \$52,843,508        |
| <b>2003</b> | 25,722            | \$62,484,651        | \$62,484,651        |
| <b>2004</b> | 29,956            | \$80,229,015        | \$80,229,015        |
| <b>2005</b> | 34,664            | \$119,416,310       | \$119,416,310       |
| <b>2006</b> | 34,880            | \$124,937,274       | \$124,937,274       |
| <b>2007</b> | 27,706            | \$105,315,257       | \$105,315,257       |
| <b>2008</b> | 31,103            | \$78,837,292        | \$78,837,292        |
| <b>2009</b> | 30,125            | \$75,216,168        | \$75,216,168        |
| <b>2010</b> | 36,535            | \$84,093,029        | \$84,093,029        |
| <b>2011</b> | <i>32,694</i>     | <i>\$50,419,973</i> | <i>\$50,419,973</i> |

*Italics indicate preliminary numbers.*

**INCREASED EXCISE TAXES PAID CREDIT**

**Statute:** A.R.S. § 43-1072.01

**Effective Date:** For taxable years from and after 12/31/00

**Provisions:** A *refundable* credit is allowed against income tax imposed to mitigate the increase in transaction privilege tax rates for education. The claimant must meet certain income thresholds to qualify for the credit: federal adjusted gross income of \$25,000 or less for a married couple or a single person who is head of a household, or \$12,500 for a single person or a married person filing separately.

**Credit:** The credit shall not exceed \$25 for each person who is a resident of Arizona and for whom a personal or dependent exemption is allowed. The credit shall not be more than \$100 for all persons in a household.

|             | <b># of claimants</b> | <b>Total credit</b> | <b>Used</b>         |
|-------------|-----------------------|---------------------|---------------------|
| <b>2001</b> | 428,189               | \$22,612,548        | \$22,612,548        |
| <b>2002</b> | 529,265               | \$28,403,741        | \$28,403,741        |
| <b>2003</b> | 548,831               | \$29,581,905        | \$29,581,905        |
| <b>2004</b> | 555,762               | \$29,924,907        | \$29,924,907        |
| <b>2005</b> | 546,678               | \$29,358,243        | \$29,358,243        |
| <b>2006</b> | 536,940               | \$28,751,332        | \$28,751,332        |
| <b>2007</b> | 579,464               | \$30,444,007        | \$30,444,007        |
| <b>2008</b> | 605,599               | \$32,308,185        | \$32,308,185        |
| <b>2009</b> | 664,675               | \$35,928,030        | \$35,928,030        |
| <b>2010</b> | 656,524               | \$35,278,230        | \$35,275,230        |
| <b>2011</b> | <i>650,694</i>        | <i>\$34,736,264</i> | <i>\$34,736,264</i> |

*Italics indicate preliminary numbers.*

**INVESTMENT IN QUALIFIED SMALL BUSINESSES**

**Statute:** A.R.S. § 43-1074.02  
**Effective Date:** For taxable years from and after 12/31/06.  
**Repealed:** For taxable years beginning from and after 1/1/2020. Repeal date set when credit enacted.  
**Provisions:** A nonrefundable credit is allowed for investments made in qualified small businesses. The amount of the credit is the amount determined and authorized by the Arizona Commerce Authority (A.R.S. § 41-1518).  
**Credit:** If the qualified investment is made in a qualified small business (\$10 million in assets effective 1/1/12, up from \$2 million) located in a rural county or is a bioscience enterprise, the credit is 12% of the investment amount per year for the 1<sup>st</sup> and 2<sup>nd</sup> taxable years after the investment is made and 11% of the investment amount for the 3<sup>rd</sup> taxable year after the year in which the investment is made.  
 If the qualified investment is made in a qualified small business other than a business described above, the credit is 10% of the amount of the investment for each of the three taxable years after the year in which the investment is made.  
 The Arizona Commerce Authority may not authorize tax credits after 6/30/16. The Arizona Commerce Authority cannot certify more than \$20,000,000 in credits for investment in qualified small businesses.  
**Carry forward:** Three years.

The Arizona Commerce Authority has notified the Department of Revenue of the certification of 146 qualified small businesses. The Arizona Commerce Authority has also notified the Department of Revenue that 524 tax credits have been approved. Of these 524 tax credits, 40 investors made more than one qualified investment. These 524 income tax credits represent investment of \$32.7 million in 83 of the qualified small businesses. This \$32.7 million translates to \$10.7 million in credit, available over 8 tax years.

Activity on tax returns filed in terms of credit actually claimed is shown below.

| <b>Tax Year</b> | <b>#</b> | <b>Average Federal Adj. Gross Income</b> | <b>New Credit Claimed</b> | <b>Carry Forward Claimed</b> | <b>Total Credit Claimed</b> | <b>Credit Taken</b> | <b>Credit Carry Forward</b> |
|-----------------|----------|--|---------------------------|------------------------------|-----------------------------|---------------------|-----------------------------|
| <b>2007</b>     | 84       | \$865,463                                | \$415,766                 | -----                        | \$415,766                   | \$296,115           | \$119,736                   |
| <b>2008</b>     | 128      | \$452,335                                | \$747,953                 | \$119,736                    | \$867,689                   | \$411,156           | \$456,644                   |
| <b>2009</b>     | 208      | \$1,208,228                              | \$1,398,414               | \$425,869                    | \$1,823,783                 | \$574,434           | \$1,249,498                 |
| <b>2010</b>     | 203      | \$446,351                                | \$1,433,099               | \$1,253,998                  | \$2,687,097                 | \$791,082           | \$1,896,015                 |

*Numbers in italics are preliminary.*

**MILITARY REUSE ZONE CREDIT**

**Statute:** A.R.S. § 43-1079

**Effective Date:** For taxable years from and after 12/31/92 (although no military reuse zones were designated until 1996)

**Provisions:** A nonrefundable credit is allowed for net increases in employment of full-time employees working in a military reuse zone, and who are primarily engaged in providing aviation or aerospace services or in manufacturing, assembling or fabricating aviation or aerospace products. A credit is also allowed for dislocated military base employees, which are civilians who previously had permanent full-time civilian employment on the military facility as of the date the closure of the facility was determined under federal law.

**Credit:** For each employee that is not a dislocated military base employee, the credit is \$500 in the 1<sup>st</sup> year of employment and increases in \$500 increments until it reaches \$2500 in the 5<sup>th</sup> year of employment. For dislocated military base employees, the credit amount starts at \$1,000 in the 1<sup>st</sup> year of employment and increases in \$500 increments each year until it reaches \$3,000 in the 5<sup>th</sup> year of employment.

**Carry forward:** Five years.

Claims have been recorded for this credit for tax year 1996 (1 claim) and 1997 (1 claim) but there are too few to release additional information.

**MOTION PICTURE PRODUCTION AND INFRASTRUCTURE CREDIT**

**Statutes:** A.R.S. §§ 43-1075 and 43-1075.01

**Effective Date:** For taxable years from and after 12/31/2005 for Motion Picture Productions (§ 43-1075) and for taxable years from and after 12/31/2007 for Motion Picture Infrastructure Projects (§ 43-1075.01)

**Repealed:** For taxable year beginning from and after 1/1/11. Repeal date set when enacted.

**Provisions:** A nonrefundable, transferable credit is allowed for a motion picture production company that produces motion pictures completely or partially in Arizona and for the construction of an eligible infrastructure project. The taxpayer must receive pre-approval and post-approval from the Arizona Department of Commerce. For the motion picture production credit, the taxpayer must acknowledge that the production was filmed in Arizona, incur production costs of at least \$250,000, employ 50% of Arizona residents during production activities in Arizona (25% of full-time employees for 2006 and 35% for 2007), begin production within 90 days of pre-approval and submit a Completion Report to the Department of Commerce.

**Credit:** The amount of the motion picture production credit is based on qualified production costs in Arizona equal to 20% of costs from \$250,000 to \$1 million and 30% of costs exceeding \$1 million (increased from 10%, 15% or 20% of costs for 2006 and 2007). The tax credit is limited to \$9 million per motion picture (\$5 million for 2006 and 2007, \$7 million for 2008 and \$8 million for 2009). The total corporate and individual income tax credit (reference A.R.S. §§ 43-1075 and 43-1075.01) is limited to \$30 million for 2006, \$40 million for 2007, \$50 million for 2008, \$60 million for 2009, and \$70 million for 2010. Beginning in 2008, 5% of the calendar year cap is reserved for commercial advertisements or music videos. An infrastructure income tax credit is available, subject to the same calendar year limit, up to 15% of the base investment for the construction of a qualified infrastructure project in Arizona. The infrastructure tax credit cannot exceed \$5 million in any year for a soundstages or \$3 million for an individual support or augmentation facilities project. All or part of any unclaimed amount of credit may be sold or otherwise transferred. A single sale or transfer may involve one or more transferees, and a transferee may in turn resell or transfer the credit.

**Carry forward:** Five years.

The Arizona Department of Commerce has issued post-approval for 34 productions with an allowable credit of \$26,238,214. Until the returns are filed, there is no way to determine how many will be claimed as corporate income tax credits and how many will be claimed as individual income tax credits.

| Tax Year | # of claimants | # of productions | New credit | Total credit | Credit used | Carry forward |
|----------|----------------|------------------|------------|--------------|-------------|---------------|
| 2006     | 0              | 0                | \$ 0       | \$ 0         | \$ 0        | \$ 0          |
| 2007     | 4              | 3                | \$ 153,184 | \$ 153,184   | \$ 128,165  | \$ 25,019     |
| 2008     | 9              | 3                | \$ 248,548 | \$ 273,567   | \$ 267,771  | \$ 5,796      |
| 2009     | 5              | 3                | \$ 76,136  | \$ 81,932    | \$ 77,267   | \$ 4,665      |
| 2010     | 3              | ////             | ////////// | //////////   | //////////  | //////////    |

*Italics indicate preliminary numbers.*

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

- Since the creation of this credit, 12 individual and 22 corporate taxpayers have claimed it.
- Since 2007, 23 productions have been claimed for a total credit amount of \$19.0 million.
- Thirty-three post-approved productions have been sold or transferred to 38 taxpayers for \$24,813,312 and 13 credits for \$8,492,216 were then resold to 34 individual or corporate taxpayers.

**NEW EMPLOYMENT CREDIT**

**Statute:** A.R.S. § 43-1074

**Effective Date:** For taxable years from and after 6/30/11

**Provisions:** A nonrefundable credit is allowed for net increases in qualified employment positions in Arizona at an Arizona business location. To qualify for the credit, the taxpayer must either invest at least \$5 million of capital investment and create at least 25 new qualified positions in an Arizona city or town with a population of 50,000 or invest at least \$1 million of capital investment and create at least 5 new qualified positions in any other location in Arizona. The employer must also provide health insurance coverage for the employee (paying at least 65% of the cost) and pay a wage at least equal to the median wage for the county. The credit must be pre-approved by the Arizona Commerce Authority, who cannot approve more than 10,000 first-year positions for all taxpayers.

**Credit:** The credit is limited to 400 first-year qualified positions per year per taxpayer. The credit is equal to \$3,000 for each employee in the 1<sup>st</sup> year or partial year of employment, \$3,000 for each employee for the full taxable year in the 2<sup>nd</sup> year of continuous employment and \$3,000 for each employee for the full taxable year in the 3<sup>rd</sup> year of continuous employment.

**Carry forward:** Five years.

**POLLUTION CONTROL DEVICE CREDIT**

**Statute:** A.R.S. § 43-1081  
**Effective Date:** For taxable years from and after 12/31/94  
**Provisions:** A nonrefundable credit is allowed for expenses incurred to purchase real or personal property that is used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies includes that portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition to or reconstruction, replacement or improvement of that property that is directly used, constructed or installed for the purposes of meeting rules or regulations adopted by the U.S. Environmental Protection Agency, the Department of Environmental Quality or a political subdivision to prevent, monitor, control or reduce air, water or land pollution.  
**Credit:** The amount of the credit is equal to the lesser of 10% of the purchase price or \$500,000. In 1995 and 1996, the credit was capped at \$750,000.  
**Carry forward:** Five years.

|      | # of claimants | Total credit | Used       | Carry forward |
|------|----------------|--------------|------------|---------------|
| 1995 | 0              | \$0          | \$0        | \$0           |
| 1996 | 0              | \$0          | \$0        | \$0           |
| 1997 | 1              | //////////   | ////////// | //////////    |
| 1998 | 5              | //////////   | ////////// | //////////    |
| 1999 | 6              | //////////   | ////////// | //////////    |
| 2000 | 4              | //////////   | ////////// | //////////    |
| 2001 | 18             | \$31,624     | \$31,624   | \$0           |
| 2002 | 13             | \$18,562     | \$18,525   | \$37          |
| 2003 | 9              | \$32,062     | \$31,239   | \$823         |
| 2004 | 28             | \$40,676     | \$16,385   | \$24,291      |
| 2005 | 23             | \$79,082     | \$71,574   | \$7,508       |
| 2006 | 14             | \$31,327     | \$14,412   | \$16,680      |
| 2007 | 10             | \$30,247     | \$7,962    | \$22,767      |
| 2008 | 5              | \$18,492     | \$5,731    | \$12,756      |
| 2009 | 2              | //////////   | ////////// | //////////    |
| 2010 | 2              | //////////   | ////////// | //////////    |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

*Italics indicate preliminary numbers.*

**PRIVATE SCHOOL TUITION ORGANIZATION CREDIT**

**Statute:** A.R.S. § 43-1089

**Effective Date:** For taxable years from and after 12/31/97

**Provisions:** A nonrefundable credit is allowed for cash contributions to a school tuition organization. A school tuition organization is a 501(c)(3) that allocates at least 90% of its revenue for scholarships to children to allow them to attend any qualified school of their parents choice. The school tuition organization cannot limit availability of scholarships to only one school. A qualified school is a primary or secondary school.

**Credit:** The credit is equal to the cash contribution, not to exceed \$1,000 for married filing joint filers and \$500 for all other filing statuses. These amounts are adjusted for inflation annually.

**Carry forward:** Five years.

| Calendar year     | # of STOs <sup>6</sup> reporting donations | # of donors reported | Donations reported | # of STOs reporting scholarships | # of scholarships reported | Scholarships reported     |
|-------------------|--|----------------------|--------------------|----------------------------------|----------------------------|---------------------------|
| 1998              | 16   | 4,248                | \$1,815,798        | 4                                | 128                        | \$103,790                 |
| 1999              | 33   | 32,023               | \$13,781,341       | 17                               | 3,207                      | \$2,196,734               |
| 2000              | 36   | 38,249               | \$17,701,284       | 30                               | 15,081                     | \$13,561,981              |
| 2001              | 43   | 46,696               | \$24,897,444       | 32                               | 18,049                     | \$16,484,958              |
| 2002              | 43   | 52,203               | \$26,512,683       | 36                               | 19,582                     | \$22,826,746              |
| 2003              | 51   | 58,122               | \$29,445,596       | 49                               | 20,134                     | \$24,420,057              |
| 2004              | 53   | 63,830               | \$31,846,494       | 51                               | 21,146                     | \$28,025,083              |
| 2005              | 53   | 69,239               | \$42,196,206       | 54                               | 22,529                     | \$30,863,153              |
| 2006              | 56   | 73,617               | \$51,012,326       | 56                               | 24,678                     | \$40,594,978              |
| 2007              | 55   | 76,065               | \$54,304,968       | 55                               | 27,153                     | \$48,561,687              |
| 2008              | 55   | 78,434               | \$55,260,728       | 55                               | 28,327                     | \$54,205,394              |
| 2009              | 54   | 73,430               | \$50,879,153       | 52                               | 27,592                     | \$52,127,262              |
| 2010              | 53   | 62,940               | \$43,183,534       | 54                               | 26,433                     | \$47,344,443              |
| 2011              | 49   | 71,614               | \$48,981,406       | 45                               | 10,891                     | \$28,542,543 <sup>7</sup> |
| 2012 <sup>8</sup> | 47   | 23,608               | \$15,592,213       | FY2012---47                      | 23,899                     | \$45,525,163              |

School tuition organization reporting switched from calendar year to fiscal year in fiscal year 2012 due to a law change. We ask the organizations to break out their donations in 6-month periods, but don't ask that for scholarships. Therefore, beginning with FY2012, scholarships will only be reported on a fiscal year basis.

<sup>6</sup> School Tuition Organizations

<sup>7</sup> The 2011 scholarship numbers are for the first 6 months of 2011 only.

