

Department of Commerce

JLBC: Grant Nülle
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| DESCRIPTION | FY 2006 ACTUAL | FY 2007 ESTIMATE | FY 2008 JLBC | FY 2009 JLBC |
|---------------------------------------|-------------------|---------------------|-------------------|-------------------|
| OPERATING BUDGET | | | | |
| <i>Full Time Equivalent Positions</i> | 74.9 | 74.9 | 74.9 | 74.9 |
| Personal Services | 2,118,700 | 2,377,300 | 2,377,300 | 2,377,300 |
| Employee Related Expenditures | 598,500 | 725,500 | 735,300 | 735,300 |
| Professional and Outside Services | 78,900 | 99,900 | 99,900 | 99,900 |
| Travel - In State | 39,500 | 35,800 | 35,800 | 35,800 |
| Travel - Out of State | 18,700 | 21,500 | 21,500 | 21,500 |
| Other Operating Expenditures | 425,800 | 558,000 | 543,800 | 543,800 |
| Equipment | 50,000 | 23,800 | 23,800 | 23,800 |
| OPERATING SUBTOTAL | 3,330,100 | 3,841,800 | 3,837,400 | 3,837,400 |
| SPECIAL LINE ITEMS | | | | |
| International Development | | | | |
| Arizona Trade Office in Sonora | 25,000 | 25,000 | 25,000 | 25,000 |
| International Trade Offices | 1,124,400 | 1,344,800 | 1,344,800 | 1,344,800 |
| National Law Center/Free Trade | 200,000 | 200,000 | 200,000 | 200,000 |
| Business Assistance Center | | | | |
| Minority and Women Owned Business | 106,300 | 121,000 | 121,300 | 121,300 |
| Small Business Advocate | 103,600 | 118,800 | 119,100 | 119,100 |
| Rural Community Assistance | | | | |
| Economic Development Matching Funds | 71,600 | 104,000 | 104,000 | 104,000 |
| Main Street | 129,900 | 130,000 | 130,000 | 130,000 |
| REDI Matching Grants | 45,000 | 45,000 | 45,000 | 45,000 |
| Rural Economic Development | 281,900 | 323,900 | 323,900 | 323,900 |
| National Marketing | | | | |
| Advertising and Promotion | 618,100 | 659,200 | 659,200 | 659,200 |
| Motion Picture Development | 248,800 | 337,700 | 337,700 | 337,700 |
| Strategic Finance | | | | |
| CEDC Commission | 220,800 | 274,600 | 275,200 | 275,200 |
| Other | | | | |
| Apprenticeship Services | 135,400 | 179,200 | 179,200 | 179,200 |
| Oil Overcharge Administration | 108,600 | 175,600 | 176,000 | 176,000 |
| Military Base Economic Impact Study | 0 | 250,000 | 0 | 0 |
| Military Airport Planning | 4,893,800 | 4,905,600 | 4,905,600 | 4,905,600 |
| Nursing Education | 2,565,500 | 2,632,000 | 2,632,000 | 2,632,000 |
| AGENCY TOTAL | 14,208,800 | 15,668,200 | 15,415,400 | 15,415,400 |
| FUND SOURCES | | | | |
| General Fund | 11,125,600 | 12,050,200 | 11,798,000 | 11,798,000 |
| <u>Other Appropriated Funds</u> | | | | |
| Bond Fund | 107,200 | 139,200 | 139,500 | 139,500 |
| CEDC Fund | 2,646,600 | 3,028,600 | 3,026,700 | 3,026,700 |
| Oil Overcharge Fund | 108,600 | 175,600 | 176,000 | 176,000 |
| State Lottery Fund | 220,800 | 274,600 | 275,200 | 275,200 |
| SUBTOTAL - Other Appropriated Funds | 3,083,200 | 3,618,000 | 3,617,400 | 3,617,400 |
| SUBTOTAL - Appropriated Funds | 14,208,800 | 15,668,200 | 15,415,400 | 15,415,400 |
| Other Non-Appropriated Funds | 9,353,000 | 25,069,900 | 25,069,900 | 25,069,900 |
| Federal Funds | 5,447,800 | 5,812,500 | 5,812,500 | 5,812,500 |
| TOTAL - ALL SOURCES | 29,009,600 | 46,550,600 | 46,297,800 | 46,297,800 |

