

# GROWING AND STRENGTHENING ARIZONA'S ECONOMY

FOSTERING ECONOMIC PROGRESS

The ACA has a targeted strategy to improve Arizona's economy by facilitating quality job creation through business:

- Attraction
- Expansion
- Creation



## FOUNDATION

Establish programs that provide the economic development foundation for Attraction, Expansion and Creation.

## CREATION

Help create and nurture high growth, technology-oriented companies.

## ATTRACTION

Attract new companies and investments to the state.

## EXPANSION

Help grow and retain business in the state.



**Job Creation**



**Capital Investment**



**Increase Average Wages**

Work with companies to facilitate the creation of **75,000** projected higher-wage direct jobs through Expansion, Attraction and Creation efforts.

Target **\$6 billion** in private capital investment to generate state and local tax revenues and catalyze job creation.

Focus Attraction, Expansion and Creation efforts on high-value jobs, which are jobs that pay average wages of at least **150%** of the state median wage, increasing to **175%** over time. Two-thirds of the 75,000 jobs over five years will be high-value jobs.

**5-Year Goals**  
(FY13 - FY17)

## ACA'S FISCAL YEAR 2017 HIGHLIGHTS — 1,528 COMPANY ENGAGEMENTS

### ATTRACTION

**269**

opportunities

FY16	FY17 <sup>1</sup>
183	131
61	84
44	54

The Attraction team engaged **269** overall opportunities, including a significantly increased number of rural opportunities.

	Targeted Industries <sup>2</sup>	Rural <sup>2</sup>
→ Projected New Jobs	11,139	1,214
→ Capital Investment	\$1.5B	\$823.8M
→ Wages	\$65,816	\$41,311

<sup>1</sup>Closed/Won opportunities are client projects that conclude with a successful location or expansion decision. These 54 closed/won opportunities are included within the total projected new jobs, capital investment and wages shown under The ACA's Fiscal Year 2017 Results.

<sup>2</sup>The figures in the Targeted Industries and Rural columns represent the projected new jobs, capital investment and wages associated with the subset of closed/won opportunities that occurred in Targeted Industries or Rural areas.

### EXPANSION

**319**

opportunities

FY16	FY17 <sup>1</sup>
251	271
61	48

The Expansion team engaged **319** overall opportunities, including a significantly increased number of rural opportunities.

	Targeted Industries <sup>2</sup>	Rural <sup>2</sup>
→ Projected New Jobs	4,704	251
→ Capital Investment	\$379.2M	\$202.6M
→ Wages	\$55,024	\$50,458

<sup>1</sup>Closed/Won opportunities are client projects that conclude with a successful location or expansion decision. These 48 closed/won opportunities constitute the total projected new jobs, capital investment and wages shown under the ACA's Fiscal Year 2017 Results.

<sup>2</sup>The figures in the Targeted Industries and Rural columns represent the projected new jobs, capital investment and wages associated with the subset of closed/won opportunities that occurred in Targeted Industries or Rural areas.

### CREATION

**299**

applications from Arizona companies

FY16	FY17
383	271
129	28

A total of **28** companies received financial and/or technical assistance through the ACA's creation programs: the Arizona Innovation Challenge (AIC), CEO Corner Office and Small Business Innovation Research (SBIR). The AIC, for example, awarded \$1.5M to advance innovation and technology commercialization opportunities in Arizona. The **271** companies applying to creation programs become part of the ACA's pipeline for future services and consultation opportunities outside of creation program parameters.

### FINANCIAL PROGRAMS

**641**

new incentive applications and reports

FY16	FY17
67	65
55	25
909	551

The Financial Programs team administered **641** new applications and reports.

	Number of Assisted Companies	Amount of Assistance
→ Tax Credits and Abatements <sup>1</sup>	118	\$ 87.48M
→ Grants <sup>2</sup>	46	\$ 23.40M
→ Loans <sup>3</sup>	4	\$ 5.19M
→ Bonds <sup>4</sup>	15	\$375.89M
	<b>183</b>	<b>\$491.96M</b>

<sup>1</sup>Reflects tax credits, property tax reductions and sales and use tax exemptions approved under the Angel Investment, Computer Data Center, Healthy Forests, Military Reuse Zone, Qualified Facility, Quality Jobs, R&D Renewable Energy Tax Incentives and Commercial Solar programs. Amounts are estimates based on approvals and do not reflect amounts actually claimed or legacy programs no longer open to new applicants.