<sup>8</sup> These numbers are for the first 6 months of calendar year 2012.

**PRIVATE SCHOOL TUITION ORGANIZATION "SWITCHER" CREDIT**

**Statute:** A.R.S. § 43-1089.03  
**Effective Date:** For taxable years from and after 12/31/11  
**Provisions:** A nonrefundable credit is allowed for cash contributions to a school tuition organization that exceed the original private school tuition organization credit (A.R.S. § 43-1089). A school tuition organization is a 501(c)(3) that allocates at least 90% of its revenue for scholarships to children to allow them to attend any qualified school of their parents choice. The school tuition organization cannot limit availability of scholarships to only one school. A qualified school is a primary or secondary school.  
**Credit:** The credit is equal to the cash contribution, not to exceed \$1,000 for married filing joint filers and \$500 for all other filing statuses, to the extent that the contribution exceeds the maximum donation allowed for the original private school tuition organization credit. These amounts are adjusted for inflation annually.  
**Carry forward:** Five years.

|                    | # of STOs <sup>9</sup> reporting donations | # of donors reported | Donations reported | # of STOs reporting scholarships | # of scholarships reported | Scholarships reported |
|--------------------|--|----------------------|--------------------|----------------------------------|----------------------------|-----------------------|
| 2012 <sup>10</sup> | 7  | 34                   | \$23,975           | FY2012-----0                     | 0                          | \$0                   |

<sup>9</sup> School Tuition Organizations  
<sup>10</sup> These numbers are for the first 6 months of calendar year 2012.

**PROPERTY TAX CREDIT**

**Statute:** A.R.S. § 43-1072  
**Effective Date:** For property taxes accrued during calendar years from and after 1974  
**Provisions:** This is a *refundable* credit for property taxes accrued or rent, or both, paid in that taxable year if certain conditions are met. The claimant must be at least 65 years of age or is a recipient of public monies under Title 16 of the social security act. The claimant paid either property taxes or rent during the taxable year. The person did not live with a spouse or any other persons and had an income from all sources in the taxable year of less than \$3,750, or lived with a spouse or other people and the combined income from all sources in the taxable year of all persons residing in the residence was less than \$5,001.  
**Credit:** The credit allowed is the lesser of the amount of property taxes paid or the credit amount based on household income (credit ranges from \$56 to \$502).

|             | <b># of claimants</b> | <b>Total credit</b> | <b>Used</b>        |
|-------------|-----------------------|---------------------|--------------------|
| <b>1995</b> | 22,091                | \$6,342,285         | \$6,342,285        |
| <b>1996</b> | 19,983                | \$5,819,917         | \$5,819,917        |
| <b>1997</b> | 18,644                | \$5,581,477         | \$5,581,477        |
| <b>1998</b> | 17,237                | \$5,290,628         | \$5,290,628        |
| <b>1999</b> | 15,862                | \$4,987,796         | \$4,987,796        |
| <b>2000</b> | 14,593                | \$4,653,837         | \$4,653,837        |
| <b>2001</b> | 15,218                | \$5,015,318         | \$5,015,318        |
| <b>2002</b> | 14,991                | \$5,106,544         | \$5,106,544        |
| <b>2003</b> | 15,028                | \$5,301,879         | \$5,301,879        |
| <b>2004</b> | 14,786                | \$5,242,685         | \$5,242,685        |
| <b>2005</b> | 13,943                | \$4,977,070         | \$4,977,070        |
| <b>2006</b> | 13,247                | \$4,776,863         | \$4,776,863        |
| <b>2007</b> | 16,810                | \$5,979,296         | \$5,979,296        |
| <b>2008</b> | 15,675                | \$5,722,697         | \$5,722,698        |
| <b>2009</b> | 17,366                | \$6,606,391         | \$6,606,391        |
| <b>2010</b> | 17,526                | \$6,750,770         | \$6,750,770        |
| <b>2011</b> | <i>18,308</i>         | <i>\$7,091,576</i>  | <i>\$7,091,576</i> |

*Italics indicate preliminary numbers.*

**PUBLIC SCHOOL EXTRACURRICULAR ACTIVITY FEE CREDIT**

**Statute:** A.R.S. § 43-1089.01

**Effective Date:** For taxable years from and after 12/31/97

**Provisions:** A nonrefundable credit is allowed for fees or cash contributions paid to a public school located in Arizona for the support of extracurricular activities or to pay for character education programs as defined in § 15-719. Extracurricular activities are school sponsored activities that require students to pay a fee in order to participate. Session Law (Laws 2011, Chapter 195) allows schools to temporarily use up to 50% of the unencumbered contributions it received prior to tax year 2011 for short-term capital items such as technology, textbooks, library resources, instructional aids, pupil transportation vehicles, furniture or equipment in FY 2011/12 and FY 2012/13.

**Credit:** The credit is equal to the amount of fees paid or cash contributions, not to exceed \$400 for married filing joint filers and \$200 for all other filing statuses.

**Carry forward:** Five years.

|             | <b># of claimants</b> | <b>Total credit</b> | <b>Used</b>  |
|-------------|-----------------------|---------------------|--------------|
| <b>1998</b> | 74,242                | \$8,990,042         | \$8,990,042  |
| <b>1999</b> | 109,748               | \$14,775,353        | \$14,775,353 |
| <b>2000</b> | 149,215               | \$17,526,299        | \$17,526,299 |
| <b>2001</b> | 166,468               | \$20,004,715        | \$20,004,715 |
| <b>2002</b> | 143,697               | \$22,455,129        | \$22,455,129 |
| <b>2003</b> | 201,407               | \$27,753,764        | \$27,753,764 |
| <b>2004</b> | 213,987               | \$30,958,872        | \$30,958,872 |
| <b>2005</b> | 215,369               | \$35,416,279        | \$35,416,279 |
| <b>2006</b> | 218,664               | \$43,230,433        | \$43,230,433 |
| <b>2007</b> | 214,356               | \$44,069,896        | \$44,069,896 |
| <b>2008</b> | 233,450               | \$45,164,366        | \$45,164,366 |
| <b>2009</b> | 239,031               | \$42,657,087        | \$42,657,087 |
| <b>2010</b> | 250,004               | \$43,718,717        | \$43,718,717 |
| <b>2011</b> | 250,210               | \$48,443,537        | \$48,443,537 |

**QUALIFIED HEALTH INSURANCE PLANS CREDIT**

**Statute:** A.R.S. § 43-1087.01

**Effective Date:** For taxable years from and after 12/31/11.

**Repealed:** For taxable years beginning from and after 1/1/14. Repeal date set when credit enacted.

**Provisions:** A nonrefundable credit is allowed for employers who provide qualified health plans or contributions to health savings accounts for its employees who are Arizona residents. The taxpayer must employ at least 2 and not more than 50 employees. The employer cannot have provided health insurance coverage to its employees for the 90 days immediately preceding the offer of health insurance plans in the taxable year in which the employer initially claims the credit. The health insurance plan must be provided to enrolled employees for at least 12 consecutive months (and offered to all employees) and the employer must pay at least \$360 during the taxable year for premiums or contributions to a health savings account.

**Credit:** The amount of the credit is \$360 for every employee who is enrolled in the qualified health insurance plan.

**Carry forward:** Three years

**RECYCLING EQUIPMENT CREDIT**

**Statute:** A.R.S. § 43-1076  
**Effective Date:** For taxable years from and after 12/31/92  
**Repealed:** For taxable years beginning on or after 1/1/03.  
**Provisions:** A nonrefundable credit is allowed to a taxpayer that places recycling equipment in service in Arizona. Recycling equipment is defined as new or used equipment purchased during the tax year and used exclusively to process post-consumer select solid waste materials and manufacturing machinery used exclusively to produce finished products, the composition of which is at least 25% post-consumer select solid waste materials. Select solid waste means paper, plastic, scrap metal and iron, glass and rubber.  
**Credit:** The amount of the credit is equal to 10% of the installed cost of the equipment. The credit may not exceed 25% of the tax liability for the tax year or \$5,000.  
**Carry forward:** Fifteen years.

|      | # of claimants | Total credit | Used       | Carry forward |
|------|----------------|--------------|------------|---------------|
| 1993 | 0              | \$0          | \$0        | \$0           |
| 1994 | 5              | //////////   | ////////// | //////////    |
| 1995 | 6              | //////////   | ////////// | //////////    |
| 1996 | 2              | //////////   | ////////// | //////////    |
| 1997 | 5              | \$17,757     | \$7,007    | \$10,750      |
| 1998 | 5              | //////////   | ////////// | //////////    |
| 1999 | 3              | //////////   | ////////// | //////////    |
| 2000 | 6              | \$26,303     | \$4,605    | \$21,698      |
| 2001 | 6              | \$9,309      | \$2,928    | \$6,381       |
| 2002 | 5              | \$7,945      | \$3,267    | \$4,678       |
| 2003 | 4              | \$3,891      | \$2,380    | \$1,511       |
| 2004 | 2              | //////////   | ////////// | //////////    |
| 2005 | 0              | \$0          | \$0        | \$0           |
| 2006 | 0              | \$0          | \$0        | \$0           |
| 2007 | 0              | \$0          | \$0        | \$0           |
| 2008 | 0              | \$0          | \$0        | \$0           |
| 2009 | 0              | \$0          | \$0        | \$0           |
| 2010 | 0              | \$0          | \$0        | \$0           |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

**RENEWABLE ENERGY INDUSTRY CREDIT**

**Statute:** A.R.S. § 43-1083.01

**Effective Date:** For taxable years from and after 12/31/09

**Repealed:** For taxable years beginning from and after 1/1/15. Repeal date set when enacted.

**Provisions:** This refundable credit is for expanding or locating qualified renewable energy operations in Arizona. Renewable energy operations are limited to manufacturers 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 crates necessary to package the renewable energy equipment manufactured at the facility. Approval from the Arizona Commerce Authority is required to take the credit. No more than \$70 million can be approved by the Arizona Commerce Authority in a calendar year.

**Credit:** The credit is up to 10% of the taxpayer's total capital investment in Arizona if 1.5 new full-time employment positions are created for each \$500,000 of capital investment for manufacturing operations or 1 new full-time employment position is created for each \$200,000 in capital investment for headquarters. For other qualifying renewable energy investment, the credit is 10% of \$500,000 for each 1.5 new full-time employment positions created in manufacturing operations or 10% of \$200,000 for each 1 full-time employment position created for headquarters, neither of which can exceed 10% of the taxpayer's total capital investment. The credit is apportioned and claimed in five equal annual installments in each of five consecutive tax years.

**Carry forward:** Not applicable.

As of the date of this release on income tax credits, the Arizona Commerce Authority has pre-approved three companies for this credit. Since no post-approvals have yet been issued, no credit dollar amount is available.

**RENEWABLE ENERGY PRODUCTION TAX CREDIT**

- Statute:** A.R.S. § 43-1083.02
- Effective Date:** For taxable years from and after 12/31/10
- Repealed:** For taxable years beginning from and after 1/1/31. Repeal date set when enacted.
- Provisions:** This nonrefundable credit is for production of electricity by a qualified energy generator that produces energy using solar light, solar heat, wind or biomass. Qualified energy generator means a facility that has at least 5 megawatts generating capacity, that is located on land in Arizona owned or leased by the taxpayer, that produces electricity using solar, wind or biomass and that sells electricity to an unrelated entity, unless the electricity is sold to a public service corporation. Approval from the Arizona Department of Revenue is required to take the credit. No more than \$20 million can be approved by the Arizona Department of Revenue in a calendar year.
- Credit:** The amount of the credit is based on electricity produced. The amount of the credit is certified by the Arizona Department of Revenue before the credit can be claimed.
- Carry forward:** Five years.

Four companies were approved by the Arizona Department of Revenue to take this credit in tax year 2011. The total credit amount approved was \$1,276,521. However, as of the date of this credit information release, no companies had filed their 2011 tax return.

**RESEARCH & DEVELOPMENT CREDIT – NONREFUNDABLE AND REFUNDABLE**

**Statute:** A.R.S. § 43-1074.01

**Effective Date:** For taxable years from and after 12/31/00

**Provisions:** This nonrefundable credit is for research and development expenses.

**Credit:** The credit is computed as follows:

1. Add the excess of qualified research expenses for the taxable year over the base amount, to the basic research payments determined.

2. If the sum is less than or equal to \$2.5 million, the credit is 20% or a maximum of \$500,000.

3. If the sum is greater than \$2.5 million, the credit is \$500,000 plus 11% of the amount exceeding \$2.5 million, except,

a. For taxable years beginning from and after 12/31/00 through 12/31/01, the credit shall not exceed \$1.5 million

b. For taxable years beginning from and after 12/31/01 through 12/31/02, the credit shall not exceed \$2.5 million.

The percentages in paragraphs 2 and 3 above are different for tax year 2010 through 2017. In tax year 2010, the percentages change to 22% and 13%. For tax years 2011 through 2017, the percentages are 24% and 15%.

Credit carry forward from taxable years beginning before 1/1/03 that can be used in a year may be limited. The carry forward amount from the specified tax years must be less than or equal to the lesser of tax liability less current year credit (thereby zeroing out liability) or the difference between \$500,000 and the current year credit. The amount of the credit carry forward from taxable years beginning after 12/31/02 that may be used in a taxable year may not exceed tax liability after subtracting current year credit.

**Carry forward:** Fifteen years.

**Statute:** A.R.S. § 43-1074.01(C)

**Effective Date:** For taxable years from and after 12/31/09

**Provisions:** This refundable research and development credit is only available to a taxpayer that employs fewer than 150 persons and if the allowable credit established under the nonrefundable credit exceeds the taxes due. The taxpayer must be pre-approved by the Arizona Commerce Authority to take the credit. No more than \$5 million can be approved in a calendar year.

**Credit:** The refundable credit is limited to 75% of the amount by which the allowable nonrefundable research and development credit exceeds the taxpayer's tax liability in the taxable year. The remaining 25% of the unused credit is forfeited by the taxpayer.

The table on the following page presents statistics on both the refundable and nonrefundable pieces of the research and development tax credit.

ARIZONA INDIVIDUAL INCOME TAX

|             | <b># of Claimants</b> | <b>New Credit</b>  | <b>Total Credit Available</b> | <b>Credit Used</b> | <b>Limited Carry Forward</b> | <b>Unlimited Carry Forward</b> | <b>Amount Refunded</b> | <b>Forfeited Credit</b> |
|-------------|-----------------------|--------------------|-------------------------------|--------------------|------------------------------|--------------------------------|------------------------|-------------------------|
| <b>2001</b> | 60                    | \$949,922          | \$949,922                     | \$514,936          | \$434,986                    |                                |                        |                         |
| <b>2002</b> | 107                   | \$1,582,874        | \$1,988,911                   | \$817,296          | \$1,171,615                  |                                |                        |                         |
| <b>2003</b> | 136                   | \$2,851,821        | \$4,020,038                   | \$1,189,536        | \$1,143,176                  | \$1,687,326                    |                        |                         |
| <b>2004</b> | 166                   | \$3,144,479        | \$5,885,622                   | \$1,654,296        | \$1,096,963                  | \$3,134,363                    |                        |                         |
| <b>2005</b> | 200                   | \$4,246,231        | \$8,452,545                   | \$3,357,579        | \$854,668                    | \$4,240,298                    |                        |                         |
| <b>2006</b> | 273                   | \$4,973,185        | \$9,850,289                   | \$4,192,874        | \$757,727                    | \$4,899,688                    |                        |                         |
| <b>2007</b> | 269                   | \$4,227,753        | \$9,148,365                   | \$3,470,821        | \$530,475                    | \$5,147,099                    |                        |                         |
| <b>2008</b> | 325                   | \$6,085,398        | \$11,498,748                  | \$4,807,765        | \$427,187                    | \$6,263,796                    |                        |                         |
| <b>2009</b> | 329                   | \$5,818,015        | \$12,193,592                  | \$4,548,356        | \$385,009                    | \$7,260,227                    |                        |                         |
| <b>2010</b> | <i>451</i>            | <i>\$8,873,693</i> | <i>\$16,442,177</i>           | <i>\$6,260,696</i> | <i>\$298,270</i>             | <i>\$9,601,832</i>             | <i>\$201,257</i>       | <i>\$80,122</i>         |

*Italics indicate preliminary numbers.*

- Since the creation of this credit, 808 taxpayers have claimed it.

