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## ARIZONA TRANSACTION PRIVILEGE TAX NOTICE TPN 17-1

### UTILITY SALES OF ELECTRICITY AND NATURAL GAS TO QUALIFIED MANUFACTURERS AND SMELTERS

(Modified February 25, 2021)

Laws 2016, Chapter 374, Section 2, amended Arizona Revised Statutes (A.R.S.) § 42-5063 regarding the deduction under the utilities classification for sales of electricity, natural gas and liquefied petroleum gas (propane) to a qualified manufacturing or smelting business. Under the revised statute, a utility that claims the deduction shall report to the Department of Revenue ("Department"), the name and address of each qualified manufacturing or smelting business for which the deduction is taken.

A "qualified manufacturing or smelting business" means one of the following:

- (i) A business that manufactures or smelts tangible products in this state, of which at least fifty-one percent of the manufactured or smelted products will be exported out of state for incorporation into another product or sold out of state for a final sale.
- (ii) A business that derives at least fifty-one percent of its gross income from the sale of manufactured or smelted products manufactured or smelted by the business.
- (iii) A business that uses at least fifty-one percent of its square footage in this state for manufacturing or smelting and business activities directly related to manufacturing or smelting.
- (iv) A business that employs at least fifty-one percent of its workforce in this state in manufacturing or smelting and business activities directly related to manufacturing or smelting.
- (v) A business that uses at least fifty-one percent of the value of its capitalized assets in this state, as reflected on the business' books and records, for manufacturing or smelting and business activities directly related to manufacturing or smelting.

The utility shall submit the report required under this provision to the Department electronically in an Excel Format to [TPTRefunds@azdor.gov](mailto:TPTRefunds@azdor.gov). The report ([https://azdor.gov/sites/default/files/Utility\\_Customer\\_List.xlsx](https://azdor.gov/sites/default/files/Utility_Customer_List.xlsx)) is due by the 20<sup>th</sup> day of the month following the month in which the deduction is taken.

Questions about the report should be directed to [TPTRefunds@azdor.gov](mailto:TPTRefunds@azdor.gov). For information on the qualification process for the manufacturing or smelting business, including the documentation that should be provided to the utility company, see Transaction Privilege Tax Procedure [TPP 18-1](#).