Clerk of the Superior Court
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THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN THE ARIZONA TAX COURT

TX 2022-000430 03/18/2026

HONORABLE ERIK THORSON

CLERK OF THE COURT
G. Duran
Deputy

SIETE SOLAR L L C

PAUL J MOONEY

v.

ARIZONA DEPARTMENT OF REVENUE

KIMBERLY J CYGAN

JAMES M SUSA

MINUTE ENTRY

The Court held oral argument on February 20, 2026, regarding *Defendants' Motion for Summary Judgment on Negative Full Cash Value*, filed October 31, 2025 (the "Motion"), as well as subsequent filings related thereto.

The Court has considered the filings and arguments of the Parties, the relevant authorities and applicable law, as well as the entire record of the case, and—considering all facts and reasonable inferences therefrom in the light most favorable to the non-movant— hereby finds as follows regarding the Motion.

Siete Solar, LLC ("Taxpayer") owns renewable energy and storage equipment (the "Property"), subject to valuation under A.R.S. § 42-14155 ("Valuation of renewable energy and storage equipment; definitions"). (Defendants' Statement of Facts, filed October 31, 2025 ("DSOF"), at ¶1, *undisputed*.) That section provides: "The full cash value of renewable energy and storage equipment is twenty percent of the depreciated cost of the equipment. Depreciated cost shall be determined by deducting depreciation from taxable original cost. Depreciation shall not exceed ninety percent of the adjusted original cost." A.R.S. § 42-14155(B).

Taxable original cost is defined as "the original cost reduced by the value of any investment tax credits, production tax credits or cash grants in lieu of investment tax credits applicable to the taxable renewable energy and storage equipment." A.R.S. § 42-14155(D)(6). "'Original cost' means the actual cost, without trending, of acquiring or constructing property, including additions, retirements, adjustments and transfers." A.R.S. § 42-14155(D)(4).

In July 2021, PSEG Power Ventures, LLC sold its membership interest in Siete Solar, LLC to Quattro Solar LLC, a subsidiary of Rev Renewables and affiliate of LS Power (the "Membership Interest Sale"). (Plaintiff's Supplemental Statement of Facts, filed December 11, 2025 ("PSSOF"), at ¶7.)

The Court previously ruled on motions for summary judgment in this case, finding that the Taxpayer may use the purchase price, as allocated to the Property, as the original cost for calculating full cash value of renewable energy equipment. (Minute Entry, filed September 12, 2025, at 3.) Defendants now seek summary judgment as to whether the Court's prior ruling would result in a negative full cash value, creating an unconstitutional result, in Defendants' view. (Mot., at 2.)

Summary judgment is appropriate if "there is no genuine dispute as to any material fact and the moving party is entitled to judgment as a matter of law." Ariz. R. Civ. P. 56(a); *General Motors Corp. v. Maricopa Cty*., 237 Ariz. 337, 339 ¶7 (App. 2015). "The valuation or classification as approved by the appropriate state or county authority is presumed to be correct and lawful." A.R.S. § 42-16212(B).

For tax year 2022, Taxpayer reported to the Arizona Department of Revenue (the "Department") that the cost of the Property was $53,935,743 and that it was placed in service in 2012—the same as had been reported by PSEG for prior tax years. (DSOF ¶3, *undisputed*; PSSOF ¶11.) Taxpayer also reported an investment tax credit of $22,698,855 for tax year 2022. (DSOF ¶4, *undisputed that PSEG received and reported the tax credit associated with the construction of the Property in 2012*.)

For tax year 2023, Taxpayer reported that the cost of the Property was $11,046,117 and that it was placed in service in 2021. (DSOF ¶8, *undisputed*.) Defendants contend that using the $11,046,117 cost figure and the $22,698,855 investment tax credit in the formula set forth in A.R.S. § 42-14155 results in a negative full cash value and in zero taxes owed. (DSOF ¶¶9–10, *disputed that the investment tax credit is applicable*.)

In response, Taxpayer contends that there are no investment tax credits applicable to the transaction that resulted in the new original cost for the new owner when the Property was acquired. (Resp., filed December 11, 2025, at 2.) Taxpayer contends that the original cost for the subject Property for tax year 2023 was the purchase price of $11,046,117 pursuant to A.R.S. § 42-14155(D)(4) ("'Original cost' means the actual cost, without trending, of acquiring or constructing property, including additions, retirements, adjustments and transfers."). (Resp., at 3.)

Taxpayer contends that Defendants ignore the language in A.R.S. § 42-14155(D)(6) that states that taxable original cost is "the original cost reduced by the value of any investment tax credits, production tax credits or cash grants in lieu of investment tax credits *applicable* to the taxable renewable energy and storage equipment." (Emphasis added); (Resp., at 10.) Taxpayer contends that no investment tax credits are applicable because the original cost at issue is an acquisition cost, not a cost of "constructing property." (Resp., at 10.)

