

Arizona Commerce Authority

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	100.0	100.0	100.0 ^{1/}
Personal Services	6,126,700	6,126,700	6,126,700
Employee Related Expenditures	1,390,100	1,390,100	1,390,100
Professional and Outside Services	393,600	393,600	393,600
Travel - In State	72,600	72,600	72,600
Travel - Out of State	73,200	73,200	73,200
Other Operating Expenditures	1,865,800	1,865,800	1,865,800
Equipment	78,000	78,000	78,000
OPERATING SUBTOTAL	10,000,000	10,000,000	10,000,000 ^{2/}
SPECIAL LINE ITEMS			
Applied Research Centers	0	500,000	0
Arizona Competes Fund Deposit	500,000	500,000	500,000 ^{2/}
Economic Development Marketing and Attraction	500,000	500,000	500,000
Office of Defense Innovation	0	300,000	0
Small Business Center Grants	500,000	0	0
State Rural Development Council	0	1,200,000	0
TRADE OFFICES			
Asia Trade Offices	750,000	750,000	750,000
Frankfurt, Germany Trade Office	500,000	500,000	500,000
Israel Trade Office	300,000	300,000	300,000
Mexico Trade Offices	500,000	500,000	500,000
Romania Trade Office	0	125,000	0
AGENCY TOTAL	13,550,000	15,175,000	13,050,000 ^{3/4/}
FUND SOURCES			
General Fund	13,550,000	15,175,000	13,050,000
SUBTOTAL - Appropriated Funds	13,550,000	15,175,000	13,050,000
Other Non-Appropriated Funds	6,569,100	7,981,400	7,981,400
Federal Funds	92,117,300	241,898,800	241,898,800
TOTAL - ALL SOURCES	112,236,400	265,055,200	262,930,200

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/} Laws 2024, Chapter 206 amended A.R.S. § 41-1502 to limit the ACA to 100 FTE positions funded from state monies. This FTE limitation became effective during FY 2025.
- ^{2/} Pursuant to section 43-409, Arizona Revised Statutes, of the amounts listed above, \$10,500,000 of the state general fund withholding tax revenues is allocated in fiscal year 2026-2027 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 \$500,000 is credited to the Arizona competes fund established by section 41-1545.01, Arizona Revised Statutes. (General Appropriations Act footnote)
- ^{3/} On or before December 1, 2026, the authority shall submit a report to the joint legislative budget committee on the location, activities and annual expenses of each trade office operated by the authority during the prior fiscal year. (General Appropriations Act footnote)
- ^{4/} General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget Deposit

The Baseline includes \$10,000,000 and 100 FTE Positions from the General Fund in FY 2027 for the operating budget. These amounts are unchanged from FY 2026.

These monies are deposited into the non-appropriated Arizona Commerce Authority Fund to be used for the ACA's operating expenses. Laws 2024, Chapter 206 amended A.R.S. § 41-1502 to limit the ACA to 100 FTE positions funded from state monies. This FTE limitation became effective during FY 2025. The Baseline includes this 100 FTE limit in the FY 2027 General Appropriations Act.

Applied Research Centers

The Baseline includes no funding in FY 2027 for Applied Research Centers. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(500,000) from the General Fund in FY 2027 to remove one-time funding for a grant program for Arizona applied research centers specializing in medical technology. A General Appropriations Act footnote outlines requirements for both the Authority and grantees to follow, including the technology to be researched and reporting requirements.

Arizona Competes Fund Deposit

The Baseline includes \$500,000 from the General Fund in FY 2027 for deposit into the Arizona Competes Fund. This amount is unchanged from FY 2026.

In addition to this deposit, each year, pursuant to A.R.S. § 43-409, the Arizona Competes Fund also receives a non-appropriated deposit of \$3,500,000 in lottery revenues pursuant to A.R.S. § 5-572. In total, the fund receives \$4,000,000 annually. As session law, the FY 2025 Amusements Budget Reconciliation Bill (BRB) reduces the \$3.5 million deposit from lottery revenues to \$1,750,000 from FY 2025 through FY 2027, after which the annual deposit will revert to \$3,500,000.