<sup>2</sup>Grants approved under the Arizona Competes, Job Training and Rural Economic Development Grant programs. Does not include Arizona Innovation Challenge, FAST or STEP grant programs. Dollar amounts shown are the amounts approved and do not reflect the amounts paid. Grants are paid over time upon achievement of performance milestones.

<sup>3</sup>Loans made under the AIAF program. <sup>4</sup>Bond capacity allocated (closed) under the Private Activity Bonds program.

### FOUNDATION

statewide, long-term economic development initiatives, including:

**ACA 2.0 Co-Location** Governor Ducey's vision for ACA 2.0 was fully realized in 2017 with the co-location of the ACA, AOT, AMC and Arizona Zanjeros into a single office location. The co-location strategy will allow the agencies responsible for marketing Arizona to collaborate more effectively and efficiently.

**2017 CEO Forums** The ACA, Governor Ducey and the Arizona Zanjeros hosted two highly successful CEO Forum Programs: the Waste Management Phoenix Open and NCAA Final Four National Championship. Collectively, the programs have resulted in the creation of 747 projected new Arizona jobs.

**Arizona Management System** The ACA implemented Governor Ducey's results-driven management system that focuses on customer value and vital mission outcomes for Arizona citizens. As a part of the Economy Goal Council, in collaboration with OEO, ADOT, and DES, the ACA is participating in an AMS breakthrough project to increase workforce participation and reduce the number of unemployed persons in Arizona by 25% in two years and 50% in five years.

**Arizona-Mexico Relationship** Arizona and the state of Sonora have continued to market the attractiveness of the Arizona-Sonora Region, adding three new industry verticals to the marketing materials. The ACA also advanced efforts to strengthen Arizona's relationships throughout Mexico, entering into agreements to work collaboratively with the states of Sinaloa and Baja California on trade and investment initiatives. Additionally, Arizona is advancing a Smart Borders pilot project in partnership with Sonora and has served as a participant in the US-Mexico CEO Dialogue.

## ACA'S FISCAL YEAR 2017 RESULTS

All figures represent three-year projections

	1Q	2Q	3Q	4Q	FY17 Goal	FY17 ACTUAL
<b>Projected New Jobs<sup>1</sup></b>	7,545	3,998	3,810	4,120	18,000	19,473
<b>Projected Capital Investment<sup>2</sup></b>	\$1.2B	\$649M	\$342.7M	\$325M	\$1.4B	\$2.5B
<b>Projected Wages<sup>3</sup></b>	\$44,026	\$80,176	\$54,318	\$71,157	\$56,850	\$59,202

<sup>1</sup> Figures in this section represent direct jobs; <sup>2</sup> Figures in this section represent direct capital investment; quarterly totals rounded to nearest hundredth thousandth; <sup>3</sup> Figures in this section represent average wages

## CUMULATIVE RESULTS TOWARDS GOALS

	Projected Jobs	Projected Capital Investment
<b>ACA 5-YR Performance</b>	87,132	\$9.5B
<b>ACA 5-YR Goal</b>	75,000 <b>116%</b>	\$6.0B <b>158%</b>

## ECONOMIC IMPACT OF ACA PERFORMANCE

Multiplier Effect Over 5 Years<sup>1</sup>

	Direct, Indirect and Induced Jobs <sup>2</sup>	Economic Output	Tax Revenue
<b>FY13-16</b>	151,297	\$ 86.04B	\$2.28B
<b>FY17</b>	48,732	\$ 32.69B	\$ .75B
<b>TOTAL</b>	<b>200,029</b>	<b>\$118.73B</b>	<b>\$3.03B</b>

<sup>1</sup> Analysis performed by Elliott D. Pollack & Co. based on ACA input; <sup>2</sup> Includes temporary jobs created by construction

FISCAL YEAR 2017