

**Report of the
105th ARIZONA TOWN HALL
“Arizona’s Economy”**

**Grand Canyon, Arizona
November 2 - 5, 2014**

INTRODUCTION

As Arizona pulls itself out of the deepest recession that it has faced since the Great Depression, this 105th Arizona Town Hall is convened to examine Arizona’s economy. In Arizona Town Hall’s fifty-two year history, this is the eleventh time citizens from across the state have come together to reflect on the current state of Arizona’s economy and how best to shape its future.

Some of the topics discussed in this report were considered in previous Town Halls on the economy but need to be regularly re-considered for potential improvement because the economy and the factors that impact it are fluid. Additionally, this topic was addressed earlier this year by a number of regional town halls and forums across the state. The outcomes of these events were available to the participants in this Town Hall and a number of their outcomes are also reflected below.

These topics are a product of changes in technology and the world economy. No topic that affects our economy can be considered in isolation. Our dynamic economy is complex and subject to many factors, all of which affect the others. Whether a topic has been considered before or is new, Arizona’s economy is at a crossroads. Now is an opportune time to reflect on how we came to this place and how we as a state can chart our best path forward.

The background report for this Town Hall ended with a quote from Arizona’s first governor, George W.P. Hunt, who said that “it remains for us as Arizona’s champions and sponsors to make this [48th] star represent the best things in statehood.” One of Arizona’s greatest strengths is the independent spirit and resiliency of its people. We are a state of trailblazers inspired by the many different people who have called Arizona home. We continue to need trailblazers who can build on Arizona’s proud history as we move forward into a new economic era.

We hope the recommendations of this 105th Arizona Town Hall will inspire our state to pursue a resilient prosperity for generations to come. This report captures the consensus that emerged from the discussions that occurred at the Town Hall. Although not every Arizona Town Hall participant agrees with every conclusion and recommendation, this report reflects the overall consensus achieved by the 105th Arizona Town Hall.

SETTING THE STAGE

Arizona’s economy has many diverse strengths. These strengths are not focused in one particular region within the state, but are rather spread throughout the state. They include Arizona’s climate, its lack of natural calamities (such as tornados, hurricanes, and earthquakes), and its western heritage.

Arizona's tourism industry is strong statewide which is based, in part, on our natural beauty, geographical location and diversity in climate. Additionally, our arts and cultural industry is thriving statewide, with strong symphony orchestras, theater companies, world class museums, performance centers and a myriad of local museums, historical societies and art associations. Arizona also is a leader in astronomy tourism, with Flagstaff and Tucson being leaders in planetary science. This area of tourism would not be possible but for efforts to preserve dark skies in parts of Arizona.

In recent years, Arizona has been able to market itself as a state with cutting edge trends in healthcare. This has been benefitted, in part, by the biosciences roadmap and the presence of elite medical facilities. Additionally, Arizona has a strong community healthcare system that is establishing ways to deliver high-end services to both underserved communities and the general public. This industry also has the added benefit of strengthening Arizona's ability to deliver healthcare to the retirees who continue to be drawn to our state and attracts other complementary businesses to relocate to Arizona.

Arizona's economy is heavily impacted by opportunities created by the federal government and the aerospace industry. It is of paramount importance that major military installations in Arizona such as Luke Air Force Base, Davis Monthan Air Force Base, the Yuma Marine Corp Air Station and Fort Huachuca be actively defended from the Defense Base Closure and Realignment Commission (BRAC) and other deleterious actions such as encroachment and sequestration. Emerging technologies such as the drone industry have the potential to attract significant resources to be invested in the state.

Other strengths include: Arizona's geography and natural resources (discussed below); agricultural production, including wineries; winter visitors; cultural diversity; its location as a transportation corridor to and from Mexico, California and other surrounding states; Arizona's universities; its community college system; a growing trade school industry; and a dynamic, young, diverse, up-and-coming workforce.

ARIZONA AT THE CROSSROADS

In celebrating these strengths, we must also consider the positive and negative factors that have influenced and framed our current economy. There is no question that Arizona has been shaped by the Five C's (climate, copper, citrus, cotton, and cattle), but other factors also have had a significant influence, including: geography; natural resources; international trade; affordable cost of living; inexpensive reliable power; and many others.

Tourism and recreation have contributed to a large influx of money and people to the state. This, in turn, has resulted in population growth, which has impacted all areas of the economy but particularly the housing market. Retirees have also had an impact as they bring their wealth and "mailbox incomes" to the state and use that income to purchase goods and services in Arizona. The overall population growth, in addition to the growth of our retirement communities, significantly impacts Arizona's healthcare industry.

