

**DEPARTMENT OF COMMERCE**

Jackie Vieh, Director

A.R.S. § 41-1501  
JLBC Analyst: Jim Rounds

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Estimate</b>	<b>FY 2001 Approved</b>
FTE Positions	88.5	97.5	97.5 <sup>1/</sup>
Personal Services	2,694,000	3,376,600	3,443,400
Employee Related Expenditures	487,600	635,300	647,700
Professional and Outside Services	199,300	166,000	166,000
Travel - In State	58,900	71,100	86,700
Travel - Out of State	39,100	39,100	39,100
Other Operating Expenditures	730,600	1,846,400	1,857,500
Equipment	124,300	51,500	51,500
<b>Operating Subtotal</b>	<b>4,333,800</b>	<b>6,186,000</b>	<b>6,291,900</b>
<b>International Trade Offices</b>	996,100	1,194,800	1,194,800
<b>Business Assistance Center</b>			
Minority and Women Owned Business	84,600	108,700	110,300
Small Business Advocate	111,600	106,400	108,700
<b>Rural Community Assistance</b>			
Economic Development Matching Funds	104,000	104,000	104,000
Main Street	130,000	130,000	130,000
REDI Matching Grants	45,100	45,000	45,000
Rural Tourism	86,600	104,700	106,200
<b>National Marketing</b>			
Advertising and Promotion	617,200	659,200	659,200
Indian Economic Development	66,800	0	0
Motion Picture Development	607,200	632,300	640,400
Senior Living Office	131,300	200,600	202,600
CEDC Office of Senior Living	201,600	196,800	198,300
<b>Strategic Finance</b>			
CEDC Commission	256,400	227,300	240,300
Greater Arizona Development Authority	8,000,000	9,000,000	0
Workforce Recruitment/Training	5,000,000	6,000,000	7,000,000 <sup>2/</sup>
<b>Mexico Projects</b>			
National Law Center/Free Trade	250,000	250,000	150,000 <sup>3/</sup>
AZ Sonora Study Implementation	100,000	0	0
Border Infrastructure Office	0	0	0
<b>Other</b>			
Clean Air Fund	1,000,000	1,000,000	1,000,000 <sup>4/</sup>
High Altitude Sports Training Complex	50,000	0	0
Housing Development Fund	0	0	500,000
Oil Overcharge Administration	113,200	132,300	132,800
Special Needs Housing	69,700	76,200	77,400
Williams AFB Economic Development	350,000	350,000	350,000
<b>Total</b>	<b>22,705,200</b>	<b>26,704,300</b>	<b>19,241,900</b>
<b>Additional Appropriations -</b>			
Commerce; Apprenticeship Services, Ch. 51	0	0	151,300 <sup>5/</sup>
Appropriation; National Law Center, Ch. 392	0	0	100,000
Appropriation; High Technology Clusters, Ch. 367	0	0	100,000
Arizona Job Training Program; Tax, Ch. 383	0	0	(3,500,000)
<b>Total Appropriations</b>	<b>22,705,200</b>	<b>26,704,300</b>	<b>16,093,200 <sup>6/</sup></b>

## DEPARTMENT OF COMMERCE (Cont'd)

### Fund Summary

General Fund	20,411,400	21,254,000	10,099,800
Bond Fund	72,600	114,700	116,800
CEDC Fund	1,732,100	3,007,400	3,019,700
Housing Development Fund	0	0	500,000
Housing Trust Fund	218,900	227,800	231,300
Lottery Fund	157,000	227,300	240,600
Oil Overcharge Administration Fund	113,200	132,300	133,200
Oil Overcharge Fund	0	1,740,800	1,751,800
<b>Total Appropriations</b>	<b>22,705,200</b>	<b>26,704,300</b>	<b>16,093,200</b>

**Agency Description** — *The department conducts programs to encourage the creation, expansion and retention of businesses in Arizona. The department has 11 major activities: Administration, the Governor's Strategic Partnership for Economic Development, the Arizona Business Assistance Center, National Marketing, Community Assistance, Energy, Financial Services, Housing and Infrastructure Development, International Trade and Investment, Motion Picture Development and the Senior Living Office.*

**Additional Appropriations: Commerce; Apprenticeship Services, (Chapter 51)** — This legislation transfers business apprenticeship services from the Department of Economic Security to the Department of Commerce beginning in FY 2001. Although no specific dollar amount or employee count is included in the language of the bill, the Department of Economic Security has identified a transfer of \$151,300 from the General Fund and 3 FTE Positions related to this program.

