

Arizona Commerce Authority

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 BASELINE
OPERATING BUDGET			
Personal Services	5,460,500	5,460,500	5,460,500
Employee Related Expenditures	1,201,400	1,201,400	1,201,400
Professional and Outside Services	1,489,800	1,489,800	1,489,800
Travel - In State	87,600	87,600	87,600
Travel - Out of State	156,800	156,800	156,800
Other Operating Expenditures	1,548,100	1,548,100	1,548,100
Equipment	55,800	55,800	55,800
OPERATING SUBTOTAL	10,000,000	10,000,000	10,000,000 ^{1/}
SPECIAL LINE ITEMS			
Arizona Competes Fund Deposit	55,500,000	5,500,000	5,500,000
Blockchain/Wearable Research	5,000,000	5,000,000	0
Economic Development Marketing and Attraction	0	1,000,000	1,000,000
Major Events Fund Deposit	7,500,000	7,500,000	7,500,000
Water Infrastructure and Commerce Grant Fund Deposit	0	15,000,000	0
Trade Offices			
Asian Trade Offices	0	750,000	750,000
Frankfurt, Germany Trade Office	250,000	500,000	500,000
Israel Trade Office	175,000	300,000	300,000
Mexico Trade Offices	500,000	500,000	500,000
AGENCY TOTAL	78,925,000	46,050,000	26,050,000 ^{2/}
FUND SOURCES			
General Fund	78,925,000	41,050,000	26,050,000
<u>Other Appropriated Funds</u>			
State Web Portal Fund	0	5,000,000	0
SUBTOTAL - Other Appropriated Funds	0	5,000,000	0
SUBTOTAL - Appropriated Funds	78,925,000	46,050,000	26,050,000
Other Non-Appropriated Funds	11,912,000	16,201,900	16,201,900
Federal Funds	2,810,200	48,722,000	48,722,000
TOTAL - ALL SOURCES	93,647,200	110,973,900	90,973,900

AGENCY DESCRIPTION — The Arizona Commerce Authority (ACA) promotes economic, community, and workforce development. The ACA's duties include the support of statewide business expansion, retention, attraction, workforce development and job training, online assistance for new business start-ups, and tax credit administration.

FOOTNOTES

- ^{1/} Pursuant to section 43-409, Arizona Revised Statutes, of the amounts listed above, \$15,500,000 of the state general fund withholding tax revenues is allocated in fiscal year 2023-2024 to the Arizona commerce authority, of which \$10,000,000 is credited to the Arizona commerce authority fund established by section 41-1506, Arizona Revised Statutes, and \$5,500,000 is credited to the Arizona competes fund established by section 41-1545.01, Arizona Revised Statutes. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget Deposit

The Baseline includes \$10,000,000 from the General Fund in FY 2024 for the operating budget. This amount is unchanged from FY 2023.

Arizona Competes Fund Deposit

The Baseline includes \$5,500,000 from the General Fund in FY 2024 for deposit into the Arizona Competes Fund. This amount is unchanged from FY 2023.

Additionally, the fund also receives a non-appropriated deposit of \$3,500,000 in lottery revenues pursuant to A.R.S. § 4-572. In total, the fund receives \$9,000,000 annually.

Monies in the Arizona Competes Fund are utilized to issue grants to attract, retain, and support businesses in Arizona.

At least 30% of monies appropriated to the Arizona Competes Fund are to be used for rural and small business grants. Of this amount, 30%, up to \$1,000,000, is reserved for microenterprise development.

A further 25% of the monies are reserved for businesses not located in Maricopa County with preference given to a county located on the Arizona-Mexico border, a county in which a military facility is located, or projects on tribal lands.

Blockchain/Wearable Research

The Baseline includes no funding in FY 2024 for the Blockchain/Wearable Research line item. Adjustments are as follows:

Remove One Time Funding

The Baseline includes a decrease of \$(5,000,000) from the State Web Portal Fund in FY 2024 for removal of one-time funding for research into blockchain and wearable technology.

Of the monies in this line item for FY 2023, \$500,000 is to be distributed to applied research centers specializing in blockchain research, \$3,000,000 is dedicated to applied research centers specializing in wearable technology, and the remaining \$1,500,000 is to be distributed to applied research centers in a technology discipline approved by the authority.

Economic Development Marketing and Attraction

The Baseline includes \$1,000,000 from the General Fund in FY 2024 for the Economic Development Marketing and Attraction line item. This amount is unchanged from FY 2023.

Monies in this line item fund marketing campaigns designed to attract industries such as advanced manufacturing to Arizona.

Major Events Fund Deposit

The Baseline includes \$7,500,000 from the General Fund in FY 2024 to be deposited into the Major Events Fund. This amount is unchanged from FY 2023.

The Major Events Fund was initially created by the FY 2022 Budget Procedures Budget Reconciliation Bill (BRB), which was determined by the Arizona Supreme Court to be unconstitutional. The FY 2023 Budget Implementation BRB re-established the fund in statute. A General Appropriation Act footnote makes the FY 2022 appropriation non-lapsing until the end of FY 2023.

