

Department of Commerce

JLBC: John Malloy
 OSPB: Marcel Benberou

Subcommittee: Assets

DESCRIPTION	FY 2002 ACTUAL	FY 2003 ESTIMATE	FY 2004	
			OSPB	JLBC
PROGRAM BUDGET				
Department of Commerce	4,792,000	4,437,300	4,298,100	0
International Trade Offices SLI	754,300	976,000	976,000	0
Business Assistance Center				
Minority and Women Owned Business SLI	104,600	109,900	109,400	0
Small Business Advocate SLI	109,000	109,000	108,600	0
Rural Community Assistance				
Economic Development Matching Funds SLI	90,000	104,000	104,000	0
Main Street SLI	129,100	130,000	130,000	0
REDI Matching Grants SLI	29,700	45,000	45,000	0
National Marketing				
Advertising and Promotion SLI	496,900	659,200	659,200	0
Motion Picture Development SLI	559,900	308,200	297,300	0
Strategic Finance				
CEDC Commission SLI	244,300	254,400	244,600	0
Mexico Projects				
National Law Center/Free Trade SLI	250,000	200,000	200,000	0
Other				
Apprenticeship Services SLI	134,600	153,000	155,600	0
Oil Overcharge Administration SLI	117,000	147,500	139,000	0
Military Airports Land Use SLI	32,100	0	0	0
Arizona Partnership for the New Economy - High Tech Clusters SLI	31,300	207,500	0	0
<i>Program Subtotal - Department of Commerce</i>	7,874,800	7,841,000	7,466,800	0
6th SS Lump Sum Reduction SLI	0	(448,900)	(448,900)	0
AGENCY TOTAL	7,874,800	7,392,100	7,017,900	0

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	91.5	82.9	82.9	0.0
Personal Services	2,724,100	2,820,100	2,820,100	0
Employee Related Expenditures	553,400	688,700	632,500	0
Professional and Outside Services	84,100	84,100	134,100	0
Travel - In State	45,500	37,600	37,600	0
Travel - Out of State	16,900	15,200	15,200	0
Other Operating Expenditures	1,317,900	762,200	629,000	0
Equipment	50,100	29,400	29,600	0
OPERATING SUBTOTAL	4,792,000	4,437,300	4,298,100	
Special Line Items (SLI)	3,082,800	2,954,800	2,719,800	0
AGENCY TOTAL	7,874,800	7,392,100	7,017,900	0

FUND SOURCES

General Fund	4,287,000	3,909,100	3,610,900	0
<u>Other Appropriated Funds</u>				
Bond Fund	748,100	117,500	114,600	0
CEDC Fund	2,478,400	2,963,600	2,908,800	0
Oil Overcharge Fund	117,000	147,500	139,000	0
State Lottery Fund	244,300	254,400	244,600	0
SUBTOTAL - Other Appropriated Funds	3,587,800	3,483,000	3,407,000	0
SUBTOTAL - Appropriated Funds	7,874,800	7,392,100	7,017,900	0
Other Non-Appropriated Funds	23,194,700	32,612,200	NA	0
Federal Funds	5,467,900	4,110,200	NA	0
TOTAL - ALL SOURCES	36,537,400	44,114,500	NA	0

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	(3,909,100)	(100.0%)
Other Appropriated Funds	(3,483,000)	(100.0%)
Total Appropriated Funds	(7,392,100)	0.0%

AGENCY DESCRIPTION — *The department promotes economic, community, and workforce development. The department's duties include: economic research and information; support statewide for business expansion and attraction; international trade offices; workforce development and job training; online assistance for new business start-ups; community planning and rural assistance for infrastructure development; film and television production promotion.*

PERFORMANCE MEASURES	FY 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Recommend.
• Number of jobs created	15,500	8,601	15,500	
• Number of workers trained	12,000	15,900	13,000	
• Number of new company relocations or expansions	60	59	60	
• Export sales (\$ in billions)	13.0	NA	13.0	
• Average wage rate for new jobs created	\$17.80	\$19.00	\$17.80	
• Administration as a % of total cost	9.2	3.0	9.2	
• Customer satisfaction rating for economic development program (Scale 1-8)	6.0	NA	6.0	

Comments: The agency did not submit information for any measure labeled as "NA."

