

House Engrossed

commerce authority; board of directors

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2754

AN ACT

AMENDING SECTIONS 41-1502, 41-1504, 41-1545.01 AND 41-1545.05, ARIZONA
REVISED STATUTES; 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. Section 41-1502, Arizona Revised Statutes, is amended to
3 read:

4 41-1502. Arizona commerce authority; board of directors;
5 conduct of office; audit

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

12 B. The authority is governed by a board of directors consisting of:

13 1. The governor, who serves as chairperson.

14 2. The chief executive officer.

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

22 (a) Nine members who are appointed by the governor.

23 (b) Four members who are appointed by the president of the senate.

24 (c) Four members who are appointed by the speaker of the house of
25 representatives.

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

27 (a) The president of the senate.

28 (b) The speaker of the house of representatives.

29 (c) The president of the Arizona board of regents.

30 (d) THE CHAIRPERSON OF THE SENATE FINANCE COMMITTEE, OR ITS
31 SUCCESSOR COMMITTEE, OR THE CHAIRPERSON'S DESIGNEE.

32 (e) THE CHAIRPERSON OF THE HOUSE OF REPRESENTATIVES INTERNATIONAL
33 TRADE COMMITTEE, OR ITS SUCCESSOR COMMITTEE, OR THE CHAIRPERSON'S
34 DESIGNEE.

35 (f) THE RANKING MINORITY PARTY MEMBER ON THE SENATE FINANCE
36 COMMITTEE, OR ITS SUCCESSOR COMMITTEE, OR THE RANKING MEMBER'S DESIGNEE.

37 (g) THE RANKING MINORITY PARTY MEMBER ON THE HOUSE OF
38 REPRESENTATIVES INTERNATIONAL TRADE COMMITTEE, OR ITS SUCCESSOR COMMITTEE,
39 OR THE RANKING MEMBER'S DESIGNEE.

40 ~~(d)~~ (h) The president of each state university under the
41 jurisdiction of the Arizona board of regents.

42 ~~(e)~~ (i) One president of a community college who is appointed by a
43 statewide organization of community college presidents.

44 ~~(f)~~ (j) The chairperson of the governor's council on small
45 business, or its successor.

1 ~~(g)~~ (k) The chairperson of the workforce Arizona council
2 established by executive order pursuant to section 41-5401.

3 ~~(h)~~ (l) One member of the rural business development advisory
4 council established by section 41-1505 who is appointed by the governor.

5 ~~(i)~~ (m) The president of a statewide organization of incorporated
6 cities and towns who is appointed by the governor.

7 ~~(j)~~ (n) The president of a statewide organization of county boards
8 of supervisors who is appointed by the governor.

9 C. For members who are appointed by the governor pursuant to
10 subsection B of this section, before appointment by the governor, a
11 prospective member of the board of directors shall submit a full set of
12 fingerprints to the governor for the purpose of obtaining a state and
13 federal criminal records check pursuant to section 41-1750 and Public Law
14 92-544. The department of public safety may exchange this fingerprint
15 data with the federal bureau of investigation.

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

- 19 1. The director of environmental quality.
- 20 2. The state land commissioner.
- 21 3. The director of the department of revenue.
- 22 4. The director of the office of tourism.
- 23 5. The director of the department of transportation.
- 24 6. The director of water resources.
- 25 7. The director of the department of insurance and financial
26 institutions.
- 27 8. The director of the Arizona-Mexico commission in the governor's
28 office.
- 29 9. The director of the office of economic opportunity.
- 30 10. An attorney who is appointed jointly by the president of the
31 senate and the speaker of the house of representatives and who has
32 experience litigating constitutional cases involving article IX, section 7
33 of the Arizona Constitution.

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

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

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

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

6 I. The board shall keep and maintain a complete and accurate record
7 of all of its proceedings. Public access to the board's records is
8 subject to section 41-1504, subsection M. The public portion of board
9 meetings shall be recorded. These recordings shall be posted on the
10 authority's website within three business days after the meeting and shall
11 remain on the website pursuant to section 38-431.01, subsection K.

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

15 1. In addition to section 38-431.03, the board, executive committee
16 and subcommittees may meet in executive session for discussion about
17 potential business development opportunities and strategies that, if made
18 public, could potentially harm the applicant's, the potential applicant's
19 or this state's competitive position.

