



## Arizona

### *Tax Benefits and Incentives for Convenience Services Operators*



This state-by-state guide highlights a range of tax credits and incentive programs specifically relevant to the convenience services industry, offering operators clear application instructions and links to find further information. While this report emphasizes programs tailored to the convenience services industry, you know your business and its unique needs.

## Opportunities for Convenience Services Operators

### Arizona State Small Business Credit Initiative

#### ARIZONA COMMERCE AUTHORITY

Treasury approved application to implement three programs under the SSBCI Initiative: Arizona Loan Guarantee Program, Arizona Venture Co-Invest, Arizona Multi-Fund Venture.

#### Eligibility Requirements

##### Arizona Loan Guarantee Program

Borrowers must be an Arizona small business, or eligible non-profit, using the loan proceeds for an eligible business purpose in Arizona. Eligible business purposes include startup costs, working capital, equipment, inventory, the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes, and the purchase of any tangible or intangible assets except goodwill. Funds are targeted to Arizona businesses with fewer than 500 employees and can only be provided to businesses with fewer than 750 employees. The number of employees includes any parent company and all locations. Certain business types are ineligible under SSBCI guidelines; see our FAQs for details.

##### Arizona Venture Co-invest Program - AVC IGNITE

For additional information, please contact the program administrator.

##### Arizona Multi-fund Venture Capital Program - AVC Limited Partner

For additional information, please contact the program administrator.

#### Application Information

For questions about Arizona's allocation of SSBCI funding or any of the programs listed, please contact [AZSSBCI@azcommerce.com](mailto:AZSSBCI@azcommerce.com).

[Additional information available from the Arizona Commerce Authority.](#)

### Health Insurance Premium Tax Credit

ARIZONA DEPARTMENT OF REVENUE

The Health Insurance Premium Tax Credit is a tax credit for a participating health insurance company that enrolls qualified individuals and small businesses who were not previously covered by health insurance.

#### **Eligibility Requirements**

For a small business to qualify, they must have been in existence in Arizona for at least one year, not have provided health insurance to their employees for at least six consecutive months prior to submitting an application and had at least two but no more than 25 employees during the most recent calendar year. The number of employees includes full-time, part-time and employees that are not eligible for benefits.

If there is no money available under the \$5 million credit limit when the application is received, qualified applicants will be placed on a waiting list. Money is released throughout the year and a certificate will be issued when money becomes available. To remain eligible for the credit, the applicant is unable to enroll in health insurance until money becomes available and a certificate is issued.

#### **Application Information**

Small businesses should complete form 10724, and individuals should contact the Arizona Department of Revenue.

[Application Link](#)

[Additional information available from the Arizona Department of Revenue.](#)

## **Small Business Capital Investment Incentive Program (Angel Investment Program)**

#### **ARIZONA COMMERCE AUTHORITY**

The Angel Investment program provides tax credits to investors who make investments in small businesses certified by the Arizona Commerce Authority and by eliminating Arizona capital gains tax liabilities associated with the disposition of investments in those small businesses.

#### **Eligibility Requirements**

All the following criteria must be met at the time of investment for the investor to receive an allocation of tax credits.

1. An investor may be a "qualified investor" eligible for tax credits if it:
  - is an individual, limited liability company, sub-chapter S corporation or a partnership (C corp ineligible),
  - submits an application to the Authority within 90 calendar days after making a qualified investment,
  - makes qualified investments in one or more qualified small businesses, (Investment amounts made by the investor and its affiliates in a single year up to \$500,000 generate tax credits; investment amounts made by the investor and its affiliates over \$500,000 do not generate tax credits), and
  - immediately before making an investment the investor does not possess, along with its affiliates, more than 30% of the total voting power of all equity securities of the qualified small business.
2. An investment may be a "qualified investment" if it:
  - is made on or after July 1, 2006,
  - is an equity security, and
  - is at least \$25,000 in cash or cash equivalent such as cashiers check or travelers check, and
  - is reported to the Authority within 90 calendar days after the investment is made

3. A small business may be a "qualified small business" if it:
  - is a corporation, limited liability company, partnership or other business entity (Sole proprietor ineligible),
  - maintains a portion of its operations in Arizona,
  - has at least two principal non-administrative full-time equivalent employees who are Arizona residents,
  - is in the early stages of development and is not principally engaged in activities precluded by the Authority or by statute (A.R.S. § 41-1518(K)(6)),
  - does not engage in activities that involve human cloning or embryonic stem cell research,
  - does not have assets exceeding \$10 million, exclusive of intellectual property and any qualified investment, unless application is made on or before 12/31/11, assets are limited to \$2 million or less,
  - has not received aggregated qualified investments in excess of \$2 million by all qualified investors in all years

#### **Application Information**

Apply electronically on the Arizona Commerce Authority's website.

