



State of Arizona

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Governor Jan Brewer Signs Landmark Economic Legislation

Arizona Competitiveness Package to Usher in New Era of Economic Growth

PHOENIX – Governor Jan Brewer this evening signed into law one of the most significant pieces of economic legislation in Arizona state history.

"I would like to thank President Pearce, Speaker Adams and members of the House and Senate for their hard work and dedication in passing this crucial economic legislation," said Governor Brewer. "I'm also extremely grateful for the support of the business community, including the statewide Chambers of Commerce, for setting into place this landmark legislation."

The Arizona Competitiveness Package includes a mix of targeted business incentives and broad tax reforms designed to spur the Arizona economy. Economic competitiveness in the global marketplace is the first of Governor Brewer's Four Cornerstones of Reform, unveiled in her policy agenda earlier this year. The Package is consistent with the Governor's long-held call for corporate tax relief that will be phased-in after Proposition 100 expires and the state's budget is, once again, on firm footing.

"I'm not willing to stand aside and just wait until the Arizona economy recovers," said Governor Brewer. "Through this legislation, we've signaled our belief that a vibrant private-sector is the key to Arizona's long-term prosperity and fiscal health. I'm confident this smart mix of tax cuts and other business incentives will result in long-term economic growth, new jobs and an overall atmosphere of improved prosperity for Arizona citizens. Our message is clear: Arizona is Open for Business."

The centerpiece of the package is the elimination of the Arizona Commerce Department and its replacement with the Arizona Commerce Authority. The single focus of the Authority will now be the retention and recruitment of quality jobs for Arizona. It will be overseen by a public-private board comprised of Arizona leaders in business and policy. The board will be armed with a \$25 million deal-closing fund to help land some of the nation's most highly-sought business and corporate ventures. No dollars will be awarded prior to performance, and "claw-back provisions" and an independent, 3rd-party economic analysis will ensure that companies awarded public funds meet their promised obligations.

The Arizona Competitiveness Package is focused on both urban and rural job creation, and is intended to make this state a destination for business growth and development. Specific aspects of the legislation include:

- The creation of a Quality Jobs Program, with corporate tax credits of up to \$9,000 for each qualifying new job. (\$3,000 per job, per year, with a 400-job cap)
- An increase in the electable state corporate income-tax sales factor to 100 percent, up from the current 80 percent. This will encourage firms to establish headquarters and manufacturing centers in Arizona.
- Re-authorization of the Arizona Job Training Program, providing job-specific, reimbursable grants to train employees for new careers.
- A four-year, phased-in reduction of the state's corporate income tax to 4.9 percent, beginning in January 2014. This will give Arizona the nation's fifth most competitive corporate income-tax rate.
- A 10 percent increase in the state's Research & Development tax credit, encouraging further collaboration between Arizona's research universities and the private sector.
- A 5 percent acceleration of the depreciation schedule for business personal property, spurring purchases of new equipment and other capital investments.

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