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.

Economic Development Marketing and Attraction

The Baseline includes \$500,000 from the General Fund in FY 2027 for the Economic Development Marketing and Attraction line item. This amount is unchanged from FY 2026.

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

Office of Defense Innovation

The Baseline includes no funding in FY 2027 for the Office of Defense Innovation. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(300,000) from the General Fund in FY 2027 for removal of funding to establish the Office of Defense Innovation.

The FY 2026 Commerce BRB establishes the Arizona Office of Defense Innovation and lists its duties. The office's purpose is to attract new defense industry firms into the state, expand the operations of existing Arizona firms, and collaborate with universities and research institutions in efforts such as developing new technologies and workforce development for the defense industry.

Small Business Center Grants

The Baseline includes no funding in FY 2027 for Small Business Center Grants. This amount is unchanged from FY 2026.

This line item allocated one-time grant funding for business centers and entrepreneur support organizations that provide business training, business coaching, and technical assistance to underserved small business owners.

State Rural Development Council

The Baseline includes no funding in FY 2027 for the State Rural Development Council. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,200,000) from the General Fund in FY 2027 for removal of a one-time grant to a federally designated rural development council that partners with nonprofit organizations, economic

development organizations, tribal nations, rural municipalities, counties, and federal agencies across the state to help stimulate and develop Arizona's rural economy.

Trade Offices

Asia Trade Offices

The Baseline includes \$750,000 from the General Fund in FY 2027 for the Asia Trade Offices line item. This amount is unchanged from FY 2026.

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

Frankfurt, Germany Trade Office

The Baseline includes \$500,000 from the General Fund in FY 2027 for the Frankfurt, Germany Trade Office. This amount is unchanged from FY 2026.

Israel Trade Office

The Baseline includes \$300,000 from the General Fund in FY 2027 for the Israel Trade Office. This amount is unchanged from FY 2026.

Mexico Trade Offices

The Baseline includes \$500,000 from the General Fund in FY 2027 to operate trade offices in Mexico. This amount is unchanged from FY 2026.

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

Romania Trade Office

The Baseline includes no funding in FY 2027 for the Romania Trade Office. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(125,000) from the General Fund in FY 2027 for removal of one-time funding to set up and operate a new trade office in Romania.

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
ADOA Business One-Stop Fund (CAA1027/A.R.S. § 41-1504)		Non-Appropriated
<i>Source of Revenue:</i> Legislative appropriations.		
<i>Purpose of Fund:</i> To establish and maintain ADOA's Business One-Stop system.		
Funds Expended	240,000	0
Year-End Fund Balance	0	0
Application Fees Fund (CAA3005/A.R.S. § 41-1504)		Non-Appropriated
<i>Source of Revenue:</i> A fee equal to 1% of the relevant tax credit application being processed by the Authority.		
<i>Purpose of Fund:</i> To fund the administrative costs of the Authority's tax credit programs.		
Funds Expended	1,747,900	1,820,800
Year-End Fund Balance	225,900	(1,594,900)
Arizona Commerce Authority Carryover Fund (CAA1001/A.R.S. § 41-1504)		Non-Appropriated
<i>Source of Revenue:</i> Leftover funds and residual revenue transferred from various funds belonging to the Arizona Department of Commerce.		
<i>Purpose of Fund:</i> 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	65,700	645,600
Year-End Fund Balance	2,659,900	3,873,000

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
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	565,200	4,651,600
Arizona Competes Fund (CAA2548/A.R.S. § 41-1545.01)		Non-Appropriated
Source of Revenue: Receives an annual deposit of \$500,000 in income tax withholding revenues, \$3,500,000 in lottery ticket sales revenues, gifts, grants, and other donations. The FY 2025 Amusements BRB reduces the Arizona Competes Fund lottery allocation to \$1,750,000 during FY 2025-FY 2027.		
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	64,356,600	52,121,400
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	4,837,200	5,056,600
Year-End Fund Balance	11,890,400	7,232,200
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
Asia-Pacific Trade Office Fund (CAA1242/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To support a foreign trade office in the Asia-Pacific region and assist Arizona companies in entering the Asia-Pacific 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	750,000	668,000
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	2,228,400	0