**(ADDITIONAL) RESEARCH & DEVELOPMENT CREDIT FOR UNIVERSITY RESEARCH**

**Statute:** A.R.S. § 43-1074.01(A)(1)(c)

**Effective Date:** For taxable years from and after 12/31/11

**Provisions:** This research and development credit for university research is in addition to the regular nonrefundable research and development credit. The credit may be allowed if the taxpayer made basic research payments to a university under the jurisdiction of the Arizona Board of Regents. The taxpayer must be pre-approved by the Arizona Department of Revenue to take the credit. No more than \$10 million can be approved in a calendar year.

**Credit:** The credit is 10% of the excess basic research expenses over the base amount.

**Carry forward:** Five years.

**SCHOOL SITE DONATION CREDIT**

**Statute:** A.R.S. § 43-1089.02  
**Effective Date:** For taxable years from and after 12/31/00  
**Provisions:** A nonrefundable credit is allowed for donation of real property and improvements to a school district or a charter school for use as a school or as a site for the construction of a school. To qualify for the credit, the real property and improvements must be in Arizona, must be conveyed unencumbered and in fee simple, except that the property shall only be used as a school or construction site for a school.  
**Credit:** The amount of the credit is 30% of the value of real property and improvements donated by the taxpayer to a school district or charter school.  
**Carry forward:** Five years.

|             | # of claimants | Value of donated property <sup>11</sup> | Total credit | Used        | Carry forward |
|-------------|----------------|---|--------------|-------------|---------------|
| <b>2001</b> | 59             | \$23,376,250                            | \$4,572,656  | \$2,869,356 | \$1,704,381   |
| <b>2002</b> | 66             | \$11,176,500                            | \$3,711,546  | \$2,380,444 | \$1,331,022   |
| <b>2003</b> | 45             | \$8,580,160                             | \$2,924,583  | \$2,048,930 | \$716,187     |
| <b>2004</b> | 100            | \$30,130,700                            | \$5,671,414  | \$3,513,793 | \$2,157,621   |
| <b>2005</b> | 80             | \$25,445,500                            | \$8,889,390  | \$6,029,585 | \$2,859,896   |
| <b>2006</b> | 89             | \$35,051,900                            | \$10,553,076 | \$7,812,958 | \$2,534,946   |
| <b>2007</b> | 72             | \$15,723,400                            | \$6,255,914  | \$2,819,579 | \$3,217,277   |
| <b>2008</b> | 55             | \$1,382,400                             | \$2,010,294  | \$321,623   | \$1,639,328   |
| <b>2009</b> | 23             | \$0                                     | \$1,003,782  | \$76,226    | \$357,500     |

*Italics indicate preliminary numbers.*

<sup>11</sup> Represents the total value of the donated property for which a credit was originally claimed in the respective tax year.

**SOLAR ENERGY DEVICE CREDIT**

**Statute:** A.R.S. § 43-1083  
**Effective Date:** For taxable years from and after 12/31/94  
**Provisions:** A nonrefundable credit is allowed for each resident who is not a dependent of another taxpayer for installing a solar energy device in the taxpayer's Arizona residence. Solar energy device means a system or series of mechanisms designed primarily to provide heating, to provide cooling, to produce electrical power, to produce mechanical power, to provide solar daylighting or to provide any combination thereof by means of collecting and transferring solar energy into such uses either by passive or active means.  
**Credit:** The amount of the credit is 25% of the cost of the device, not to exceed \$1000.  
**Carry forward:** Five years.

|             | <b># of Claimants</b> | <b>Total Credit Available</b> | <b>Credit Used</b> | <b>Carry Forward</b> |
|-------------|-----------------------|-------------------------------|--------------------|----------------------|
| <b>1995</b> | 1,924                 | \$655,000                     | \$593,000          | \$63,000             |
| <b>1996</b> | 1,651                 | \$591,611                     | \$ 517,750         | \$73,876             |
| <b>1997</b> | 1,861                 | \$644,057                     | \$527,518          | \$116,529            |
| <b>1998</b> | 2,144                 | \$783,799                     | \$673,892          | \$109,420            |
| <b>1999</b> | 2,765                 | \$1,065,616                   | \$903,738          | \$152,877            |
| <b>2000</b> | 2,560                 | \$1,032,948                   | \$889,508          | \$143,012            |
| <b>2001</b> | 2,273                 | \$1,021,789                   | \$866,027          | \$155,194            |
| <b>2002</b> | 2,336                 | \$1,131,895                   | \$920,767          | \$210,656            |
| <b>2003</b> | 2,687                 | \$1,315,181                   | \$1,050,632        | \$251,310            |
| <b>2004</b> | 3,049                 | \$1,485,693                   | \$1,211,632        | \$274,061            |
| <b>2005</b> | 3,729                 | \$1,945,208                   | \$1,588,034        | \$356,337            |
| <b>2006</b> | 4,241                 | \$2,575,111                   | \$2,062,822        | \$511,408            |
| <b>2007</b> | <i>2,560</i>          | <i>\$1,604,336</i>            | <i>\$1,218,593</i> | <i>\$385,384</i>     |
| <b>2008</b> | <i>5,124</i>          | <i>\$3,211,537</i>            | <i>\$2,511,451</i> | <i>\$699,705</i>     |
| <b>2009</b> | <i>8,449</i>          | <i>\$6,268,971</i>            | <i>\$4,983,151</i> | <i>\$1,285,485</i>   |

*Italics indicate preliminary numbers.*

**SOLAR HOT WATER HEATER PLUMBING STUB OUTS AND ELECTRIC VEHICLE RECHARGE OUTLETS CREDIT**

**Statute:** A.R.S. § 43-1090

**Effective Date:** For taxable years from and after 12/31/97

**Provisions:** A nonrefundable credit is allowed for costs incurred of installing or including in one or more houses or dwelling units in Arizona and constructed by the taxpayer, one or more:

1. Solar hot water plumbing stub outs. The stub out must include two insulated 3/4 inch copper pipes and at least two pairs of wire for monitoring or controlling purposes. The stub out must also be located and configured to allow sufficient solar access and exposure and to allow ready installation of solar water heating devices.

2. Electric vehicle recharge outlets. The outlet must be connected to the utility system by a dedicated line that is capable of operating at normal secondary voltages, meets applicable building codes and is commensurate and consistent with electric vehicle recharging needs and methods.

**Credit:** The credit cannot exceed \$75 for each installation for each separate house or dwelling unit. The credit may be transferred from the builder to the purchaser of the house or dwelling unit.

**Carry forward:** Five years.

|      | # of Claimants | Total Credit Available | Credit Used | Carry Forward |
|------|----------------|------------------------|-------------|---------------|
| 1998 | 23             | \$12,352               | \$8,874     | \$3,478       |
| 1999 | 35             | \$16,859               | \$7,944     | \$8,915       |
| 2000 | 35             | \$21,308               | \$11,566    | \$9,742       |
| 2001 | 18             | \$16,951               | \$7,804     | \$9,147       |
| 2002 | 15             | \$4,920                | \$3,312     | \$1,608       |
| 2003 | 2              | //////////             | //////////  | //////////    |
| 2004 | 17             | \$15,220               | \$5,677     | \$9,543       |
| 2005 | 22             | \$18,538               | \$9,687     | \$8,851       |
| 2006 | 6              | \$525                  | \$525       | \$0           |
| 2007 | 0              | \$0                    | \$0         | \$0           |
| 2008 | 11             | \$1,053                | \$930       | \$123         |
| 2009 | 16             | \$2,850                | \$1,568     | \$1,282       |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

**SOLAR LIQUID FUEL RESEARCH & DEVELOPMENT CREDIT**

- Statute:** A.R.S. § 43-1085.01
- Effective Date:** For taxable years from and after 12/31/10
- Repealed:** For taxable years beginning from and after 1/1/22. Repeal date set when enacted.
- Provisions:** This nonrefundable credit is for increased research activities related to solar liquid fuel. Solar liquid fuel means liquid fuel that is generated through processes that use sunlight, carbon dioxide and water to produce infrastructure compatible liquid hydrocarbon fuels.
- Credit:** The credit is 40% of the excess of Arizona qualified research expenses for the taxable year over a base amount.
- Carry forward:** None.

**TECHNOLOGY TRAINING CREDIT**

**Statute:** A.R.S. § 43-1088.01  
**Effective Date:** For taxable years from and after 12/31/00.  
**Repealed:** For taxable years beginning from and after 1/1/06. Repeal date set when credit enacted.  
**Provisions:** A *refundable* credit is allowed for providing technological skills training to not more than 20 of the taxpayer's employees.  
**Credit:** The credit is equal to 50% of the amount actually spent during the taxable year for the cost of the training, but not more than \$1500 per employee. The total amount of credits that can be granted (through a Department of Commerce certification program) is \$2.5 million.

Claims have been recorded for this credit for tax year 2001 (2 claims) and 2002 (1 claim), but there are too few to release additional information.

**UNDERGROUND STORAGE TANKS CREDIT**

**Statute:** A.R.S. § 43-1085

**Effective Date:** For taxable years from and after 12/31/93

**Repealed:** The legislation repealing this credit had a general effective date of August 25, 2004.

**Provisions:** A nonrefundable credit is allowed for expenses incurred by an individual or taxpayer who is not liable or responsible for a corrective action as an owner or operator of an underground storage tank, for corrective actions taken with respect to the release of a regulated substance from an underground storage tank.

**Credit:** The credit is equal to 10% of the amount spent to take any corrective action certified by the Arizona Department of Environmental Quality.

**Carry forward:** None.

Three claims have been recorded for this credit for tax year 1994, but there are too few to release additional information.

**VEHICLE REFUELING APPARATUS CREDIT**

**Statute:** A.R.S. § 43-1086.01  
**Effective Date:** For taxable years from and after 12/31/98  
**Repealed:** To qualify for the credit, the vehicle refueling apparatus must be installed on or before 12/31/00 or the taxpayer has paid in full for the vehicle refueling apparatus before 11/9/00.  
**Provisions:** A refundable credit is allowed for the purchase of a vehicle refueling apparatus, including storage tanks, for installation on one or more properties in Arizona for the taxpayer's use. Vehicle refueling apparatus means either a maximum 10 to 15 standard cubic feet per minute natural gas compression appliance used for slow fill, on-site refueling or equipment necessary to provide an electric charge for an electric vehicle. Prior to 1/01/00, this credit was not refundable.  
**Credit:** The credit is the cost of the vehicle refueling apparatus. The nonrefundable credit was equal to the greater of \$2000 or the cost of the vehicle refueling apparatus.  
**Carry forward:** Five years.

| <b>NONREFUNDABLE</b>    | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b># of claimants</b>   | 77          | 127         | 21          | 9           | 5           | 2           |
| <b># of apparatuses</b> | 82          | ---         | ---         | ---         | ---         | ---         |
| <b>Total credit</b>     | \$205,568   | \$297,382   | \$39,953    | \$20,519    | \$13,872    | ////////    |
| <b>Used</b>             | \$101,753   | \$238,339   | \$16,440    | \$3,531     | \$8,960     | ////////    |
| <b>Carry forward</b>    | \$103,815   | \$59,243    | \$23,513    | \$16,988    | \$4,912     | ////////    |

The 2000 claims should be only carry forward from 1999 claims. However, at least 75 of these taxpayers filed the credit on the nonrefundable form rather than the refundable credit form. Since they had sufficient liability to offset the credit, they were not contacted to file an amended return.

- The average Federal Adjusted Gross Income (FAGI) for taxpayers claiming the vehicle refueling apparatus credit in 1999 was \$269,409.
- The average FAGI for taxpayers claiming the vehicle refueling apparatus credit in 2000 was \$555,372.

| <b>REFUNDABLE</b>       | <b>2000</b> | <b>2001</b> |
|-------------------------|-------------|-------------|
| <b># of claimants</b>   | 676         | 12          |
| <b># of apparatuses</b> | 749         | 4           |
| <b>Total credit</b>     | \$3,204,789 | \$33,750    |
| <b>Used</b>             | \$364,288   | \$25,456    |
| <b>Refunded</b>         | \$2,840,501 | \$8,294     |
| <b>Carry forward</b>    | \$0         | \$0         |

- The average FAGI for taxpayers claiming the refundable vehicle refueling apparatus credit in 2000 was \$337,236
- The average FAGI for taxpayers claiming the refundable vehicle refueling apparatus credit in 2001 was \$297,572.

**WATER CONSERVATION SYSTEMS CREDIT**

- Statute:** A.R.S. § 43-1090.01  
**Effective Date:** For taxable years from and after 12/31/06.  
**Repealed:** For taxable years beginning from and after 1/1/12. Repeal date set when credit enacted.  
**Provisions:** A nonrefundable credit is allowed for each resident who is not a dependent of another taxpayer for installing a conservation system in the taxpayer's Arizona residence. A taxpayer wishing to take this credit must first be certified by the department.  
**Credit:** The amount of the credit is 25% of the cost of the system, not to exceed \$1,000 for the same residence. The credit is issued on a first come first serve basis. No more than \$250,000 in total credits may be issued in a calendar year. Rainwater harvesting systems and graywater recycling systems qualify for this credit.  
**Carry forward:** Five years

Taxpayers interested in the credit must be approved before they can take the credit. They must first install the system and then apply for credit approval. The credits approved are as follows:

|             | <b># of Approvals</b> | <b>Cost of System</b> | <b>Credit Approved</b> |
|-------------|-----------------------|-----------------------|------------------------|
| <b>2007</b> | 85                    | \$343,889             | \$54,095               |
| <b>2008</b> | 236                   | \$648,640             | \$162,160              |
| <b>2009</b> | 258                   | \$744,165             | \$142,878              |
| <b>2010</b> | 268                   | \$688,452             | \$134,662              |
| <b>2011</b> | 247                   | \$661,749             | \$130,489              |

While there are 1,094 approvals shown above, this represents 769 individuals. Some individuals have their system installed in pieces, requesting approval as each piece is finished. These 769 individuals were located in 57 areas throughout Arizona. Tucson was the location for 491 of the individuals. Sierra Vista was the second most noted location, with 65 approvals.

Credits actually claimed on tax returns are shown below:

|                             | <b>Tax Year 2007</b> | <b>Tax Year 2008</b> | <b>Tax Year 2009</b> | <b>Tax Year 2010</b> | <b>Tax Year 2011</b> |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Number of Returns</b>    | 61                   | 214                  | 212                  | 230                  | 140                  |
| <b>Cost of System</b>       | \$282,460            | \$571,758            | \$595,867            | \$569,324            | \$759,481            |
| <b>New Credit</b>           | \$42,238             | \$115,720            | \$115,269            | \$108,925            | \$65,097             |
| <b>Credit Carry Forward</b> | -----                | \$5,873              | \$6,683              | \$8,466              | \$3,597              |
| <b>Total Credit Claimed</b> | \$42,238             | \$121,593            | \$121,952            | \$117,378            | \$68,376             |
| <b>Credit Used</b>          | \$36,227             | \$108,710            | \$104,876            | \$104,280            | \$60,387             |
| <b>Credit Carry Forward</b> | \$6,011              | \$12,833             | \$17,550             | \$13,098             | \$7,989              |

*Numbers in italics are preliminary.*

**ARIZONA CORPORATE INCOME TAX**

|  |
|--|
| <b>AGRICULTURAL POLLUTION CONTROL EQUIPMENT CREDIT</b> |
|--|

**Statute:** A.R.S. § 43-1170.01  
**Effective Date:** For taxable years from and after 12/31/98  
**Provisions:** A nonrefundable credit is allowed for expenses that a taxpayer (involved in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products) incurs to purchase tangible personal property that is primarily used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies for this credit includes the portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition or reconstruction, replacement or improvement of that property that is directly used, constructed or installed to prevent, monitor, control or reduce air, water or land pollution.  
**Credit:** The credit is equal to 25% of the cost of the real or personal property, not to exceed \$25,000.  
**Carry forward:** Five years.

|             | # of claims | Credit Available | Credit Used | Carry Forward |
|-------------|-------------|------------------|-------------|---------------|
| <b>1999</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2000</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2001</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2002</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2003</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2004</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2005</b> | 0           |                  |             |               |
| <b>2006</b> | //////////  | //////////       | //////////  | //////////    |
| <b>2007</b> | 0           |                  |             |               |
| <b>2008</b> | 0           |                  |             |               |
| <b>2009</b> | 0           |                  |             |               |
| <b>2010</b> | 0           |                  |             |               |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

**AGRICULTURAL PRESERVATION DISTRICT CREDIT**

**Statute:** A.R.S. § 43-1180  
**Effective Date:** For taxable years from and after 12/31/00.  
**Repealed:** For taxable years beginning from and after 1/1/06. Repeal date set when credit enacted.  
**Provisions:** A *refundable* credit is allowed for a taxpayer who owns property classified as Class Two property (agricultural) and who conveys ownership or development rights to an agricultural preservation district. No district can award credits exceeding \$10 million.  
**Credit:** The amount of the credit is either the appraised value of the property if the taxpayer conveys ownership to the district or the difference between the appraised value of the undeveloped land and the appraised value of the land for development purposes if the taxpayer conveys the development rights of the property to the district. No credit in a calendar year can exceed \$33,000.

