

Arizona Commerce Authority

	FY 2011 ACTUAL	FY 2012 ESTIMATE	FY 2013 BASELINE
OPERATING BUDGET	1,151,300	10,000,000	10,000,000
SPECIAL LINE ITEMS			
Arizona Competes Fund Deposit	0	21,500,000	21,500,000
Advertising and Promotion	461,500	0	0
Apprenticeship Services	184,000	0	0
Arizona Trade Office in Sonora	25,000	0	0
CEDC Commission	181,400	0	0
Economic Development Matching Funds	104,000	0	0
International Trade Offices	1,536,800	0	0
Main Street	128,200	0	0
Minority and Women Owned Business	88,300	0	0
National Law Center/Free Trade	150,000	0	0
REDI Matching Grants	45,000	0	0
Rural Economic Development	337,700	0	0
Small Business Advocate	119,300	0	0
AGENCY TOTAL	4,512,500	31,500,000	31,500,000
FUND SOURCES			
General Fund	1,240,400	31,500,000	31,500,000
<u>Other Appropriated Funds</u>			
CEDC Fund	3,090,100	0	0
Commerce Development Bond Fund	600	0	0
State Lottery Fund	181,400	0	0
SUBTOTAL - Other Appropriated Funds	3,272,100	0	0
SUBTOTAL - Appropriated Funds	4,512,500	31,500,000	31,500,000
Other Non-Appropriated Funds	3,333,700	21,483,200	9,498,800
Federal Funds	3,682,600	1,263,800	942,100
TOTAL - ALL SOURCES	11,528,800	54,247,000	41,940,900

AGENCY DESCRIPTION — The Arizona Commerce Authority promotes economic, community, and workforce development. The Authority's duties include: support statewide for business expansion and attraction; workforce development and job training; online assistance for new business start-ups; tax credit administration.

Creation of Arizona Commerce Authority

Laws 2011, 2nd Special Session, Chapter 1 established the Arizona Commerce Authority (ACA) and eliminated the Department of Commerce. The ACA's main purpose is to attract and retain business in Arizona and is governed by a board of directors. In addition to attracting businesses, the ACA inherited the following Department of Commerce functions:

- Economic Strength Fund and Projects
- Healthy Forest Enterprise Incentives Program
- Defense Contractor Restructuring Assistance Program
- Environmental Technology Assistance Program
- Capital Investment Incentives (Angel Investment) Program
- Small Business Investment Tax Credit

- Motion Picture Production and Infrastructure Tax Incentives
- Commercial Solar Energy Tax Credit Applications
- Renewable Energy Tax Incentives Program Applications
- Increased Research Activity Tax Credit Certification
- Arizona 21st Century Fund Administration and Fund
- Job Training Program and Fund
- Governor's Council on Workforce Policy Member

The ACA receives \$31,500,000 in income tax withholding from the General Fund. Of that amount, \$10,000,000 is deposited into the Arizona Commerce Authority Fund for ACA operational expenses and \$21,500,000 is deposited into the Arizona Competes Fund. In accordance with statute, the General Appropriation Act allocates these monies to ACA.

Additionally, ACA receives an annual deposit of \$3,500,000 in lottery revenues to the Arizona Competes Fund. Combining General Fund and lottery revenues, ACA will have \$25,000,000 in resources to provide grants to help attract, expand, or retain businesses in Arizona.

The bill also allows the Authority access to the remaining balance in the Commerce and Economic Development Fund in FY 2012, which is estimated to be approximately \$3,500,000.

Both funds are non-appropriated.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

In accordance with A.R.S. § 43-409, \$31,500,000 of state General Fund withholding tax revenue is allocated in FY 2013 to the Arizona Commerce Authority, of which \$10,000,000 shall be credited to the Arizona Commerce Authority Fund and \$21,500,000 shall be credited to the Arizona Competes Fund.

