

Department of Commerce

JLBC: Eric Billings
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DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	79.9	73.9	73.9
Personal Services	2,430,300	2,667,300	2,667,300
Employee Related Expenditures	785,100	922,200	922,200
Professional and Outside Services	170,900	66,400	66,400
Travel - In State	31,900	33,300	33,300
Travel - Out of State	24,100	17,500	17,500
Other Operating Expenditures	495,000	538,800	538,800
Equipment	54,500	44,400	44,400
OPERATING SUBTOTAL	3,991,800	4,289,900	4,289,900
SPECIAL LINE ITEMS			
International Development			
Arizona Trade Office in Sonora	25,000	25,000	25,000
International Trade Offices	1,491,400	1,716,600	1,716,600
National Law Center/Free Trade	200,000	200,000	200,000
Business Assistance Center			
Minority and Women Owned Business	94,600	129,600	129,600
Small Business Advocate	110,700	127,000	127,000
Rural Community Assistance			
Economic Development Matching Funds	33,700	104,000	104,000
Main Street	112,500	130,000	130,000
REDI Matching Grants	33,100	45,000	45,000
Rural Economic Development	319,400	340,100	340,100
Greater Arizona Development Authority	931,000	0	0
National Marketing			
Advertising and Promotion	414,000	659,200	659,200
Motion Picture Development	334,900	0	0
Strategic Finance			
CEDC Commission	250,900	196,500	196,500
Other			
Apprenticeship Services	188,400	189,900	189,900
Oil Overcharge Administration	0	184,900	184,900
Military Airport Planning	4,608,200	100,000	100,000
Nursing Education	2,632,000	2,632,000	2,632,000
AGENCY TOTAL	15,771,600	11,069,700	11,069,700
FUND SOURCES			
General Fund	13,470,400	7,385,200	7,385,200
<u>Other Appropriated Funds</u>			
Bond Fund	140,400	144,700	144,700
CEDC Fund	1,881,800	3,068,700	3,068,700
State Lottery Fund	279,000	286,200	286,200
Oil Overcharge Fund	0	184,900	184,900
SUBTOTAL - Other Appropriated Funds	2,301,200	3,684,500	3,684,500
SUBTOTAL - Appropriated Funds	15,771,600	11,069,700	11,069,700
Other Non-Appropriated Funds	12,604,100	28,552,100	28,552,100
Federal Funds	5,249,300	5,469,700	5,469,700
TOTAL - ALL SOURCES	33,625,000	45,091,500	45,091,500

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	0	0.0%
Non-Appropriated Funds	0	0.0%
Total - All Sources	0	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 2006	FY 2007	FY 2008	FY 2010
	Actual	Actual	Actual	JLBC
• Number of workers trained	11,678	24,922	18,270	25,000
• % of Job Training Fund monies distributed to small businesses	16	13	37	25
• Customer satisfaction rating for business development program (Percentage rating services as good or excellent)	86	84	NA	88

Comments: The agency did not submit information for any measure labeled as "NA" as required by the General Appropriation Act.

Operating Budget

The JLBC includes \$4,289,900 and 49.4 FTE Positions for the operating budget in FY 2010. These amounts consist of:

General Fund	\$3,373,400
Commerce and Economic Development Commission (CEDC) Fund	682,100
Bond Fund	144,700
State Lottery Fund	89,700

These amounts are unchanged from FY 2009.

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 2010. This amount is unchanged from FY 2009.

Managed by the Arizona-Mexico Commission, the Arizona Trade Office in Sonora assists Arizona companies in search of trade opportunities in Mexico, as well as ensures that such business ventures into Mexico are effective. The office provides information and support activities that promotes 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 \$1,716,600 and 7 FTE Positions for the International Trade Offices in FY 2010. These amounts consist of:

General Fund	749,800
CEDC Fund	966,800

These amounts are unchanged from FY 2009.

The line item funds 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 Mexico, the United Kingdom, Canada, Northern Ireland (European Office) 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 National Law Center/Free Trade in FY 2010. This amount is unchanged from FY 2009.