No claims for this credit have been found.

**ARIZONA CORPORATE INCOME TAX**

**AGRICULTURAL WATER CONSERVATION SYSTEM CREDIT**

**Statute:** A.R.S. § 43-1172  
**Effective Date:** For taxable years from and after 12/31/93  
**Repealed:** Effective 1/1/00  
**Provisions:** A nonrefundable credit is allowed for expenses incurred during the taxable year to purchase and install an agricultural water conservation system in Arizona. The system must be primarily designed to substantially conserve water on land used to (1) produce crops, fruits or other agricultural products, (2) raise, harvest or grow trees, or (3) sustain livestock. The expense must be consistent with a conservation plan filed and in effect with the United States Department of Agriculture Soil Conservation Service.  
**Credit:** The credit is equal to 75% of the qualifying expenses.  
**Carry forward:** Five years.

| Tax Year | # of claimants | Qualifying expenses | New Credit | Carry forward | Used       | New Carry forward |
|----------|----------------|---------------------|------------|---------------|------------|-------------------|
| 1994     | 5              | \$209,504           | \$147,276  | -----         | \$35,531   | \$111,745         |
| 1995     | 5              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 1996     | 4              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 1997     | 3              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 1998     | 6              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 1999     | 9              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 2000     | 6              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 2001     | 5              | //////////          | ////////// | //////////    | ////////// | //////////        |
| 2002     | 5              | -----               | -----      | //////////    | ////////// | //////////        |
| 2003     | 3              | -----               | -----      | //////////    | ////////// | //////////        |
| 2004     | 2              | -----               | -----      | //////////    | ////////// | //////////        |
| 2005     | 0              |                     |            |               |            |                   |

The only year for which dollar amounts can be released is 1994. In the remaining years, noted by the bars in the table cells, there is a dominant taxpayer which keeps any information, other than claimant count, from being released.

- Since the creation of this credit, 17 taxpayers have claimed it.

**ARIZONA CORPORATE INCOME TAX**

**ALTERNATIVE FUEL DELIVERY SYSTEM CREDIT**

**Statute:** A.R.S. § 43-1174.02  
**Effective Date:** For taxable years from and after 12/31/97  
**Repealed:** To qualify for the credit, a contract for construction must have been entered into prior to 10/20/00 and construction must have begun before 11/9/00.

**Provisions:** A credit is allowed for construction costs or operating costs for constructing or operating an alternative fuel delivery system in Arizona that is capable of dispensing an alternative fuel to an alternative fuel vehicle. Construction costs means costs directly associated with the construction of an alternative fuel delivery system and does not include any construction costs for gasoline or diesel fuel delivery systems or adjacent buildings, landscaping or paving for areas not directly connected to the alternative fuel delivery system. Operating costs means costs directly associated with the dispensing of alternative fuel through an alternative fuel delivery system plus a reasonable charge for overhead functions. *This credit was refundable for tax year 2000 only.*

**Credit:** The amount of the credit is equal to 100% of the costs incurred up to a maximum of \$400,000 for an alternative fuel delivery system that is accessible to the general public or for an alternative fuel delivery system that is dispensing renewable fuel. For an alternative fuel delivery system that does not satisfy the qualifications in the previous system, the credit is 50% of the costs incurred up to a maximum of \$200,000.

**Carry forward:** Five years.

| <b>NONREFUNDABLE</b>          | <b>1998</b> | <b>1999</b> | <b>2000</b>     | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> |
|-------------------------------|-------------|-------------|-----------------|-------------|-------------|-------------|-------------|
| <b># of claimants</b>         | 3           | 8           | 5 <sup>12</sup> | 3           | 3           | 2           | 1           |
| <b>Construction cost</b>      | \$887,709   | \$2,318,941 | ----            | ----        | ----        | ----        | ----        |
| <b>Operating cost</b>         | \$400,285   | \$894,067   | ----            | ----        | ----        | ----        | ----        |
| <b>Credit</b>                 | \$1,287,994 | \$2,186,788 | ----            | ----        | ----        | ----        | ----        |
| <b>Total credit</b>           | \$1,287,994 | \$2,441,075 | \$1,998,651     | \$642,337   | \$457,906   | //////////  | //////////  |
| <b>Used against liability</b> | \$1,083,345 | \$1,377,215 | \$1,167,282     | \$184,431   | \$1,039     | //////////  | //////////  |
| <b>Carry forward</b>          | \$204,649   | \$1,063,860 | \$831,369       | \$457,906   | \$456,867   | //////////  | //////////  |

➤ Since the creation of this credit, eight taxpayers have claimed it.

| <b>REFUNDABLE</b>             | <b>2000</b> | <b>2001</b> |
|-------------------------------|-------------|-------------|
| <b># of claimants</b>         | 5           | 0           |
| <b># of stations</b>          | 27          |             |
| <b>Construction cost</b>      | \$679,992   |             |
| <b>Operating cost</b>         | \$0         |             |
| <b>Credit</b>                 | \$679,992   |             |
| <b>Total credit</b>           | \$679,992   |             |
| <b>Used against liability</b> | \$314,676   |             |
| <b>Refunded</b>               | \$363,316   |             |
| <b>Carry forward</b>          | \$0         |             |

<sup>12</sup> All claims after 1999 are for carry forward.

**ARIZONA CORPORATE INCOME TAX**

**ALTERNATIVE FUEL VEHICLES CREDIT**

**Statute:** A.R.S. § 43-1174  
**Effective Date:** For taxable years from and after 12/31/93  
**Repealed:** To qualify for the credit, a contract or purchase order for the vehicle must have been entered into prior to 10/21/00. No refundable credit is allowed for taxable years ending after 12/31/01. The nonrefundable credit was repealed with the passage of the refundable credit language; however, the carry forward for the nonrefundable credit can still be used after 12/31/01.  
**Provisions:** A credit is allowed for (1) purchase or lease, for a period of at least 3 years, of one or more new original equipment manufactured alternative fuel vehicles or (2) expenses incurred for converting one or more conventionally fueled vehicles to operate on an alternative fuel *This credit was refundable for tax years 2000 and 2001 only.*  
**Credit:** The amount of the credit is equal to:  
 1. For low emission vehicles 12,000 pounds or less, the greater of 30% of cost or \$5,000 if new or the greater of 15% of the cost or \$2,500 if used.  
 2. For an ultralow or inherently low emission vehicle, the greater of 40% of cost or \$7,500 if new or the greater of 20% of the cost or \$3,750 if used.  
 3. For a zero or super ultralow emission vehicle, the greater of 50% of cost or \$10,000 if new or the greater of 25% of the cost or \$5,000 if used.  
 4. For a used zero emission vehicle that is leased, the greater of 25% of cost or \$2,500.  
 5. For a low emission vehicle over 12,000 pounds, the greater of 30% of cost or \$30,000 if new or the greater of 15% of the cost or \$15,000 if used.  
 6. For conversion of a vehicle over 12,000 pounds, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price or \$30,000.  
 7. For purchase of converted vehicles over 12,000 pounds, the greater of 15% of cost or \$15,000.  
 8. For conversion of any other vehicle, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price of the vehicle or \$5,000 .  
 9. For purchase of any other converted vehicle, the greater of 15% of cost or \$2,500.  
 This language replaced another alternative fuel vehicle credit that allowed much less credit; the previous credit was for a maximum amount of \$1,000 per vehicle  
**Carry forward:** Five years for the nonrefundable alternative fuel vehicle and 10 years for the nonrefundable neighborhood electric vehicle credit.

**FOR NONREFUNDABLE ALTERNATIVE FUEL VEHICLES EXCEPT NEIGHBORHOOD ELECTRIC VEHICLES:**

| Tax Year | # of claimants | # of vehicles | New credit  | Total credit | Used       | Carry forward |
|----------|----------------|---------------|-------------|--------------|------------|---------------|
| 1994     | 2              | //////////    | //////////  | //////////   | ////////// | //////////    |
| 1995     | 4              | 61            | \$61,000    | \$61,000     | \$61,000   | \$0           |
| 1996     | 1              | //////////    | //////////  | //////////   | ////////// | //////////    |
| 1997     | 4              | 6             | \$6,200     | \$11,150     | \$4,805    | \$6,345       |
| 1998     | 12             | 93            | \$114,713   | \$190,258    | \$36,231   | \$154,027     |
| 1999     | 24             | 103           | \$1,324,268 | \$1,402,495  | \$283,160  | \$1,119,335   |
| 2000     | 13             | 6             | \$146,188   | \$1,116,853  | \$342,351  | \$774,502     |
| 2001     | 7              | -----         | -----       | \$740,566    | \$2,882    | \$737,674     |
| 2002     | 7              | -----         | -----       | \$678,479    | \$32,924   | \$645,555     |
| 2003     | 5              | -----         | -----       | \$645,555    | \$1,726    | \$643,829     |
| 2004     | 3              | -----         | -----       | \$659,570    | \$2,837    | \$0           |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

**ARIZONA CORPORATE INCOME TAX**

- Since the creation of this credit, 36 taxpayers have claimed it.

| REFUNDABLE     | 2000         | 2001      |
|----------------|--------------|-----------|
| # of claimants | 182          | 12        |
| # of vehicles  | 670          | 17        |
| New credit     | \$15,666,027 | \$218,560 |
| Total credit   | \$15,666,027 | \$218,560 |
| Used           | \$491,057    | \$25,200  |
| Refunded       | \$15,163,095 | \$193,360 |
| Carry forward  | \$11,875     | \$0       |

**FOR NEIGHBORHOOD ELECTRIC VEHICLES:**

|      | # of claimants | # of vehicles | Purchase price | New credit  | Total credit     | used             | Carry forward    |
|------|----------------|---------------|----------------|-------------|------------------|------------------|------------------|
| 1999 | 53             | 189           | \$1,792,850    | \$1,858,593 | \$1,858,593      | \$1,406,907      | \$451,686        |
| 2000 | 47             | 267           | \$2,287,352    | \$2,103,061 | \$2,431,532      | \$1,368,929      | \$1,062,603      |
| 2001 | 19             | -----         | -----          | -----       | \$991,555        | \$69,701         | \$921,854        |
| 2002 | 17             | -----         | -----          | -----       | \$903,497        | \$60,175         | \$843,322        |
| 2003 | 13             | -----         | -----          | -----       | \$820,049        | \$29,085         | \$790,964        |
| 2004 | 10             | -----         | -----          | -----       | \$791,263        | \$11,380         | \$779,883        |
| 2005 | 4              | -----         | -----          | -----       | \$680,915        | \$3,041          | \$677,874        |
| 2006 | 1              | -----         | -----          | -----       | //////////////// | //////////////// | //////////////// |

- For this period, 82 taxpayers have claimed the credit for neighborhood electric vehicles.
- For these 82 taxpayers, an average of five vehicles per taxpayer have been claimed, although nine of the taxpayers each claimed ten or more neighborhood electric vehicles.

The slanted bars in the cells of the tables above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

**ARIZONA CORPORATE INCOME TAX**

|                               |
|-------------------------------|
| <b>CLEAN ELECTIONS CREDIT</b> |
|-------------------------------|

**Statute:** A.R.S. § 16-954B  
**Effective Date:** For donations made in taxable years beginning on or after 1/1/98  
**Repealed:** For donations made from and after 8/2/12  
**Provisions:** A nonrefundable credit is allowed for donations made directly to the Clean Elections Fund or a donation made on the tax return.  
**Credit:** The credit is not to exceed 20% of the tax liability or \$610. The maximum credit amount is adjusted biennially (per A.R.S. § 16-959A).  
**Carry forward:** None.

|      | <b># of Claimants</b> | <b>Total Credit</b> | <b>Used</b> |
|------|-----------------------|---------------------|-------------|
| 1998 | 0                     | \$0                 | \$0         |
| 1999 | 0                     | \$0                 | \$0         |
| 2000 | 57                    | \$13,911            | \$13,911    |
| 2001 | 97                    | \$2,913             | \$2,913     |
| 2002 | 102                   | \$646               | \$646       |
| 2003 | 111                   | \$1,778             | \$1,773     |
| 2004 | 93                    | \$597               | \$597       |
| 2005 | 102                   | \$2,019             | \$2,019     |
| 2006 | 122                   | \$684               | \$684       |
| 2007 | 227                   | \$2,615             | \$2,615     |
| 2008 | 329                   | \$22,558            | \$22,558    |
| 2009 | 228                   | \$1,292             | \$1,292     |
| 2010 | 260                   | \$2,842             | \$2,842     |

*Italics indicate preliminary numbers.*

**ARIZONA CORPORATE INCOME TAX**

|  |
|--|
| <b>COMMERCIAL AND INDUSTRIAL SOLAR ENERGY CREDIT</b> |
|--|

- Statute:** A.R.S. § 43-1164
- Effective Date:** For installing devices in taxable years beginning on or after 1/1/06.
- Repealed:** For taxable years beginning from and after 1/1/19. Repeal date set when credit enacted.
- Provisions:** A nonrefundable credit is allowed for installing one or more solar energy devices for commercial or industrial purposes in the taxpayer's trade or business.
- Credit:** A taxpayer wishing to take this credit must first be certified by the Arizona Department of Commerce. The credit is equal to 10% of the installed cost of the device. Total credits under this section may not exceed \$25,000 per taxpayer with respect to the same building in the same year or \$50,000 in total credits in any year.
- Carry forward:** Five years.

The Arizona Department of Commerce has reported the following certifications. Until the returns are filed, there is no way to determine how many will be claimed as corporate income tax credits and how many will be claimed as individual income tax credits.

| Tax Year | # of Approvals | Cost of Installation | Credit Allowed |
|----------|----------------|----------------------|----------------|
| 2006     | 16             | \$1,639,428          | \$144,977      |
| 2007     | 15             | \$2,948,897          | \$156,744      |
| 2008     | 45             | \$11,205,236         | \$602,074      |
| 2009     | 63             | \$21,760,115         | \$860,218      |
| 2010     | 62             | \$30,305,719         | \$997,786      |
| 2011     | 66             | \$20,576,078         | \$996,638      |

Claims made on corporate tax returns are shown below.

|             | # of claims | Cost of Device | Credit Claimed | Carry Forward Claimed | Credit Used | Carry Forward |
|-------------|-------------|----------------|----------------|-----------------------|-------------|---------------|
| <b>2006</b> | ////////    | //////////     | //////////     | //////////            | //////////  | //////////    |
| <b>2007</b> | ////////    | //////////     | //////////     | //////////            | //////////  | //////////    |
| <b>2008</b> | 7           | \$2,813,826    | \$85,550       | \$0                   | \$74,899    | \$10,651      |
| <b>2009</b> | 10          | \$4,347,299    | \$196,995      | \$5,697               | \$87,118    | \$115,574     |
| <b>2010</b> | 12          | \$4,246,548    | \$154,150      | \$40,674              | \$129,528   | \$65,296      |

**ARIZONA CORPORATE INCOME TAX**

**CONSOLIDATED FILER CREDIT**

**Statute:** SB1120 in the 1994 legislative session  
**Effective Date:** For taxable years from and after 12/31/95  
**Repealed:** Final payments to occur in tax year 2006  
**Provisions:** SB1120 allowed a corporation to elect to file the same consolidated group of corporations on the Arizona return that was filed on the federal return. Corporations that made this election could file consolidated returns from tax year 1994 forward. Amended returns could be filed for tax year 1986 through 1993; these returns had to have been filed by 1/1/95. The filing of amended returns could result in a credit for previous tax payments as well as interest accrued through 12/31/94. The credit could be taken beginning in the 1996 tax year.  
**Credit:** Total credit established was \$66 million for 69 corporations. Corporations could take 1/10 of their credit, nonrefundable, each year for ten years. Any credit remaining at the end of ten years (perhaps credit amount exceeded liability during the ten year period) is to be refunded.  
**Carry forward:** Not applicable.