**Appropriation: High Technology Clusters (Chapter 367)** — This legislation appropriates \$100,000 from the General Fund in FY 2001 to be used on grants to further high technology cluster development. Grant monies are to be used on specific capital and infrastructure development, technology improvements, and workforce development.

**Arizona Job Training; Tax (Chapter 383)** — This legislation, beginning midway through FY 2001, reduces the department's \$7,000,000 General Fund appropriation related workforce recruitment and job training by \$(3,500,000). An intent statement reads that beginning in FY 2002, the Arizona Job Training Program will no longer be funded by General Fund appropriations.

In-lieu of these General Fund monies, a 0.1% increase in employers' wage taxes will be implemented which is expected to generate for the Arizona Job Training Fund \$7,500,000 in FY 2001, and \$15,000,000 in FY 2002. The

Department of Commerce will administer this non-appropriated fund for use on workforce development programs.

**Appropriation: National Law Center (Chapter 392)** — This legislation appropriates \$100,000 from the Commerce and Economic Development Commission (CEDC) Fund in FY 2001 for use on the National Law Center for Inter-American Free Trade. The center's primary objective is to identify and eliminate obstacles to the free trade of goods between Mexico, Canada, and the United States. The addition of this appropriation will bring total CEDC funding for the center to \$250,000.

**Additional Legislation: Technology Training; Tax Credit (Chapter 239)** — This legislation requires the Department of Commerce to establish an employer assistance program to encourage technology skills training.

Beginning January 1, 2001, the bill will provide corporate and individual income tax credits for expenses related to employee technology skills training. The amount of the credit will be equal to 50% of the cost of the training, but is capped at \$1,500 per employee.

The department will be responsible for identifying eligible technology skills, and for reviewing tax credit applications. Not more than \$2,500,000 in corporate income tax credits, and not more than \$2,500,000 in individual income tax

1/ Includes 14 FTE Positions funded from Special Line Items in FY 2001.

2/ Laws 2000, Chapter 383 removes \$(3,500,000) from the Workforce Recruitment/Training Special Line Item in FY 2001. This reduction is displayed under Additional Appropriations. Additional workforce development funding will be provided by a 0.1% increase in employers' wage taxes. The increase in expenditures related to the tax increase, however, will be administered through a non-appropriated fund and does not appear in this display.

3/ Laws 2000, Chapter 392 appropriates \$100,000 from the Commerce and Economic Development Commission Fund in FY 2001 for use by the National Law Center for Inter-American Free Trade. This appropriation is displayed under Additional Appropriations.

4/ Laws 1996, Chapter 6, 7th Special Session appropriated up to \$1,000,000 from the General Fund to the Clean Air Fund in each fiscal year during which Farm and Home Settlement deposits are made to the General Fund.

5/ Includes funding for 3 FTE Positions.

6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

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credits may be certified in any calendar year. The JLBC Staff estimates that the department will certify \$2,500,000 in corporate income tax credits and \$300,000 in individual income tax credits in FY 2002.

Small Community Planning (Chapter 301) — This legislation transfers the responsibility of providing small community assistance grants and technical support from the State Land Department to the Department of Commerce.

In FY 2000, the State Land Department received \$1,000,000 to be used on Growing Smarter provisions (*see State Land Department budget for more information about Growing Smarter*). Of this amount, \$252,000 was designated by the department to be spent on small community assistance.

These monies were fully allocated to the rural communities in FY 2000. Therefore, there is no funding or personnel associated with this transfer of duties.

[Click here for more information from the initial biennial appropriations report \(June 1999\)](#)