

**Arizona Commerce Authority
HEALTHY FOREST ENTERPRISE INCENTIVES PROGRAM**

MEMORANDUM OF UNDERSTANDING

(Authorized under A.R.S. § 41-1516)

BETWEEN

and

ARIZONA COMMERCE AUTHORITY

Healthy Forest Enterprise Business Name

ON BEHALF OF THE STATE OF ARIZONA

Effective beginning _____ and expiring _____
(to be filled in by the Arizona Commerce Authority; will expire when the 12-month certification expires)

Address _____

City/State/Zip _____

FEI Number _____ NAICS # _____

Contact Name _____ Business Phone _____

Email Address _____ Business Fax _____

Eligibility for Incentives

A.R.S. § 41-1516 states eligibility requirements for businesses seeking certification from the Arizona Commerce Authority for incentives under the Healthy Forest Enterprise Incentives Program. The business acknowledges the requirements and by entering into this Memorandum of Understanding attests that it meets the requirements set forth in law. In part, the law provides that to qualify for tax incentives under the Healthy Forest Enterprise Incentives Program, a business must:

- A. Enhance or sustain forest health, sustain or recover watershed or improve public safety.
- B. Be primarily engaged in a qualifying project and submit evidence as follows:
 - 1. If the qualifying forest product is on federal land, the business shall submit documentation from the federal agency administering the land that the business is primarily engaged in the business of harvesting or initial processing of qualifying forest products for commercial use as follows:
 - a. At least 70 percent of the harvest or processed products, measured by weight, must be qualifying forest products.
 - b. At least 75 percent of the qualifying forest products, measured by weight, must be from sources in Arizona.
 - 2. If the qualifying forest product is not on federal land, the business shall submit documentation from the State forester that the business is primarily engaged in the business of harvesting or initial processing of qualifying forest products for commercial use as follows:
 - a. At least 70 percent of the harvest or processed products, measured by weight, must be qualifying forest products.
 - b. At least 75 percent of the qualifying forest products, measured by weight, must be from sources in Arizona.



3. If the business is engaged in transporting qualifying forest products, the business shall submit documentation for each project from the State Forester or the United States Forest Service stating that 100% of the qualifying forest products its transports are harvested in Arizona. The business shall also submit documentation for each project that at least 75% of the mileage traveled by its units each year are for transporting qualifying forest products from or to qualifying projects, unless lower mileage is due to forest closures or weather conditions beyond the control of the business.
- C. Employ at least three permanent full-time employees at the time of certification.
 - D. Enter into a memorandum of understanding with the Arizona Commerce Authority as specified in A.R.S. § 41-1516 (B) (4), for which this document meets the requirements.
 - E. Submit a copy of the Commerce certification to Arizona Department of Revenue before taking any tax incentives as described in A.R.S. § 41-1516 (B) (5).

Employment Goals

A.R.S. § 41-1516 provides for a business to qualify for tax incentives under the Healthy Forest Enterprise Incentives Program, it must enter into a Memorandum of Understanding with the Arizona Commerce Authority that contains employment goals. To maintain eligibility for tax incentives, every year the business shall report by March 1st in writing to the Arizona Commerce Authority its performance in achieving the goals and setting new goals for the following tax year and enter into a new Memorandum of Understanding. Provision of the following information will establish the goals.

1. Does the business provide health insurance to full-time employees engaged in this qualified project? _____ Yes _____ No
2. What percentage of the health insurance premium or membership fees does the business pay? _____ %
3. Number of full-time employees the business has in Arizona at this time? _____
4. Projected number of full-time employees the business expects to have in Arizona 12 months from now? _____
5. Average hourly wage paid to employees in Arizona at this time? \$ _____
6. Projected average hourly wage to be paid to employees in Arizona 12 months from now? \$ _____
7. Arizona gross payroll (excluding benefits) for the business at this time? \$ _____
8. Projected Arizona gross payroll (excluding benefits) for the business 12 months from now? \$ _____

Terms, Conditions and Requirements

In recognition of the Arizona tax incentives described above that the business may receive as a result of the Healthy Forest Enterprise Incentives Program, the undersigned swears that the information on this form is true and correct and acknowledges understanding of and agreement to:

- A. Submit an Annual Report to the Arizona Commerce Authority by March 1st every year regarding:
 1. The business' performance in achieving the employment goals specified in this Memorandum of Understanding,
 2. The amount of tax incentives received every year, and
 3. All business activities, the use of equipment, the area of operations and other business data as requested by the Arizona Commerce Authority and necessary for program administration and evaluation.

- B. The right of the Arizona Commerce Authority to:
1. Revoke the Healthy Forest certification upon failure of the business to submit a timely Annual Report or upon failure to meet the terms and conditions required for qualification for the applicable tax incentives.
 2. Terminate, adjust or recapture all or part of the tax incentives provided upon noncompliance with the law, the terms of the Memorandum of Understanding or violation of the terms of any contracts with the federal or state government relating to the qualified project.
 3. Notify the Arizona Department of Revenue and the Arizona Department of Transportation of conditions of noncompliance.
 4. Require and receive an Annual Report by March 1st of the year following any year in which a tax incentive was received.
- C. The right of the Arizona Department of Revenue to:
1. Terminate the Healthy Forest certification for failure to qualify and for failure to comply with program requirements.
 2. Require the filing of appropriately amended tax returns reflecting the recapture of the tax incentives.
 3. Allow inspections and audits to verify the qualification and accuracy of information submitted to the Arizona Commerce Authority.
- E. The disclosure, in composite form, of the amount of tax incentives received every year.
- F. The following in relation to obtaining and maintaining eligibility for tax incentives:
1. Apply to the Arizona Commerce Authority for initial certification and for recertification at least 30 days before a current certification expires.
 2. Submit a copy of the certification to the Arizona Department of Revenue for approval before using the certification to obtain any tax incentives.
 3. Continue in business and use qualifying equipment primarily on qualified projects in Arizona as contemplated by the law, other than for reasons beyond the control of the business.
 4. The continued use of any equipment purchased or leased free of transaction privilege or use tax for the term of this Memorandum of Understanding or the duration of the equipment's operational life, whichever is shorter.
 5. Submit and retain copies of all information required for obtaining and maintaining certification, including the actual or projected number of employees in Arizona.
- G. The effective date for each incentive shall be the start of the next taxable year or taxable period as stated on the certification from the Arizona Commerce Authority.

Affidavit

I, as an officer of the business, certify under penalty of perjury that the information contained herein and in all application materials is true and correct according to my best belief and knowledge after a reasonable investigation of the facts. I understand that if the documents contain information that is materially false, the business will be ineligible for the tax incentives under the Healthy Forest Enterprise Incentives Program and will be subject to recovery of tax incentives based on the false information, plus penalties and interest, if applicable.

Arizona Commerce Authority

(Name of Healthy Forest Enterprise)

Signature of Authorized Business Officer

Signature of Commerce Representative

Print Name

Print Name

Title

Title

Date

Date

Return all documentation to:
Healthy Forest Enterprise Incentives Program
Arizona Commerce Authority
333 N. Central Avenue, Suite 1900
Phoenix, AZ 85004
Questions regarding Healthy Forest Incentives can be directed to
michellev@azcommerce.com