The following table presents the corporate consolidated credits taken by tax year.

| <b>Tax Year</b> | <b># of claims</b> | <b>Credit Available</b> | <b>Credit Used</b> | <b>Remaining Credit</b> |
|-----------------|--------------------|-------------------------|--------------------|-------------------------|
| <b>1996</b>     | 40                 | \$65,603,071            | \$4,096,658        | \$61,506,413            |
| <b>1997</b>     | 44                 | \$61,506,413            | \$4,566,240        | \$56,940,173            |
| <b>1998</b>     | 46                 | \$56,940,173            | \$3,373,610        | \$53,566,563            |
| <b>1999</b>     | 48                 | \$53,566,563            | \$2,964,017        | \$50,602,546            |
| <b>2000</b>     | 42                 | \$50,602,546            | \$3,430,269        | \$47,172,277            |
| <b>2001</b>     | 35                 | \$46,672,815            | \$3,504,468        | \$43,168,347            |
| <b>2002</b>     | 32                 | \$43,168,347            | \$2,208,772        | \$40,959,575            |
| <b>2003</b>     | 34                 | \$40,959,575            | \$2,299,299        | \$38,660,276            |
| <b>2004</b>     | 32                 | \$38,635,451            | \$2,307,512        | \$36,327,939            |
| <b>2005</b>     | 28                 | \$36,327,939            | \$4,680,893        | \$31,647,046            |
| <b>2006</b>     | 52                 | \$31,647,046            | \$31,647,046       | \$0                     |

**ARIZONA CORPORATE INCOME TAX**

**CONSTRUCTION MATERIALS CREDIT**

**Statute:** A.R.S. § 43-1171  
**Effective Date:** For taxable years from and after 12/31/94  
**Repealed:** Effective 1/1/00.

**Provisions:** A nonrefundable credit is allowed for new construction materials incorporated into a qualifying facility located entirely within Arizona, construction of which is begun on or after 1/1/94 and completed on or before 12/31/99. A qualifying facility means a new building or structure, or expansion of an existing building or structure predominantly used for manufacturing, fabricating, mining, refining, metallurgical operations, direct broadcast satellite television or data transmission services or research and development and which has a total cost of construction in excess of \$5 million.

**Credit:** The credit is 5% of the purchase price of the materials.

**Carry forward:** Five years.

| Tax Year | # of claimants | Cost of qualifying materials | New credit  | Total credit | Used        | Carry forward |
|----------|----------------|------------------------------|-------------|--------------|-------------|---------------|
| 1994     | 1              | //////////                   | //////////  | //////////   | //////////  | //////////    |
| 1995     | 8              | \$117,613,449                | \$5,880,673 | \$5,880,673  | \$4,868,089 | \$1,012,584   |
| 1996     | 11             | \$23,000,122                 | \$2,162,591 | \$2,162,591  | \$944,392   | \$1,218,199   |
| 1997     | 10             | \$23,547,095                 | \$2,018,694 | \$2,018,694  | \$878,822   | \$1,139,872   |
| 1998     | 5              | \$16,540,741                 | \$1,567,984 | \$1,567,984  | \$1,041,619 | \$579,484     |
| 1999     | 7              | \$17,454,198                 | \$1,161,103 | \$1,161,103  | \$414,824   | \$746,279     |
| 2000     | 4              | ----                         | ----        | \$630,976    | \$204,184   | \$426,792     |
| 2001     | 3              | ----                         | ----        | \$426,792    | \$100       | \$426,692     |
| 2002     | 3              | ----                         | ----        | \$426,692    | \$100       | \$426,592     |
| 2003     | 2              | ----                         | ----        | //////////   | //////////  | //////////    |
| 2004     | 1              | ----                         | ----        | //////////   | //////////  | //////////    |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

➤ Since the creation of this credit, 17 taxpayers have claimed it.

**ARIZONA CORPORATE INCOME TAX**

**CONTRIBUTIONS TO SCHOOL TUITION ORGANIZATIONS**

**Statute:** A.R.S. § 43-1183  
**Effective Date:** For taxable years from and after 6/30/06  
**Repealed:** *Original law* had a repeal date of 6/30/11. **The repeal date was removed in legislation in the 2009 session.**  
**Provisions:** A nonrefundable corporate income tax or insurance premium tax credit is allowed to taxpayers for voluntary cash contributions made to a school tuition organization.  
**Credit:** The aggregate amount of the credit for both the corporate income tax and the insurance premium tax is limited to \$10 million in the first year and 20% additional in each fiscal year thereafter. Due to the aggregate limitation, all corporations must be pre-approved for the credit. There is no limitation on the amount of contribution one corporation can give.  
**Carry forward:** Five years.

Donation amounts for corporate income tax credit and insurance premium tax credit approved by the Department of Revenue are as follows:

| Fiscal Year | Credit Cap   | Approved/Received |
|-------------|--------------|-------------------|
| 2007        | \$10,000,000 | \$9,535,800       |
| 2008        | \$12,000,000 | \$11,996,000      |
| 2009        | \$14,400,000 | \$10,495,506      |
| 2010        | \$17,280,000 | \$8,100,008       |
| 2011        | \$20,736,000 | \$11,324,351      |
| 2012        | \$24,883,200 | \$19,035,990      |

|                          | # of STOs <sup>13</sup> reporting donations | # of donors reported | Donations reported | # of STOs reporting scholarships | # of scholarships reported | Scholarships reported     |
|--------------------------|---|----------------------|--------------------|----------------------------------|----------------------------|---------------------------|
| <b>2006</b>              | 16  | 86                   | \$7,260,800        | 3                                | 35                         | \$49,380                  |
| <b>2007</b>              | 17  | 84                   | \$14,258,000       | 18                               | 1,940                      | \$4,597,823               |
| <b>2008</b>              | 15  | 96                   | \$9,122,121        | 19                               | 2,979                      | \$7,615,639               |
| <b>2009</b>              | 17  | 93                   | \$7,285,284        | 19                               | 3,640                      | \$7,849,824               |
| <b>2010</b>              | 11  | 90                   | \$11,123,657       | 18                               | 4,226                      | \$9,260,066               |
| <b>2011</b>              | 19  | 106                  | \$11,456,717       | 15                               | 2,157                      | \$3,379,685 <sup>14</sup> |
| <b>2012<sup>15</sup></b> | 17  | 61                   | \$9,930,573        | <b>FY2012---21</b>               | <b>5,836</b>               | <b>\$11,376,721</b>       |

STO reporting switched from calendar year to fiscal year in fiscal year 2011 due to a law change. We ask the organizations to break out their donations in 6-month periods, but don't ask that for scholarships. Beginning with FY2012, scholarships will only be reported on a fiscal year basis.

The figures below show corporate income tax credits claimed for these donations thus far. Information is not available on the insurance premium tax credit claimed.

<sup>13</sup> School Tuition Organizations  
<sup>14</sup> These scholarships are for the 1<sup>st</sup> half of 2011 only. STOs are now required to report on a fiscal year basis.  
<sup>15</sup> These numbers are for the first 6 months of calendar year 2012.

### ARIZONA CORPORATE INCOME TAX

| <b>Tax Year</b> | <b># of claims</b> | <b>Credit claimed</b> | <b>Credit used</b> | <b>Carry forward</b> |
|-----------------|--------------------|-----------------------|--------------------|----------------------|
| <b>2005</b>     | 5                  | \$530,000             | \$526,260          | \$3,740              |
| <b>2006</b>     | 57                 | \$10,625,940          | \$10,369,546       | \$256,394            |
| <b>2007</b>     | 62                 | \$11,625,278          | \$10,823,475       | \$801,803            |
| <b>2008</b>     | 74                 | \$9,180,214           | \$6,147,240        | \$3,032,974          |
| <b>2009</b>     | 69                 | \$10,776,757          | \$8,873,043        | \$1,903,714          |
| <b>2010</b>     | 63                 | \$11,112,298          | \$8,471,772        | \$2,600,526          |

For more information, a report is available on the Arizona Department of Revenue website on all private school tuition organization-related credits.

**ARIZONA CORPORATE INCOME TAX**

**CONTRIBUTIONS TO SCHOOL TUITION ORGANIZATIONS FOR DISPLACED STUDENTS  
OR STUDENTS WITH DISABILITIES**

**Statute:** A.R.S. § 43-1184  
**Effective Date:** For taxable years from and after 6/30/09  
**Provisions:** A nonrefundable corporate income tax or insurance premium tax credit is allowed to each taxpayer for the amount of voluntary cash contributions made to a certified school tuition organization.  
**Credit:** The aggregate amount of the credit for both the corporate income tax and insurance premium tax is limited to \$5 million each fiscal year. Due to the aggregate limitation, all corporations must be pre-approved for the credit. There is no limitation on the amount of contribution one corporation can give.  
**Carry forward:** Five years.

Donation amounts for the corporate income tax credit and insurance premium tax credit approved by the Department of Revenue are as follows:

| Fiscal Year | Credit Cap  | Approved/Received | # insurance companies | # non-insurance corporations |
|-------------|-------------|-------------------|-----------------------|------------------------------|
| 2010        | \$5,000,000 | \$1,478,880       | 4                     | 2                            |
| 2011        | \$5,000,000 | \$1,029,000       | 5                     | 3                            |
| 2012        | \$5,000,000 | \$283,000         | 5                     | 1                            |

The following table provides detail on the donations and scholarships reported by the School Tuition Organizations on their annual reports. The # of donors and donation amounts are not from tax returns filed.

|                          | # of STOs <sup>16</sup> reporting donations | # of donors reported | Donations reported | # of STOs reporting scholarships | # of scholarships reported | Scholarships reported  |
|--------------------------|---|----------------------|--------------------|----------------------------------|----------------------------|------------------------|
| <b>2009</b>              | 4   | 6                    | \$781,000          | 5                                | 114                        | \$625,335              |
| <b>2010</b>              | 5   | 8                    | \$956,880          | 6                                | 166                        | \$715,424              |
| <b>2011</b>              | 5   | 12                   | \$1,003,000        | 4                                | 60                         | \$68,512 <sup>17</sup> |
| <b>2012<sup>18</sup></b> | 1   | 1                    | \$50,000           | <b>FY2012---5</b>                | <b>120</b>                 | <b>\$585,572</b>       |

STO reporting switched from calendar year to fiscal year in fiscal year 2011 due to a law change. We ask the organizations to break out their donations in 6-month periods, but don't ask that for scholarships. Beginning with FY2012, scholarships will only be reported on a fiscal year basis.

For the corporate income tax credit, one claim has been recorded in tax years 2009 and 2010. Therefore, additional information cannot be released. Information is not available on the insurance premium tax credit claimed.

For more information, a report is available on the Arizona Department of Revenue website on all private school tuition organization-related credits.

<sup>16</sup> School Tuition Organizations

<sup>17</sup> These scholarships are for the 1<sup>st</sup> half of 2011 only. STOs are now required to report on a fiscal year basis.

<sup>18</sup> These numbers are for the first 6 months of calendar year 2012.

**ARIZONA CORPORATE INCOME TAX**

**DEFENSE CONTRACTING CREDIT**

**Statute:** A.R.S. § 43-1165 and 1166  
**Effective Date:** For taxable years from and after 9/30/92  
**Repealed:** Certification by the Arizona Department of Commerce was required by June 30, 2001, valid for five taxable years. No new credits could be claimed after tax year 2006.  
**Provisions:** The nonrefundable credit is for a net increase in employment of qualified employees under a United States Department of Defense contract or for a net increase in private commercial employment by a qualified defense contractor due to full-time equivalent positions transferred during the taxable year from exclusively defense related activities to exclusively private commercial activities. A tax credit is also allowed for a portion of property taxes paid on class 3 (commercial or industrial) property.  
**Credit:** For net increases in employment, the credit is \$2500 for each first year full-time equivalent position created, \$2000 for the second year, \$1500 for the third year, \$1000 for the fourth year and \$500 for the fifth year of full-time employment. The credit for property tax paid is determined first by calculating 40% of the property tax if more than 900 new full-time equivalent positions are created, 30% of property taxes for 601 to 900 positions, 20% for 301 to 600 positions and 10% for up to 300 positions. This amount is then multiplied by the percentage determined by dividing the taxpayer's total gross income from USDOD contracts apportioned to Arizona by the taxpayer's total gross income from all sources apportioned to Arizona.  
**Carry forward:** Five years.

|                                 | 1993     | 1994     | 1995     | 1996         | 1997         | 1998         | 1999         |
|---------------------------------|----------|----------|----------|--------------|--------------|--------------|--------------|
| # of claimants                  | 2        | 2        | 4        | 4            | 4            | 4            | 4            |
| 1 <sup>st</sup> year employment | //////// | //////// | //////// | 1,097        | 1,123        | 227          | 1,629        |
| 2 <sup>nd</sup> year employment | //////// | //////// | //////// | 330          | 1,171        | 879          | 419          |
| 3 <sup>rd</sup> year employment | //////// | //////// | //////// | 3,075        | 742          | 752          | 783          |
| 4 <sup>th</sup> year employment | //////// | //////// | //////// | 634          | 56           | 886          | 695          |
| 5 <sup>th</sup> year employment | //////// | //////// | //////// |              |              | 152          | 828          |
| Employment credit               | //////// | //////// | //////// | \$8,002,731  | \$10,517,213 | \$4,268,246  | \$7,022,562  |
| Property tax credit             | //////// | //////// | //////// | \$1,537,532  | \$355,411    | \$225,167    | \$927,393    |
| New credit                      | //////// | //////// | //////// | \$9,540,263  | \$10,872,624 | \$4,493,413  | \$7,949,955  |
| Total credit                    | //////// | //////// | //////// | \$32,539,645 | \$41,879,644 | \$43,605,426 | \$47,790,421 |
| Used                            | //////// | //////// | //////// | \$3,551,214  | \$748,841    | \$116,500    | \$833,724    |
| Carry forward                   | //////// | //////// | //////// | \$28,988,431 | \$39,112,016 | \$39,840,466 | \$36,297,743 |

|                                 | 2000         | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009     |
|---------------------------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| # of claimants                  | 3            | 2        | 2        | 2        | 2        | 2        | 2        | 2        | 2        | 1        |
| 1 <sup>st</sup> year employment | 1,447        | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| 2 <sup>nd</sup> year employment | 1,416        | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| 3 <sup>rd</sup> year employment | 283          | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| 4 <sup>th</sup> year employment | 642          | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| 5 <sup>th</sup> year employment | 46           | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| Employment credit               | \$7,539,000  | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| Property tax credit             | \$993,864    | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| New credit                      | \$8,532,864  | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| Total credit                    | \$43,361,299 | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| Used                            | \$1,859,951  | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |
| Carry forward                   | \$32,832,511 | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// | //////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

- Since the creation of this credit, six taxpayers have claimed it.

**DONATION OF MOTOR VEHICLES TO WHEELS TO WORK PROGRAM CREDIT**

**Statute:** A.R.S. § 43-1177  
**Effective Date:** For taxable years from and after 12/31/98  
**Repealed:** For donations made from and after 7/1/02  
**Provisions:** A nonrefundable credit is allowed for the fair market value of any vehicle that is donated to the wheels to work program. The value of the vehicle is determined by the private entity.  
**Credit:** The maximum credit is \$1500 per vehicle.  
**Carry forward:** Five years.

No claim for the donation of motor vehicles to wheels to work program credit has been found.

