



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

AMENDED
FACT SHEET FOR H.B. 2714

environmental technology; biomass; forestry products

Purpose

Allows an environmental technology manufacturer, producer or processor to qualify for the Arizona Commerce Authority's (ACA's) Environmental Technology Assistance Program (ETA Program) if the company locates or makes an additional capital investment in a facility that processes biomass into forestry industry products and meets outlined requirements.

Background

The ACA must conduct an ETA Program to promote business and economic development by recruiting and expanding companies that manufacture, produce or process solar and other renewable energy products or products from recycled materials under statutorily prescribed conditions. The ACA must: 1) assist qualified environmental technology manufacturers, producers or processors (companies) in locating or expanding facilities in Arizona; 2) encourage the use of environmental technology products; and 3) encourage the development of an environmental technology industry in Arizona. The ACA must identify and certify to the Arizona Department of Revenue the names and relevant information relating to the facilities of qualified environmental technology companies for available tax incentive purposes.

To qualify for the ETA Program, an environmental technology company must have been certified by the ACA by June 30, 1996, and meet statutorily prescribed requirements, including locating or making an additional capital investment in a facility in Arizona. The facility must be predominantly used to: 1) sort, store, prepare, convert, fabricate, manufacture or otherwise process finished products consisting of at least 90 percent recycled materials; 2) prepare, fabricate, manufacture or otherwise process finished products that are powered exclusively with solar or other specific renewable energy; 3) prepare, fabricate, manufacture or otherwise process raw material or intermediate product exclusively through a hydrometallurgical process where at least 85 percent of the process solution used to produce the finished product is recycled on site for additional production; or 4) fabricate or manufacture finished paper products that consist of at least 80 percent recycled material ([A.R.S. § 41-1514.02](#)).

A certified environmental technology company may claim the Credit for Construction Costs of Qualified Environmental Technology Facility, allowed against corporate income tax liability, for expenses incurred in constructing a facility in an amount equal to 10 percent of the amount spent in the taxable year to construct the facility. Additionally, real and personal property and improvements, or a portion of the property, comprising a certified environmental technology company facility is classified as class 6 property (A.R.S. §§ [42-12006](#); and [43-1169](#)).

The Joint Legislative Budget Committee fiscal note states that a fiscal impact cannot be determined with certainty, but expects any fiscal impact to be limited ([JLBC fiscal note](#)).

Provisions

1. Allows an environmental technology company to qualify for the ETA Program if the company locates or makes an additional capital investment in a facility in Arizona that processes biomass into forestry industry products and meets the statutory qualifications.
2. Makes technical changes.
3. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Allows an environmental technology company to qualify for the ETA Program if the company locates or makes an additional capital investment in a facility in Arizona that processes biomass into forestry industry products, rather than processes biomass and forestry industry products.

House Action

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| NREW | 2/2/21 | DP | 7-3-0-0 |
| 3 rd Read | 2/24/21 | | 36-24-0 |

Senate Action

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| FIN | 3/17/21 | DPA | 7-0-3 |
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Prepared by Senate Research
March 18, 2021
MG/ML/gs