

State Incentives

[vc_row][vc_column][vc_column_text]The Arizona Commerce Authority (ACA) is the state's economic development organization with a streamlined mission to grow and strengthen Arizona's economy. Arizona has lowered taxes, streamlined regulations, and established a suite of incentives to support corporate growth and expansion. For the complete list of incentives and programs offered by the ACA, please click [here](#).

Tax Relief

[Quality Jobs Tax Credit](#)

The Quality Jobs tax credit encourages business investment and the creation of high-quality employment opportunities in the state. The program offers up to \$9,000 of Arizona income or premium tax credits spread over a three year period for each net new quality job. If the allowable tax credit exceeds the income or premium tax liability, any unused amount may be carried forward for up to five consecutive taxable years.

[Qualified Facility Tax Credit](#)

The Qualified Facility tax credit program stimulates job creation and capital investment in the manufacturing sector. The program provides a refundable tax credit for qualifying capital investment made at a manufacturing facility, including a manufacturing-related research or headquarters facility. The credit is equal to the lesser of:

- 10% of the qualifying capital investment, or
- \$20,000 per net new job at the facility, or
- \$30,000,000 per taxpayer per year

[Research & Development Tax Credit](#)

The Research and Development tax credit program provides an Arizona income tax credit for increased research and development activities conducted in this state, including research conducted at a state university and funded by the company. The R&D tax credit has both non-refundable and refundable programs. The non-refundable credit is administered by the Arizona Department of Revenue. The refundable credit is administered by the Arizona Commerce Authority and is limited to companies with less than 150 full-time employees at all locations, worldwide.

[Manufacturing Sales Tax Exemptions](#)

Companies that purchase machinery and equipment used directly in manufacturing in Arizona

are exempt from paying sales tax. Additionally, businesses that are principally engaged in manufacturing are exempt from paying sales tax on the purchase of electricity or natural gas.

Additional Depreciation

Additional depreciation substantially reduces tax liability for most personal property devoted to commercial, industrial and agricultural uses by reducing the taxable value of such property during its first five years of use (by increasing the depreciation factored in determining such value). For eligible property initially classified in tax year 2012 or thereafter, additional depreciation reduces the personal property's full cash value for tax purposes by 75% in the first year of use, 59% in the second year of use, 43% in the third year of use, 27% in the fourth year of use and 11% in the fifth year of use.