20 2. Social and travel events related to the expansion, attraction
21 and retention of businesses are not public meetings if no legal action
22 involving a final vote or decision is taken.

23 3. Activities and events held in public for the purpose of
24 announcing the expansion, attraction and retention of projects are not
25 public meetings.

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

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

32 M. The compensation of all officers and employees is considered a
33 public record pursuant to title 39, chapter 1.

34 N. The authority shall operate on the state fiscal year. The board
35 shall cause an annual audit to be conducted on or before October 31 of
36 each of the authority's public funds established by this chapter by an
37 independent certified public accountant. The board shall immediately file
38 a certified copy of the audit with the auditor general. The auditor
39 general may make such further audits and examinations as necessary and may
40 take appropriate action relating to the audit or examination pursuant to
41 chapter 7, article 10.1 of this title. If the auditor general takes no
42 further action within thirty days after the audit is filed, the audit is
43 considered to be sufficient.

1 0. All state agencies shall cooperate with the authority and make
2 available data pertaining to the functions of the authority as requested
3 by the authority.

4 P. The authority may not have more than one hundred full-time
5 employees, excluding any full-time employees that are funded with monies
6 other than state monies.

7 Sec. 2. Section 41-1504, Arizona Revised Statutes, is amended to
8 read:

9 41-1504. Powers and duties; e-verify requirement

10 A. The board ~~of directors~~, on behalf of the authority, may:

11 1. Adopt and use a corporate seal.

12 2. Sue and be sued.

13 3. Enter into contracts as necessary to carry out the purposes and
14 requirements of this chapter, including intergovernmental agreements
15 pursuant to title 11, chapter 7, article 3 and interagency service
16 agreements as provided by section 35-148.

17 4. Lease real property and improvements to real property for the
18 purposes of the authority. Leases by the authority are exempt from
19 chapter 4, article 7 of this title, relating to management of state
20 properties.

21 5. Employ or retain legal counsel and other consultants as
22 necessary to carry out the purposes of the authority.

23 6. Develop and use written policies, procedures and guidelines for
24 the terms and conditions of employing officers and employees of the
25 authority and may include background checks of appropriate personnel.

26 B. The board ~~of directors~~, on behalf of the authority, shall:

27 1. Develop comprehensive long-range strategic economic plans for
28 this state and submit the plans to the governor.

29 2. Annually update a strategic economic plan for submission to the
30 governor.

31 3. Accept gifts, grants and loans and enter into contracts and
32 other transactions with any federal or state agency, municipality, private
33 organization or other source.

34 C. The authority shall:

35 1. Assess and collect fees for processing applications and
36 administering incentives. The board shall adopt the manner of computing
37 the amount of each fee to be assessed. Within thirty days after proposing
38 fees for adoption, the chief executive officer shall submit a schedule of
39 the fees for review by the joint legislative budget committee. It is the
40 intent of the legislature that a fee shall not exceed one percent of the
41 amount of the incentive.

42 2. Determine and collect registry fees for the administration of
43 the allocation of federal tax exempt industrial development bonds and
44 student loan bonds authorized by the authority. Such monies collected by
45 the authority shall be deposited, pursuant to sections 35-146 and 35-147,

1 in an application fees fund. Monies in the fund shall be used, subject to
2 annual appropriation by the legislature, by the authority to administer
3 the allocations provided in this paragraph and are exempt from the
4 provisions of section 35-190 relating to the lapsing of appropriations.

5 3. Determine and collect security deposits for the allocation, for
6 the extension of allocations and for the difference between allocations
7 and principal amounts of federal tax exempt industrial development bonds
8 and student loan bonds authorized by the authority. Security deposits
9 forfeited to the authority shall be deposited in the state general fund.

10 4. ~~At the direction of the board~~ SUBJECT TO LEGISLATIVE
11 APPROPRIATION FOR THAT SPECIFIC PURPOSE, establish and supervise the
12 operations of full-time or part-time offices in other states and foreign
13 countries for the purpose of expanding direct investment and export trade
14 opportunities for businesses and industries in this state if, based on
15 objective research, the authority determines that the effort would be
16 beneficial to the economy of this state. ON OR BEFORE DECEMBER 1 OF EACH
17 YEAR, THE AUTHORITY SHALL SUBMIT A REPORT TO THE JOINT LEGISLATIVE BUDGET
18 COMMITTEE ON THE ACTIVITIES OF EACH TRADE OFFICE OPERATED BY THE AUTHORITY
19 DURING THE PRIOR FISCAL YEAR.

