ARIZONA PROFILE

**Jobs:** 2.9 million  
**Businesses:** 483,353  
**Geographic area:** 113,594 sq. miles

**Population**  
- Statewide: 6.6 million  
- Phoenix metro: 4.4 million  
- Tucson metro: 1.0 million  
- Flagstaff metro: 137,000

**Median Age:** 36.8

**GDP and Wages:**  
- GDP: $299.8 billion  
- Average wage: $45,728

**Unemployment:** 5.0% (November 2016)  
- Down from 5.9% in November 2015

**Exports:**  
- $22.6 billion in 2015  
- Manufacturing accounts for $18.4 billion  
- Top countries: Mexico, Canada, China, the United Kingdom and Germany account for $14.6 billion

**Imports:**  
- $19.7 billion in 2015  
- Manufacturing accounts for $18.4 billion  
- Top countries: Mexico, China, Canada, Germany and Malaysia

**Top Trade Partners:**  
- Mexico, China, Canada, United Kingdom and Germany
AEROSPACE AND DEFENSE

**Labor Market Information**
- 1,200 establishments
- 52,948 employees
- $4.6 billion total annual payroll

**Average Earnings in Arizona for Four Main Industries**
- Search, Detection and Navigation Instruments Manufacturing: $105,555
- Aerospace Products and Parts Manufacturing: $100,622
- Air Transportation: $73,949
- Support Activities for Air Transportation: $55,122

**Arizona National Rankings**
- 1st in the nation for aerospace manufacturing
- 2nd in the nation for maintenance, repair and overhaul economic impact
- $9.9 billion in federal contracts – top 10 state
BIOSCIENCE AND HEALTH CARE

Labor Market Information
- 14,067 establishments
- 317,954 employees
- $21.7 billion total annual payroll

Average Earnings in Arizona for Four Main Industries
- Medical, Dental and Hospital Equipment and Supplies Wholesalers: $121,248
- Research and Development in the Physical, Engineering and Life Sciences: $115,626
- Medical Equipment and Supplies Manufacturing: $87,694
- Pharmaceutical and Medicine Manufacturing: $75,598

Arizona National Rankings
- 1st in the nation for pharmaceutical and medicine manufacturing growth with 13%
- 7th in the nation for medical and diagnostics labs job growth with 3%
**Labor Market Information**
- 5,674 establishments
- 74,485 employees
- $7.4 billion total annual payroll

**Average Earnings in Arizona for Four Main Industries**
- Semiconductor and Related Device Manufacturing: $138,738
- Computer Systems Design Services: $91,478
- Custom Computer Programming Services: $87,098
- Data Processing, Hosting and Related Services: $78,411

**Arizona National Rankings**
- The Phoenix MSA ranked #3 in Forbes’ Cities That are Winning Information Jobs
  - San Francisco is #1 and San Jose #2
- 3rd in the nation for growth rate in the in new information sector jobs added
  - Washington is #1 and Oregon #2
**ADVANCED MANUFACTURING**

**Labor Market Information**
- 4,712 establishments
- 157,150 employees
- $14.1 billion total annual payroll

**Average Earnings in Arizona for Four Main Industries**
- Semiconductor and Related Device Manufacturing: $138,738
- Guided Missile and Space Vehicle Manufacturing: $114,105
- Search, Detection, Navigation and Guidance System Manufacturing: $105,555
- Aircraft Engine and Engine Parts Manufacturing: $95,070

**Arizona National Rankings**
- 2nd in the nation for guided missile and space vehicle manufacturing with 10,655
- 4th in the nation for semiconductor manufacturing employment with 18,942
ADVANCED BUSINESS SERVICES

Labor Market Information
- 28,648 establishments
- 421,654 employees
- $25.5 billion total annual payroll

Average Earnings in Arizona for Four Main Industries
- Professional Employer Organizations: $35,690
- Temporary Help Services: $30,400
- Commercial Banking: $68,912
- Corporate, Subsidiary, and Regional Managing Offices: $86,050

Arizona National Rankings
- 5th in the nation for ABS job growth percentage from 2013-2015 with 7% (tie)
- 9th in the nation for new ABS jobs from 2013 to 2015 with 28,158
IMPROVING ARIZONA’S ECONOMY