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 \$129,600 and 2 FTE Positions from the CEDC Fund for Minority and Women Owned Business in FY 2010. These amounts are unchanged from FY 2009.

The line item funds programs to promote the economic development of minority and women-owned business enterprises.

Small Business Advocate

The JLBC includes \$127,000 and 2 FTE Positions from the CEDC Fund for Small Business Advocate in FY 2010. These amounts are unchanged from FY 2009.

The line item funds programs 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 2010. This amount is unchanged from FY 2009.

The line item funds programs 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 the Main Street program in FY 2010. This amount is unchanged from FY 2009.

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 6 grant recipients in FY 2008: Nogales,

Pinetop-Lakeside, Florence, Casa Grande, Sedona, and Show-Low.

REDI Matching Grants

The JLBC includes \$45,000 from the CEDC Fund for Rural Economic Development Initiative (REDI) Matching Grants in FY 2010. This amount is unchanged from FY 2009.

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 2008: Williams, Shonto, Florence, Yuma, and Payson.

Rural Economic Development

The JLBC includes \$340,100 and 4 FTE Positions from the General Fund for Rural Economic Development in FY 2010. These amounts are unchanged from FY 2009.

The line item funds programs to assist rural Arizona communities in accessing financing mechanisms and technical assistance to better address community infrastructure needs.

Greater Arizona Development Authority

The JLBC includes no funding from the General Fund in FY 2010 for the Greater Arizona Development Authority (GADA). This amount is unchanged from FY 2009.

GADA serves as a bond guarantor and issuer, allowing local authorities to finance infrastructure improvements at lower interest rates than what they could otherwise obtain on the market. Local authorities make debt service payments on GADA bonds to the authority, which in turn pays the monies to bondholders.

National Marketing

Advertising and Promotion

The JLBC includes \$659,200 from the CEDC Fund for Advertising and Promotion in FY 2010. This amount is unchanged from FY 2009.

The line item funds programs advertising and promoting the department’s various services through magazine ads, direct mail, and special events.

Motion Picture Development

The JLBC includes no funding for Motion Picture Development in FY 2010. This amount is unchanged from FY 2009.

The Budget Procedures Budget Reconciliation Bill (Laws 2008, Chapter 291) permanently authorized \$337,700 and 6 FTE Positions from the annual set-aside amount from motion picture income tax credits beginning in FY 2009. In Laws 2007, Chapter 225, the Motion Picture Development Special Line Item was authorized to use \$180,000 and 2 FTE Positions from motion picture income tax credits in FY 2008.

Statute currently authorizes a total of \$50,000,000 in credits in calendar year 2009 and \$70,000,000 annually in calendar year 2010 and beyond. The credit is used to attract film and television projects to locations in Arizona through advertising and promotional campaigns.

Strategic Finance

CEDC Commission

The JLBC includes \$196,500 and 3.5 FTE Positions from the State Lottery Fund for the CEDC Commission in FY 2010. These amounts are unchanged from FY 2009.

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 \$189,900 and 3 FTE Positions from the General Fund for Apprenticeship Services in FY 2010. These amounts are unchanged from FY 2009.

The line item funds programs to promote the implementation of apprenticeship programs.

Oil Overcharge Administration

The JLBC includes \$184,900 and 2 FTE Positions from the Oil Overcharge Fund for Oil Overcharge Administration in FY 2010. These amounts are unchanged from FY 2009.

The line item funds administration of the oil overcharge grant and loan restitution programs.

Military Airport Planning

The JLBC includes \$100,000 and 1 FTE Position from the General Fund for Military Airport Planning in FY 2010. FY 2010 adjustments would be as follows:

**Continue Military Airport Planning
Funding Reduction GF 0**

This adjustment would continue a \$(4,800,000) decrease to the Military Airport Planning line incorporated in the FY 2009 budget. The revision eliminated the annual Military Installation Fund deposit.

