AN ACT
AMENDING SECTION 41-1502, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1504.01; RELATING TO THE ARIZONA COMMERCE AUTHORITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 41-1502, Arizona Revised Statutes, is amended to read:

41-1502. Arizona commerce authority; board of directors; conduct of office; audit

A. The Arizona commerce authority is established. The mission of the authority is to provide private sector leadership in growing and diversifying the economy of this state, creating high quality employment in this state through expansion, attraction and retention of businesses and marketing this state for the purpose of expansion, attraction and retention of businesses.

B. The authority shall be governed by a board of directors consisting of:

1. The governor, who serves as chairperson.
2. The chief executive officer.
3. Seventeen private sector business leaders who are chief executive officers of private, for profit enterprises. None of these members may be an elected official of any government entity. These members must be appointed from geographically diverse areas of this state and not all from the same county. These members shall serve staggered three-year terms of office beginning and ending on the third Monday in January. These members shall be appointed as follows:

   (a) Nine members who are appointed by the governor.
   (b) Four members who are appointed by the president of the senate.
   (c) Four members who are appointed by the speaker of the house of representatives.

4. The following as ex officio members without the power to vote:

   (a) The president of the senate.
   (b) The speaker of the house of representatives.
   (c) The president of the Arizona board of regents.
   (d) The president of each state university under the jurisdiction of the Arizona board of regents.
   (e) One president of a community college who is appointed by a statewide organization of community college presidents.
   (f) The chairperson of the Arizona aerospace and defense commission established by article 6 of this chapter.
   (g) The chairperson of the governor's council on small business, or its successor.
   (h) The chairperson of the governor's council on workforce policy, if established by executive order pursuant to section 41-1542.
   (i) One member of the rural business development advisory council established by section 41-1505 who is appointed by the governor.
   (j) The president of a statewide organization of incorporated cities and towns who is appointed by the governor.
   (k) The president of a statewide organization of county boards of supervisors who is appointed by the governor.

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C. The following shall serve as technical advisors to the board to enhance collaboration among state agencies to meet infrastructure needs and facilitate growth opportunities throughout this state:

1. The director of environmental quality.
2. The state land commissioner.
3. The director of the department of revenue.
4. The director of the office of tourism.
5. The director of the department of transportation.
6. The director of water resources.
7. The director of the department of financial institutions.
8. The director of the Arizona-Mexico commission in the governor's office.

D. The governor shall appoint a cochairperson of the board of directors from among the voting members. The board may establish an executive committee consisting of the chairperson, THE cochairperson, the chief executive officer, and additional voting members of the board elected by the board. The chairperson may appoint subcommittees as necessary.

E. The board may request assistance from representatives of other state agencies to maximize economic development opportunities by leveraging their access to strategic assets and planning processes.

F. Board members serve without compensation but are eligible for reimbursement of expenses pursuant to section 41-1504, subsection E, paragraph 1.

G. A majority of the voting members, which must include the chairperson and the chief executive officer, constitute a quorum for the purpose of an official meeting for conducting business. An affirmative vote of a majority of the members present at an official meeting is sufficient for any action to be taken.

H. The board of directors shall keep and maintain a complete and accurate record of all of its proceedings. Public access to the board's records is subject to section 41-1504, subsection L.

I. The board of directors, executive committee, subcommittees and advisory councils are subject to title 38, chapter 3, article 3.1, relating to public meetings, except as follows:

1. In addition to the provisions of section 38-431.03, the board of directors, executive committee and subcommittees may meet in executive session for discussion about potential business development opportunities and strategies, which, if made public, could potentially harm the applicant's, THE potential applicant's or this state's competitive position.

2. Social and travel events related to the expansion, attraction and retention of businesses are not public meetings if no legal action involving a final vote or decision is taken.
3. Activities and events held in public for the purpose of announcing the expansion, attraction and retention of projects are not public meetings.