[Application Link](#)

[Additional information available from the Arizona Commerce Authority.](#)

## **Other Credits, Incentives and Government Programs**

### **Advanced Manufacturing Facilities Grant**

#### **ARIZONA COMMERCE AUTHORITY**

The Arizona Advanced Manufacturing Facilities Grant (AMF) is a partnership with Arizona State University. This grant allows discounted pricing for access to an ecosystem in Arizona to lower the barrier to startup innovation and growth in semiconductors. It provides shared semiconductor fabrication and characterization equipment with pilot-scale capabilities at Core Facilities along with specialized services, and expert consultation and training.

### **Arizona Additional Depreciation Program**

#### **ARIZONA DEPARTMENT OF REVENUE**

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 immediately and indefinitely.

### **Arizona Competes Fund**

#### **ARIZONA COMMERCE AUTHORITY**

The Arizona Competes Fund offers a variety of grants to both businesses and municipalities, including Rural Economic Development grants that are designed to partially reimburse municipalities for qualifying rural infrastructure projects that will generate private job creation, and the Arizona Innovation Challenge, which is a business plan competition that encourages new technologies and small business growth.

## Arizona PropTech Sandbox

### ARIZONA COMMERCE AUTHORITY

The Arizona PropTech Sandbox establishes the first property technology sandbox in the United States, giving visionary thinkers a platform to test unique, tech-based property services and products.

## Az Step Program

### ARIZONA COMMERCE AUTHORITY

The Arizona Commerce Authority has partnered with the Small Business Administration (SBA) to facilitate the Arizona State Trade Expansion Program (AZSTEP). AZSTEP assists Arizona small businesses in entering export markets for the first time or expanding into new markets.

## Computer Data Center Program

### ARIZONA COMMERCE AUTHORITY

The Computer Data Center (CDC) program provides sales (Transaction Privilege Tax, or TPT) and use tax exemptions at the state, county and local levels, on qualifying purchases of computer data center equipment.

## Government Property Lease Excise Tax Program (Gplet)

### ARIZONA DEPARTMENT OF REVENUE

The Government Property Lease Excise Tax Program is a redevelopment tool to initiate development by reducing operating costs by replacing the real property tax with an excise tax.

## Healthy Forest Incentives Program

### ARIZONA COMMERCE AUTHORITY

The Healthy Forest Enterprise Incentives Program offers incentives to qualified healthy forest enterprise that are primarily engaged in harvesting, processing, or transporting qualifying forest products. International Operations Center Arizona Commerce Authority.

## Military Reuse Zone Program

### ARIZONA COMMERCE AUTHORITY

The Military Reuse Zone Program achieves this goal by providing tax incentives to aviation or aerospace (A&A) companies and airport authorities located within a Military Reuse Zone (MRZ).

## Motion Picture Production Program

### ARIZONA COMMERCE AUTHORITY

The Arizona Motion Picture Production Program (A.R.S. Â§ 41-1517) was established by the Arizona state legislature in 2022 to promote the workforce development and expansion of the commercial motion picture

industry in Arizona. The Program accomplishes this goal by providing a refundable income tax credit under A.R.S. Â§ 43-1082 or Â§ 43-1165 to qualified Motion Picture Production Companies.

## **Pollution Control Credit**

### **ARIZONA DEPARTMENT OF REVENUE**

Pollution control tax credits provide nonrefundable individual and corporate income tax credits for expenses incurred during the taxable year to purchase real or personal property that is used within Arizona in the trade or business of the taxpayer to control or prevent pollution.

## **Private Activity Bonds (Pab)**

### **ARIZONA COMMERCE AUTHORITY**

Private Activity Bonds are securities issued by industrial development authorities to provide debt financing for projects used for the trade or business of a private user.

## **Qualified Facility Tax Credit**

### **ARIZONA COMMERCE AUTHORITY**

Quality Jobs Tax Credit Program provides tax credits to taxpayers whose demonstrated investment and job creation meet or exceed statutory thresholds.

## **Renewable Energy Production Tax Credit**

### **ARIZONA DEPARTMENT OF REVENUE**

The Renewable Energy Production income tax credits are for the production of electricity using qualified energy resources. The credit is only for qualified energy generators with at least five megawatts generating capacity.

## **Research And Development Incentive**

### **ARIZONA COMMERCE AUTHORITY**

The Research and Development (R&D) incentive 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.

## **Sales Tax Exemptions For Manufacturers**

### **ARIZONA DEPARTMENT OF REVENUE**

Sales and use tax exemptions are available on equipment used in certain manufacturing activities and for electricity consumption by certain manufacturers.

## **Small Business Innovation Research (Sbir) And Small Business Technology Transfer (Sttr) Programs**

### **ARIZONA COMMERCE AUTHORITY**

The SBIR Training Program is a series of webinars that provides entrepreneurs, small business owners and startups with the local resources and mentors to apply for funding through the SBIR program competitively.

## **Venture Raise**

### **ARIZONA COMMERCE AUTHORITY**

Venture Raise is a 12-week accelerator that focuses on funding options, how to pitch to investors, startup financial health and more. The hybrid course is taught through hybrid learning models, virtual webinars and in-person board of advisor deliberations.