

Fiscal Note

BILL # HB 2872

TITLE: ~~appropriation; office of defense innovation~~ NOW:
office of defense innovation

SPONSOR: Wilmeth

STATUS: House Engrossed

PREPARED BY: Nate Belcher

Description

The bill would establish an Office of Defense Innovation within the Arizona Commerce Authority for the purpose of attracting federal defense investments and contractors to Arizona.

Estimated Impact

We estimate that establishing and operating an Office of Defense Innovation would increase state spending on the order of hundreds of thousands of dollars annually. This estimate is based on recent spending by similar offices in Illinois and Indiana.

The Commerce Authority estimates an annual cost of \$350,000 to establish and operate the office.

Analysis

Several states have already established offices for purposes similar to HB 2872. Of the states we know to have such offices, only Illinois and Indiana publish details of their offices' budgets. The Illinois Military Economic Development Committee spent \$557,700 in FY 2023 and had an authorized budget of \$666,600 in FY 2024, while Indiana's Office of Defense Development expended \$513,200 in FY 2023 and \$823,600 in FY 2024.

While there is no single metric to quantify the relative size of each state's defense sector, Illinois appears to be reasonably comparable in regard to military personnel count, with Arizona having 17,350 active duty members stationed in state, compared to Illinois' personnel count of 21,494. In terms of the number of military bases, Arizona currently has 5 active military bases in state while Illinois has 3 active military bases in state.

The introduced version of HB 2872 included an appropriation of \$350,000 for the Office of Defense Innovation, but a House Science and Technology Committee amendment removed the appropriation.

Local Government Impact

None

3/7/25