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Application Fees Fund (CAA3005/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: A processing fee equal to 1% of the relevant tax credit being refunded per tax credit application.		
Purpose of Fund: To provide funding for staff to determine if taxpayers who qualify for a tax credit for increased research activities qualify for other income tax refunds.		
Funds Expended	0	0
Year-End Fund Balance	0	50,000
Arizona Commerce Authority Carryover Fund (CAA1001/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: The remaining \$13,991,325 in left-over funds transferred from various funds belonging to the Arizona Department of Commerce and any residual FY 2011 revenue that is collected in FY 2012.		
Purpose of Fund: To provide deal closing grants to businesses for the purpose of attracting, expanding or retaining businesses and to support programs and projects for rural Arizona and small businesses that enhance economic development.		
Funds Expended	0	11,984,400
Year-End Fund Balance	0	80,700
Arizona Commerce Authority Fund (CAA8813/A.R.S. § 41-1506)		Non-Appropriated
Source of Revenue: An annual deposit of \$10 million in corporate income tax withholding revenues, gifts, grants, and other donations. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Purpose of Fund: To fund the operating costs of the Authority.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Competes Fund (CAA8814/A.R.S. § 41-1545.01)		Non-Appropriated
Source of Revenue: Receives an annual deposit of \$21.5 million in income tax withholding revenues, \$3.5 million in lottery ticket sales revenues, gifts, grants, and other donations. Expenditures of the income tax withholding revenues are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Purpose of Fund: To provide deal closing grants to businesses for the purpose of attracting, expanding or retaining businesses and to support programs and projects for rural Arizona and small businesses that enhance economic development.		
Funds Expended	0	3,500,000
Year-End Fund Balance	0	28,700
Arizona Twenty-First Century Competitive Initiative Fund (CAA2524/A.R.S. § 41-1506.01)		Non-Appropriated
Source of Revenue: Legislative appropriations, earnings from the fund, gifts, and donations.		
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.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Commerce Development Bond Fund (CAA2196/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	600	0
Year-End Fund Balance	1,007,100	1,145,200
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. Laws 2011, 2 nd Special Session, Chapter 1 repealed the CEDC Fund and redirected the revenues to the Arizona Competes Fund and the General Fund. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund.		
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	3,090,100	0
Non-Appropriated Funds Expended	44,900	0
Year-End Fund Balance	8,715,900	0
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. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund. Beginning in FY 2012, any remaining revenues to this fund will be redirected to the Arizona Commerce Authority Carryover 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	10,000	0
Year-End Fund Balance	129,400	0
Commerce Workshops (CAA2149/A.R.S. § 41-1503)		Non-Appropriated
Source of Revenue: Workshop registration fees, publication fees, and environmental certification fees. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund. Beginning in FY 2012, any remaining revenues to this fund will be redirected to the Arizona Commerce Authority Carryover Fund.		
Purpose of Fund: To pay expenses incurred for workshops, the production and distribution of publications, and the monitoring of recycling industry development.		
Funds Expended	91,500	0
Year-End Fund Balance	121,100	0
Donations Fund (CAA3189/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Gifts, grants, and donations. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund. Beginning in FY 2012, any new donations will be directed to the Arizona Commerce Authority Fund or the Arizona Competes Fund.		
Purpose of Fund: To be expended in accordance with the restrictions placed on the respective gift, grant, or donation.		
Funds Expended	367,900	0
Year-End Fund Balance	484,400	0
Federal Funds (CAA2000/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	1,913,600	1,263,800
Year-End Fund Balance	228,900	100

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Federal Grants - American Recovery and Reinvestment Act (ARRA) (CAA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for the weatherization of homes, energy efficiency and usage reduction, and appliance rebates.		
Funds Expended	1,569,400	0
Year-End Fund Balance	1,100	0
IGA/ISA Fund (EPA9500/A.R.S. § 41-1502)		Non-Appropriated
Source of Revenue: Agreements between Department of Commerce and Department of Economic Security. This fund was eliminated in Laws 2011, 2 nd Special Session, Chapter 1 with the transfer of the Office of Employment and Population Statistics from the Department of Commerce to the Department of Administration. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund.		
Purpose of Fund: To develop and recommend policies to build Arizona's workforce in order to compete in a global environment.		
Funds Expended	475,500	0
Year-End Fund Balance	37,000	0
Indirect Cost Recovery Fund (CAA9000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Collected from Federal Grant Funds. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund.		
Purpose of Fund: To help support administrative functions of the agency.		
Funds Expended	199,600	0
Year-End Fund Balance	909,100	0
Job Training Fund (CAA1237/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 2011 were \$11,784,400 and are estimated to be \$11,784,400 in FY 2012. Interest earned on the fund in FY 2011 was \$148,200.		
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	2,343,900	5,998,800
Year-End Fund Balance	27,605,400	33,616,300
Nursing Education Demonstration Project Fund (EPA2514/Laws 2005, Chapter 330)		Non-Appropriated
Source of Revenue: General Fund deposits totaling \$4,000,000 annually from FY 2006 through FY 2010 as determined by Laws 2005, Chapter 330. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund. Laws 2009, Chapter 92 extended the lapsing date for these monies from the end of FY 2010 to the end of FY 2015. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover 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 (ABOR), while monies allocated to the community colleges shall be administered by the Department of Commerce.		
Funds Expended	0	0
Year-End Fund Balance	2,607,200	0
State Lottery Fund (EPA2122/A.R.S. § 5-521)		Appropriated
Source of Revenue: Sales of lottery tickets, retailer license fees and interest earning. Laws 2011, 2 nd Special Session, Chapter 1, redirects these revenues to the Arizona Competes Fund beginning in FY 2012. Any monies remaining in this fund at the end of FY 2011 were transferred to the Arizona Commerce Authority Carryover Fund.		
Purpose of Fund: This portion of the fund was used to administer the Commerce and Economic Development Commission.		
Funds Expended	181,400	0
Year-End Fund Balance	63,200	0