**Key Goals:** Strong, Innovative Economy

**State Key Functions:** Driving Economic Opportunity

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**Agency Key Functions**
- Setting economic policy
- Making it easier to do business and embracing “start-up state” positioning
- Developing, retaining, and attracting skilled workers
- Expanding, retaining, and attracting businesses
- Raising Arizona’s positive profile nationally and internationally
- Maintain and expand Arizona’s critical public assets and infrastructure

**Lead Measures**
- New company formations
- Housing costs
- New construction permits
- Overnight visitors
- Skilled worker apprenticeships
- Labor force participation
- Public infrastructure investment
- Private sector capital investment
- Tort liability
- Foreign direct investment

**Mission Measures (Economic Outcomes)**
- Median household income
- Total personal income
- Foreign trade
- Economic diversity
- Job growth
- Unemployment
- Total spending by overnight visitors
- Tax climate
Problem Statement:
There is a fundamental misalignment in Arizona between industry employment needs, the skillset of the available workforce, and the training providers that are commissioned to close this gap.

Background
Arizona’s unemployment rate has tended to be higher than the national average since the Great Recession. Last November, the U.S. rate was 4.6%, Arizona’s 5.0%.

Additionally, just 60% of Arizonans 16 and older are working or looking for work. This is one of the lowest labor force participation rates in the nation (42nd of 51).

A recent search of job postings data showed 87,922 open jobs posted by 7,863 Arizona employers. These data are VERY rough—they over count some types of jobs and miss others—but the patterns are instructive.
- 34,468 of those jobs required a BA/BS.
- 51,330 require a HS diploma or associate’s degree.
- Top sectors include health care, retail, hospitality, transportation and warehousing, finance and insurance, education, administrative services, manufacturing and wholesale.
Unemployment rate: 5.8

2 year goal: 25% reduction (4.35)

5 year goal: 50% reduction (2.9)
ACA 2.0

Creation of the Office of Economic Opportunity & Co-location of ACA, AOT, AMC and the Zanjeros
ACA 2.0 Organization

Governor

GEOO and ACA President

Governor’s Economic Opportunity Office (GEOO)
- Tax
- Regulation
- Workforce
- Financing

Other Agencies

Arizona Commerce Authority
- Public/Private entity
- Location

Arizona Office of Tourism

Arizona Mexico Commission

Connects

Analytics and continuous improvement

Marketing and business attraction and expansion
THE ARIZONA COMMERCE AUTHORITY (ACA)
**VISION:** Arizona is the best location for high-quality business growth

**MISSION:** Grow & diversify Arizona’s Economy & create quality jobs for its citizens by supporting and attracting businesses in targeted, high-growth clusters, with an emphasis on the base industries.

**STRATEGIES:**

1. Recruit
2. Grow
3. Create

**ACTION PLAN:**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>1. Recruit</strong></td>
<td><strong>2. Grow</strong></td>
</tr>
<tr>
<td>Increase <strong>Awareness</strong> of Arizona’s Attractiveness</td>
<td>Make Arizona Preferred Location for Target Industries: A&amp;D, Semiconductors, Optics, Biosciences, Solar Energy</td>
</tr>
<tr>
<td><strong>Enhance Arizona’s Competitiveness</strong></td>
<td>Make Arizona a Leading Hub in <strong>High-Quality Manufacturing</strong> and <strong>Advanced Business Services</strong></td>
</tr>
<tr>
<td><strong>Coordinate</strong> Arizona’s Economic Development</td>
<td><strong>Foster Innovation and Support Entrepreneurship</strong></td>
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<tr>
<td><strong>Become a Preferred Trading Partner with Mexico and Canada</strong></td>
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Co-Chaired by Arizona Governor Doug Ducey

19-member Board of Directors

- Arizona’s Senate President, House Speaker and three public University Presidents
- Various business CEO’s from across the state, including:
  - Brian Mueller, Grand Canyon University
  - Michael Bidwill, Arizona Cardinals
  - Taylor Lawrence, Raytheon Missile Systems
  - Wyatt Decker, Mayo Clinic in Arizona
ACA’S FIVE-YEAR PLAN (FY 13-17)

The Benchmarks

- Create 75,000 higher-wage jobs
- Increase the average wage of jobs created
- Increase capital investment by $6 billion

