



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

FACT SHEET FOR S.B. 1501

Arizona commerce authority; continuation; report

Purpose

Requires the Arizona Commerce Authority (ACA) to increase reporting, publish progress and develop written procedures for administration of the Arizona Competes Fund. Continues the ACA for two years.

Background

Laws 2011, 2nd Special Session, Chapter 1, Section 30 establishes the ACA to provide private sector leadership in growing and diversifying the economy. The ACA creates high quality employment and marketing Arizona for the purpose of expansion, attraction and retention of businesses. Statute authorizes the ACA to use various financial incentives, such as tax credits, grants and loans, to encourage economic growth in this state (A.R.S. § 41-1545.01).

The Arizona Competes Fund (ACF) receives tax revenues allocated to the ACF from the job creation withholdings clearing account, gifts, grants or donations, available federal monies and other amounts dedicated to the ACF by law (A.R.S. § 41-1545.01). The Chief Executive Officer (CEO) of the ACA negotiates grants from the ACF to Arizona enterprises to:

- a) attract, expand or retain Arizona enterprises that achieve performance and qualification targets and enter into an agreement with the CEO; and
- b) advance and support projects for rural businesses, small businesses and business innovations that enhance economic development.

A September 2015 report by the Office of the Auditor General advised that the ACA “continue with its efforts to formalize [ACF] processes by developing and implementing comprehensive, written procedures and consistently documenting that it has followed its processes. In addition, the Authority’s grant-monitoring processes can be improved by establishing formal policies and procedures for monitoring all grants and for verifying grant recipients’ self-reported milestone and outcome information (Report No. 15-112).”

According to the Joint Legislative Budget Committee, the ACA was appropriated \$26,800,000 from the state General Fund in FY 2016.

Provisions

1. Requires the ACA to post an annual report on its website that includes, to the extent not prohibited by law:
 - a) cumulative progress made towards job creation, capital investment and average wage goals;
 - b) incentive award amounts;
 - c) applicants' projected or achieved activity; and
 - d) other relevant information.
2. Directs the ACA to develop and implement written policies and procedures for administration of ACF grants, including procedures for:
 - a) documenting grantee selection and due diligence;
 - b) verifying information submitted by grantees;
 - c) evaluating requests to amend grant terms; and
 - d) documenting decisions related to amending grant terms.
3. Continues retroactive to July 1, 2016, the ACA until July 1, 2018.
4. Makes technical changes.
5. Becomes effective on the general effective date.

Prepared by Senate Research

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GH/LB/rf