

# Department of Commerce

JLBC: Chris Cranny  
 OSPB: Marcel Benberou

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	82.9	87.9	87.9
Personal Services	2,039,000	2,222,500	2,222,500
Employee Related Expenditures	560,400	683,200	639,600
Professional and Outside Services	49,400	141,500	141,500
Travel - In State	26,000	28,300	28,300
Travel - Out of State	17,400	32,900	32,900
Other Operating Expenditures	285,000	504,500	528,800
Equipment	24,900	9,700	9,700
<b>OPERATING SUBTOTAL</b>	<b>3,002,100</b>	<b>3,622,600</b>	<b>3,603,300</b>
<b>SPECIAL LINE ITEMS</b>			
<b>International Development</b>			
International Trade Offices	1,216,600	1,306,400	1,306,400
National Law Center/Free Trade	200,000	200,000	200,000
<b>Business Assistance Center</b>			
Minority and Women Owned Business	89,700	108,000	107,000
Small Business Advocate	100,300	107,200	104,800
<b>Rural Community Assistance</b>			
Economic Development Matching Funds	51,800	104,000	104,000
Main Street	117,700	130,000	130,000
REDI Matching Grants	60,000	45,000	45,000
Rural Economic Development	0	295,400	295,400
<b>National Marketing</b>			
Advertising and Promotion	659,200	659,200	659,200
Motion Picture Development	271,700	296,500	296,500
<b>Strategic Finance</b>			
CEDC Commission	220,400	253,700	249,000
<b>Other</b>			
Apprenticeship Services	131,500	158,700	158,700
Oil Overcharge Administration	114,700	159,500	159,700
Military Airport Planning	0	4,900,000	4,900,000
<b>AGENCY TOTAL</b>	<b>6,235,700</b>	<b>12,346,200</b>	<b>12,319,000</b>
<b>FUND SOURCES</b>			
General Fund	3,185,100	8,864,500	8,864,500
<b>Other Appropriated Funds</b>			
Bond Fund	116,600	122,700	119,800
CEDC Fund	2,598,900	2,945,800	2,926,000
Oil Overcharge Fund	114,700	159,500	159,700
State Lottery Fund	220,400	253,700	249,000
SUBTOTAL - Other Appropriated Funds	3,050,600	3,481,700	3,454,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>6,235,700</b>	<b>12,346,200</b>	<b>12,319,000</b>
Other Non-Appropriated Funds	7,936,900	33,134,700	33,115,700
Federal Funds	4,555,400	3,591,700	3,569,800
<b>TOTAL - ALL SOURCES</b>	<b>17,778,500</b>	<b>49,072,600</b>	<b>49,004,500</b>





**Other**

***Apprenticeship Services***

The JLBC recommends \$158,700 and 3 FTE Positions from the General Fund for Apprenticeship Services in FY 2006. This amount is unchanged from FY 2005. Monies are used to promote the implementation of apprenticeship programs.

***Oil Overcharge Administration***

The JLBC recommends \$159,700 and 2 FTE Positions from the Oil Overcharge Fund for Oil Overcharge Administration in FY 2006. This amount would fund the following adjustments:

**Standard Changes OF 200**

The JLBC recommends an increase of \$200 from the Oil Overcharge Fund in FY 2006 for standard changes.

Monies in this line item are used to administer the oil overcharge grant and loan restitution programs.

***Military Airport Planning***

The JLBC recommends \$4,900,000 from the General Fund for Military Airport Planning in FY 2006. This amount is unchanged from FY 2005.

Laws 2004, Chapter 235 established the non-appropriated Military Installation Fund, to be administered by the Department of Commerce. Chapter 235 appropriates \$5,000,000 annually from the General Fund in FY 2006 and every year thereafter for the purpose of military installation preservation and enhancement projects. Therefore, this funding will not appear in the General Appropriation Act. Of the \$4,900,000 retained by the Department of Commerce:

- \$4,825,000 is allocated to the Military Installation Fund. Commerce must award 80% of the monies in the fund to acquire private property, real estate, property rights and related infrastructure to preserve, support or enhance a military installation. The remaining 20% is awarded to cities, towns and counties for military installation prevention and enhancement projects.
- \$75,000 and 1 FTE Position is appropriated to the Department of Commerce in order to implement the provisions of the legislation, including administering the Military Installation Fund.

The remaining \$100,000 for Military Airport Planning is appropriated to the Attorney General (AG) to pay for the department's duties under this act, including review of plans and determination of compliance with land use plans.

\* \* \*

**JLBC RECOMMENDED FORMAT** — Operating Lump Sum with Special Line Items by Agency

**JLBC RECOMMENDED FOOTNOTES**

*Standard Footnotes*

Of the \$2,926,000 appropriated from the CEDC Fund, \$250,000 shall be utilized for implementation of cross-industry business/infrastructure development projects and related project coordination in support of regional technology councils and high technology clusters operating in Arizona.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Commerce Development Bond (EPA2196/A.R.S. § 35-726)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Filing fees and charges for services related to the provision of a registry of bond allocations.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	116,600	122,700
<b>Year-End Fund Balance</b>	1,217,200	1,244,500
<b>Commerce and Economic Development Commission (EPA2245/A.R.S. § 41-1505.10)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> Profits from 2 designated instant ticket lottery games, service fees and interest income.		
<b>Purpose of Fund:</b> 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.		
<b>Appropriated Funds Expended</b>	2,598,900	2,945,800
<b>Non-Appropriated Funds Expended</b>	897,400	1,225,000
<b>Year-End Fund Balance</b>	5,979,300	3,889,300