**ARIZONA CORPORATE INCOME TAX**

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|--|
| <b>EMPLOYING NATIONAL GUARD MEMBERS CREDIT</b> |
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**Statute:** A.R.S. § 43-1167.01  
**Effective Date:** For taxable years from and after 12/31/05  
**Provisions:** A nonrefundable credit is allowed to each taxpayer whose employee is a member of the Arizona national guard if the employee is placed on active duty. The employee must be employed in a full-time equivalent position when the employee is placed on active duty. Each member of the Arizona national guard who is employed must have served during the taxable year on active duty for training that exceeds the required annual training period, including any activation for federal or state contingencies or emergencies.  
**Credit:** The credit is equal to \$1,000 for each employee who is placed on active duty by the Arizona national guard.  
**Carry forward:** Five years.

| Tax Year | # of claimants | # of employees   | Credit           | Credit Used      | Carry Forward    |
|----------|----------------|------------------|------------------|------------------|------------------|
| 2006     | 3              | 5                | \$5,000          | \$5,000          | \$0              |
| 2007     | 2              | //////////////// | //////////////// | //////////////// | //////////////// |
| 2008     | 5              | 9                | \$9,000          | \$3,100          | \$5,900          |
| 2009     | 6              | 9                | \$14,900         | \$7,000          | \$7,900          |
| 2010     | 8              | 10               | \$17,900         | \$17,900         | \$0              |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

**ARIZONA CORPORATE INCOME TAX**

**EMPLOYMENT OF TANF RECIPIENTS CREDIT**

**Statute:** A.R.S. § 43-1175  
**Effective Date:** For taxable years from and after 12/31/97  
**Provisions:** A nonrefundable credit is allowed for net increases in qualified employment of recipients of temporary assistance for needy families who are Arizona residents. To qualify for a credit, several conditions must be met, including that all employees must reside in Arizona and be TANF recipients, must be employed full-time, must have insurance coverage if insurance coverage is offered to non-TANF employees, must be paid minimum wage or a wage comparable to that received by non-TANF employees, must have been employed for at least 90 days during the first year.  
**Credit:** The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1<sup>st</sup> year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2<sup>nd</sup> year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3<sup>rd</sup> year of continuous employment.  
**Carry forward:** Five years.

|             | <b># of claimants</b> | <b># of new employees</b> | <b>New Credit</b> | <b>Total Credit</b> | <b>Used</b> | <b>Carry Forward</b> |
|-------------|-----------------------|---------------------------|-------------------|---------------------|-------------|----------------------|
| <b>1998</b> | 3                     | 81                        | \$35,325          | \$35,325            | \$35,325    | \$0                  |
| <b>1999</b> | 5                     | 121                       | \$49,653          | \$49,653            | \$47,189    | \$2,464              |
| <b>2000</b> | 7                     | 95                        | \$45,405          | \$47,869            | \$27,648    | \$20,221             |
| <b>2001</b> | 7                     | 72                        | \$79,139          | \$99,360            | \$57,901    | \$41,459             |
| <b>2002</b> | 8                     | 234                       | \$173,450         | \$184,997           | \$173,600   | \$11,397             |
| <b>2003</b> | 9                     | 408                       | \$466,292         | \$472,478           | \$466,392   | \$6,086              |
| <b>2004</b> | 14                    | 406                       | \$485,090         | \$491,175           | \$485,190   | \$5,985              |
| <b>2005</b> | 13                    | 173                       | \$118,411         | \$124,397           | \$99,575    | \$24,822             |
| <b>2006</b> | 11                    | 34                        | \$49,548          | \$54,562            | \$40,804    | \$13,758             |
| <b>2007</b> | 12                    | 39                        | \$44,514          | \$53,978            | \$45,064    | \$8,914              |
| <b>2008</b> | 9                     | 110                       | \$51,956          | \$60,870            | \$29,006    | \$31,864             |
| <b>2009</b> | 12                    | 88                        | \$100,448         | \$132,312           | \$43,178    | \$89,134             |
| <b>2010</b> | 7                     | 18                        | \$68,809          | \$120,533           | \$61,289    | \$59,244             |

- Since the creation of this credit, 36 taxpayers have claimed it.
- From 1998 through 2010, taxpayers reported 1,879 positions eligible for the credit, for a total credit of \$1.9 million. This is \$1,026 credit per job.

*Italics indicate preliminary numbers.*

**ARIZONA CORPORATE INCOME TAX**

**ENTERPRISE ZONE CREDIT**

**Statute:** A.R.S. § 43-1161  
**Effective Date:** For taxable years from and after 12/31/89.  
**Sunset Date:** 6/30/2011.

**Provisions:** A nonrefundable credit is allowed for net increases in qualified employment positions of Arizona residents by a business located in an enterprise zone, except where more than 10% of the business conducted at the location consists of selling tangible personal property at retail. (Originally this credit had no restriction on retail businesses. Then for a few years, there was complete exclusion of retail businesses.) To qualify for the credit there are a number of requirements, including an Arizona residency requirement, 35% of the employees with respect to whom a credit is claimed must reside in an enterprise zone on the date of employment, located in the same county as the business is located, the position must be at least 1,750 hours per year, etc.

**Credit:** The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1<sup>st</sup> year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2<sup>nd</sup> year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3<sup>rd</sup> year of continuous employment.

**Carry forward:** Five years.

|      | # of claims | # of locations | # of new hires | New credit   | Dislocated worker credit | Carry forward | Total credit | Used         | Carry forward |
|------|-------------|----------------|----------------|--------------|--------------------------|---------------|--------------|--------------|---------------|
| 1990 | 6           | 10             | 347            | \$188,210    | \$0                      | ----          | \$188,210    | \$169,653    | \$18,557      |
| 1991 | 16          | 27             | 935            | \$1,048,964  | \$0                      | \$18,557      | \$1,067,521  | \$600,268    | \$467,253     |
| 1992 | 14          | 26             | 363            | \$1,707,563  | \$17,573                 | \$465,803     | \$2,190,939  | \$951,515    | \$1,239,424   |
| 1993 | 19          | 35             | 506            | \$1,979,932  | \$74,187                 | \$1,213,997   | \$3,268,116  | \$1,472,531  | \$1,795,585   |
| 1994 | 30          | 46             | 719            | \$1,074,955  | \$220,002                | \$53,338      | \$1,348,295  | \$1,082,283  | \$266,012     |
| 1995 | 36          | 67             | 819            | \$1,746,502  | \$1,371,278              | \$228,294     | \$3,346,074  | \$2,387,261  | \$958,813     |
| 1996 | 86          | 126            | 3,768          | \$3,898,913  | \$1,878,712              | \$906,269     | \$6,683,894  | \$4,102,955  | \$2,580,939   |
| 1997 | 117         | 163            | 3,945          | \$6,960,797  | \$2,168,014              | \$2,600,727   | \$11,729,538 | \$5,561,172  | \$6,168,366   |
| 1998 | 133         | 200            | 4,862          | \$11,585,549 | \$0                      | \$4,970,044   | \$16,555,593 | \$8,734,030  | \$7,821,563   |
| 1999 | 138         | 224            | 4,090          | \$12,379,497 | \$10                     | \$7,037,168   | \$19,416,675 | \$12,621,497 | \$6,795,178   |
| 2000 | 139         | 215            | 4,368          | \$12,774,565 | \$0                      | \$7,036,053   | \$19,810,618 | \$10,779,733 | \$9,030,885   |
| 2001 | 144         | 246            | 2,995          | \$9,444,424  | \$2,219                  | \$8,716,012   | \$18,162,655 | \$7,043,165  | \$11,119,490  |
| 2002 | 131         | 191            | 1,853          | \$7,098,087  | \$0                      | \$8,275,057   | \$15,373,144 | \$6,509,295  | \$8,652,741   |
| 2003 | 125         | 216            | 2,544          | \$6,031,546  | \$0                      | \$8,429,846   | \$14,461,392 | \$6,685,976  | \$7,719,484   |
| 2004 | 119         | 244            | 4,072          | \$5,413,347  | \$0                      | \$7,234,453   | \$12,647,800 | \$7,647,392  | \$4,345,843   |
| 2005 | 120         | 249            | 4,627          | \$7,692,984  | \$0                      | \$3,989,542   | \$11,682,526 | \$7,887,054  | \$3,302,824   |
| 2006 | 104         | 240            | 4,009          | \$8,952,355  | \$0                      | \$2,396,803   | \$11,349,158 | \$9,114,221  | \$2,232,712   |
| 2007 | 102         | 248            | 4,259          | \$8,351,524  | \$0                      | \$1,858,589   | \$10,210,113 | \$6,910,484  | \$3,178,105   |
| 2008 | 101         | 259            | 3,966          | \$8,634,693  | \$0                      | \$3,114,019   | \$11,748,712 | \$7,083,503  | \$4,571,332   |
| 2009 | 92          | 250            | 2,728          | \$8,066,312  | \$0                      | \$4,472,895   | \$12,539,207 | \$6,148,657  | \$6,278,531   |
| 2010 | 78          | 214            | 2,692          | \$6,071,828  | \$0                      | \$4,861,690   | \$10,933,518 | \$5,475,438  | \$5,403,734   |

- Since the creation of this credit, 420 taxpayers have claimed it.
- Since 1990, 58,467 jobs have been claimed under this credit, for a total credit amount of \$131.1 million. This is an average credit of \$2,242 per job.

*Italics indicate preliminary numbers.*

**ARIZONA CORPORATE INCOME TAX**

|   |
|---|
| <b>ENVIRONMENTAL TECHNOLOGY FACILITY CREDIT</b> |
|---|

**Statute:** A.R.S. § 43-1169  
**Effective Date:** For taxable years from and after 12/31/92  
**Provisions:** A nonrefundable credit is allowed for expenses incurred in constructing a qualified technology manufacturing, producing or processing facility. The facility must be either owned by the manufacturer, producer or processor, or leased for a term of five years or more. The facility must be used predominantly to do a variety of things (set out in statute) that involve recycled materials or renewable energy. The facility must cost an aggregate of at least \$20 million of new capital investment in Arizona within five years after construction begins or commencement of installation of improvements.  
**Credit:** The credit is equal to 10% of the amount spent during the taxable year to construct the facility, including land acquisition, improvements, building improvements, machinery and equipment, but not exceeding 75% of the tax liability.  
**Carry forward:** Fifteen years.

|      | # of claimants | Cost of equipment or property | New credit   | Total credit | Used         | Carry forward |
|------|----------------|-------------------------------|--------------|--------------|--------------|---------------|
| 1993 | 1              | //////////                    | //////////   | //////////   | //////////   | //////////    |
| 1994 | 4              | \$112,903,166                 | \$11,290,316 | \$16,245,878 | \$2,329,787  | \$13,916,091  |
| 1995 | 5              | \$278,383,768                 | \$27,838,377 | \$41,754,468 | \$15,821,459 | \$25,933,009  |
| 1996 | 6              | \$97,162,732                  | \$9,716,273  | \$35,649,281 | \$2,556,477  | \$33,092,804  |
| 1997 | 3              | \$18,739,637                  | \$1,873,964  | \$34,966,768 | \$38         | \$34,966,730  |
| 1998 | 4              | \$15,537,470                  | \$1,553,749  | \$36,520,479 | \$365,267    | \$36,155,212  |
| 1999 | 3              | \$6,815,794                   | \$681,579    | \$36,836,791 | \$69,877     | \$36,766,914  |
| 2000 | 3              | \$0                           | \$0          | \$36,766,914 | \$26,658     | \$36,740,256  |
| 2001 | 3              | \$0                           | \$0          | \$37,088,205 | \$1,084,588  | \$36,003,617  |
| 2002 | 2              | \$0                           | \$0          | //////////   | //////////   | //////////    |
| 2003 | 2              | \$0                           | \$0          | //////////   | //////////   | //////////    |
| 2004 | 2              | \$0                           | \$0          | //////////   | //////////   | //////////    |
| 2005 | 1              | \$0                           | \$0          | //////////   | //////////   | //////////    |
| 2006 | 1              | \$0                           | \$0          | //////////   | //////////   | //////////    |
| 2007 | 2              | //////////                    | //////////   | //////////   | //////////   | //////////    |
| 2008 | 3              | //////////                    | //////////   | \$38,719,232 | //////////   | //////////    |
| 2009 | 2              | //////////                    | //////////   | //////////   | //////////   | //////////    |
| 2010 | 2              | //////////                    | //////////   | //////////   | //////////   | //////////    |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

- Since the creation of this credit, 9 taxpayers have claimed it.
- More than \$84 million in credit has been created, an average of \$9.4 million in credit per taxpayer participating.

HEALTHY FOREST ENTERPRISE

**Statute:** A.R.S. § 43-1162

**Effective Date:** For taxable years from and after 12/31/04.

**Repealed:** For taxable years beginning from and after 1/1/25. Repeal date set when credit enacted, but extended in 2012 legislation.

**Provisions:** A business may qualify for a nonrefundable credit, if certified by the Department of Commerce as a healthy forest enterprise. The business must enhance or sustain forest health, sustains or recovers watershed or improves public safety. It must be engaged in the business of harvesting, transporting or initial processing of qualifying forest products for commercial use.

**Credit:** The credit is based on the net increase in the number of qualified employment positions created and filled by businesses operating healthy forest enterprises. The credit amount per employee depends on the employee's year of employment; first year equal to the lesser of \$500 or one-fourth of the taxable wages paid to an employee in a qualified employment position; second year equal to the lesser of \$1,000 or one-third the wages paid; third year equal to the lesser of \$1,500 or one-half of the taxable wages paid.

**Carry forward:** Five years

Credit was claimed in tax years 2007, 2008 and 2009. However, no data can be released due to confidentiality laws.

**ARIZONA CORPORATE INCOME TAX**

**MILITARY REUSE ZONE CREDIT**

**Statute:** A.R.S. § 43-1167

**Effective Date:** For taxable years from and after 12/31/92 (although no military reuse zones were designated until 1996)

**Provisions:** A nonrefundable credit is allowed for net increases in employment of full-time employees working in a military reuse zone, and who are primarily engaged in providing aviation or aerospace services or in manufacturing, assembling or fabricating aviation or aerospace products. A credit is also allowed for dislocated military base employees, which are civilians who previously had permanent full-time civilian employment on the military facility as of the date the closure of the facility was determined under federal law.

**Credit:** For each employee that is not a dislocated military base employee, the credit is \$500 in the 1<sup>st</sup> year of employment and increases in \$500 increments until it reaches \$2500 in the 5<sup>th</sup> year of employment. For dislocated military base employees, the credit amount starts at \$1,000 in the 1<sup>st</sup> year of employment and increases in \$500 increments each year until it reaches \$3,000 in the 5<sup>th</sup> year of employment.

**Carry forward:** Five years.

|      | # of claimants | # of employees | New credit | Total credit | Used       | Carry forward |
|------|----------------|----------------|------------|--------------|------------|---------------|
| 1993 | 0              |                |            |              |            |               |
| 1994 | 0              |                |            |              |            |               |
| 1995 | 0              |                |            |              |            |               |
| 1996 | 3              | 20             | \$18,000   | \$18,000     | \$4,731    | \$13,269      |
| 1997 | 3              | 52             | \$33,000   | \$34,888     | \$11,888   | \$23,000      |
| 1998 | 3              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 1999 | 3              | 3              | \$98,500   | \$175,336    | \$170,634  | \$4,702       |
| 2000 | 3              | 8              | \$109,000  | \$113,702    | \$97,440   | \$16,262      |
| 2001 | 3              | 29             | \$122,500  | \$131,312    | \$109,373  | \$21,939      |
| 2002 | 3              | 3              | \$74,000   | \$90,389     | \$41,050   | \$49,339      |
| 2003 | 2              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2004 | 2              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2005 | 2              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2006 | 1              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2007 | 1              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2008 | 1              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2009 | 2              | //////////     | ////////// | //////////   | ////////// | //////////    |
| 2010 | 2              | //////////     | ////////// | //////////   | ////////// | //////////    |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

- Since the creation of this credit, six taxpayers have claimed it.
- Slightly more than 211 jobs have been claimed under this credit, for about \$750,000. This is \$3,561 in credit per employee.

**MOTION PICTURE PRODUCTION AND INFRASTRUCTURE CREDIT**

**Statutes:** A.R.S. §§ 43-1163 and 43-1163.01

**Effective Date:** For taxable years from and after 12/31/2005 through 12/31/2010 for Motion Picture Productions (§ 43-1075) and for taxable years from and after 12/31/2007 through 12/31/2010 for Motion Picture Infrastructure Projects (§ 43-1075.01)

**Repealed:** For taxable year beginning from and after 1/1/11. Repeal date set when enacted.

**Provisions:** A nonrefundable, transferable credit is allowed for a motion picture production company that produces motion pictures completely or partially in Arizona and for the construction of an eligible infrastructure project. The taxpayer must receive pre-approval and post-approval from the Arizona Department of Commerce. For the motion picture production credit, the taxpayer must acknowledge that the production was filmed in Arizona, incur production costs of at least \$250,000, employ 50% of Arizona residents during production activities in Arizona (25% of full-time employees for 2006 and 35% for 2007), begin production within 90 days of pre-approval and submit a Completion Report to the Department of Commerce.

