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REFERENCE TITLE: commerce authority; board of directors

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

HB 2754

Introduced by
Representative Rivero

AN ACT

AMENDING SECTIONS 41-1502, 41-1504 AND 41-1545.01, ARIZONA REVISED STATUTES; REPEALING SECTION 41-1545.05, ARIZONA REVISED STATUTES; 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 is 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 CHAIRPERSON OF THE SENATE FINANCE COMMITTEE, OR ITS SUCCESSOR COMMITTEE, OR THE CHAIRPERSON'S DESIGNEE.

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

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

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

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

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

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

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

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

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

D. 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 insurance and financial institutions.

8. The director of the Arizona-Mexico commission in the governor's office.

9. The director of the office of economic opportunity.

10. An attorney who is appointed jointly by the president of the senate and the speaker of the house of representatives and who has experience litigating constitutional cases involving article IX, section 7 of the Arizona Constitution.

E. 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.

F. 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.

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

H. 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.

I. The board 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 M. The public portion of board meetings shall be recorded. These recordings shall be posted on the authority's website within three business days after the meeting and shall remain on the website pursuant to section 38-431.01, subsection K.

J. 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 section 38-431.03, the board, executive committee and subcommittees may meet in executive session for discussion about potential business development opportunities and strategies that, 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.

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

N. The authority shall operate on the state fiscal year. The board 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.

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.

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

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

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

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

1. Adopt and use a corporate seal.

2. Sue and be sued.

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

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

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

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

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

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

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

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

C. The authority shall:

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

2. Determine and collect registry fees for the administration of the allocation of federal tax exempt industrial development bonds and student loan bonds authorized by the authority. Such monies collected by the authority shall be deposited, pursuant to sections 35-146 and 35-147, in an application fees fund. Monies in the fund shall be used, subject to annual appropriation by the legislature, by the authority to administer the allocations provided in this paragraph and are exempt from the provisions of section 35-190 relating to the lapsing of appropriations.

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

4. ~~At the direction of the board~~ SUBJECT TO LEGISLATIVE APPROPRIATION FOR THAT SPECIFIC PURPOSE, establish and supervise the operations of full-time or part-time offices in other states and foreign

countries for the purpose of expanding direct investment and export trade opportunities for businesses and industries in this state if, based on objective research, the authority determines that the effort would be beneficial to the economy of this state. ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE AUTHORITY SHALL SUBMIT A REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE ON THE ACTIVITIES OF EACH TRADE OFFICE OPERATED BY THE AUTHORITY DURING THE PRIOR FISCAL YEAR.

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

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

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

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

(c) Rural economic development outreach and impact data.

(d) Small business outreach and impact data.

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

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

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

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

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

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

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

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

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

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

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

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

E. The chief executive officer shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

J. The authority is exempt from state general accounting and finance practices and rules adopted pursuant to chapter 4, article 3 of this title, but the board shall adopt written accounting practices, systems and procedures for the economic and efficient operation of the authority. The authority shall adopt policies pursuant to this subsection that prohibit using state monies as defined in section 35-321 to provide business executives lodging, alcoholic beverages, personal transportation or tickets to entertainment events for the purposes of attracting businesses to this state.

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

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

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

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

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

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

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

41-1545.01. Arizona competes fund

A. The Arizona competes fund is established consisting of:

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

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

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

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

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

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

D. SUBJECT TO LEGISLATIVE APPROPRIATION, the chief executive officer shall use monies in the fund exclusively for the purposes of this article.

Sec. 4. Repeal

Section 41-1545.05, Arizona Revised Statutes, is repealed.

Sec. 5. Retroactivity

Section 41-1545.05, Arizona Revised Statutes, as repealed by this act, applies retroactively to from and after June 30, 2026.