RECOMMENDED CHANGES FROM FY 2003

		FY 2004
Standard Changes	GF	\$(133,000)
	OF	(84,600)
Zero Base Budget	GF	(3,776,100)
	OF	(3,398,400)

The JLBC recommends zero-base budgeting the Department of Commerce. During the session, the Appropriations Committees will review the various components of the agency's budget for their statutory

basis, funding history, appropriateness, and cost-effectiveness and determine a proper funding level for the agency. The zero-base budgeting process will allow the Committees to identify spending overlaps and to explore whether an agency is efficiently and effectively meeting its mission and goals.

PRIOR FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS

	FY 2002 Actual	FY 2003 Estimate
Arizona Clean Air (EPA1238/A.R.S. § 41-1516)		Non-Appropriated
Source of Revenue: The Arizona Clean Air Fund (ACAF) has 5 revenue sources. Their descriptions are as follows:		
1) State agency appropriations for purchasing or converting alternative fuel vehicles that have not been spent by the end of each fiscal year. To date, this source has not generated any revenue for the fund.		
2) Monies from the ADEQ Vehicle Repair Grant program that have not been spent at the end of each fiscal year.		
3) A fee that owners of vehicles 5 years old or newer may pay in lieu of the vehicle emission inspections (A.R.S. § 49-543). This revenue source shifts to the Air Quality Fund beginning July 1, 2003.		
4) A minimum of 29% of revenues from computerized bingo or Pick-3 games and a minimum of 21.5% of revenues from instant bingo games after obligations are met to the Heritage Fund. No revenue is anticipated from this source.		
5) Gifts, grants, donations and interest.		
Purpose of Fund: To provide grants for alternative fuel vehicles and diesel vehicle conversion grants. For this table we assume that all monies available for discretionary spending will be fully utilized in the fiscal year that the funds become available. Laws 2002, Chapter 296 shifted this fund from the Department of Commerce to the Department of Environmental Quality from and after July 1, 2002. (See Department of Environmental Quality section for information on FY 2003.)		
Revenues:		
Balance Forward	12,272,600	0
In-lieu Fees	11,398,600	0
Interest	334,000	0
Total Revenues	24,005,200	0

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Funds Expended:		
<u>Required Grants</u>		
Alternate Fuel Vehicle Grants	1,921,200	0
Diesel Vehicles/Conversion	1,968,000	0
Prior Year Obligations	2,507,400	0
<u>Required Transfers</u>		
Transfer to General Fund	4,700,000	0
ADEQ Transfer – Emission Test Subsidy	3,555,900	0
ADEQ Transfer – Political Subdivisions	125,000	0
ADEQ Transfer – Developing Visibility Index	450,000	0
ADEQ Transfer – Developing of Emissions Cap	300,000	0
ADEQ Transfer – Voluntary Vehicle Repair and Retrofit (V2R2)	400,000	0
Testing	200,000	0
Transfer to Cover AFV Holding Account Liability	244,400	0
Discretionary Spending	<u>178,600</u>	<u>0</u>
Funds Expended	16,551,000	0
Year-End Fund Balance	7,454,200	0
Commerce Development Bond (EPA2196/A.R.S. § 35-726)		Appropriated
Source of Revenue: Filing fees and charges for services related to the provision of a registry of bond allocations.		
Purpose of Fund: To pay for the review and approval of all corporate bond financing related to the construction of multi-family apartments, sanitariums, clinics, medical hotels, retirement homes, skilled nursing facilities and life-care centers.		
Funds Expended	103,000	118,500
Year-End Fund Balance	898,900	953,400
Commerce and Economic Development Commission (EPA2245/A.R.S. § 41-1505.10)		Partially Appropriated
Source of Revenue: Profits from 2 designated instant ticket lottery games, service fees and interest income.		
Purpose of Fund: To be used on small business, rural business, and other financial assistance programs approved by the commission. The appropriated portions of the fund are used for various programs, while the non-appropriated funds are loans and grants.		
Appropriated Funds Expended	2,702,400	2,941,200
Non-Appropriated Funds Expended	2,819,600	920,000
Year-End Fund Balance	5,018,200	3,707,000
Community Workshops (EPA2149/A.R.S. § 41-1503)		Non-Appropriated
Source of Revenue: Workshop registration fees, publication fees, and environmental certification fees.		
Purpose of Fund: To pay expenses incurred for workshops, the production and distribution of publications, and the monitoring of recycling industry development.		
Funds Expended	269,400	394,000
Year-End Fund Balance	920,400	876,400
Donations (EPA3189/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Gifts, grants, and donations.		
Purpose of Fund: To be expended in accordance with the restrictions placed on the respective gift, grant, or donation.		
Funds Expended	285,800	287,800
Year-End Fund Balance	395,100	414,300
Federal Grants (EPA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for community development, job training, and home programs.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the federal grants.		
Funds Expended	5,467,900	4,110,200
Year-End Fund Balance	900,900	502,400

