



**RURAL BUSINESS DEVELOPMENT ADVISORY COUNCIL
PUBLIC MEETING MINUTES**

Arizona Commerce Authority
333 North Central Ave
Phoenix, AZ 85004

Wednesday, May 18, 2016
11:30 A.M. – 1:00 P.M.

I. Call to Order and Roll Call

Keith Watkins, Acting Chairman, called the May 18, 2016 meeting of the Rural Business Development Advisory Council to order at 11:37 a.m. Deborah Klatt, ACA, was called upon to take roll. A quorum was present. The meeting was noticed and properly posted.

Committee Members Present In-Person

Nolan Larson
Keith Watkins
Ellen Kretsch
Joy Staveley
Angela Harmon
Julie Engel
Levi Esquera

Committee Members Present Via Teleconference

D.L Wilson
David Bentler
Jaime Chamberlain

Committee Members Not Present

Larry Lucero
Robert Corbel
Ron Gould
Les Orchekowski

ACA Staff Members

Deborah Klatt

II. Approval of Minutes of March 9, 2016*

Nolan Larson moved to approve the minutes for March 9, 2016, Rural Business Development Advisory Council Public Meeting; Angie Harmonseconded the motion; all in favor, the motion was approved.

III. Approval of Rural Economic Development Enhancement Grant Evaluations

Levi Esquera moved to approve the grant; Julie Engel second the motion; all in favor, the motion was approved.

I. Legislative Update – Shaun Rieve, Arizona Commerce Authority

Shaun gave an overview on all the bills that were pending action by the governor and how the process worked while getting them to pass. The general effective date for bills, not containing an emergency clause, is August 6. The Legislature passed a \$9.6B budget that is the first structurally balanced budget since 2007. The ACA was allocated \$21.5 million from the state General Fund withholding tax revenues for FY 2016-2017. \$10 million of those dollars goes to the Arizona Commerce Authority Fund and the remaining \$11.5 million is credited to the Arizona Competes Fund. Along with the \$3.5 million from lottery funds, the Competes Fund will operate with an even \$15 million next year. We will be reporting our progress in implementing the Auditor General's recommendations to JLBC prior to September 1. The budget also contains \$8M in tax cuts for businesses to quickly depreciate the deduction they can take for purchases of new equipment. The accelerated depreciation limits tax liability and promotes investment in new resources and equipment in Arizona.

The ACA, Office of Tourism, and Arizona-Mexico Commission will co-locate to increase collaboration and align efforts to promote the state for each core audience. Apart from these key changes, the bill also contained important changes to our Qualified Facilities Program and the Arizona Competes Fund while providing important tools to rural Arizona.

Changes to QF:

- The credit is extended 3 years from 2019 to 2022.
- Previously, at least 51% of the jobs had to pay wages at least 125% of the state median wage of all occupations. (\$34,230 average median) Under the new law, at least 51% of the jobs would have to be at least 125% of Arizona production occupations. (\$31,408 production median)
- Rural locations would qualify for the credit if over half of the employees were at 100% of state median wage for production occupations (changed from 125%).
- Currently, employers have to offer 80% of health insurance to employees. New law changes that requirement to 65% which aligns with other ACA programs.
- Allows build-to-suit leased facility to qualify under the capital investment. Under current law only the direct costs incurred by the owner are able to be included.

- Directs ACA to work with rural municipalities.
- Extends the Arizona Competes Fund for an additional 2 years to 2018. And requires 30% of the funds to go towards rural businesses, small business, and business development that enhance economic development.
- In addition, 25% of the funds are reserved for businesses in a county with a population less than 2 million or on tribal lands. Priority is given to a county located along the AZ-Mexico border or a county in which a military facility is located.
- Definition of rural: Means a location that is within the boundaries of tribal lands or a city or town with a population of less than 50,000 persons or a county with a population of less than 800,000 persons.

IV. ACA Update – Keith Watkins, Arizona Commerce Authority

New appointed RBDAC member, Levi Esquera

X. Call to Council Members for Future Agenda Items

Angie Harmon asked the council members to think about ways to help the unsuccessful grant applicants to become approved applicants of the REDE Grant. Larry Lucero moved to have the opportunity for the members to check into the 2 applicants that were not awarded to further understand their application. Julie Engel second the motion; and all in favor, the motion was approved.

II. Call to Public

No comments were made

III. Adjournment

Angie Harmon moved to adjourn; Julie Engel second, meeting adjourned at 12:41 p.m.