**Credit:** The amount of the motion picture production credit is based on qualified production costs in Arizona equal to 20% of costs from \$250,000 to \$1 million and 30% of costs exceeding \$1 million (increased from 10%, 15% or 20% of costs for 2006 and 2007). The tax credit is limited to \$9 million per motion picture (\$5 million for 2006 and 2007, \$7 million for 2008 and \$8 million for 2009). The total corporate and individual income tax credit (reference A.R.S. §§ 43-1075 and 43-1075.01) is limited to \$30 million for 2006, \$40 million for 2007, \$50 million for 2008, \$60 million for 2009, and \$70 million for 2010. Beginning in 2008, 5% of the calendar year cap is reserved for commercial advertisements or music videos. An infrastructure income tax credit is available, subject to the same calendar year limit, up to 15% of the base investment for the construction of a qualified infrastructure project in Arizona. The infrastructure tax credit cannot exceed \$5 million in any year for a soundstages or \$3 million for an individual support or augmentation facilities project. All or part of any unclaimed amount of credit may be sold or otherwise transferred. A single sale or transfer may involve one or more transferees, and a transferee may in turn resell or transfer the credit.

**Carry forward:** Five years.

The Arizona Department of Commerce has issued post-approval for 34 productions with an allowable credit of \$26,238,214. Until the returns are filed, there is no way to determine how many will be claimed as corporate or individual income tax credits.

| Tax Year | # of claimants | # of productions | New credit       | Total credit     | Credit Used      | Carry forward    |
|----------|----------------|------------------|------------------|------------------|------------------|------------------|
| 2006     | 2              | ////             | //////////////// | //////////////// | //////////////// | //////////////// |
| 2007     | 7              | 6                | //////////////// | \$ 6,802,746     | \$ 1,189,442     | \$ 5,613,304     |
| 2008     | 11             | 8                | \$ 1,938,264     | \$ 7,551,568     | \$ 7,377,180     | \$ 174,388       |
| 2009     | 5              | 11               | \$ 1,636,645     | \$ 1,811,033     | \$ 1,343,532     | \$ 467,501       |
| 2010     | 12             | 12               | \$ 8,933,346     | \$ 9,400,847     | \$ 8,579,472     | \$ 821,375       |

*Italics indicate preliminary numbers.*

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

- Since the creation of this credit, 12 individual and 22 corporate taxpayers have claimed it.
- Since 2007, 23 productions have been claimed for a total credit amount of \$19.0 million.
- Thirty-three post-approved productions have been sold or transferred to 38 taxpayers for \$24,813,312 and 13 credits for \$8,492,216 were then resold to 38 individual or corporate taxpayers.

**NEW EMPLOYMENT CREDIT**

**Statute:** A.R.S. § 43-1161

**Effective Date:** For taxable years from and after 6/30/11

**Provisions:** A nonrefundable credit is allowed for net increases in qualified employment positions in Arizona at an Arizona business location. To qualify for the credit, the taxpayer must either invest at least \$5 million of capital investment and create at least 25 new qualified positions in an Arizona city or town with a population of 50,000 or invest at least \$1 million of capital investment and create at least 5 new qualified positions in any other location in Arizona. The employer must also provide health insurance coverage for the employee (paying at least 65% of the cost) and pay a wage at least equal to the median wage for the county. The credit must be pre-approved by the Arizona Commerce Authority, who cannot approve more than 10,000 first-year positions for all taxpayers.

**Credit:** The credit is limited to 400 first-year qualified positions per year per taxpayer. The credit is equal to \$3,000 for each employee in the 1<sup>st</sup> year or partial year of employment, \$3,000 for each employee for the full taxable year in the 2<sup>nd</sup> year of continuous employment and \$3,000 for each employee for the full taxable year in the 3<sup>rd</sup> year of continuous employment.

**Carry forward:** Five years.

**ARIZONA CORPORATE INCOME TAX**

**POLLUTION CONTROL DEVICE CREDIT**

**Statute:** A.R.S. § 43-1170

**Effective Date:** For taxable years from and after 12/31/94

**Provisions:** A nonrefundable credit is allowed for expenses incurred to purchase real or personal property that is used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies includes that portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition to or reconstruction, replacement or improvement of that property that is directly used, constructed or installed for the purposes of meeting rules or regulations adopted by the U.S. Environmental Protection Agency, the Department of Environmental Quality or a political subdivision to prevent, monitor, control or reduce air, water or land pollution.

**Credit:** The amount of the credit is equal to the lesser of 10% of the purchase price or \$500,000. In 1995 and 1996, the credit was capped at \$750,000.

**Carry forward:** Five years.

|      | # of claimants | Cost of property | New credit  | Total credit | Used        | Carry forward |
|------|----------------|------------------|-------------|--------------|-------------|---------------|
| 1995 | 21             | \$79,797,815     | \$5,205,329 | \$5,205,329  | \$3,110,818 | \$2,094,511   |
| 1996 | 29             | \$54,365,441     | \$4,332,277 | \$6,937,066  | \$4,498,473 | \$2,438,593   |
| 1997 | 29             | \$45,276,655     | \$2,138,611 | \$3,989,361  | \$2,202,316 | \$2,046,170   |
| 1998 | 28             | \$74,557,812     | \$4,732,953 | \$9,220,784  | \$4,241,078 | \$4,895,418   |
| 1999 | 37             | \$110,110,242    | \$6,897,324 | \$13,785,777 | \$6,879,238 | \$7,188,736   |
| 2000 | 40             | \$51,034,592     | \$4,454,823 | \$12,345,490 | \$3,860,440 | \$8,485,050   |
| 2001 | 37             | \$61,962,955     | \$3,692,416 | \$9,090,276  | \$2,819,831 | \$6,270,445   |
| 2002 | 31             | \$27,276,116     | \$2,509,488 | \$8,239,252  | \$2,460,289 | \$5,776,562   |
| 2003 | 30             | \$24,422,700     | \$2,659,004 | \$8,642,942  | \$2,464,944 | \$5,824,164   |
| 2004 | 24             | \$29,276,308     | \$2,629,300 | \$7,373,129  | \$1,206,299 | \$5,841,857   |
| 2005 | 24             | \$44,112,593     | \$2,675,516 | \$8,470,200  | \$2,119,047 | \$5,718,685   |
| 2006 | 20             | \$40,942,923     | \$2,264,217 | \$5,746,154  | \$1,997,280 | \$3,592,073   |
| 2007 | 15             | \$59,817,806     | \$2,444,043 | \$4,285,128  | \$2,295,135 | \$1,893,473   |
| 2008 | 17             | \$267,180,162    | \$3,104,912 | \$4,998,385  | \$1,418,256 | \$3,570,094   |
| 2009 | 15             | \$71,774,178     | \$2,340,353 | \$5,809,439  | \$1,715,431 | \$3,681,020   |
| 2010 | 15             | \$71,744,886     | \$2,525,113 | \$5,706,043  | \$2,510,980 | \$2,673,160   |

- Since the creation of this credit, 105 taxpayers have claimed it.
- The total cost of pollution control property over 16 years is \$1.1 billion. Divided by 105 corporations, the average cost of the equipment has been \$10.6 million.
- Based on a total \$54.6 million in credit created, the average credit claimed per taxpayer for the 16-year period is \$520,054.

*Italics indicate preliminary numbers.*

**QUALIFIED HEALTH INSURANCE PLANS CREDIT**

**Statute:** A.R.S. § 43-1185

**Effective Date:** For taxable years from and after 12/31/11.

**Repealed:** For taxable years beginning from and after 1/1/14. Repeal date set when credit enacted.

**Provisions:** A nonrefundable credit is allowed for employers who provide qualified health plans or contributions to health savings accounts for its employees who are Arizona residents. The taxpayer must employ at least 2 and not more than 50 employees. The employer cannot have provided health insurance coverage to its employees for the 90 days immediately preceding the offer of health insurance plans in the taxable year in which the employer initially claims the credit. The health insurance plan must be provided to enrolled employees for at least 12 consecutive months (and offered to all employees) and the employer must pay at least \$360 during the taxable year for premiums or contributions to a health savings account.

**Credit:** The amount of the credit is \$360 for every employee who is enrolled in the qualified health insurance plan.

**Carry forward:** Three years

**ARIZONA CORPORATE INCOME TAX**

**RECYCLING EQUIPMENT CREDIT**

**Statute:** A.R.S. § 43-1164  
**Effective Date:** For taxable years from and after 12/31/92  
**Repealed:** Effective 1/1/00.  
**Provisions:** A nonrefundable credit is allowed to a taxpayer that places recycling equipment in service in Arizona. Recycling equipment is defined as new or used equipment purchased during the tax year and used exclusively to process post-consumer select solid waste materials and manufacturing machinery used exclusively to produce finished products, the composition of which is at least 25% post-consumer select solid waste materials. Select solid waste means paper, plastic, scrap metal and iron, glass and rubber.  
**Credit:** The amount of the credit is equal to 10% of the installed cost of the equipment. The credit may not exceed 25% of the tax liability for the tax year or \$5,000.  
**Carry forward:** Fifteen years, but limited to use through 12/31/05.

|      | # of claimants | Cost of equipment | New credit | Total credit | Used       | Carry forward |
|------|----------------|-------------------|------------|--------------|------------|---------------|
| 1993 | 0              |                   |            |              |            |               |
| 1994 | 3              | \$859,542         | \$85,919   | \$85,919     | \$14,920   | \$70,999      |
| 1995 | 5              | \$516,776         | \$51,678   | \$122,676    | \$14,851   | \$107,825     |
| 1996 | 4              | \$350,132         | \$35,013   | \$142,144    | \$11,167   | \$130,977     |
| 1997 | 4              | \$312,030         | \$31,203   | \$161,315    | \$10,672   | \$150,643     |
| 1998 | 4              | \$1,237,090       | \$123,709  | \$274,352    | \$12,660   | \$261,692     |
| 1999 | 4              | \$291,586         | \$29,158   | \$250,210    | \$16,028   | \$234,182     |
| 2000 | 5              | \$42,400          | \$4,240    | \$238,422    | \$15,626   | \$222,796     |
| 2001 | 4              | ----              | ----       | \$218,919    | \$21,442   | \$197,477     |
| 2002 | 4              | ----              | ----       | \$197,477    | \$5,145    | \$192,332     |
| 2003 | 4              | ----              | ----       | \$192,332    | \$3,426    | \$188,906     |
| 2004 | 2              | ----              | ----       | //////////   | ////////// | //////////    |
| 2005 | 1              | ----              | ----       | //////////   | ////////// | //////////    |

- Since the creation of this credit, ten taxpayers have claimed it.
- The average cost of recycling equipment over the seven-year period for the ten taxpayers is \$360,956.

**RENEWABLE ENERGY INDUSTRY CREDIT**

- Statute:** A.R.S. § 43-1164.01
- Effective Date:** For taxable years from and after 12/31/09
- Repealed:** For taxable years beginning from and after 1/1/15. Repeal date set when enacted.
- Provisions:** This refundable credit is for expanding or locating qualified renewable energy operations in Arizona. Renewable energy operations are limited to manufacturers 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 crates necessary to package the renewable energy equipment manufactured at the facility. Approval from the Arizona Commerce Authority is required to take the credit. No more than \$70 million can be approved by the Arizona Commerce Authority in a calendar year.
- Credit:** The credit is up to 10% of the taxpayer's total capital investment in Arizona if 1.5 new full-time employment positions are created for each \$500,000 of capital investment for manufacturing operations or 1 new full-time employment position is created for each \$200,000 in capital investment for headquarters. For other qualifying renewable energy investment, the credit is 10% of \$500,000 for each 1.5 new full-time employment positions created in manufacturing operations or 10% of \$200,000 for each 1 full-time employment position created for headquarters, neither of which can exceed 10% of the taxpayer's total capital investment. The credit is apportioned and claimed in five equal annual installments in each of five consecutive tax years.
- Carry forward:** Not applicable.

As of the date of this release on income tax credits, the Arizona Commerce Authority has pre-approved three companies for this credit. Since no post-approvals have yet been issued, no credit dollar amount is available.

RENEWABLE ENERGY PRODUCTION TAX CREDIT

- Statute:** A.R.S. § 43-1164.03
- Effective Date:** For taxable years from and after 12/31/10
- Repealed:** For taxable years beginning from and after 1/1/31. Repeal date set when enacted.
- Provisions:** This nonrefundable credit is for production of electricity by a qualified energy generator that produces energy using solar light, solar heat, wind or biomass. Qualified energy generator means a facility that has at least 5 megawatts generating capacity, that is located on land in Arizona owned or leased by the taxpayer, that produces electricity using solar, wind or biomass and that sells electricity to an unrelated entity, unless the electricity is sold to a public service corporation. Approval from the Arizona Department of Revenue is required to take the credit. No more than \$20 million can be approved by the Arizona Department of Revenue in a calendar year.
- Credit:** The amount of the credit is based on electricity produced. The amount of the credit is certified by the Arizona Department of Revenue before the credit can be claimed.
- Carry forward:** Five years.

Four companies were approved by the Arizona Department of Revenue to take this credit in tax year 2011. The total credit amount approved was \$1,276,521. However, as of the date of this credit information release, no companies had filed their 2011 tax return.

|   |
|---|
| <b>RESEARCH &amp; DEVELOPMENT CREDIT – NONREFUNDABLE AND REFUNDABLE</b> |
|---|

**Statute:** A.R.S. § 43-1168  
**Effective Date:** For taxable years from and after 12/31/92  
**Provisions:** This nonrefundable credit is for research and development expenses.  
**Credit:** Through tax year 2000, this credit had a limit of \$500,000 in a tax year. Effective with taxable years beginning from and after 1/1/01, the credit is computed as follows:

1. Add the excess of qualified research expenses for the taxable year over the base amount, to the basic research payments determined.
2. If the sum is less than or equal to \$2.5 million, the credit is 20% or a maximum of \$500,000.
3. If the sum is greater than \$2.5 million, the credit is \$500,000 plus 11% of the amount exceeding \$2.5 million, except,
  - a. For taxable years beginning from and after 12/31/00 through 12/31/01, the credit shall not exceed \$1.5 million
  - b. For taxable years beginning from and after 12/31/01 through 12/31/02, the credit shall not exceed \$2.5 million.

The percentages in paragraphs 2 and 3 above are different for tax year 2010 through 2017. In tax year 2010, the percentages change to 22% and 13%. For tax years 2011 through 2017, the percentages are 24% and 15%.

Credit carry forward from taxable years beginning before 1/1/03 that can be used in a year may be limited. The carry forward amount from the specified tax years must be less than or equal to the lesser of tax liability less current year credit (thereby zeroing out liability) or the difference between \$500,000 and the current year credit. The amount of the credit carry forward from taxable years beginning after 12/31/02 that may be used in a taxable year may not exceed tax liability after subtracting current year credit.

**Carry forward:** Fifteen years.

**Statute:** A.R.S. § 43-1168(D)  
**Effective Date:** For taxable years from and after 12/31/09  
**Provisions:** This refundable research and development credit is only available to a taxpayer that employs fewer than 150 persons and if the allowable credit established under the nonrefundable credit exceeds the taxes due. The taxpayer must be pre-approved by the Arizona Commerce Authority to take the credit. No more than \$5 million can be approved in a calendar year.

**Credit:** The refundable credit is limited to 75% of the amount by which the allowable nonrefundable research and development credit exceeds the taxpayer's tax liability in the taxable year. The remaining 25% of the unused credit is forfeited by the taxpayer.

In 2010, the Arizona Commerce Authority approved 52 refundable income tax credits. These 52 approved credits represented \$7.6 million in credit, with \$5 million of that approved for refunds. The forfeited credit totaled \$1.8 million.

In 2011, 65 refundable income tax credits were approved, representing \$6.8 million in credit and \$4.8 million in refunds. The forfeited credit totaled \$1.6 million.

The table on the following page presents statistics on both the refundable and nonrefundable pieces of the research & development tax credit.

- Since the creation of this credit, 641 taxpayers have claimed it.
- Over \$10.0 billion in research & development expenses and payments have been claimed by taxpayers since 1993, for an average annual research and development expense of \$567.0 million (over 18 years).
- The average "New Credit" per taxpayer increased from \$178,741 in 2000 to \$254,736 in 2001, which coincides with the increase in the credit cap from \$500,000 to \$1,500,000. In

### **ARIZONA CORPORATE INCOME TAX**

2003, with the removal of the credit cap, the average new credit was \$400,733. 2010 numbers reflect an average of \$430,384.

- The greatest amount of credit in the 18-year history was used in 2010, at \$58.5 million.
- The \$3.8 million shown as research & development credit refunded in 2010 went to 33 corporations, who forfeited \$1.3 million in credit. More than half of these 33 corporations, 17, filed a research and development credit for the first time under this program.

