



ARIZONA STATE SENATE
Forty-ninth Legislature, First Regular Session

PROGRAM PRESENTATION
Rural Community Assistance

Background

The Arizona Department of Commerce (ADOC) administers various programs that assist rural communities. These programs include the Main Street Program, Rural Economic Development Initiative (REDI) Matching Grants, the Growing Smarter Planning Grant Program (GSPGP) and the Greater Arizona Development Authority (GADA). In addition, the budget includes a special line item for the Rural Economic Development Program (REDP), which provides funding for coordinating rural development for the ADOC.

Fiscal Information

Main Street Program

Laws 1986, Chapter 231, establishes the Main Street Program with the responsibility of revitalizing central business districts in rural communities based on developing marketing and management techniques as an economic development strategy for local governments. The Main Street Program aims to attract new businesses, jobs and private investment to rural cities and towns by improving the physical appearance of downtown areas. In FY 2008-2009, \$130,000 is appropriated from the Commerce and Economic Development Commission (CEDC) Fund for the Main Street Program.

Rural Economic Development Initiative Matching Grants

The REDI Matching Grants Program provides direct assistance to rural communities in order to organize economic development programs and evaluate existing community resources. REDI matching grants focus on capital investment and job growth in rural areas of Arizona. When a local community is awarded a REDI grant it is responsible for matching the full amount of the grant. In FY 2008-2009, \$45,000 is appropriated from the CEDC Fund for the REDI Matching Grants Program.

Growing Smarter Planning Grant Program

The GSPGP awards matching grants to assist rural communities and counties in their efforts to adopt and implement general and comprehensive plans. All Growing Smarter plans have already been adopted by municipalities, and ADOC's role is supervisory in awarding monies for existing plans. In FY 2008-2009, \$104,000 is appropriated to the Economic Development Matching Funds line item from the CEDC Fund, which in turn funds both the GSPGP and the REDI Matching Grants Program.

Greater Arizona Development Authority

Laws 1997, Chapter 208, establishes GADA, which serves as a bond guarantor and issuer. GADA allows local authorities to finance infrastructure projects or to refinance outstanding bonds that were issued to construct or improve infrastructure at lower interest rates than what they could otherwise obtain on the market. Local authorities make debt service payments on GADA bonds to the authority, which in turn pays the monies to bondholders. The FY 2008-2009 enacted budget provides no funding from the state General Fund for GADA.

Rural Economic Development Program

The REDP provides personnel to rural communities to help access financing mechanisms and technical assistance to address community infrastructure needs. Under the REDP, a program coordinator is responsible for designing a three-year economic development educational and training program to be implemented by participating communities and areas. The program coordinator is also responsible for the expenditure of any available federal monies to support the program. In FY 2008-2009, \$340,100 and four full-time equivalent positions are appropriated from the state General Fund for the REDP.

Auditor General Report Findings

The Auditor General's September 2003 Performance Audit of ADOC identified two options for rural development programs: eliminating them entirely or retaining them. The report indicated that grants and technical support for rural communities are available from other sources, such as the State Historic Preservation Office and private fundraising efforts. However, the Auditor General did acknowledge that the communities that rural development assists view the function as valuable and, without ADOC's rural development programs, these communities might not be able to carry out some projects while other projects would take longer due to the need to locate other sources of funding.

Committee Activity

- 1) JLBC Overview of Rural Community Assistance Programs
- 2) Questions to ADOC.

FY 2008-2009 Budget Action

S.B. 1001 of the first special session of the 49th Legislature includes the following FY 2008-2009 budget reductions and transfers to the ADOC that may have an impact on rural community assistance programs:

- 1) An agency reduction of \$738,500 from the ADOC.
- 2) Fund transfers of \$5,374,700 from the CEDC Fund and \$3,158,000 from the GADA revolving fund to the state General Fund.
- 3) Expenditure reductions of \$153,500 to the CEDC Fund and \$27,800 to the GADA revolving fund.
- 4) A personnel reduction of \$134,700 to the ADOC.

PROGRAM PRESENTATION

Rural Community Assistance

Page 3

Attachments

- 1) Arizona Department of Commerce FY 2008-2009 Appropriations Report Line Items
- 2) JLBC Program Summary
- 3) JLBC Presentation

Prepared by Senate Research

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