



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2860: water conservation infrastructure; reimbursement

Sponsor: Representative Livingston, LD 28

Committee on Natural Resources, Energy & Water

Overview

Allows the Arizona State Treasurer (Treasurer) to distribute a maximum of \$200,000,000 in specified prime contracting transaction privilege tax (TPT) revenues to a municipality or county for water conservation infrastructure improvements for the benefit of an economic development.

History

The prime contracting TPT classification is comprised of the business of prime contracting and manufactured building dealer. The tax base for the prime contracting classification is 65% percent of the gross proceeds of sales or gross income derived from business with specified deductions as outlined in statute ([A.R.S. § 42-5075](#)).

Currently, the Treasurer is required to pay monthly increments to a municipality or county for public infrastructure improvements for the benefit of a manufacturing facility. The monthly increments cannot exceed the total amount of state TPT revenues collected from the prime contracting classification derived from contracts to construct buildings for the benefit of a manufacturing facility or 80% of the total cost of the public infrastructure improvements, whichever is less. The total amount paid to all municipalities and counties cannot exceed \$200,000,000 ([A.R.S. 42-5032.02](#)).

Provisions

1. Requires the Treasurer to pay in monthly increments to a municipality or county up to a determined amount for water conservation infrastructure improvements for the benefit of an economic development. (Sec. 6)
2. Prohibits the Treasurer from making any payments until July 1, 2024, and until 10% of the qualifying capital investment is made by all manufacturing facilities included in the economic development. (Sec. 6)
3. Prohibits the total amount paid to a municipality or county from exceeding the total amount of state TPT revenues from the prime contracting classification derived from contracts to construct buildings for the benefit of the economic development or 80% of the total cost of public infrastructure improvements, whichever is less. (Sec. 6)
4. Prohibits the total amount paid to all municipalities and counties from exceeding \$200,000,000 for water conservation infrastructure. (Sec. 6)
5. Requires, within 180 days of starting construction of the buildings for the benefit of the economic development necessitating water conservation infrastructure improvements,

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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the manufacturing facility to file a sworn certification with the Arizona Commerce Authority and submit a copy to the applicable municipality or county agreeing to:

- a) make at least \$500,000,000 in capital investment if the manufacturing facility is in a county with a population of 800,000 or more; or
 - b) make at least \$50,000,000 in capital investment if the manufacturing facility is in a county with a population less than 800,000. (Sec. 6)
6. Outlines requirements for the sworn certification. (Sec. 6)
 7. Requires the manufacturing facility and the municipality or county to enter into a written agreement that:
 - a) identifies and states the costs of the water conservation infrastructure improvements; and
 - b) identifies the sources of monies that will be used to pay for the water conservation infrastructure improvements. (Sec. 6)
 8. Outlines information to be included in the agreement. (Sec. 6)
 9. Specifies cases in which the Treasurer must cease payments to a municipality or county. (Sec. 6)
 10. Allows the Arizona Department of Revenue to disclose specified information to an official of any municipality or county in a current agreement regarding water conservation infrastructure improvements. (Sec. 1)
 11. Adds tax revenues paid to a municipality or county for water conservation infrastructure improvements to the tax distribution base. (Sec. 2)
 12. Defines related terms. (Sec. 5, 6)
 13. Makes technical and conforming changes. (Sec. 5, 7)
 14. Contains a delayed effective date of January 1, 2025. (Sec. 8)