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:

- \$4,800,000 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% of the fund allocation is awarded to cities, towns, and counties for military installation preservation and enhancement projects. The Military Installation Fund is exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations. Laws 2008, Chapter 285, section 23 eliminated the FY 2008 deposit.
- \$100,000 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 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.

In FY 2005 no awards were made while administrative rules for the Military Installation Fund were drafted and approved. Two years of General Fund deposits were used for awards in FY 2006, with \$6,176,000 being awarded for land acquisitions and \$1,579,000 being awarded for military enhancement and preservation projects. In FY 2007, \$6,030,000 was awarded for land acquisitions and \$965,000 was awarded for military enhancement and preservation projects. In FY 2008, \$4,146,300 was awarded for land acquisitions and \$528,800 was awarded

for enhancement and preservation projects. FY 2008 land acquisition awards were made for 6 properties near Marine Corps Air Station-Yuma, Davis-Monthan Air Force Auxiliary Field, and Gila Bend Air Force Auxiliary Field. One enhancement and preservation award was made to Huachuca City in FY 2008. Award decisions for FY 2009, made from the continuing balance of the fund, will be determined at the beginning of FY 2010.

Nursing Education

The JLBC includes \$2,632,000 from the General Fund for Nursing Education in FY 2010. This amount is unchanged from FY 2009.

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 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. These amounts are based on FY 2005 graduation rates.

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 2009, the Department of Commerce estimates a total distribution of \$3,039,400 in grants to community colleges. This amount includes monies carried forward from FY 2008. Actuals are provided for FY 2007 and FY 2008. New awards will be made next summer. (Table 1 shows grant distribution amounts.)

Community College	FY 2007	FY 2008	FY 2009
Chandler/Gilbert	\$ 172,700	\$ 174,200	\$ 0
Estrella Mountain	159,300	79,600	119,200
Gateway	370,100	383,200	257,700
Glendale	162,700	292,800	393,500
Phoenix	214,700	332,500	484,300
Rio Salado	221,500	351,800	121,100
Scottsdale	370,500	171,500	0
Eastern Arizona	310,500	127,600	0
Central Arizona	89,900	257,800	437,000
Coconino	1,500	94,600	107,500
Mohave	160,700	157,900	157,900
Northland Pioneer	174,900	183,100	120,100
Pima	134,900	215,800	0
Yavapai	268,900	401,400	395,800
Arizona Western	0	261,300	445,300
Total	\$2,812,800	\$3,485,100	\$3,039,400

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

FOOTNOTES

Standard Footnotes

Of the \$3,068,700 appropriated from the CEDC Fund in FY 2010, \$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.

STATUTORY CHANGES

The JLBC would continue a FY 2009 Budget Procedures Budget Reconciliation Bill (Laws 2008, Chapter 291) provision that reduces the Military Installation Fund deposit by \$(4,800,000) in FY 2010.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Arizona 21st Century Competitive Initiative Fund Deposit

Laws 2006, Chapter 334 deposited \$35,000,000 from the General Fund into the 21st Century Competitive Initiative Fund in FY 2006 to build and strengthen medical, scientific, and engineering research programs and infrastructure for the purpose of promoting statewide economic development. The CEDC entered into a memorandum of understanding (MOU) with a nonprofit corporation, Science Foundation Arizona (SFaz), in FY 2007 to use monies from the fund.

The General Revenues Budget Reconciliation Bill (Laws 2007, Chapter 260) deposited \$25,000,000 from the General Fund into the Arizona 21st Century Competitive Initiative Fund for each fiscal year from FY 2008 to FY 2011. The monies are further appropriated from the 21st Century Competitive Initiative Fund to the Commerce and Economic Development Commission (CEDC), which

oversees expenditures from the fund. The appropriations are non-lapsing.

Laws 2008, Chapter 291 amended Laws 2007, Chapter 260 by reducing the FY 2009 General Fund deposit into the 21st Century Fund to \$22,500,000 and increasing the deposit in FY 2011 to \$27,500,000.

