

Arizona Enterprise Zones

Overview

A company located in a state Enterprise Zone may receive tax credits on its Arizona corporate income tax by creating net new quality jobs. A company may claim up to \$3,000 per new employment position over a three-year period, for a maximum of 200 employees in any given tax year. Small manufacturing businesses or minority- or women-owned manufacturing businesses may qualify for an 80 percent reduction in their primary property tax by investing in new buildings, equipment or property. Kingman Airport and Industrial Park is located in the Mohave County Enterprise Zone.

Income Tax Credit

A business located in an enterprise zone can claim an income tax credit for net new jobs created if those jobs meet certain wage and benefit criteria, and 35 percent of the employees in those positions live in an enterprise zone. To qualify, employers must pay at least half of the health benefits for full time workers, and pay wages above the Job Service average wage offer for the County. Employers can deduct 25 percent of taxable wages, up to \$500 per employee, in the first year of employment. In the second year they can deduct 33 percent or up to \$1,000 per employee, and in the third year they can deduct 50 percent or up to \$1,500 per employee.

Property Tax Reclassification

Manufacturing businesses that are minority or woman owned, or considered small (having less than 100 employees, or less than \$4 million in gross receipts and are owned and operated independently) may receive significant property tax abatements for expanding or locating in an enterprise zone. If a business that meets the above requirements invests between \$500 thousand and \$2 million in fixed assets (depending on the location of the facility), all of their real and personal property is assessed using a ratio of 5 percent for five years, instead of the usual 25 percent.

The enterprise zone program provides significant tax benefits to new and expanding businesses, as well as helping to improve conditions in economically disadvantaged areas.

For more information, please contact the Arizona Department of Commerce, administrator of the program.