Since the World War II era, the federal government has infused federal funds into Arizona's defense and technology industries. With military bases came servicemembers and their families with relatively stable employment that spurred other industries and services. In addition, Arizona has benefitted from other public investment projects, such as the vast system of dams and reservoirs across the state.

In order to develop a more competitive workforce, Arizona must be a leader in preK-12 education by encouraging a STEAM (science, technology, engineering, arts, and math) curriculum. Public investment in the education system - both primary and secondary - has a direct impact on strengthening the future of Arizona's economy. Enhanced engineering capabilities and research and development at institutions of higher education are critical to further innovation, entrepreneurship and our ability to attract high wage technology jobs.

We have to consider the benefits of trade within the United States (especially California) and globalization on Arizona's economy. Mexico has and will continue to shape our economy. Arizona should diligently fight to erase the recent negative stigma that Arizona lacks diversity and is unwelcoming as a result of legislation such as House Bill 1070 and Senate Bill 1062.

The political climate in Arizona also affects the economy. Individuals and companies can be discouraged from coming to the state because of the political environment. Our political leaders need to be conscious of the messages they are sending, in particular bills that are discriminatory toward segments of the population, and their potential negative impact on the economy. We need our political leaders to be part of the solution.

There are many other challenges to the optimal development of Arizona's future economy. Some challenges include a lack of thoughtful political discourse and insufficient civic engagement. Many Arizonans feel they are not being adequately represented. For Arizona to be as successful as it can be, this is a problem we must fix immediately by becoming more active in the political process and holding our leaders accountable including consideration of structural changes in state government proposed by previous Town Halls.

Additionally, Arizona is facing increasing concerns about water conservation and management, including overdevelopment, differing water use priorities, the legal relationship between groundwater and surface water, and the delayed adjudication of water rights.

The retention of a skilled and educated workforce is required in order to attract and foster business growth. Creating quality work-life environments that address the needs of college graduates and young professionals will help to retain and increase business development. Increasing funding for education, from early childhood through universities, is an investment we need to make in our future workforce. We cannot compete with other states unless education is an Arizona strength. Our investment in education must include vocational training, career preparation, liberal arts, and STEAM fields. Supporting and increasing interest in the arts and cultural communities is a challenge we need to confront as arts and culture have been a mechanism for successful economic development in many Arizona communities.

Addressing the state's aging infrastructure and development of new infrastructure, including transportation and utilities (as mentioned below), is critical to the development of Arizona's future economy. Arizona should develop a program to maintain our existing infrastructure before replacement costs become cost-prohibitive. Increasing access to broadband Internet in all communities, especially rural and tribal, is important to economic development and supporting educational opportunities.

Arizona has over nine million acres of state lands held in trust. We need to work with political, community and business leaders to develop appropriate state land reform to maximize the value of this

land while balancing the environmental impact. Previous Town Hall recommendations on state trust land reform should be revisited for implementation by the state Bureau of Land Management.

Other challenges we face include the retention of existing military bases, protecting Arizona's vulnerable populations and preserving the unique character of Arizona's cities and towns.

GEOGRAPHY, NATURAL RESOURCES AND INFRASTRUCTURE

Arizona's geography, access to natural resources, and our existing infrastructure have been instrumental to our economic rise. They will also be the foundation for our resilient economic future.

Numerous factors showcase our place within the United States and will drive Arizona's future economy: strengthening our tourism industry, water conservation, renewable energy, agriculture, forestry, mining, tribal lands and maximizing business relationships with our neighbors.

Our state can remarket and rebrand itself based on our diverse geography to promote tourism, including specific parks, monuments, and activities, such as photography, professional sports and outdoor activities. In addition, Arizona can benefit from a heightened focus on small town tourism. Arizona should better market events in small town and local communities to showcase Arizona's Southwestern culture, while promoting Arizona as an attractive economic and cultural base.

Arizona is poised to maximize its trade and business relationships with the Las Vegas metropolitan area, California, Canada, and Mexico. The proposed Interstate 11 project from Nogales to Las Vegas and onward to Canada and inland ports provides an important opportunity to increase trade with all of our neighbors, as well as to promote Arizona as an inland port. Many manufacturers are looking to expand outside of California. The expansion of trucking and railway routes would not only increase business with the ports of Los Angeles but would also enhance our access to markets in Canada and Mexico. Arizona can better serve these large markets with increased trade access, awareness and incentives with Canada and Mexico. If we fail to pursue trade opportunities with Mexico and Canada, those countries will pursue trade with our competitor states, and Arizona will lose this growth opportunity.

While much progress has been made, Arizona has not yet taken complete advantage of its solar and other alternative energy resources. Further investment in renewable energy will become easier if technological advances in these industries result in lower costs.