ACA already has commitments for 80,000+ jobs and $8.5 billion in capital investment
Over 6,000 committed new jobs and a capital investment of more than $1.3 billion announced in three weeks.
ACA FY17 – Q1 & Q2 RESULTS

- 60 FY17 Q1 & Q2 Projects
- 11,797 New Jobs
- $1.85 Billion CapEx
- $56,141 Average Wage

<table>
<thead>
<tr>
<th>Region</th>
<th>Jobs</th>
<th>CapEx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>3,590</td>
<td>$676.4 M</td>
</tr>
<tr>
<td>East</td>
<td>2,995</td>
<td>$209.4 M</td>
</tr>
<tr>
<td>California</td>
<td>1,874</td>
<td>$757.4 M</td>
</tr>
<tr>
<td>Southeast</td>
<td>1,375</td>
<td>$22 M</td>
</tr>
<tr>
<td>Midwest</td>
<td>1,047</td>
<td>$138.1 M</td>
</tr>
</tbody>
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FY17: Q1 & Q2 Projects Won by Industry

- Business/Financial: 20%
- IT: 18%
- Consumer Products: 17%
- Manufacturing/High-Tech: 15%
- A&D: 10%
ACA BUSINESS ATTRACTION PIPELINE

184 Opportunities | 44,390 New Jobs | $53,445 Average Wage | $6.56 billion in Capex

Origin

- California: 42%
- Northeast: 15%
- Midwest: 13%
- International: 11%
- Southwest: 7%
- Southeast: 7%

Industry

- 25% Consumer Products
- 18% Business/Financial
- 14% IT/Software
- 13% Manufacturing
- 11% Traditional
- 7% A&D
- 7% Renewable
- 5% Bio/Healthcare
**ACA BUSINESS EXPANSION PIPELINE**

63 Opportunities | 9,532 New Jobs | $47,917 Average Wage | $1.95 billion in Capex

**Origin**

- **Central AZ: 83%**
  - Phoenix
  - Tempe
  - Chandler
  - Mesa

- **Southern AZ: 14%**
  - Tucson

- **Northern AZ: 3%**
  - Kingman
  - Prescott

**Industry**

- 22% IT/Software
- 22% Manufacturing
- 16% Business/Financial
- 10% Traditional

- 8% Bio/Healthcare
- 8% Renewable
- 8% A&D
- 6% Consumer Products
ACA is committed to nurturing the state’s start-ups to help develop a new generation of Arizona businesses and business leaders. These efforts include:

- The Arizona Innovation Challenge, a business plan competition that awards grants of up to $250,000 to promising companies nearing the commercialization of their products or services. To date, the program has awarded 58 companies $14.3 million in non-dilutive grant funding.

- Venture Ready, a rigorous program that prepares start-ups to face venture capitalists and make the case for their companies.

- Venture Madness, a bracket-style pitch competition presented in partnership with Invest Southwest where Arizona companies have the opportunity to present their business plans to venture capitalists.

- An online directory of resources aimed at connecting entrepreneurs with the resources they need to develop and expand their businesses.
ACA supports Arizona's small businesses owners by providing information on business licensing, statewide resources and executive development. This includes:

- The Checklist Program, an interactive online guide to starting and growing a business in Arizona.
  - During FY 2016, Small Business Services received the most traffic on the ACA website.
  - The Small Business Checklist received over 60,000 page views during the same period of time.
ACA supports business growth in greater Arizona with a number of efforts, including:

- The Rural Economic Development Grant provides infrastructure construction grants to rural applicants. To date, this grant has aided in the creation of 1,097 jobs and $126 million in capital investment for 20 rural communities.

- The Economic Strength Grant which provides awardees with financial resources to improve roadway infrastructure. Last year Nogales and Prescott each received $500,000.

- The Certified Sites Program which rates development-ready sites in rural communities so prospective businesses can quickly assess which properties are able to meet their needs.

- The Rural Economic Development Advisory Council which brings together representatives from each county, tribal entity and statewide organization to advise the board of directors on matters involving rural business development strategies, diversifying economies and attracting new investments in rural Arizona.
RevAZ – Manufacturing Extension Partnership

ACA’s RevAZ program provides customized solutions to small-to-medium Arizona manufacturers, addressing all aspects of business.

