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Green energy industry thriving in Arizona

by **Emily Gersema** - Aug. 24, 2011 12:00 AM
The Arizona Republic

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Stories about blossoming businesses are rare blooms among the weeds lately, overshadowed by the numerous tales of economic woe.

Officials with the Greater Phoenix Economic Council on Tuesday highlighted one industry that has been planting and expanding its roots in Arizona's economy at a high rate: renewable energy.

Thirty-one businesses moved to or opened branch operations in the Valley in the fiscal year that ended June 30, GPEC data show. An estimated 20 percent of those companies are in the renewable-energy business.

Among the new kids in town are Power-One, based in Camarillo, Calif., and DIRTT Environmental Solutions of Calgary, Alberta.

Power-One is known for making the inverters that convert solar and wind energy into raw electricity. The company formally opened a site in a 120,000-square-foot property near 32nd Street and University Drive in Phoenix this year, with the goal of hiring 350 people.

DIRTT makes walls out of sustainable and recyclable materials, such as aluminum. So far, 100 people work at its 75,000-square-foot Phoenix site, near Seventh Street and University Drive.

Both companies searched for another facility with criteria outlining their expectations and needs, but some of their decisions came down to resources and incentives.

Some contenders

Doug Schendt, vice president of Power-One's technical operations, said that before choosing Phoenix, the company considered contenders including Dallas and Oklahoma City.

"(Ultimately), Texas was probably not as responsive as it needed to be," Schendt told about 100 people at GPEC's meeting Tuesday. "So, it really came down to Phoenix."

GPEC staff introduced Power-One executives to Arizona State University officials, a move that apparently tipped the scales in Phoenix's favor. Power-One then realized it could tap the resources of ASU and the University of Arizona for collaboration - and for future employees.

The final impression "is hugely important," Schendt said.

Because of Power-One's relationship with the universities, "we've now got some really smart people in our research-and-development group," Schendt said.

Another plus for companies that consider the move to Arizona is the state's renewable-energy tax credit.

In 2009, the state Legislature created the incentive to help Arizona build a renewable-energy industry.

Under the program, companies can get up to 10 percent refundable income-tax credit and up to 75 percent reduction on real- and personal-property taxes.

The Arizona Commerce Authority oversees the program and can authorize up to \$70 million in tax credits per year.

Eligible companies include those:

- With 50 percent or more of their business involved in manufacturing systems or parts used for solar or other renewable-energy systems.
- That are locating a plant or headquarters in Arizona.
- Creating full-time jobs, most of them paying \$33,051 or more.
- Paying 80 percent of health-insurance costs for new full-time employees.

Tax credits depend on how much the companies have invested and the number of jobs they created. To get the credit, a company must create at least 1.5 jobs for every \$500,000 of capital investment. To get the tax credits, a renewable-energy company moving its headquarters here must create one full-time position for every \$200,000 of capital investment.

Schendt said these incentives helped Power-One offset the expense of moving into Phoenix.

During its search, DIRTT had considered opening a site in the Fresno, Calif., area, said Scott Jenkins, chief [financial](#) officer for the company. Fresno fell off the list, though.

"I hope no one is offended by this: With Phoenix, you get California without California," Jenkins said.

A Canadian viewpoint

Because of the sluggish American economy, the Canadian firm also hoped to take advantage of the drop in costs to open a U.S. facility, he said. "For Canadian companies to relocate here, there has never been a better time," Jenkins said.

GPEC President and CEO Barry Broome said the emergence of renewable-energy manufacturing has been helped by several steps taken by business leaders, such as shortening the cities' permitting processes for needs such as renovation and construction from as long as 18 months into a 24-hour process.

Incentives also help, and Broome said they could enable defense and aerospace manufacturers to branch into other industries, such as renewable energy.

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