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
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Greater Arizona Development Authority Revolving (EPA2311/A.R.S. § 41-1554.03) Non-Appropriated

Source of Revenue: Legislative appropriations, federal monies, gifts, grants, donations, loan repayments, administrative fees and penalties, and interest.

Purpose of Fund: To help rural communities meet their infrastructure needs. GADA may issue bonds, guarantee debt obligations, and provide technical and financial assistance to political subdivisions, special districts, and Indian tribes. Legislative appropriations to the GADA Revolving Fund may only be used to secure bonds. The state funding only serves as collateral for the loans and is not directly loaned out. The fund was capitalized with \$20 million from the General Fund between FY 1998 and FY 2000. Other revenue to the fund may be used for the Department of Commerce's GADA operating costs, as well as technical and financial assistance to communities.

Funds Expended	1,012,800	1,117,200
Year-End Fund Balance	20,511,900	19,951,800

Hydrogen Grant Program (EPA2462/A.R.S. § 41-1515) Non-Appropriated

Source of Revenue: Legislative appropriations, transfers from the Clean Air Fund, gifts, grants and donations.

Purpose of Fund: To encourage through the use of grants the use of hydrogen in projects that benefit the public. The program was terminated by the Department of Commerce in FY 2002.

Funds Expended	250,000	0
Year-End Fund Balance	0	0

Job Training (EPA1237/A.R.S. § 41-1544) Non-Appropriated

Source of Revenue: Legislative appropriations, gifts, grants, interest earned on investments and, primarily, proceeds from a 0.1% employers' wage tax. Tax revenues collected in FY 2002 were \$13.4 million and are estimated to be \$13.0 million for FY 2003 through FY 2005. Interest earned on the fund in FY 2002 was \$832,100.

Purpose of Fund: To provide training and retraining for specific employment opportunities with new and expanding businesses or businesses undergoing economic conversion. Training shall be through the community college system, a licensed private postsecondary educational institution, or a community college operated by a tribal government, unless the employer requests another qualified training provider. Of the monies appropriated to the fund, 25% is set aside for small and rural businesses.

Funds Expended	1,494,200	29,029,400
Year-End Fund Balance	22,512,200	6,072,800

Lottery (EPA2122/A.R.S. § 5-521) Appropriated

Source of Revenue: Revenues from the sale of Lottery tickets. *(See Arizona State Lottery Commission for more detail.)*

Purpose of Fund: This portion of the fund is used to administer the Commerce and Economic Development Commission.

Funds Expended	244,300	255,400
Year-End Fund Balance	284,600	284,600

Oil Overcharge (EPA3171/A.R.S. § 41-1509) Partially Appropriated

Source of Revenue: Federal court settlements by oil companies who overcharged consumers during the petroleum price controls of the 1970's, and interest earnings.

Purpose of Fund: To provide restitution to the citizens of Arizona. Restitution is to be made through energy programs administered by the state. The portion of the fund that is used for loans, grants, and energy conservation programs is displayed as non-appropriated. The monies used for administration are displayed as appropriated in all years.

Appropriated Funds Expended	117,000	147,700
Non-Appropriated Funds Expended	434,200	781,300
Year-End Fund Balance	14,348,900	6,061,900

Recycling (EPA2289/A.R.S. § 49-837) Non-Appropriated

Source of Revenue: Gifts, grants, donations and landfill disposal fees. At least 4%, but not more than 5%, of the Recycling Fund receipts will be transferred from the Arizona Department of Environmental Quality (ADEQ) to the Department of Commerce. *(See ADEQ for the remainder of revenues and expenditures.)*

Purpose of Fund: To: 1) develop state market development strategies; 2) coordinate business recruitment and expansion programs, as well as provide technical assistance to companies using post-consumer materials; 3) advise ADEQ in evaluation of grants; and 4) coordinate the advisory committee on recycled materials markets.

Funds Expended	77,700	82,500
Year-End Fund Balance	182,600	194,100

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