In fiscal year 2016, RevAZ completed projects with more than 83 Arizona manufacturers resulting in a reported $2.7 million in increased sales and more than $3 million in cost savings to these clients.

Services

- Strategic Planning
- Executive Coaching
- ISO 9001 Certification
- SolidWorks Pro Design Software
- Procurement Process Improvement
- Value Stream Mapping
<table>
<thead>
<tr>
<th>Incentive</th>
<th>Description</th>
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<tr>
<td>Arizona Competes Fund</td>
<td>Negotiated amount based on, among other considerations, Project criteria and Fund program parameters.</td>
</tr>
<tr>
<td>Arizona Quality Jobs Tax Credit Program</td>
<td>Up to $9,000 for each qualifying position in excess of the positions taken into consideration in computing the Qualified Facility Tax Credit program incentive above.</td>
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<tr>
<td>Income Tax Credit for Increased Research and Development</td>
<td>Up to 34% of qualifying expenses for research and development conducted in conjunction with an Arizona university.</td>
</tr>
<tr>
<td>Income Tax Credit for Increased Research and Development</td>
<td>Partial refund of up to 75% of a company's current year excess R&amp;D credits.</td>
</tr>
<tr>
<td>Arizona Qualified Facility Tax Credit Program</td>
<td>The lesser of $20,000 per position or 10% of qualified capital investment.</td>
</tr>
<tr>
<td>Workforce Development Services</td>
<td>Suite of Workforce Development programs including: customized job fairs, candidate referrals and no-cost space for hiring events and training.</td>
</tr>
<tr>
<td>Arizona Industrial Development Authority</td>
<td>Limited obligation revenue bonds provide financing from private sources.</td>
</tr>
<tr>
<td>Bond Issuance</td>
<td></td>
</tr>
<tr>
<td>Transaction Privilege Tax (Sales Tax)</td>
<td>100% State, County and City exemptions for machinery and equipment used in research and development OR used directly in manufacturing.</td>
</tr>
<tr>
<td>Exemptions</td>
<td></td>
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<tr>
<td>Additional Depreciation</td>
<td>Accelerates depreciation schedules for prospective acquisitions of commercial personal property.</td>
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MARKETING ARIZONA: RESEARCH DRIVEN STRATEGY
500,000 invitations to take survey sent to residents of Boston, New York, Chicago, San Francisco, Los Angeles, and Arizona resulted in:

- Over 5,000 respondents
- 100% open ended questions
- Freedom to say anything
- 75,000 verbatim answers
- 2,500 pages

THE RESEARCH PHASE

- 36 One-on-one interviews
- 11 Focus group sessions
- 4 Street team events
CREATIVE STRATEGY

1. Research driven strategy
2. Makes emotional connection
3. Sets Arizona apart
SOFT LAUNCH – DIGITAL MEDIA [NOV & DEC]

Estimated total delivery: 2,203,040
Geographic Targets: Chicago & San Francisco
COMPETING STATES’ ADVERTISEMENTS
BUSINESSES AREN'T THE ONLY THING WE SCALE

Arizona is committed to policies that keep government out of the way of business innovation and growth. Our competitive tax structure, low regulatory environment and skilled talent pool will help your business scale quickly—and those are just a few of the reasons California companies are choosing to expand in Arizona. We’re also a place where you can achieve your professional goals. Arizona also provides a lifestyle that allows you to achieve work/personal goals. With government incentives, modern cultural amenities and a positive outlook, we play as hard as we work. It’s this perfect balance that makes life better here.

ARIZONA
MOVING BUSINESS FORWARD
AZCOMMERCLE.COM
SOFT LAUNCH - CHICAGO MARKET

Print

Digital

ARIZONA
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AZCOMMERCE.COM

CHANGE THE GAME
AND STILL
HAVE TIME TO
PLAY IT

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2017 CEO FORUM EVENTS
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February 2-4, 2017
Waste Management Phoenix Open (Scottsdale)

March 11-15, 2017
Site Selectors Guild (Tucson and Phoenix)

March 17-19, 2017
Spring Training & NASCAR (Greater Phoenix)

March 31-April 4, 2017
NCAA Final Four (Phoenix)
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