J. THE BOARD BY A FORMAL VOTE SHALL AWARD ANY GRANT, LOAN, REIMBURSEMENT, TAX INCENTIVE OR OTHER ECONOMIC DEVELOPMENT INCENTIVE AT A PUBLIC MEETING, EXCEPT THAT THE BOARD MAY MAKE AN AWARD IN EXECUTIVE SESSION IF THE AWARD, IF MADE PUBLIC, COULD POTENTIALLY HARM THE APPLICANT'S, THE POTENTIAL APPLICANT'S OR THIS STATE'S COMPETITIVE POSITION. BEFORE THE VOTE IS TAKEN, THE AUTHORITY SHALL PROVIDE AN EXPLANATION TO THE BOARD OF THE INCENTIVE AND THE PERFORMANCE MEASURES THAT THE APPLICANT IS REQUIRED TO MEET. THE BOARD SHALL POST ON THE AUTHORITY'S WEBSITE A LIST OF ALL GRANTS, LOANS, REIMBURSEMENTS, TAX INCENTIVES OR OTHER ECONOMIC DEVELOPMENT INCENTIVES AWARDED WITHIN FIVE BUSINESS DAYS AFTER THE VOTE.

K. The board of directors and the officers and employees of the authority are subject to title 38, chapter 3, article 8, relating to conflicts of interest.

L. The board of directors shall adopt written policies, procedures and guidelines for standards of conduct, including a gift policy, for members of the board and for officers and employees of the authority.

M. The authority shall operate on the state fiscal year. The board of directors shall cause an annual audit to be conducted on or before October 31 of each of the authority's public funds established by this chapter by an independent certified public accountant. The board shall immediately file a certified copy of the audit with the auditor general. The auditor general may make such further audits and examinations as necessary and may take appropriate action relating to the audit or examination pursuant to chapter 7, article 10.1 of this title. If the auditor general takes no further action within thirty days after the audit is filed, the audit is considered to be sufficient. ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE AUDITOR GENERAL SHALL SUBMIT A REPORT OF THE RESULTS OF THE AUDIT TO THE GOVERNOR AND THE LEGISLATURE AND PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF STATE.

N. BEGINNING IN 2014 AND AT LEAST EVERY THREE YEARS THEREAFTER, THE AUDITOR GENERAL SHALL CONDUCT OR CAUSE TO BE CONDUCTED A PERFORMANCE AUDIT, AS DEFINED IN SECTION 41-1278, OF THE AUTHORITY. THE AUDITOR GENERAL SHALL ISSUE A PUBLIC REPORT OF THE PERFORMANCE AUDIT. THE PUBLIC REPORT SHALL INCLUDE FINDINGS AND RECOMMENDATIONS ON THE PROCEDURES USED BY THE AUTHORITY TO EVALUATE APPLICATIONS FOR ANY GRANT, LOAN, REIMBURSEMENT, TAX INCENTIVE OR OTHER ECONOMIC DEVELOPMENT INCENTIVE AND TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF THE GRANT, LOAN, REIMBURSEMENT, TAX INCENTIVE OR OTHER ECONOMIC DEVELOPMENT INCENTIVE AWARDED.

O. All state agencies shall cooperate with the authority and make available data pertaining to the functions of the authority as requested by the authority.
Sec. 2. Title 41, chapter 10, article 1, Arizona Revised Statutes, is amended by adding section 41-1504.01, to read:

41-1504.01. Report on awards of grants, loans, reimbursements, tax incentives or other economic development incentives

A. On or before November 1 of each year, the Authority shall submit to the President of the Senate, the Speaker of the House of Representatives and the Joint Legislative Budget Committee a report on any grant, loan, reimbursement, tax incentive or other economic reimbursement awarded by the Authority. The Authority shall provide a copy of the report to the Secretary of State. The report shall include:

1. The number of direct jobs each recipient created in this state.
2. The average amount of money awarded by the Authority for each job created in this state by each recipient.
3. An estimate of the economic and fiscal impact of the incentive being awarded.

B. The report shall not include information that is made confidential by law.

C. The Authority may require recipients to submit information in a form required to complete the report.