**ARIZONA CORPORATE INCOME TAX**

|      | # of claimants | Total r&d expenses and payments | New credit <sup>19</sup> | Total credit  | Used         | Credit value of limited expense carry forward | Unlimited carryforward | Amount Refunded | Forfeited Credit |
|------|----------------|---------------------------------|--------------------------|---------------|--------------|---|------------------------|-----------------|------------------|
| 1993 | 23             | \$5,558,699                     | \$617,709                | \$617,709     | \$403,663    | \$494,032                                     |                        |                 |                  |
| 1994 | 89             | \$156,284,525                   | \$5,206,158              | \$5,445,055   | \$3,062,056  | \$26,466,029                                  |                        |                 |                  |
| 1995 | 85             | \$161,933,770                   | \$8,595,822              | \$9,559,521   | \$6,149,046  | \$49,679,229                                  |                        |                 |                  |
| 1996 | 111            | \$332,189,906                   | \$13,461,458             | \$15,758,856  | \$9,881,387  | \$100,481,239                                 |                        |                 |                  |
| 1997 | 133            | \$274,661,539                   | \$17,352,202             | \$19,483,124  | \$11,089,063 | \$82,117,051                                  |                        |                 |                  |
| 1998 | 129            | \$482,316,974                   | \$17,873,965             | \$19,369,112  | \$8,963,229  | \$191,337,518                                 |                        |                 |                  |
| 1999 | 140            | \$649,466,689                   | \$18,989,822             | \$20,552,034  | \$10,457,350 | \$295,172,070                                 |                        |                 |                  |
| 2000 | 128            | \$953,911,915                   | \$22,878,888             | \$24,812,543  | \$9,458,919  | \$427,134,696                                 |                        |                 |                  |
| 2001 | 153            | \$598,440,866                   | \$38,974,584             | \$43,758,246  | \$11,147,472 | \$483,784,541                                 |                        |                 |                  |
| 2002 | 169            | \$508,706,060                   | \$39,737,186             | \$53,837,597  | \$12,499,682 | \$530,255,341                                 |                        |                 |                  |
| 2003 | 190            | \$586,803,874                   | \$76,139,280             | \$94,773,457  | \$32,266,955 | \$541,872,113                                 | \$45,645,561           |                 |                  |
| 2004 | 216            | \$729,634,885                   | \$93,979,456             | \$133,324,542 | \$36,956,148 | \$538,954,073                                 | \$103,844,450          |                 |                  |
| 2005 | 220            | \$821,044,896                   | \$104,944,951            | \$217,631,630 | \$48,477,977 | \$529,431,406                                 | \$165,325,500          |                 |                  |
| 2006 | 240            | \$895,786,900                   | \$114,061,321            | \$274,891,223 | \$54,615,253 | \$513,626,822                                 | \$225,140,292          |                 |                  |
| 2007 | 243            | \$855,099,273                   | \$109,615,569            | \$288,366,833 | \$57,789,014 | \$502,418,742                                 | \$275,729,780          |                 |                  |
| 2008 | 246            | \$794,782,815                   | \$101,486,200            | \$377,277,717 | \$49,695,671 | \$495,594,526                                 | \$323,968,708          |                 |                  |
| 2009 | 242            | \$676,716,787                   | \$88,672,669             | \$333,400,502 | \$33,486,510 | \$328,244,889                                 | \$296,636,388          |                 |                  |
| 2010 | 257            | \$726,556,760                   | \$110,608,600            | \$405,408,862 | \$58,466,382 | \$289,764,970                                 | \$275,470,101          | \$3,832,323     | \$1,352,190      |

<sup>19</sup> These numbers reflect the credit limits, depending on how many years the credit has been claimed.

**(ADDITIONAL) RESEARCH & DEVELOPMENT CREDIT FOR UNIVERSITY RESEARCH**

**Statute:** A.R.S. § 43-1168(A)(1)(d)

**Effective Date:** For taxable years from and after 12/31/11

**Provisions:** This research and development credit for university research is in addition to the regular nonrefundable research and development credit. The credit may be allowed if the taxpayer made basic research payments to a university under the jurisdiction of the Arizona Board of Regents. The taxpayer must be pre-approved by the Arizona Department of Revenue to take the credit. No more than \$10 million can be approved in a calendar year.

**Credit:** The credit is 10% of the excess basic research expenses over the base amount.

**Carry forward:** Five years.

**ARIZONA CORPORATE INCOME TAX**

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|------------------------------------|
| <b>SCHOOL SITE DONATION CREDIT</b> |
|------------------------------------|

**Statute:** A.R.S. § 43-1181  
**Effective Date:** For taxable years from and after 12/31/00  
**Provisions:** A nonrefundable credit is allowed for donation of real property and improvements to a school district or a charter school for use as a school or as a site for the construction of a school. To qualify for the credit, the real property and improvements must be in Arizona, must be conveyed unencumbered and in fee simple, except that the property shall only be used as a school or construction site for a school.  
**Credit:** The amount of the credit is 30% of the value of real property and improvements donated by the taxpayer to a school district or charter school.  
**Carry forward:** Five years.

|      | <b># of taxpayers</b> | <b>Cost of property donated</b> | <b>Credit Available</b> | <b>Credit Used</b>   | <b>Credit Carry-Forward</b> |
|------|-----------------------|---------------------------------|-------------------------|----------------------|-----------------------------|
| 2001 | 2                     | ////////////////////            | ////////////////////    | //////////////////// | ////////////////////        |
| 2002 | 4                     | ////////////////////            | ////////////////////    | //////////////////// | ////////////////////        |
| 2003 | 2                     | ////////////////////            | ////////////////////    | //////////////////// | ////////////////////        |
| 2004 | 3                     | \$2,054,910                     | \$616,473               | \$616,473            | \$0                         |
| 2005 | 5                     | \$4,245,603                     | \$1,273,681             | \$1,272,504          | \$1,177                     |
| 2006 | 6                     | \$9,184,675                     | \$2,756,579             | \$2,755,447          | \$1,132                     |
| 2007 | 0                     | \$0                             | \$0                     | \$0                  | \$0                         |
| 2008 | 2                     | ////////////////////            | ////////////////////    | //////////////////// | ////////////////////        |
| 2009 | 3                     | ////////////////////            | ////////////////////    | //////////////////// | ////////////////////        |
| 2010 | 3                     | ////////////////////            | ////////////////////    | //////////////////// | ////////////////////        |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

*Italics indicate preliminary numbers.*

**SOLAR HOT WATER HEATER PLUMBING STUB OUTS AND ELECTRIC VEHICLE RECHARGE OUTLETS CREDIT**

**Statute:** A.R.S. § 43-1176

**Effective Date:** For taxable years from and after 12/31/97

**Provisions:** A nonrefundable credit is allowed for costs incurred of installing or including in one or more houses or dwelling units in Arizona and constructed by the taxpayer, one or more:

1. Solar hot water plumbing stub outs. The stub out must include two insulated 3/4 inch copper pipes and at least two pairs of wire for monitoring or controlling purposes. The stub out must also be located and configured to allow sufficient solar access and exposure and to allow ready installation of solar water heating devices.

2. Electric vehicle recharge outlets. The outlet must be connected to the utility system by a dedicated line that is capable of operating at normal secondary voltages, meets applicable building codes and is commensurate and consistent with electric vehicle recharging needs and methods.

**Credit:** The credit cannot exceed \$75 for each installation for each separate house or dwelling unit. The credit may be transferred from the builder to the purchaser of the house or dwelling unit.

**Carry forward:** Five years.

Claims were recorded for this credit for tax year 2000, but there were too few to release information at this time. Since 2000, there have been no claims.

**SOLAR LIQUID FUEL RESEARCH & DEVELOPMENT CREDIT**

- Statute:** A.R.S. § 43-1164.02
- Effective Date:** For taxable years from and after 12/31/10
- Repealed:** For taxable years beginning from and after 1/1/22. Repeal date set when enacted.
- Provisions:** This nonrefundable credit is for increased research activities related to solar liquid fuel. Solar liquid fuel means liquid fuel that is generated through processes that use sunlight, carbon dioxide and water to produce infrastructure compatible liquid hydrocarbon fuels.
- Credit:** The credit is 40% of the excess of Arizona qualified research expenses for the taxable year over a base amount.
- Carry forward:** None.

**ARIZONA CORPORATE INCOME TAX**

**TAXES PAID FOR COAL CONSUMED IN GENERATING ELECTRICAL POWER CREDIT**

**Statute:** A.R.S. § 43-1178  
**Effective Date:** For taxable years from and after 12/31/97  
**Provisions:** A nonrefundable credit is allowed for purchases of coal consumed in generating electrical power in Arizona.  
**Credit:** The credit is equal to 30% of the amount paid by the seller or purchaser as transaction privilege or use tax with respect to the coal sold to the taxpayer.  
**Carry forward:** Five years.

|             | # of claimants | TPT or use tax paid | New Credit       | Total Credit     | Used             | Carry Forward    |
|-------------|----------------|---------------------|------------------|------------------|------------------|------------------|
| <b>1998</b> | 4              | \$3,053,275         | \$915,983        | \$915,983        | \$678,039        | \$237,044        |
| <b>1999</b> | 4              | \$3,607,134         | \$1,067,569      | \$1,305,513      | \$803,476        | \$502,037        |
| <b>2000</b> | 3              | \$3,716,675         | \$1,115,002      | \$1,617,039      | \$778,015        | \$839,024        |
| <b>2001</b> | 3              | \$6,388,155         | \$1,916,447      | \$2,755,471      | \$1,556,016      | \$1,199,455      |
| <b>2002</b> | 3              | \$5,417,396         | \$1,865,219      | \$3,064,674      | \$1,504,851      | \$1,559,823      |
| <b>2003</b> | 3              | \$5,285,088         | \$1,585,520      | \$3,145,343      | \$1,229,020      | \$1,744,443      |
| <b>2004</b> | 3              | \$4,312,183         | \$1,293,658      | \$3,038,101      | \$908,990        | \$1,799,254      |
| <b>2005</b> | 3              | \$4,175,437         | \$1,252,631      | \$3,051,885      | \$843,909        | \$1,870,939      |
| <b>2006</b> | 3              | \$4,581,990         | \$1,374,597      | \$3,245,536      | \$929,098        | \$1,956,070      |
| <b>2007</b> | 4              | \$6,639,107         | \$1,991,070      | \$3,947,803      | \$1,057,873      | \$2,529,562      |
| <b>2008</b> | 4              | ////////////////    | //////////////// | //////////////// | //////////////// | //////////////// |
| <b>2009</b> | 4              | \$6,474,053         | \$1,943,116      | \$6,296,204      | \$668,252        | \$5,281,480      |
| <b>2010</b> | 4              | \$6,738,031         | \$2,021,409      | \$7,305,889      | \$2,182,237      | \$4,777,067      |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

- Since the creation of this credit, six taxpayers have claimed it.
- Over the 13 year period, more than \$67 million in transaction privilege or use tax has been paid on coal consumed in generating electrical power.

*Italics indicate preliminary numbers.*

**ARIZONA CORPORATE INCOME TAX**

**TECHNOLOGY TRAINING CREDIT**

**Statute:** A.R.S. § 43-1179  
**Effective Date:** For taxable years from and after 12/31/00.  
**Repealed:** For taxable years beginning from and after 1/1/06. Repeal date set when enacted.  
**Provisions:** A refundable credit is allowed for providing technological skills training to not more than 20 of the taxpayer's employees.  
**Credit:** The credit is equal to 50% of the amount actually spent during the taxable year for the cost of the training, but not more than \$1500 per employee. The total amount of credits that can be granted (through a Department of Commerce certification program) is \$2.5 million.

|      | # of Claimants | Credit   | Credit Used Against Liability | Credit Refunded |
|------|----------------|----------|-------------------------------|-----------------|
| 2001 | 11             | \$46,286 | \$35,010                      | \$11,276        |
| 2002 | 4              | \$41,083 | \$30,000                      | \$11,083        |
| 2003 | 3              | \$33,426 | \$33,006                      | \$420           |
| 2004 | 3              | \$39,963 | \$36,268                      | \$3,695         |
| 2005 | 3              | \$46,356 | \$46,356                      | \$0             |

Twelve different taxpayers have claimed this credit in the five years.

**UNDERGROUND STORAGE TANKS CREDIT**

**Statute:** A.R.S. § 43-1173

**Effective Date:** For taxable years from and after 12/31/93

**Repealed:** The legislation repealing this credit had a general effective date of August 25, 2004.

**Provisions:** A nonrefundable credit is allowed for expenses incurred by an individual or taxpayer who is not liable or responsible for a corrective action as an owner or operator of an underground storage tank, for corrective actions taken with respect to the release of a regulated substance from an underground storage tank.

**Credit:** The credit is equal to 10% of the amount spent to take any corrective action certified by the Arizona Department of Environmental Quality.

**Carry forward:** None.

- Since the creation of this credit, four taxpayers have claimed the credit but too few of them have claimed it in any given year to allow the reporting of the amounts.
- Over the eight-year period, less than \$50,000 in expenses incurred has been reported.

**ARIZONA CORPORATE INCOME TAX**

**VEHICLE REFUELING APPARATUS CREDIT**

**Statute:** A.R.S. § 43-1174.01  
**Effective Date:** For taxable years from and after 12/31/98  
**Repealed:** To qualify for the credit, the vehicle refueling apparatus must be installed on or before 12/31/00 or the taxpayer has paid in full for the vehicle refueling apparatus before 11/9/00.  
**Provisions:** A refundable credit is allowed for the purchase of a vehicle refueling apparatus, including storage tanks, for installation on one or more properties in Arizona for the taxpayer's use. Vehicle refueling apparatus means either a maximum 10 to 15 standard cubic feet per minute natural gas compression appliance used for slow fill, on-site refueling or equipment necessary to provide an electric charge for an electric vehicle. Prior to 1/01/00, this credit was not refundable.  
**Credit:** The credit is the cost of the vehicle refueling apparatus. The nonrefundable credit was equal to the greater of \$2000 or the cost of the vehicle refueling apparatus.  
**Carry forward:** Five years.

| <b>NONREFUNDABLE</b>          | <b>1999</b> | <b>2000<sup>20</sup></b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> |
|-------------------------------|-------------|--------------------------|-------------|-------------|-------------|-------------|
| <b># of claimants</b>         | 7           | 4                        | 4           | 3           | 1           | 1           |
| <b># of apparatus</b>         | 9           | --                       | //////////  | //////////  | //////////  | //////////  |
| <b>Apparatus cost</b>         | \$26,172    | --                       | //////////  | //////////  | //////////  | //////////  |
| <b>Credit</b>                 | \$29,765    | --                       | //////////  | //////////  | //////////  | //////////  |
| <b>Total credit</b>           | \$29,765    | \$8,712                  | //////////  | //////////  | //////////  | //////////  |
| <b>Used against liability</b> | \$13,630    | \$2,180                  | //////////  | //////////  | //////////  | //////////  |
| <b>Carry forward</b>          | \$16,135    | \$6,532                  | //////////  | //////////  | //////////  | //////////  |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

➤ Since the creation of this credit, nine taxpayers have claimed it.

| <b>REFUNDABLE</b>                    | <b>2000</b> | <b>2001</b> |
|--------------------------------------|-------------|-------------|
| <b># of claimants</b>                | 12          | 0           |
| <b># of refueling apparatus</b>      | 21          |             |
| <b>Refueling apparatus credit</b>    | \$123,104   |             |
| <b># of apparatus installations</b>  | 4           |             |
| <b>Apparatus installation credit</b> | \$15,836    |             |
| <b>Credit</b>                        | \$138,940   |             |
| <b>Used against liability</b>        | \$46,332    |             |
| <b>Refunded</b>                      | \$92,608    |             |

<sup>20</sup> All nonrefundable 2000 claims are claims of carry forward from 1999.

**WATER CONSERVATION PLUMBING STUB-OUT CREDIT**

- Statute:** A.R.S. § 43-1182
- Effective Date:** For taxable years from and after 12/31/06.
- Repealed:** For taxable years beginning from and after 1/1/12. Repeal date set when credit enacted.
- Provisions:** A nonrefundable credit is allowed for costs incurred of installing or including in one or more houses or dwelling units in Arizona and constructed by the taxpayer, a water conservation system plumbing stub out that collects all graywater sources that end at a plumbing stub out that is separate and distinct from the regular plumbing system.
- Credit:** The credit shall not exceed two hundred dollars for each separate house or dwelling unit in which the water conservation system plumbing stub outs are installed. Credits are issued on a first come/first-served basis. No more than \$500,000 in total credits may be issued in a calendar year.
- Carry forward:** Five years

There were too few claims in 2007 to release information. No claims have been found for other tax years.