The FY 2022 budget's 3-year spending plan includes funding the program at \$7,500,000 annually as a pilot program through FY 2025.

Water Infrastructure and Commerce Grant Fund Deposit

The Baseline includes no funding in FY 2024 for the Water Infrastructure and Commerce Grant Fund Deposit line item. Adjustments are as follows:

Remove One-Time Deposit

The Baseline includes a decrease of \$(15,000,000) from the General Fund in FY 2024 for removal of a deposit for the distribution of water infrastructure grants via the Water Infrastructure and Commerce Grant Fund. This fund provides water infrastructure grants to public service corporations acting on behalf of an employer with at least 250 employees and that are located in a county with a population of not less than 400,000 and less than 1,000,000.

Trade Offices

Asian Trade Offices

The Baseline includes \$750,000 from the General Fund in FY 2024 for the Asian Trade Offices line item. This amount is unchanged from FY 2023.

Currently, the ACA funds one trade office each in South Korea and Taiwan.

Frankfurt, Germany Trade Office

The Baseline includes \$500,000 from the General Fund in FY 2024 for the Frankfurt, Germany Trade Office. This amount is unchanged from FY 2023.

Israel Trade Office

The Baseline includes \$300,000 from the General Fund in FY 2024 for the Israel Trade Office. This amount is unchanged from FY 2023.

Mexico Trade Offices

Currently, the ACA funds trade offices in Mexico City, Guanajuato, and Chihuahua.

The Baseline includes \$500,000 from the General Fund in FY 2024 to operate trade offices in Mexico. This amount is unchanged from FY 2023.

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Application Fees Fund (CAA3005/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: A processing fee equal to 1% of the relevant tax credit being refunded per tax credit application.		
Purpose of Fund: To provide funding for staff to determine if taxpayers who qualify for a tax credit for increased research activities qualify for other income tax funds.		
Funds Expended	809,100	3,715,100
Year-End Fund Balance	3,612,500	897,400
Arizona Commerce Authority Carryover Fund (CAA1001/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Leftover funds and residual revenue transferred from various funds belonging to the Arizona Department of Commerce.		
Purpose of Fund: To provide deal closing grants to businesses for the purpose of attracting, expanding, or retaining businesses and to support programs and projects for rural Arizona and small businesses that enhance economic development.		
Funds Expended	4,200	417,600
Year-End Fund Balance	711,500	585,800
Arizona Commerce Authority Fund (CAA2547/A.R.S. § 41-1506)		Non-Appropriated
Source of Revenue: An annual deposit of \$10,000,000 in corporate income tax withholding revenues, gifts, grants, and other donations.		
Purpose of Fund: To fund the operating costs of the Authority. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	684,000	684,000
Arizona Competes Fund (CAA2548/A.R.S. § 41-1545.01)		Non-Appropriated
Source of Revenue: Receives an annual deposit of \$5,500,000 in income tax withholding revenues, \$3,500,000 in lottery ticket sales revenues, gifts, grants, and other donations.		
Purpose of Fund: To provide deal closing grants to businesses for the purpose of attracting, expanding, or retaining businesses and to support programs and projects for rural Arizona and small businesses that enhance economic development. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	113,431,600	104,965,600
Arizona Coronavirus Relief Fund (CAA3002/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received by the state from the federal COVID-19 response legislation. Arizona received \$1.86 billion from the Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act based on the state's share of the population.		
Purpose of Fund: Monies are allocated by the Governor to supplement costs of the state's COVID-19 response, including necessary expenditures incurred by the state due to the public health emergency from March 1, 2020 to December 30, 2020.		
Funds Expended	517,600	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Arizona Innovation Accelerator Fund (CAA9507/A.R.S. § 35-142)		Federal Funds
Source of Revenue: Funds in the form of loans from the U.S. Department of Treasury under the State Small Business Credit Initiative Act of 2010.		
Purpose of Fund: To provide loans to small businesses and foster business expansion, capital investment, and job creation in Arizona.		
Funds Expended	25,400	3,652,100
Year-End Fund Balance	18,795,700	15,218,300
Arizona Job Training Fund (CAA1237/A.R.S. § 41-1544 [REPEALED])		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants, and interest earned on investments. The FY 2015 Revenue Budget Reconciliation Bill repealed the job training tax that had been previously deposited in the fund effective December 31, 2015. Laws 2017, Chapter 307 allowed ACA to continue to make grants from the fund until December 31, 2020, and grantees were required to expend all funds by June 20, 2022, when the fund expired. All monies in the fund as of the repeal date were transferred to the General Fund.		
Purpose of Fund: To provide training and retraining for specific employment opportunities with new and expanding businesses or businesses undergoing economic conversion. Training shall be through the community college system, a licensed private post-secondary educational institution, or a community college operated by a tribal government, unless the employer requests another qualified training provider. Of the monies appropriated to the fund, 25% is set aside for rural and small businesses.		
Funds Expended	3,113,800	0
Year-End Fund Balance	12,362,600	0
Asian Trade Offices Fund (CAA1024/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To support foreign trade offices in Asia and assist Arizona companies in entering the Asian market. It will also expand the state's international trade and foreign direct investment opportunities. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Blockchain/Wearables Fund (CAA1016/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations		
Purpose of Fund: Monies in the fund are for distribution to applied research centers and institutes located in this state that specialize in blockchain or wearable technology. Expenditures are not displayed to avoid double counting the original General Fund appropriations to this fund.		
Funds Expended	0	0
Year-End Fund Balance	2,750,000	2,600,000
Coronavirus State and Local Fiscal Recovery Fund (CAA2985/ U.S. P.L. 117-2)		Federal Funds
Source of Revenue: Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2).		
Purpose of Fund: To provide emergency support to households, small businesses, nonprofits, workers performing essential work, and certain industries negatively impacted by the COVID-19 pandemic. To extend government services that received a reduction in revenue as a result of the COVID-19 pandemic. To make investments in water, sewer, and broadband infrastructure.		
Funds Expended	0	36,245,300
Year-End Fund Balance	0	(137,600)
Donations Fund (CAA3189/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Gifts, grants, and donations.		
Purpose of Fund: To be expended in accordance with the restrictions placed on the respective gift, grant, or donation.		
Funds Expended	39,700	51,000
Year-End Fund Balance	36,000	35,000

