



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

AMENDED
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 grant 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. Requires the ACA to post the annual ACF report on its website.
4. Adds to the ACF reporting requirements:
 - a) the name of each grant recipient (recipient);
 - b) a comparison of committed versus actual jobs;
 - c) a comparison of the committed average annual wage versus actual average annual wage;
 - d) the percentage of the health insurance premium or membership cost the recipient offers to employees;
 - e) inclusion of any investments by third party, build-to-suit-facility developers in each grant recipient's committed capital investment; and
 - f) the total amount of grants the ACA issued since the last annual report.
5. Classifies as public record the compensation of all ACA officers and employees.
6. Continues, retroactive to July 1, 2016, the Arizona Commerce Authority until July 1, 2018.
7. Repeals the Arizona Commerce Authority on January 1, 2019.
8. Contains a purpose statement.
9. Makes technical changes.
10. Becomes effective on the general effective date, with a retroactive provision as noted.

Amendments Adopted by the House of Representatives

1. Adds reporting requirements for the ACF annual report and requires the ACA to post the report on its website.
2. Classifies all salaries of ACA employees as public records.

3. Makes a conforming change.

Senate Action

CWD	2/15/16	DP	6-1-2
3rd Read	2/25/16	DP	28-0-2

House Action

COM	3/16/16	DP	8-0-0-0
3rd Read	4/07/16	DPA	51-5-4-0

Prepared by Senate Research

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GH/LB/rf