"In construing a statute, [the Court] look[s] to the plain language of the statute, giving effect to every word and phrase, and assigning to each word its plain and common meaning." *See Ponderosa Fire Dist. v. Coconino Cty.*, 235 Ariz. 597, 602 ¶24 (App. 2014) (citations omitted). Defendants would have the Court read out the word "applicable" from A.R.S. § 42-14155(D)(6). This, the Court may not do. *See Continental Bank v. Ariz. Dept. of Revenue*, 131 Ariz. 6, 8 (App. 1981) ("Statutes should be interpreted, whenever possible, so that no clause, sentence, or word is rendered superfluous, void, contradictory, or insignificant.").

Defendants contend that Taxpayer's argument is contrary to *Agua Caliente Solar, LLC v. Ariz. Dep't of Revenue*, 257 Ariz. 464 (App. 2024). (Reply, filed December 23, 2025, at 3.) Defendants contend that *Agua Caliente Solar* requires that the investment tax credit be deducted. (Reply, at 6–7.) As the Court has stated previously, *Agua Caliente Solar* is distinguishable. (*See* Minute Entry, filed September 12, 2025, at 3; Minute Entry, filed October 8, 2025, at 2.)

Agua Caliente Solar analyzed "whether a claimed investment tax credit deferred as a tax asset has 'value' for purposes of determining the taxable original cost of renewable energy equipment under A.R.S. § 42-14155." 257 Ariz. at 466 ¶1. The Court of Appeals found, "An investment tax credit's value, for the purpose of valuing renewable energy equipment, is the full amount of the claimed credit, regardless of whether it has been used to offset a tax liability." *Id*. at 470 ¶25.

In *Agua Caliente Solar*, the Court of Appeals stated, "'Taxable original cost' is a separate, threshold definition which is not subject to change unless the equipment owner acquires additional property or claims additional tax credits." 257 Ariz. at 469 ¶17 (*citing* A.R.S. § 42-14155(D)(6)). The appellate court did "interpret the phrase 'reduced by the value of any investment tax credits . . . applicable to the . . . equipment." *Id*. at 467 ¶11. However, the Court's analysis was to answer the question of *when* deferred investment tax credits were to be recognized in calculating taxable original cost—not *whether* investment tax credits are applicable after an acquisition. *See id*.

Defendants also contend that Taxpayer is judicially estopped from asserting that the tax credit deduction is inapplicable based on its claim in *Siete Solar, LLC v. Ariz. Dep't of Revenue*, 246 Ariz. 146 (App. 2019). (Reply, at 4.) The Court disagrees.

"[A] party who has assumed a particular position in one judicial proceeding will not be allowed to assume an inconsistent position in a subsequent proceeding." *Standage Ventures, Inc. v. State*, 114 Ariz. 480, 483 (1977). Judicial estoppel will only apply if three requirements are met: "(1) the parties must be the same, (2) the question involved must be the same, and (3) the party asserting the inconsistent position must have been successful in the prior judicial proceeding." *Bank of Am. Nat. Trust & Sav. Ass'n v. Maricopa Cty.*, 196 Ariz. 173, 175 ¶7 (App. 1999) (citation omitted).

The question in the previous *Siete Solar* appeal cited by Defendants was "whether the Department was required to calculate the 2015 tax year final valuations in accordance with the 2014 Amendment [to A.R.S. § 42-14155 allowing for the deduction of tax incentives], which was enacted after the valuation date but prior to the date when the Department must determine the final valuation." 246 Ariz. at 149 ¶9. This is not the question now before this Court. Therefore, Defendants' judicial estoppel argument fails.

THE COURT FINDS that use of the 2021 purchase price as the original cost for purposes of calculating full cash value of renewable energy equipment does not result in a negative full cash value because the investment tax credit is not applicable. Therefore,

IT IS ORDERED denying *Defendants' Motion for Summary Judgment on Negative Full Cash Value,* filed October 31, 2025.

Because the Court finds the statutory interpretation issues addressed in this ruling to be of general public interest and likely to recur absent clear, binding legal precedent, the Court designates this ruling for publication pursuant to A.R.S. § 12-171 and Rule 16 of the Arizona Tax Court Rules of Practice. The published decision that results is not intended to operate as an appealable judgment absent further order of the Court.

In addition, on September 11, 2025, this Court issued a previous Under Advisement ruling in this case. Because the Court finds the statutory interpretation issues addressed in that ruling to be of general public interest and likely to recur absent clear, binding legal precedent, the Court designates that ruling for publication pursuant to A.R.S. § 12-171 and Rule 16 of the Arizona Tax Court Rules of Practice. The published decision that results is not intended to operate as an appealable judgment absent further order of the Court.