20 5. Establish a program by which entrepreneurs become aware of
21 permits, licenses or other authorizations needed to establish, expand or
22 operate in this state.

23 6. Post on its website on an annual basis a report that contains at
24 least the following information, and submit a copy to the governor, the
25 president of the senate and the speaker of the house of representatives:

26 (a) The cumulative progress made toward its goals for direct job
27 creation, capital investment and higher average wages and the estimated
28 number of indirect jobs and induced jobs created as a result of the work
29 and the programs of the authority.

30 (b) To the extent not prohibited by law, information on each
31 incentive application approved by the authority in the fiscal year,
32 including the amount of the incentive approved or awarded and the
33 applicant's activity that is projected or has been achieved, whichever is
34 applicable, to qualify for the incentive.

35 (c) Rural economic development outreach and impact data.

36 (d) Small business outreach and impact data.

37 7. Develop and implement written policies and procedures relating
38 to the administration of grants from the Arizona competes fund established
39 by section 41-1545.01, including the following elements:

40 (a) Procedures for documenting grantee selection and due diligence.

41 (b) Procedures for verification of information submitted by
42 grantees.

43 (c) Procedures for evaluating requests to amend grant terms and for
44 documenting decisions relating to those requests.

1 8. Notwithstanding any other law, on request of the office of
2 economic opportunity, disclose to the office of economic opportunity
3 applicant information for incentives administered, in whole or in part, by
4 the authority. Any confidentiality requirements provided by law
5 applicable to the information disclosed pursuant to this paragraph apply
6 to the office of economic opportunity.

7 9. On or before December 31 of each year, compile the data
8 collected pursuant to subsection F of this section and submit a report to
9 the governor, the president of the senate, the speaker of the house of
10 representatives and the secretary of state.

11 D. The authority, through the chief executive officer, may:

12 1. Contract and incur obligations reasonably necessary or desirable
13 within the general scope of the authority's activities and operations to
14 enable the authority to adequately perform its duties.

15 2. Use monies, facilities or services to provide matching
16 contributions under federal or other programs that further the objectives
17 and programs of the authority.

18 3. Accept gifts, grants, matching monies or direct payments from
19 public or private agencies or private persons and enterprises for the
20 conduct of programs that are consistent with the general purposes and
21 objectives of this chapter.

22 4. Assess business fees for promotional services provided to
23 businesses that export products and services from this state. The fees
24 shall not exceed the actual costs of the services provided.

25 5. Establish and maintain one or more accounts in banks or other
26 depositories, for public or private monies of the authority, from which
27 operational activities, including payroll, vendor and grant payments, may
28 be conducted. Individual funds that are established by law under the
29 jurisdiction of the authority may be maintained in separate accounts in
30 banks or other depositories, but shall not be commingled with any other
31 monies or funds of the authority.

32 E. The chief executive officer shall:

33 1. Hire employees and prescribe the terms and conditions of their
34 employment as necessary to carry out the purposes of the authority. The
35 board of directors shall adopt written policies, procedures and
36 guidelines, similar to those adopted by the department of administration,
37 regarding officer and employee compensation, observed holidays, leave and
38 reimbursement of travel expenses and health and accident insurance. The
39 officers and employees of the authority are exempt from any laws
40 regulating state employment, including:

41 (a) Chapter 4, articles 5 and 6 of this title, relating to state
42 service.

43 (b) Title 38, chapter 4, article 1 and chapter 5, article 2,
44 relating to state personnel compensation, leave and retirement.

1 (c) Title 38, chapter 4, article 2, relating to reimbursement of
2 state employee expenses.

3 (d) Title 38, chapter 4, article 4, relating to health and accident
4 insurance.

5 2. Maintain three full-time employees to serve as advocates for
6 small and rural businesses on economic development and regulatory matters
7 before cities, towns, counties or state agencies. Two of the full-time
8 employees shall be dedicated to small business growth, support and
9 regulation, one of whom shall serve as a small business ombudsman. One of
10 the full-time employees shall be dedicated to rural economic development.

11 3. On a quarterly basis, provide public record data in a manner
12 prescribed by the department of administration related to the authority's
13 revenues and expenditures for inclusion in the comprehensive database of
14 receipts and expenditures of state monies pursuant to section 41-725.