CHANGE IN FUNDING SUMMARY

| | <u>FY 2007 to FY 2008 JLBC</u> | | <u>FY 2007 to FY 2009 JLBC</u> | |
|--------------------------|--------------------------------|----------|--------------------------------|----------|
| | \$ Change | % Change | \$ Change | % Change |
| General Fund | (252,200) | (2.1%) | (252,200) | (2.1%) |
| Other Appropriated Funds | (600) | 0.0% | (600) | 0.0% |
| Total Appropriated Funds | (252,800) | (1.6%) | (252,800) | (1.6%) |
| Non Appropriated Funds | 0 | 0.0% | 0 | 0.0% |
| Total - All Sources | (252,800) | (0.5%) | (252,800) | (0.5%) |

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 2004 Actual | FY 2005 Actual | FY 2006 Actual | FY 2008 JLBC |
|---|-------------------|-------------------|-------------------|-----------------|
| • Number of workers trained | 21,535 | 25,057 | 11,678 | 25,000 |
| Comments: The department attributes the decline in number of workers to be trained to the fluctuations in the number and type of employers that apply for grants. Few large businesses with many employees applied for grants in FY 2006. The department reports that the number of workers trained in FY 2007 is on track to exceed the FY 2005 total. | | | | |
| • % of Job Training Fund monies distributed to small businesses | -- | 23 | 16 | 25 |
| Comments: Statute requires that a minimum of 25% of the monies appropriated to the Job Training Fund shall be used to provide training to small businesses employing fewer than 100 employees before June 15 of each fiscal year. Thereafter any employer can apply for grants. | | | | |
| • Customer satisfaction rating for business development program (Percentage rating services as good or excellent) | 85 | 81 | 86 | 88 |

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$3,837,400 for the operating budget in FY 2008 and FY 2009. This amount consists of:

| | <u>FY 2008</u> | <u>FY 2009</u> |
|--|----------------|----------------|
| General Fund | \$3,041,600 | \$3,041,600 |
| Commerce and Economic Development Commission (CEDC) Fund | 656,300 | 656,300 |
| Bond Fund | 139,500 | 139,500 |

These amounts would fund the following adjustments:

| Standard Changes | OF | (2,200) | (2,200) |
|---|-----------|----------------|----------------|
| The JLBC includes a decrease of \$(2,200) in FY 2008 and FY 2009 for standard changes. This amount consists of: | | | |
| CEDC Fund | | (2,500) | (2,500) |
| Bond Fund | | 300 | 300 |

| One-Time AZNet Appropriation | GF | (2,200) | (2,200) |
|-------------------------------------|-----------|----------------|----------------|
|-------------------------------------|-----------|----------------|----------------|

The JLBC includes a decrease of \$(2,200) from the General Fund in FY 2008 and FY 2009 to reflect the one-time appropriation for AZNet telecommunications charges.

Special Line Items

International Development

Arizona Trade Office in Sonora

The JLBC includes \$25,000 from the CEDC Fund for the Arizona Trade Office in Sonora in FY 2008 and FY 2009. These amounts are unchanged from FY 2007. This office is run by the Arizona-Mexico Commission. The Arizona Trade Office in Sonora assists Arizona companies in the search of trade opportunities in Mexico, as well as to ensure that their venture into Mexico is effective. The office provides information and support activities that promote the interest of both states. An emphasis is placed on positioning both states to derive the maximum advantage from any free trade or other agreement between the 2 countries. The office also promotes the tourism destinations of Arizona and its state universities.

International Trade Offices

The JLBC includes \$1,344,800 and 6 FTE Positions for International Trade Offices in FY 2008 and FY 2009. This amount consists of:

| | | |
|--------------|---------|---------|
| General Fund | 378,000 | 378,000 |
| CEDC Fund | 966,800 | 966,800 |

These amounts are unchanged from FY 2007.

Monies are used to establish business incentives and assistance procedures to retain, expand, or locate businesses and other qualified projects in the state. The program supports international trade offices in Taiwan, Mexico, Europe, and Japan, which assist Arizona businesses in exporting their products.

National Law Center/Free Trade

The JLBC includes \$200,000 from the CEDC Fund for the National Law Center/Free Trade in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

The National Law Center for Inter-American Free Trade is a research and educational center, which seeks to identify and eliminate mechanical and structural obstacles to the free movement of goods and services among Mexico, Canada, and the United States. Funding is used to match private monies for additional research projects, in addition to defraying overhead and administrative costs.

Business Assistance Center

Minority and Women Owned Business

The JLBC includes \$121,300 and 2 FTE Positions from the CEDC Fund for Minority and Women Owned Business in FY 2008 and FY 2009. This amount would fund the following adjustments:

Standard Changes OF 300 300

The JLBC includes an increase of \$300 from the CEDC Fund in FY 2008 and FY 2009 for standard changes.

Monies are used to promote the economic development of minority and women-owned business enterprises.

