



ARIZONA STATE SENATE
Forty-ninth Legislature, First Regular Session

PROGRAM PRESENTATION

Arizona Department of Commerce - Commerce & Economic Development Commission;
Marketing & Business Attraction

Background

Arizona Department of Commerce

The Arizona Department of Commerce (ADOC) promotes economic, community and workforce development. ADOC's duties include: economic research and information; statewide support for business expansion and attraction; international trade offices; workforce development and job training; assistance for new and growing businesses; community planning and rural assistance for infrastructure development; and film and television production promotion. ADOC also houses the Arizona Energy Office.

Commerce and Economic Development Commission

The Commerce and Economic Development Commission (CEDC), which is within the ADOC, was established in 1989 and provides oversight for the short-term and long-term economic development initiatives in the statewide economic development strategic plan. CEDC also administers the CEDC Fund.

Marketing and Business Attraction

Marketing and business attraction, which is also within the ADOC, includes: business attraction (including the Arizona Film Office); international trade and investment; and the recycled materials market development program.

Foreign Direct Investment & Trade Offices

ADOC promotes international business development and foreign business expansion into Arizona through its foreign investment and export promotion programs and its trade offices. The International Trade and Investment Office (ITIO) markets Arizona products and services for export and seeks to draw foreign investment into Arizona. ITIO supports offices in Canada, Europe, Mexico and Japan.

Business Attraction & Expansion

The Business Attraction and Office of Innovation (BAOI) markets Arizona nationally and internationally to businesses in aerospace, information technology, bioscience and environmental technology.

The Arizona Film Office promotes film and television production projects, helps develop the next generation of film and television industry professionals and encourages continued industry growth in Arizona.

Recycled Materials Market Development Program

The Arizona Recycled Materials Market Development Program (Az Recycled) started in 1992 and created a recycling development program at ADOC and the Arizona Department of Environmental Quality (ADEQ). Az Recycled develops local markets for recycling programs and assists in job creation and recycling based business capital investment. Az Recycled encourages the use of recycled materials by new and existing businesses, attracts recycling based businesses to Arizona and assists in business expansion.

Fiscal Information

CEDC Fund – The CEDC Fund is partially appropriated, providing special line item funding for several programs such as the Rural Economic Development Initiative, the Main Street Program, Small Business Services, and advertising and promotion for business attraction and expansion.

The funding comes from at least 21.5 percent of the revenues generated by two of the Arizona Lottery's scratch games as well as principal and interest payments on loans and securities and investment management fees paid by private business. In FY 2008-2009, \$5,374,700 from the CEDC Fund is to be swept to the state General Fund (GF).

International Trade Offices – In FY 2008-2009, \$1,716,600 was appropriated for international trade offices, which includes \$749,800 from the GF and \$966,800 from the CEDC Fund.

BAOI – \$659,200 was appropriated in FY 2008-2009 from the CEDC Fund for advertising and promotion.

Film Office – Laws 2008, Chapter 291, authorizes \$377,700 and six full-time positions to be paid from the annual set aside amount from motion picture income tax credits instead of the GF in FY 2008-2009.

AZ Recycled – AZ Recycled is funded by a portion of the \$.25 per ton landfill ADEQ disposal fee through an Interagency Service Agreement with ADOC.

FY 2008-2009 Budget Action

In FY 2008-2009, \$5,374,700 from the CEDC Fund is to be swept to the GF.

Committee Activity

The Committee on Commerce and Economic Development met Tuesday, February 3, 2009, and reviewed ADOC and received testimony. The topics discussed were:

- ADOC agency overview.
 - CEDC
 - Marketing and Business Attraction

Attachments

- 1) Power Point slides from ADOC's program presentation on February 3, 2009.
- 2) Marketing and Business Attraction document prepared by ADOC for the Commerce and Economic Development Committee meeting on February 3, 2009.

Prepared by Senate Research
February 4, 2009
GK/jas