

# QUALITY JOBS TAX CREDIT

(ESTABLISHED UNDER A.R.S. §41-1525)

## SUMMARY

The goals of the Quality Jobs Tax Credit program are to encourage capital investment and high-quality job creation in the State. The program accomplishes these goals by providing tax credits to employers creating a minimum number of net new quality jobs and making a minimum capital investment. Both the requisite job creation and capital investment must take place at one business location and be satisfied within a 12-month period.

Taxpayers meeting the qualifications in the chart below may receive an Arizona income or premium tax credit valued at up to \$9,000 per each new quality job. Tax credits may be claimed in annual increments of \$3,000 each over a period of up to three taxable years. Unused tax credits may be carried-forward for 5 consecutive years.

AREA DEFINITION	MINIMUM JOB CREATION	MINIMUM CAPITAL INVESTMENT	QUALIFIED JOB
<b>Metro Area</b> - Counties with a population of 800,000 or more, excluding municipalities of less than 50,000	25	\$5 million	Is a net new full-time and permanent position that pays 100% of median county wage and the company offers to pay 65% of health insurance costs of the employee
<b>Rural Area</b> - Counties with a population of less than 800,000 and municipalities of less than 50,000 within counties of 800,000 or more	5	\$1 million	Is a net new full-time and permanent position that pays 100% of median county wage and the company offers to pay 65% of health insurance costs of the employee

The Quality Jobs Tax Credit Program is capped at 10,000 new jobs being claimed each calendar year by all participants. A taxpayer who claims a credit under the Military Reuse Zone, the Qualified Facilities Tax Credit, or the Renewable Energy Tax Incentive Program cannot claim a credit under the Program with respect to the same employment positions. To receive an allocation of tax credits, a taxpayer must submit a Request for Pre-approval to Commerce. Tax credits will be authorized on a first-come, first-served basis, according to the date and time of receipt of a Request for Pre-Approval.

Following receipt of a Pre-Approval Letter, an employer is eligible to claim first year tax credits for three taxable years after satisfying both the job creation and capital investment thresholds in the established timeframe.<sup>1</sup> This is accomplished by submitting an Application for Quality Jobs Tax Credits to Commerce. Applications must be filed with Commerce by the earlier of: (i) six months after the tax year end or (ii) before the original tax return is filed with the Arizona Department of Revenue or Arizona Department of Insurance (as the case may be) for the taxable year including extensions.

<sup>1</sup> Thus, two distinct three-year periods are pertinent under the Quality Jobs Program: (i) a three year period during which a taxpayer may generate credits resulting from creation of net new quality jobs and (ii) a three taxable-year period over which credits may be claimed in increments of \$3,000 each on the taxpayer's tax return.