Small Business Advocate

The JLBC includes \$119,100 and 2 FTE Positions from the CEDC Fund for Small Business Advocate in FY 2008 and FY 2009. This amount would fund the following adjustments:

Standard Changes OF 300 300

The JLBC includes an increase of \$300 from the CEDC Fund in FY 2008 and FY 2009 for standard changes.

Monies are used to promote the creation and growth of small Arizona businesses. The office also acts as an advocate for small business interests.

Rural Community Assistance

Economic Development Matching Funds

The JLBC includes \$104,000 from the CEDC Fund for Economic Development Matching Funds in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Monies are used to support community growth management efforts, including the development of general and comprehensive land use plans.

Main Street

The JLBC includes \$130,000 from the CEDC Fund for Main Street in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

This line item provides funding for the historical preservation or refurbishment of downtown areas, or “main streets,” in selected rural Arizona communities. The goal of the Main Street program is to attract new businesses, jobs, and private investment to rural towns by improving the physical appearance of their downtown areas. There were 11 grant recipients in FY 2006: Casa Grande, Florence, Holbrook, Nogales, Payson, Showlow, Pinetop-Lakeside, Globe, Safford, Sedona, and Williams.

REDI Matching Grants

The JLBC includes \$45,000 from the CEDC Fund for Rural Economic Development Initiative (REDI) Matching Grants in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

The REDI program offers special community project grants for technical assistance in implementing economic development programs for rural communities. There were 5 grant recipients in FY 2006: Graham County Economic Development Commission, Lake Havasu City, Nogales, White Mountain Regional Development, and Prescott Valley.

Rural Economic Development

The JLBC includes \$323,900 and 4 FTE Positions from the General Fund for Rural Economic Development in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Monies are used to assist rural Arizona communities in accessing financing mechanisms and technical assistance to better address community infrastructure needs.

National Marketing

Advertising and Promotion

The JLBC includes \$659,200 from the CEDC Fund for Advertising and Promotion in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Monies are used for advertising and promoting the department’s various programs through magazine ads, direct mail, and special events.

Motion Picture Development

The JLBC includes \$337,700 and 6 FTE Positions from the General Fund for Motion Picture Development in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

This funding is used to attract film and television projects to locations in Arizona through advertising and promotional campaigns.

Strategic Finance

CEDC Commission

The JLBC includes \$275,200 and 3.5 FTE Positions from the State Lottery Fund for the CEDC Commission in FY 2008 and FY 2009. These amounts would fund the following adjustments:

Standard Changes OF 600 600

The JLBC includes an increase of \$600 from the State Lottery Fund in FY 2008 and FY 2009 for standard changes.

These administration expenses are related to the Commerce and Economic Development Commission, which consists of 35 public and private sector members serving at the request of the Governor. The purpose of the commission is to provide oversight for the short-term and long-term economic development initiatives in the statewide economic development strategic plan.

Other

Apprenticeship Services

The JLBC includes \$179,200 and 3 FTE Positions from the General Fund for Apprenticeship Services in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Monies are used to promote the implementation of apprenticeship programs.

Oil Overcharge Administration

The JLBC includes \$176,000 and 2 FTE Positions from the Oil Overcharge Fund for Oil Overcharge Administration in FY 2008 and FY 2009. This amount would fund the following adjustment:

Standard Changes OF 400 400

The JLBC includes an increase of \$400 from the Oil Overcharge Fund in FY 2008 and FY 2009 for standard changes.

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

Military Base Economic Impact Study

The JLBC includes no funding from the General Fund for the Military Base Economic Impact Study Special Line Item in FY 2008 and FY 2009. These amounts would fund the following adjustments:

Offset of One-Time

Monies GF (250,000) (250,000)

The JLBC includes a decrease of \$(250,000) from the General Fund in FY 2008 and FY 2009 to offset one-time monies for the Military Base Economic Impact Study.

One-time monies were appropriated in FY 2007 to contract with a consultant to estimate the annual economic impact of the state’s military bases on the state’s economy. The report is expected to be completed by May 2007. The last report was completed in May 2002.

Military Airport Planning

The JLBC includes \$4,905,600 and 1 FTE Position from the General Fund for Military Airport Planning in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Laws 2004, Chapter 235 established the non-appropriated Military Installation Fund, to be administered by the Department of Commerce. Chapter 235 appropriated \$5,000,000 annually from the General Fund in FY 2005 and every year thereafter for the purpose of military installation preservation and enhancement projects. Therefore, this funding does 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. Laws 2006, Chapter 119 requires the Department of Commerce to award 80% of the monies to the Department of Veterans’ Services to acquire private property, real estate, property rights, and related infrastructure to preserve, support or enhance a military installation. Of the 80%, 20% of this amount may be awarded to cities, towns, and counties for land acquisition purposes. The remaining 20% is awarded to cities, towns, and counties for military installation preservation and enhancement projects. The department has not yet awarded any of these monies. The Military Installation Fund is exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations.
- \$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 are appropriated to the Office of the Attorney General to pay for the department’s duties under this act, including review of plans and determination of compliance with land use plans.