Laws 2008, Chapter 291 also amended Laws 2007, Chapter 260 by modifying the matching requirement for state monies expended from the Arizona 21st Century Fund. Prior to this change, the non-profit entity receiving these monies was required to expend an equal amount of private monies. The change allows the non-profit to have a maximum of 50% of its matching funds in the form of governmental investments and other auditable cash equivalents.

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
Arizona Twenty-First Century Competitive Initiative Fund (EPA2524/A.R.S. § 41-1505.09)		Non-Appropriated
Source of Revenue: Laws 2007, Chapter 260 deposits \$25,000,000 from the General Fund in each fiscal year from FY 2009 through FY 2011. Laws 2008, Chapter 291 reduced the distribution in FY 2009 to \$22,500,000 and increased the FY 2011 distribution to \$27,500,000. Commerce plans to expend \$25,000,000 in FY 2009, 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	16,808,200	15,308,200
Arizona Biofuels Conversion Program Fund (No Fund Number/A.R.S. § 41-1515.01)		Non-Appropriated
Source of Revenue: Funds are received from gifts, grants, donations, private sources, and federal or state monies.		
Purpose of Fund: To encourage the usage of biofuels through the conversion and installation of biofuel storage and dispensing equipment.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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	140,400	144,700
Year-End Fund Balance	2,030,000	2,285,300
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	1,881,800	3,068,700
Non-Appropriated Funds Expended	758,400	874,700
Year-End Fund Balance	11,837,100	4,890,900
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 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.		
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 a written endorsement of a nearby Indian tribe to receive an award from the commission.		
Funds Expended	125,000	25,000
Year-End Fund Balance	100,200	81,200

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
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	469,900	515,800
Year-End Fund Balance	663,500	547,700
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	647,400	675,500
Year-End Fund Balance	584,900	619,400
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	5,084,400	5,222,800
Year-End Fund Balance	654,900	969,900
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. A \$2 million deposit was appropriated for both FY 2008 and FY 2009 to expand lending capacity. Laws 2008, Chapter 53 reduced the FY 2008 deposit by \$(1,000,000) and Laws 2008, Chapter 285 eliminated the \$(2,000,000) FY 2009 deposit. 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	542,000	555,500
Year-End Fund Balance	19,084,900	21,229,400
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	1,723,500	2,424,200
Year-End Fund Balance	38,000	113,800
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	164,900	246,900
Year-End Fund Balance	1,492,200	1,445,300

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
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 2008 were \$16.2 million and are estimated to be \$16 million in FY 2009. Interest earned on the fund in FY 2008 was \$2,656,700.		
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	7,553,300	22,211,800
Year-End Fund Balance	51,858,400	7,712,500
Military Installation Fund (EPA1010/A.R.S. § 41-1512.01)		Non-Appropriated
Source of Revenue: General Fund deposits totaling \$4,825,000 annually. Laws 2008, Chapter 285 eliminated the FY 2009 deposit. Commerce plans to expend \$5,721,500 in FY 2009, but this amount is not displayed below to avoid double counting. Expenditures were reported as \$8,894,800 for FY 2008.		
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. In addition to the \$4,825,000 annual General Fund deposit, \$75,000 is appropriated to the Department for the costs associated with 1 FTE Position to administer the fund.		
Funds Expended	0	0
Year-End Fund Balance	12,056,600	3,560,100
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 \$3,039,437 in grants to community colleges in FY 2009. 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.		
Funds Expended	0	0
Year-End Fund Balance	2,644,200	2,644,200
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 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.		
Appropriated Funds Expended	0	184,900
Non-Appropriated Funds Expended	685,400	1,170,200
Year-End Fund Balance	3,763,300	2,568,200

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
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. <i>(See ADEQ for the remainder of revenues and expenditures.)</i>		
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	99,200	99,400
Year-End Fund Balance	5,800	11,800
State Lottery Fund (EPA2122/A.R.S. § 5-521)		Appropriated
Source of Revenue: Sales of lottery tickets, retailer license fees, and interest earning.		
Purpose of Fund: This portion of the fund is used to administer the Commerce and Economic Development Commission.		
Funds Expended	279,000	286,200
Year-End Fund Balance	6,300	6,300