15 F. On or before September 30 of each year, each city, town and
16 county in this state shall submit to the authority the city's, town's or
17 county's statistics for the preceding fiscal year that include all of the
18 following:

19 1. The average time from the submission of an initial building
20 permit application to a certificate of occupancy.

21 2. The average time from the submission of a zoning application to
22 zoning approval.

23 3. The average time from the submission of a final plat to the
24 recordation of the final plat.

25 4. Any other statistics as determined by the authority or the
26 municipality time frames advisory committee established by section 41-1527
27 relating to municipal and county support for economic development
28 projects.

29 G. In addition to any other requirement, in order to qualify for
30 any grant, loan, reimbursement, tax incentive or other economic
31 development incentive pursuant to this chapter, an applicant that is an
32 employer must register with and participate in the e-verify program in
33 compliance with section 23-214. The authority shall require verification
34 of compliance with this subsection as part of any application process.

35 H. Notwithstanding any other law, the authority is subject to
36 chapter 3.1, article 1 of this title, relating to risk management.

37 I. The authority is exempt from title 18, chapter 1, articles 1 and
38 2, relating to statewide information technology. The authority shall
39 adopt policies, procedures and guidelines regarding information
40 technology.

41 J. The authority is exempt from state general accounting and
42 finance practices and rules adopted pursuant to chapter 4, article 3 of
43 this title, but the board shall adopt written accounting practices,
44 systems and procedures for the economic and efficient operation of the
45 authority. The authority shall adopt policies pursuant to this subsection

1 that prohibit using state monies as defined in section 35-321 to provide
2 business executives lodging, alcoholic beverages, personal transportation
3 or tickets to entertainment events for the purposes of attracting
4 businesses to this state.

5 K. The authority is exempt from section 41-712, relating to the
6 installation and maintenance of telecommunication systems.

7 L. The authority may lease or purchase motor vehicles for use by
8 employees to conduct business activities. The authority is exempt from
9 section 28-472, relating to the state motor vehicle fleet, and title 38,
10 chapter 3, article 10, relating to vehicle usage and markings.

11 M. Any tangible or intangible record submitted to or compiled by
12 the board or the authority in connection with its work, including the
13 award of monies, is subject to title 39, chapter 1, unless an applicant
14 shows, or the board or authority determines, that specific information
15 meets either of the following:

16 1. If made public, the information would divulge the applicant's or
17 potential applicant's trade secrets, as defined in section 44-401.

18 2. If made public, the information could potentially harm the
19 applicant's, the potential applicant's or this state's competitive
20 position relating to potential business development opportunities and
21 strategies.

22 N. The authority is exempt from chapter 25, article 1 of this
23 title, relating to government competition with private enterprise.

24 Sec. 3. Section 41-1545.01, Arizona Revised Statutes, is amended to
25 read:

26 41-1545.01. Arizona competes fund

27 A. The Arizona competes fund is established consisting of:

28 1. Withholding tax revenues allocated to the fund from the job
29 creation withholdings clearing account pursuant to section 43-409,
30 subsection B, paragraph 2.

31 2. Any other amounts dedicated to the fund by law.

32 3. Gifts, grants and other donations received for that purpose.

33 4. Any available monies received from the United States government,
34 including monies from the American recovery and reinvestment act of 2009
35 (P.L. 111-5).

36 B. Monies credited to the fund may be deposited in the state
37 treasury or in a bank or other depository pursuant to section 41-1504,
38 subsection D, paragraph 5.

39 C. The chief executive officer shall administer the fund. On
40 notice from the chief executive officer, the state treasurer shall invest
41 and divest any monies in the fund deposited in the state treasury as
42 provided by section 35-313, and monies earned from investment shall be
43 credited to the fund. Monies in the fund are exempt from the provisions
44 of section 35-190 relating to lapsing of appropriations.

1 D. SUBJECT TO LEGISLATIVE APPROPRIATION, the chief executive
2 officer shall use monies in the fund exclusively for the purposes of this
3 article.
4 Sec. 4. Section 41-1545.05, Arizona Revised Statutes, is amended to
5 read:
6 41-1545.05. Program termination
7 The program established by this article ends on July 1, ~~2026~~ 2030.
8 Sec. 5. Retroactivity
9 Section 41-1545.05, Arizona Revised Statutes, as amended by this
10 act, applies retroactively to from and after June 30, 2026.