Nursing Education

The JLBC includes \$2,632,000 from the General Fund for nursing education in FY 2008 and FY 2009. These amounts are unchanged from FY 2007.

Laws 2005, Chapter 330 established the Arizona Partnership for Nursing Education Demonstration Project. The purpose of the project is to enhance nursing education programs in Arizona, with the goal of doubling the current number of nursing graduates in the state by FY 2010.

Chapter 330 also established the Nursing Education Demonstration Project Fund. Monies in the fund are allocated to Arizona public universities and community colleges based on a comparison of the number of nursing students graduating in FY 2005 from those institutions. Monies allocated to the universities are administered by the Arizona Board of Regents, while monies allocated to the community colleges are passed through the Department of Commerce.

Chapter 330 annually appropriates \$4,000,000 from the General Fund to the Nursing Education Demonstration Project Fund from FY 2006 through FY 2010. These amounts do not appear in the General Appropriation Act. Of the total \$4,000,000 annual appropriation, \$1,368,000 is allocated to the universities and \$2,632,000 is allocated to the community colleges. The included amount is based on nursing graduation information.

The community college funds are distributed using a competitive grant process. Three criteria were used to determine funding: the quality of the nursing program, how the program meets the geographic and diverse needs of its community, and the program budget.

In FY 2007 the Department of Commerce plans to distribute a total of \$3,581,700 in grants to community colleges. This amount includes \$1,692,800 from renewed FY 2006 awardees, and \$1,888,990 in new awards for FY 2007. The FY 2007 allocation to the community colleges is larger than the appropriation because \$949,700 in grants were not awarded in FY 2006.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Of the \$3,026,700 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 2006 Actual | FY 2007 Estimate |
|---|---------------------------|-------------------------------|
| Arizona Twenty-First Century Competitive Initiative Fund (EPA2524/A.R.S. § 41-1505.09) | | Non-Appropriated |
| Source of Revenue: Laws 2006, Chapter 334 deposit of \$35,000,000 from the General Fund in FY 2006. Commerce plans to expend \$7,000,000 in FY 2007, but this amount is not displayed below to avoid double counting. | | |
| Purpose of Fund: One-time monies used to build and strengthen medical, scientific, and engineering research programs with an emphasis in bioscience for the purpose of promoting statewide economic development. The Commerce and Economic Development Commission, which administers the fund, shall enter into a memorandum of understanding with a non-profit corporation to use monies in the fund. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 35,000,000 | 28,000,000 |
| CEDC Fund (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 | 2,646,600 | 3,028,600 |
| Non-Appropriated Funds Expended | 944,600 | 1,166,700 |
| Year-End Fund Balance | 9,240,000 | 4,897,100 |

| SUMMARY OF FUNDS | FY 2006 Actual | FY 2007 Estimate |
|---|-------------------|-------------------------|
| CEDC Local Communities Fund (EPA2498/A.R.S. § 41-1505.12) | | Non-Appropriated |
| Source of Revenue: Tribal contributions from gaming revenue. The Tribal-State Gaming Compacts dictate 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. | | |
| Purpose of Fund: 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 the written endorsement of a nearby Indian tribe to receive an award from the commission. | | |
| Funds Expended | 44,900 | 50,000 |
| Year-End Fund Balance | 93,700 | 165,200 |
| Commerce Development Bond Fund (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 | 107,200 | 139,200 |
| Year-End Fund Balance | 1,365,000 | 1,185,800 |
| Commerce 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 | 202,700 | 249,500 |
| Year-End Fund Balance | 645,700 | 596,200 |
| Donations Fund (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 | 411,400 | 410,900 |
| Year-End Fund Balance | 372,400 | 289,500 |
| Federal Funds (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 | 5,305,900 | 5,388,800 |
| Year-End Fund Balance | 1,023,400 | 1,013,800 |
| Greater Arizona Development Authority Revolving Fund (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 | 407,600 | 524,500 |
| Year-End Fund Balance | 17,301,700 | 17,502,200 |

