

REFERENCE TITLE: appropriation; office of defense innovation

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2872

Introduced by
Representative Wilmeth

AN ACT

AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-1529; APPROPRIATING MONIES; RELATING TO THE ARIZONA
COMMERCE AUTHORITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 41, chapter 10, article 1, Arizona Revised
3 Statutes, is amended by adding section 41-1529, to read:

4 41-1529. Arizona office of defense innovation; director;
5 advisory board; duties; annual report; definition

6 A. THE ARIZONA OFFICE OF DEFENSE INNOVATION IS ESTABLISHED IN THE
7 AUTHORITY. THE OFFICE SHALL FOSTER PARTNERSHIPS TO DRIVE INNOVATION FOR
8 DEFENSE TECHNOLOGIES IN THIS STATE AND LEVERAGE ASSETS IN THIS STATE TO
9 ATTRACT FEDERAL AND PRIVATE DEFENSE INVESTMENTS.

10 B. THE GOVERNOR SHALL APPOINT A DIRECTOR OF THE OFFICE PURSUANT TO
11 SECTION 38-211.

12 C. THE ARIZONA OFFICE OF DEFENSE INNOVATION ADVISORY BOARD IS
13 ESTABLISHED AND CONSISTS OF THE FOLLOWING MEMBERS:

14 1. THE GOVERNOR OR THE GOVERNOR'S DESIGNEE, WHO SHALL SERVE AS THE
15 CHAIRPERSON.

16 2. THE DIRECTOR OF THE OFFICE OR THE DIRECTOR'S DESIGNEE.

17 3. FIVE MEMBERS WHO ARE APPOINTED BY THE GOVERNOR.

18 4. FIVE MEMBERS WHO ARE APPOINTED BY THE PRESIDENT OF THE SENATE.

19 5. FIVE MEMBERS WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF
20 REPRESENTATIVES.

21 D. THE MEMBERS WHO ARE APPOINTED PURSUANT TO SUBSECTION C OF THIS
22 SECTION SHALL SERVE STAGGERED THREE-YEAR TERMS, SHALL BE FROM
23 GEOGRAPHICALLY DIVERSE AREAS IN THIS STATE AND SHALL BE UNITED STATES
24 CITIZENS AND ARE REQUIRED TO PASS A BACKGROUND CHECK BEFORE APPOINTMENT TO
25 THE BOARD. THE MEMBERS APPOINTED MAY REPRESENT OR HAVE RELEVANT EXPERTISE
26 IN ANY OF THE FOLLOWING:

27 1. MILITARY INSTALLATIONS IN THIS STATE.

28 2. NONTRADITIONAL ORGANIZATIONS IN DEFENSE-RELATED INDUSTRIES.

29 3. ACADEMIC INSTITUTIONS WITH RELEVANT EXPERTISE IN DEFENSE.

30 4. ECONOMIC DEVELOPMENT AGENCIES IN THIS STATE.

31 5. ENTREPRENEURIAL SUPPORT ORGANIZATIONS.

32 E. THE OFFICE SHALL:

33 1. ACT AS A LIAISON BETWEEN THE STATE AND THE UNITED STATES
34 DEPARTMENT OF DEFENSE AND ANY OTHER NATIONAL SECURITY ORGANIZATIONS,
35 INCLUDING STATE AND FEDERAL AGENCIES.

36 2. INCREASE THE AMOUNT OF FEDERAL FUNDING IN THIS STATE FOR
37 DEFENSE.

38 3. SUPPORT THE ONGOING MISSION OF THE UNITED STATES DEPARTMENT OF
39 DEFENSE IN THIS STATE AND EXPAND AND ENHANCE THE GROWTH OF THE MISSION
40 THROUGHOUT THIS STATE.

41 4. PROVIDE SUPPORT TO COMPANIES BASED IN THIS STATE THAT ARE
42 SEEKING FEDERAL DEFENSE CONTRACTS.

43 5. IDENTIFY AND SUPPORT EMERGING TECHNOLOGY THAT CAN BENEFIT
44 DEFENSE INDUSTRIES AND PROVIDE COMMERCIALIZATION SUPPORT SERVICES TO
45 ACCELERATE TECHNOLOGY DEVELOPMENT.