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
Canada Trade Office Fund (CAA1241/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To support a foreign trade office in Canada and assist Arizona companies in entering the Canadian 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	299,700	807,200
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	35,779,800	51,449,300
Year-End Fund Balance	(1,731,800)	(53,181,100)
Defense Innovation Fund (CAA1029/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To operate the Office of Defense Innovation within 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	0	0
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	115,600	848,000
Year-End Fund Balance	294,100	294,100
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	3,071,900	2,959,400
Year-End Fund Balance	(3,071,900)	(5,281,300)
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. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	(1,405,700)	(1,405,700)
Economic Transition Resources Fund (CAA1031/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To distribute to nonprofit organizations for capital projects, economic sustainability developments, renewable energy projects, and broadband projects located within 20 miles of a coal mine which closed within the past 5 years. The FY 2024 General Appropriation Act appropriated \$9,000,000 from the General Fund for this purpose, which lapsed at the end of FY 2024. 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

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
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	51,500,300	185,392,900
Year-End Fund Balance	64,410,900	101,589,200
Fiscal Year 2024 Budget Specific Allocation Fund (CAA1002/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To distribute monies for the following one-time funding allocations in the FY 2024 budget: 1) \$1,000,000 for the State Rural Development Council; 2) \$500,000 for a Small Business Program for Inmates; 3) \$500,000 for an Economic Development Study by a statewide business trade organization; 4) \$500,000 for a Commercial Truck Driver Shortage Grant; and 5) \$1,000,000 for Small Business Export Assistance. These monies are non-lapsing. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Funds Expended	0	0
Year-End Fund Balance	1,407,100	1,407,100
Frankfurt Germany Trade Office 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	(69,900)	0
Year-End Fund Balance	0	0
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	3,600
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	0	0

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 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	426,700	426,700
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	0	0
Year-End Fund Balance	0	0
RevAZ - Non-Federal Fund (CAA9972/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	6,900	0
Year-End Fund Balance	5,600	5,600
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	1,391,000	1,707,600
Year-End Fund Balance	843,500	843,500
Romania Trade Office Fund (CAA9997/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To support a trade office in Romania 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	0	100
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	0	0
Rural Development Council Fund (CAA1034/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To provide grant monies to a federally recognized state rural development council. 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	1,000,000

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
Small Business Center Grants Fund (CAA1028/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To provide funding for business centers and entrepreneur support organizations. 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
Space Exploration and Aeronautics Research Fund (CAA1012/A.R.S. § 41-1551.02)		Non-Appropriated
Source of Revenue: Legislative appropriations and gifts, grants, and donations.		
Purpose of Fund: To provide grants to businesses or nonprofit organizations in this state that are involved in the space exploration or aeronautics industry or to a governmental entity with which the board of directors of the Arizona Space Commission has entered into an intergovernmental agreement.		
Funds Expended	0	0
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	0	0
Year-End Fund Balance	0	0
Trade Office Fund (CAA1220/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To supplement funding for foreign trade offices and assist Arizona companies in entering foreign markets. It will also expand the state's international trade and foreign direct investment opportunities. The FY 2024 General Appropriation Act appropriated \$2,000,000 from the General Fund for this purpose, which lapsed at the end of FY 2024. 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
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. The FY 2023 and FY 2024 General Appropriation Acts appropriated \$15,000,000 and \$7,000,000 respectively from the General Fund for this purpose. 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
Wearable Technology Research Fund (CAA1033/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 wearable technology. The FY 2024 General Appropriation Act appropriated \$2,500,000 from the General Fund for this purpose, which lapses at the end of FY 2027. Expenditures are not displayed to avoid double counting the original General Fund appropriations to this fund.		
Funds Expended	0	0
Year-End Fund Balance	744,300	0