| SUMMARY OF FUNDS | FY 2006 Actual | FY 2007 Estimate |
|---|-------------------|-------------------------|
| IGA/ISA Fund (EPA9500/A.R.S. § 41-1502) | | Non-Appropriated |
| Source of Revenue: Agreements between Department of Commerce and Department of Economic Security. | | |
| Purpose of Fund: To develop and recommend policies to build Arizona's workforce in order to compete in a global environment. | | |
| Funds Expended | 646,300 | 606,000 |
| Year-End Fund Balance | 36,000 | 30,000 |
| Indirect Cost Recovery Fund (EPA9000/A.R.S. § 35-142) | | Non-Appropriated |
| Source of Revenue: Collected from Federal Grant Funds. | | |
| Purpose of Fund: To help support administrative functions of the agency. | | |
| Funds Expended | 141,900 | 423,700 |
| Year-End Fund Balance | 1,194,600 | 1,129,500 |
| International Development Authority Fund (No Fund Number/A.R.S. § 41-1553.04) | | Non-Appropriated |
| Source of Revenue: Tolls, fees, and rents for use of any authority facility or for services rendered by the authority. | | |
| Purpose of Fund: To pay for the costs of international trade and commerce projects approved by the International Development Authority (IDA). The IDA is a corporate body and political subdivision of the state independent of the Department of Commerce charged with facilitating the development of international trade in the Arizona-Sonora border area. The IDA may issue bonds for the purpose of financing the acquisition or operation of property and facilities. The state is not responsible for any costs incurred by the IDA, including compensation for board members and employees. To date, the IDA has not issued any bonds and has no appointed board. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 0 | 0 |
| Job Training Fund (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 2006 were \$15 million. Interest earned on the fund in FY 2006 was \$1,245,100. | | |
| 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 before June 15 of each fiscal year. | | |
| Funds Expended | 6,072,500 | 21,200,000 |
| Year-End Fund Balance | 41,465,500 | 14,550,100 |
| Military Installation Fund (EPA1010/A.R.S. § 41-1512.01) | | Non-Appropriated |
| Source of Revenue: General Fund deposits totaling \$4.9 million annually. Commerce plans to expend \$8,425,000 in FY 2007 for military installation preservation and enhancement projects, but this amount is not displayed below to avoid double counting the original General Fund appropriation to this fund. | | |
| Purpose of Fund: Grants for military installation preservation and enhancement projects as well as costs associated with administering the fund. Commerce must award 80% of the monies to the Department of Veterans' Services to acquire private property, real estate, property rights, and related infrastructure to preserve, support, or enhance a military installation. Up to 20% of this amount may be awarded to cities, towns, and counties for land acquisition purposes. The remaining 20% is awarded to cities, towns, and counties for military installation preservation and enhancement projects. Of the \$4.9 million annual General Fund deposit, \$75,000 is for the costs associated with 1 FTE Position to administer the fund. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 10,046,500 | 6,796,500 |

| SUMMARY OF FUNDS | FY 2006 Actual | FY 2007 Estimate |
|------------------|-------------------|---------------------|
|------------------|-------------------|---------------------|

Nursing Education Demonstration Project Fund (EPA2514/Laws 2005, Chapter 330) Non-Appropriated

Source of Revenue: General Fund deposits totaling \$4 million annually from FY 2006 through FY 2010 as determined by Laws 2005, Chapter 330. Commerce plans to distribute \$3,581,700 in grants to community colleges in FY 2007, consisting of \$1,692,800 from renewed FY 2006 awardees and \$1,888,900 in new awards. These amounts are not displayed below to avoid double counting the original General Fund appropriation to this fund.

Purpose of Fund: Increase the number of nurses graduating from the state's nursing education programs by increasing the number of qualified nursing education faculty members teaching in nursing degree programs operated by Arizona public universities and community colleges. Monies allocated to the universities shall be administered by the Arizona Board of Regents, while monies allocated to the community colleges shall be administered by the Department of Commerce. Of the total \$4,000,000 annual appropriation, \$1,368,000 is allocated to the universities and \$2,632,000 is allocated to the community colleges.

| | | |
|------------------------------|---|---|
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 0 | 0 |

Oil Overcharge Fund (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 1970s, 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.

| | | |
|--|-----------|-----------|
| Appropriated Funds Expended | 108,600 | 175,600 |
| Non-Appropriated Funds Expended | 522,200 | 766,300 |
| Year-End Fund Balance | 4,801,300 | 4,109,400 |

Recycling Fund (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 | 100,800 | 96,000 |
| Year-End Fund Balance | 700 | 700 |

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

Source of Revenue: Sales of lottery tickets, retailer license fees, and interest earnings.

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

| | | |
|------------------------------|---------|---------|
| Funds Expended | 220,800 | 274,600 |
| Year-End Fund Balance | 40,300 | 40,300 |