



State of Arizona Enterprise Zone Tax Credits

The primary goal of the Arizona EZ program is to improve the economies of areas in the state with high poverty or unemployment rates. The program does this by enhancing opportunities for private investment in certain areas that are called enterprise zones. The program offers two types of benefits: income or premium tax credits and property tax reduction.

Minimum Requirements

1. The position must be a full-time permanent job (1750 hours per year)
2. Pays an hourly wage above the “Wage Offer by County” (currently between \$7.27 and \$13.41)
3. Employer must pay at least 50% of health insurance costs for their employees

Tax Credits

1. If a qualifying employee is employed with the company the first year or partial year, the company is eligible for $\frac{1}{4}$ of the taxable wages paid per new employee; not to exceed \$500 per employee.
2. If this same employee is employed with the company a second year, the company is eligible for $\frac{1}{3}$ of the taxable wages not to exceed \$1,000 per employee.
3. If continuous employment by the same individual carries into a third year you are eligible for $\frac{1}{2}$ of the taxable wages not to exceed \$1,500 per employee.
4. Since the same criteria is needed for both the YPIC Training Reimbursement and the Enterprise Zone Tax Credits, a company can claim both benefits for qualifying employees.
5. If some of these employees only work a partial year the company is eligible for $\frac{1}{4}$ of their taxable wages as a credit
6. Every time a new employee starts they start at year one, after three years of employment the company can no longer claim that employee for a tax credit

Property Tax Benefits

Property Reclassification is available for qualified manufacturing businesses or commercial printing businesses in an ETZ. A manufacturer in an ETZ is eligible for an assessment ratio of 5 percent on all personal and real property (for primary tax purposes only) in the zone for five years if it is:

- Either minority-owned, woman-owned or small (a business with 100 or fewer employees or gross sales of \$4 million or less), and**
- Independently owned and operated (not owned more than 50% by another company unless the ultimate ownership is primarily family owned or closely held), and**
- Makes an investment in fixed assets at the zone between \$500,000, \$1 million or \$2 million, depending upon the location of the facility. The investment can be aggregated from 1/1/2001 as long as the zone was in place during that time.**