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>CEDC Local Communities Fund</b> (EPA2498/A.R.S. § 41-1505.12)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Tribal contributions from gaming revenue. The tribal-state gaming compact dictates that 12% of revenues received by the state be utilized for government services benefiting the general public. The tribes can grant funds directly to communities or deposit revenues into the CEDC Local Communities Fund. One tribe has deposited monies into this fund.		
<b>Purpose of Fund:</b> To provide grants to cities, towns and counties for government services that benefit the general public including public safety, the mitigation of impacts of gaming or the promotion of commerce and economic development. All grant applications must have a written endorsement of a nearby Indian tribe to receive an award from the commission.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	224,000	466,300
<b>Community Workshops</b> (EPA2149/A.R.S. § 41-1503)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Workshop registration fees, publication fees, and environmental certification fees.		
<b>Purpose of Fund:</b> To pay expenses incurred for workshops, the production and distribution of publications, and the monitoring of recycling industry development.		
<b>Funds Expended</b>	369,300	422,700
<b>Year-End Fund Balance</b>	678,600	455,900
<b>Donations</b> (EPA3189/A.R.S. § 41-1504)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Gifts, grants, and donations.		
<b>Purpose of Fund:</b> To be expended in accordance with the restrictions placed on the respective gift, grant, or donation.		
<b>Funds Expended</b>	277,200	223,500
<b>Year-End Fund Balance</b>	454,500	444,000
<b>Federal Grants</b> (EPA2000/A.R.S. § 35-142)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants for community development, job training, and home programs.		
<b>Purpose of Fund:</b> To be expended as stipulated by federal statutes authorizing the federal grants.		
<b>Funds Expended</b>	4,543,400	3,545,100
<b>Year-End Fund Balance</b>	652,800	602,900
<b>Greater Arizona Development Authority Revolving</b> (EPA2311/A.R.S. § 41-1554.03)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, federal monies, gifts, grants, donations, loan repayments, administrative fees and penalties, and interest.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	188,500	730,900
<b>Year-End Fund Balance</b>	16,616,800	16,339,900
<b>IGA/ISA</b> (EPA9500/A.R.S. §41-1502 )		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Agreements between Department of Commerce and Department of Economic Security		
<b>Purpose of Fund:</b> To develop and recommend policies in order to develop Arizona's workforce in order to compete in a global environment.		
<b>Funds Expended</b>	333,200	149,900
<b>Year-End Fund Balance</b>	30,000	30,100
<b>Indirect Cost Recovery</b> (EPA9000/A.R.S. §35-142 )		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Collected from Federal Grant Funds.		
<b>Purpose of Fund:</b> To help support administrative functions of the agency.		
<b>Funds Expended</b>	12,000	46,600
<b>Year-End Fund Balance</b>	887,300	990,700

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Job Training (EPA1237/A.R.S. § 41-1544)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, gifts, grants, interest earned on investments and, primarily, proceeds from a 0.1% employers' wage tax. Tax revenues collected in FY 2004 were \$12.4 million and are estimated to be \$12.5 million in FY 2005 and FY 2006. Interest earned on the fund in FY 2004 was \$500,000.		
<b>Purpose of Fund:</b> 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. The FY 2005 Funds Expended number includes an estimate of all obligations which may be paid out over the next several years.		
<b>Funds Expended</b>	5,172,900	29,208,900
<b>Year-End Fund Balance</b>	26,618,700	9,609,800
<b>Lottery (EPA2122/A.R.S. § 5-521)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Sales of lottery tickets, retailer license fees and interest earning		
<b>Purpose of Fund:</b> This portion of the fund is used to administer the Commerce and Economic Development Commission.		
<b>Funds Expended</b>	220,400	253,700
<b>Year-End Fund Balance</b>	500	500
<b>Military Installation (EPA1010/A.R.S. § 41-1512.01)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> General Fund deposits totaling \$4.9 million annually.		
<b>Purpose of Fund:</b> For grants to local governments as well as costs associated with administering the fund. Commerce must award 80% of the monies in the fund for grants to acquire private property, real estate, property rights and related infrastructure to preserve, support or enhance a military installation. The remaining 20% is awarded to cities, towns and counties for military installation prevention and enhancement projects.		
<b>Balance Forward</b>	0	0
General Fund/Transfers In	0	4,900,000
<b>Total Fund Available</b>	0	4,900,000
<b>Funds Expended from the General Fund</b>	0	4,900,000
<b><u>Distribution of Funds</u></b>		
<b>Funds Expended - Administration</b>	0	75,000
<b>Funds Expended - Grants</b>	0	4,825,000
<b>Year-End Fund Balance</b>	0	0
<b>Oil Overcharge (EPA3171/A.R.S. § 41-1509)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> Federal court settlements by oil companies who overcharged consumers during the petroleum price controls of the 1970's, and interest earnings.		
<b>Purpose of Fund:</b> 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.		
<b>Appropriated Funds Expended</b>	114,700	159,500
<b>Non-Appropriated Funds Expended</b>	645,500	1,083,500
<b>Year-End Fund Balance</b>	5,551,700	4,471,700
<b>Recycling (EPA2289/A.R.S. § 49-837)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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. <i>(See ADEQ for the remainder of revenues and expenditures.)</i>		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	52,900	90,300
<b>Year-End Fund Balance</b>	41,200	30,900

[Click here to return to the Table of Contents](#)