

Amendments to the Arizona Quality Jobs Tax Credit Program

The Quality Jobs Tax Credit Program (the “Program”) was recently amended during the 2017 Legislative session pursuant to [S.B. 1416](#), which becomes effective **January 1, 2018**. Through December 31, 2016, the current statute pertaining to the Program ([A.R.S. § 41-1525](#)) allows the owner of a business located in the state of Arizona before **July 1, 2017** to remain eligible to receive either income tax credits (A.R.S. §§ 43-1074, 43-1161) or premium tax credits (A.R.S. § 20-224.03), as applicable. The purpose of this document is to highlight the most pertinent changes set forth in S.B. 1416 and provide clarity regarding the ACA’s approach to implementation of the changes.

I. Current eligibility requirements.

Current Requirements: Under the current statutes, a taxpayer must invest a minimum of \$5,000,000 in capital expenditures, and create a minimum of 25 net new qualified employment positions in a metro¹ location that pay 100% of the county median wage. A taxpayer must invest a minimum of \$1,000,000 in capital expenditures, and create a minimum of 5 net new qualified employment positions in a rural² location that pay 100% of the county median wage.

Minimum Capital Investment	Minimum Number of Net New Jobs (QEP's) Added	Percent of County Median Wage
<i>For Metro Locations:</i>		
\$5,000,000	25	100%
<i>For Rural Locations:</i>		
\$1,000,000	5	100%

II. Updated Requirements.

The following are new thresholds to be implemented pursuant to S.B. 1416 on **January 1, 2018**.

Implementation Note: A Taxpayer may be pre-approved immediately under the new requirements; however, ACA cannot issue post-approval under the new requirements until the first business day of 2018.

¹ A location that is within the exterior boundaries of a city or town that has a population of 50,000 or more, and that is located in a county that has a population of 800,000 or more.

² A location that is within the boundaries of tribal lands or a city or town with a population of less than 50,000, or a county with a population of less than 800,000.



For Metro Locations:

1. Taxpayer is required to invest at least **\$5,000,000** in capital expenditures, and create at least **25** net new qualified employment positions that pay **100%** of the county median wage, or
2. Taxpayer is required to invest at least **\$2,500,000** in capital expenditures, and create at least **25** net new qualified employment positions that pay **125%** of the county median wage, or
3. Taxpayer is required to invest at least **\$1,000,000** in capital expenditures, and create at least **25** net new qualified employment positions that pay **150%** of the county median wage, or
4. Taxpayer is required to invest at least **\$500,000** in capital expenditures, and create at least **25** net new qualified employment positions that pay **200%** of the county median wage.

For Rural Locations:

1. Taxpayer is required to invest at least **\$1,000,000** in capital expenditures, and create at least **5** net new qualified employment positions that pay **100%** of the county median wage, or
2. Taxpayer is required to invest at least **\$500,000** in capital expenditures, and create at least **5** net new qualified employment positions that pay **125%** of the county median wage, or
3. Taxpayer is required to invest at least **\$100,000** in capital expenditures, and create at least **5** net new qualified employment positions that pay **150%** of the county median wage.

Minimum Capital Investment	Minimum Number of Net New Jobs (QEP's) Added	Percent of County Median Wage
<i>For Metro Locations:</i>		
\$5,000,000	25	100%
\$2,500,000	25	125%
\$1,000,000	25	150%
\$500,000	25	200%
<i>For Rural Locations:</i>		
\$1,000,000	5	100%
\$500,000	5	125%
\$100,000	5	150%

