

REFERENCE TITLE: **Asia trade offices; repeal.**

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2387

Introduced by
Representatives Kolodin: Chaplik, Gillette, Jones, Parker B

AN ACT

**AMENDING LAWS 2023, CHAPTER 133, SECTION 19; APPROPRIATING MONIES;
RELATING TO THE ASIA TRADE OFFICES.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
 2 Section 1. Laws 2023, chapter 133, section 19 is amended to read:
 3 Sec. 19. ARIZONA COMMERCE AUTHORITY

| | <u>2023-24</u> |
|----|---|
| 4 | |
| 5 | Operating lump sum appropriation \$ 13,500,000 |
| 6 | Arizona competes fund deposit 500,000 |
| 7 | Asia trade offices 750,000 |
| 8 | Asia-Pacific trade office 750,000* |
| 9 | Canada trade office 750,000* |
| 10 | Economic development marketing |
| 11 | and attraction 1,000,000 |
| 12 | Economic transition resources 9,000,000 |
| 13 | Frankfurt, Germany trade office 500,000 |
| 14 | Israel trade office 300,000 |
| 15 | Mexico trade offices 500,000 |
| 16 | Rural broadband accelerated match |
| 17 | fund deposit 23,600,000 |
| 18 | Trade office funding 2,000,000 |
| 19 | Water infrastructure and commerce |
| 20 | grant fund deposit 7,000,000 |
| 21 | Wearable technology research <u>2,500,000</u> |
| 22 | Total appropriation – Arizona commerce |
| 23 | authority \$ 62,650,000 \$ 61,900,000 |
| 24 | Fund sources: |
| 25 | State general fund \$ 62,650,000 \$ 61,900,000 |

26 Pursuant to section 43-409, Arizona Revised Statutes, of the amounts
 27 listed above, \$10,500,000 of the state general fund withholding tax
 28 revenues is allocated in fiscal year 2023-2024 to the Arizona commerce
 29 authority, of which \$10,000,000 is credited to the Arizona commerce
 30 authority fund established by section 41-1506, Arizona Revised Statutes,
 31 and \$500,000 is credited to the Arizona competes fund established by
 32 section 41-1545.01, Arizona Revised Statutes.

33 Of the amount appropriated in the operating lump sum, \$3,500,000 is
 34 exempt from the provisions of section 35-190, Arizona Revised Statutes,
 35 relating to lapsing of appropriations, and is allocated as follows:

36 1. \$1,000,000 to distribute to a federally recognized state rural
 37 development council in the national rural development partnership in this
 38 state to partner with businesses, community leaders, service
 39 organizations, economic development organizations and rural municipalities
 40 to work directly in rural communities across this state.

41 2. \$500,000 to establish and administer a small business incubator
 42 program to assist current and former inmates who are participating in a
 43 state program in which the state department of corrections and the
 44 department of economic security collaborate and bring comprehensive
 45 services to inmates who are nearing release. On or before September 1,

1 2024, the authority shall submit a report to the directors of the joint
2 legislative budget committee and the governor's office of strategic
3 planning and budgeting on the program implementation, the number of
4 participants, the industry of employment or entrepreneurship and program
5 results, including the recidivism rates of program participants.

6 3. \$500,000 to distribute to a nonpartisan public foundation in
7 this state that is qualified under section 501(c)(3) of the internal
8 revenue code and that is associated with a statewide business trade
9 organization that is qualified under section 501(c)(6) of the internal
10 revenue code and that represents multiple industries to develop a
11 strategic framework for policymakers to continue job growth, economic
12 diversification and private sector investments that will make this state a
13 top state economy and international trading partner by 2030.

14 4. \$500,000 to distribute to a membership organization in this
15 state that is qualified under section 501(c)(6) of the internal revenue
16 code and that serves as a resource hub for all small businesses in this
17 state to establish a program to recruit and retain truck drivers.

18 5. \$1,000,000 to the Arizona state trade expansion program.

19 Monies in the economic transition resources line item shall be
20 distributed to a nonprofit organization for capital projects, economic
21 sustainability developments, renewable energy projects and broadband
22 projects located within twenty miles of a coal mine that closed within the
23 past five years.

24 The authority shall use the monies in the rural broadband
25 accelerated match fund deposit line item to provide funding for projects
26 that will receive matching monies from federal programs related to
27 broadband expansion.

28 On or before December 1, 2023, the authority shall report to the
29 president of the senate, the speaker of the house of representatives and
30 the director of the joint legislative budget committee detailing the
31 authority's implementation plan for the monies in the trade office funding
32 line item, including proposed trade office locations.

33 The authority shall distribute the monies in the wearable technology
34 research line item to applied research centers located in this state that
35 specialize in wearable technology, including hardware or software
36 components, or both. Subject to available funding, the authority shall
37 distribute monies appropriated in the wearable technology research line
38 item to any applied research center in increments of up to \$250,000 within
39 thirty days after the applied research center notifies the authority in
40 writing that the applied research center has received a matching amount
41 from sources other than this state.

42 An applied research center that receives a distribution pursuant to
43 this section must collaborate with universities, nonprofit business
44 associations, health science research centers, institutes or other
45 technology businesses that do business in this state. On or before

1 September 15, 2027, the applied research center or institute shall return
2 to the authority all monies received by the applied research center or
3 institute pursuant to this section that remain unexpended and unencumbered
4 on September 1, 2027. The authority shall deposit the returned monies in
5 the state general fund. The authority shall notify the president of the
6 senate and the speaker of the house of representatives on or before July
7 1, 2024 and July 1, 2025 if the authority has not distributed any monies
8 pursuant to this section.

9 An applied research center or institute that receives monies
10 pursuant to this section shall annually submit an expenditure and
11 performance report to the authority. On or before February 1 of each
12 year, the authority shall transmit the report to the joint legislative
13 budget committee and the governor's office of strategic planning and
14 budgeting.

15 For the purposes of this distributing the monies in the wearable
16 technology research line item pursuant to this section, the authority is
17 exempt from the requirements of title 41, chapter 23, Arizona Revised
18 Statutes.

19 The appropriation made in the wearable technology research line item
20 is exempt from the provisions of section 35-190, Arizona Revised Statutes,
21 relating to lapsing of appropriations, except that any monies that remain
22 unexpended and unencumbered on June 30, 2027 revert to the state general
23 fund.

24 Sec. 2. Transfer of monies

25 All monies remaining unexpended and unencumbered on the effective
26 date of this act from the appropriation made by Laws 2023, chapter 133,
27 section 19 relating to the Asia trade offices are transferred to the state
28 general fund.