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Economic Development Fund (CAA1026/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: State and local government grants.		
Purpose of Fund: To assist the agency in its operations.		
Funds Expended	4,488,800	7,850,800
Year-End Fund Balance	(1,042,200)	(721,900)
Economic Development Marketing and Attraction Fund (CAA1003/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To fund a special line item marketing program to attract businesses to the state, particularly advanced manufacturers.		
Funds Expended	0	1,000,000
Year-End Fund Balance	0	0
Federal Funds (CAA2000/A.R.S. § 35-142)		Federal Funds
Source of Revenue: Federal grants for community development, job training, and home programs.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing federal grants.		
Funds Expended	2,784,800	8,824,600
Year-End Fund Balance	(622,700)	28,794,200
Frankfurt Germany Fund (CAA1023/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To support a foreign trade office in Frankfurt, Germany and assist Arizona companies in entering the German market. It will also expand the state's international trade and foreign direct investment opportunities. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Institute for Automated Mobility Fund (CAA4080/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Private donations, grant proceeds, and support from other ACA funds.		
Purpose of Fund: To account for the activities related to the Institute for Automated Mobility established by Executive Order 2018-09 to support the advancement of autonomous vehicles in Arizona.		
Funds Expended	323,400	317,400
Year-End Fund Balance	221,400	149,000
Israel Trade Office Fund (CAA1021/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: General Fund as well as donations from public and private entities.		
Purpose of Fund: To support a trade office in Tel Aviv, Israel and assist the state's international trade and foreign direct investment opportunities. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	3,700	3,700
Major Events Fund (CAA9999/A.R.S. § 41-1506.02)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To support the planning and operation of the competitive bid process for major events in coordination with the office of tourism, destination marketing organizations and local organizing committees. To negotiate and make grants to local organizing committees or equivalent organizations for the operating costs of major events and for other economic development activities associated with major event operations.		
Funds Expended	0	0
Year-End Fund Balance	7,500,000	1,101,200

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Mexico Trade Office Fund (CAA1020/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: General Fund, the City of Phoenix, the City of Tucson, Maricopa Association of Governments, and other public and private entities.		
Purpose of Fund: To support trade offices in Mexico City, Guanajuato, and Chihuahua, Mexico and assist Arizona companies in entering the Mexican market. It will also expand the state's international trade and foreign direct investment opportunities. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	426,600	426,600
Non-Federal Grant Fund (CAA3010/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Unrestricted donations.		
Purpose of Fund: To be expended as stipulated by state statutes authorizing grants.		
Funds Expended	75,000	0
Year-End Fund Balance	0	0
RevAZ Fund (CAA9971/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Fees paid by private-sector entities for services in conjunction with the federal Manufacturing Extension Partnership.		
Purpose of Fund: To assist in manufacturing sector business development and management.		
Funds Expended	1,656,200	2,850,000
Year-End Fund Balance	513,500	513,500
Rural Broadband Grants Fund (CAA1006/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To expand Internet access to rural households, schools, and libraries. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	600	0
State Web Portal Fund (CAA2531/A.R.S. § 18-421)		Appropriated
Source of Revenue: Legislative appropriations, web portal usage fees, private grants or donations, or federal government funding.		
Purpose of Fund: To distribute to applied research centers and the Institute of Automated Mobility who specialize in blockchain, wearable technology or automated mobility research.		
Funds Expended	0	5,000,000
Year-End Fund Balance	0	0
State Workforce Programs (CAA1025/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Intrastate agreements between the ACA and the Governor's Office. Funding also comes from a portion of the state's allocation from the federal Workforce Innovation and Opportunity Act.		
Purpose of Fund: To carry out workforce-related projects on behalf of the Governor's Office.		
Funds Expended	884,200	0
Year-End Fund Balance	(390,400)	0
Water Infrastructure and Commerce Grant Fund (CAA1090/A.R.S. § 41-1510)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To fund water infrastructure and commerce grant disbursements.		
Funds Expended	0	0
Year-End Fund Balance	0	0