1 6. COLLABORATE WITH UNIVERSITIES AND RESEARCH INSTITUTIONS TO
2 INCREASE THE AMOUNT OF DEFENSE-RELATED RESEARCH AND DEVELOPMENT FUNDING
3 FOR APPLIED RESEARCH AND ADVANCE PROTOTYPING OF CRITICAL DEFENSE-RELATED
4 RESEARCH, AND COORDINATE AND FACILITATE RAPID TECHNOLOGY TRANSFER AND
5 TRANSITION CAPABILITIES.

6 7. ENHANCE WORKFORCE DEVELOPMENT PROGRAMMING THAT PREPARES
7 INNOVATORS AND INTRAPRENEURS TO SUPPORT INDUSTRIES OF THE FUTURE.

8 8. ADVOCATE FOR THIS STATE'S DEFENSE INTERESTS IN KEY POLICY AREAS
9 ACROSS GOVERNMENT.

10 9. DEVELOP AND IMPLEMENT A BIENNIAL STRATEGIC PLAN TO ENHANCE
11 COMPETITIVENESS IN DEFENSE-RELATED INDUSTRIES IN THIS STATE.

12 10. ENTER INTO PUBLIC-PRIVATE PARTNERSHIP CONTRACTS WITH ALL OF THE
13 FOLLOWING:

14 (a) NONPROFIT ORGANIZATIONS IN THIS STATE.

15 (b) EXPERIENCED AND QUALIFIED STAFF MEMBERS WHO CAN SUPPORT THE
16 FULL SCOPE OF WORK THROUGH IN-HOUSE SUPPORT, TEAMING AND SUBCONTRACTING
17 AGREEMENTS.

18 (c) A PERSON OR ENTITY WITH ALL OF THE FOLLOWING:

19 (i) DEMONSTRATED PAST PERFORMANCE WITH DEFENSE AND FEDERAL
20 CONTRACTING.

21 (ii) DEMONSTRATED COMMAND OF THE DEFENSE ECOSYSTEM IN THIS STATE.

22 (iii) DEMONSTRATED RELATIONSHIPS ACROSS THE UNITED STATES
23 DEPARTMENT OF DEFENSE AND STRATEGIC LEADERS AND TACTICAL LEVEL COMMANDS.

24 (iv) ACTIVE FACILITY SECURITY CLEARANCE AND THE ABILITY TO HOLD
25 PERSONAL SECURITY CLEARANCES.

26 (d) AN ACCOUNTING SYSTEM THAT IS COMPLIANT WITH A DEFENSE CONTRACT
27 AUDIT AGENCY.

28 11. ON OR BEFORE DECEMBER 31 OF EACH YEAR, SUBMIT A REPORT TO THE
29 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
30 REPRESENTATIVES REGARDING THE OFFICE'S ACTIVITIES, ACHIEVEMENTS AND ANY
31 RECOMMENDATIONS FOR IMPROVING THE OFFICE.

32 F. THE OFFICE MAY:

33 1. ACCEPT ANY GRANTS, GIFTS, DEVICES AND DONATIONS FROM ANY PUBLIC
34 OR PRIVATE SOURCE TO ASSIST IN CARRYING OUT THE PURPOSES OF THIS SECTION.

35 2. REQUEST ASSISTANCE FROM REPRESENTATIVES OF OTHER AGENCIES IN
36 THIS STATE TO MAXIMIZE ECONOMIC DEVELOPMENT OPPORTUNITIES.

37 G. FOR THE PURPOSES OF THIS SECTION, "OFFICE" MEANS THE ARIZONA
38 OFFICE OF DEFENSE INNOVATION.

39 Sec. 2. Appropriation; Arizona office of defense innovation;
40 exemption

41 A. The sum of \$350,000 is appropriated from the state general fund
42 in fiscal year 2025-2026 to the Arizona commerce authority to support the
43 Arizona office of defense innovation established by section 41-1529,
44 Arizona Revised Statutes, as added by this act.

1 B. The appropriation made in subsection A of this section is exempt
2 from the provisions of section 35-190, Arizona Revised Statutes, relating
3 to lapsing of appropriations.

4 Sec. 3. Legislative findings

5 The legislature finds that:

6 1. The defense industry is a critical component of the economy in
7 this state that contributes significantly to job creation, innovation and
8 national security.

9 2. States such as Michigan, Indiana and Utah have successfully
10 established offices dedicated to defense innovation that have captured
11 significant economic development opportunities.

12 3. This state has unique resources, including the state's proximity
13 to military installations and a robust technology sector, which position
14 this state to excel in defense-related economic activities.

15 Sec. 4. Short title

16 This act may be cited as the "Arizona Office of Defense Innovation
17 Act".