Water conservation and management is a concern across the state. Some communities in Arizona, particularly in rural and tribal areas, wonder whether they can sustain economic activity with regard to their available water resources. In order to address these concerns, Arizona should continue to manage and implement its existing groundwater management plan. In addition, Arizona should develop a long-term, comprehensive water use and augmentation plan to support efficient use of the resource. Such a plan could include a state water value index and a water delivery and prioritization plan.

Arizona should continue to foster its position as a leader in crop research in arid land agriculture. State and local programs could encourage the planting of xeriscaping and removal of non-native vegetation, including lawns, and the limitation of man-made potable water features in order to

encourage water conservation. Additionally, Arizona should look at water conservation and management through alternative means, including expansion of reuse and perhaps desalinization.

The development of the state's natural resources – including copper mines – provides both opportunities and challenges to state and local communities. Arizona's copper mining is a major contributor to our economy and, as a state, we produce more copper than we consume. Most of this production is sold and used outside of Arizona. Arizona should strive for a balance between effective regulation and development of the state's natural resources. Lifecycle costs of the development of these resources should be considered moving forward. Industry leaders, government and the environmental community must collaborate in this effort.

Arizona's forests require wise and balanced management, including landscape-scale thinning projects, and allowing the use of forests and other federal lands for multiple use purposes, such as grazing and biomass harvesting. Thinning would help reduce catastrophic forest fires and also create jobs and provide biomass and timber resources. The state should work with federal agencies to promote better forest management. In so doing, the focus should be on healthy forests, the opportunity for an industry to be built around timber, and biomass harvesting. The benefit of additional water runoff improves the available watershed.

Arizona should strive for better collaboration with tribal communities in order to promote agricultural, mineral extraction, energy, water and other mutually beneficial economic developments. Some tribal communities enjoy an inventory of natural resources; however, federal government regulations can impede opportunities for development of those tribal assets. The state should work with tribal leaders to promote common interests and greater collaboration among all levels of government with tribal communities.

Natural resource development must be balanced with preservation of those resources for the benefit of Arizonans both present and future. The cost of resources (water especially) must take into account Arizona residents who are low-income, so they do not suffer as a result of a market system for resources. Arizona's natural wonders, including the Grand Canyon, Monument Valley, Canyon de Chelly, the Red Rocks and many more, need to be better marketed to strengthen the tourism segment of our economy.

FOUNDATIONS FOR ARIZONA'S ECONOMIC FUTURE

The availability and accessibility of reliable infrastructure drives the economy and is a key element in attracting new businesses. Deteriorating transportation infrastructure negatively impacts the state economy. Roadways and highways that are in disrepair or not properly maintained negatively affect the economy and inhibit business growth. State, tribal, and local entities and businesses should encourage and invest in construction of roadways and other projects through coordinated public-private partnerships. This would allow for cost-effective development.

Infrastructure funding and building could be changed from population-based (in which rural areas are underserved) to a data-driven and service-area needs approach. For example, Arizona should establish an infrastructure need or value index to evaluate priority, types of options, age and condition, and maintenance requirements, for infrastructure statewide. This inventory of all of Arizona's infrastructure assets would enable a better understanding of the scope of the overall infrastructure challenge and create a tool for development of maintenance and replacement priorities. Improvement

of our infrastructure must be accomplished through the collaboration of individual communities throughout the state.

Three statewide infrastructure needs should be made a priority for the growth of Arizona's economy: transportation infrastructure (roads/airports); transit modes (rail/public/air); and broadband Internet access.

Aviation significantly influences Arizona's economy in terms of both income and jobs. Although restrictions to protect existing airports have created some challenges to local, private development, general aviation, as well as commercial airports and military airbases should be protected to promote overall economic growth. Along with the investment in airports, investment in air transportation, in particular to rural areas and international destinations, is crucial to Arizona's growth. The federal government had previously assisted with rural aviation as a transit mode, but that subsidy has gone away. Finding ways to replace those lost funds will be a challenge for our future economy.

The state and industry should work together to expand our multimodal land ports and rail options across the state, permitting greater ease in rail and air travel and cargo service. Our efforts should be concentrated on investment in public transportation preservation, expansion of heavy rail statewide, consideration of high-speed rail, and expansion of light rail and streetcar options. In addition, we should enhance the use of existing air cargo facilities and capacity for offshore trade.

Broadband Internet access and use of technology will be vital to our future economy. Currently such access is limited in rural and tribal communities, causing a digital divide between urban and rural areas of the state that has a detrimental effect on education, access to healthcare, business development and growth, and other areas. The infrastructure investment needed to expand these services to areas with small populations may be too great to attract the private sector to take on this task. As a result, a combination of public and private efforts will likely be necessary to solve this important issue.

FUNDING INFRASTRUCTURE

There must be a statewide conversation about funding for increased roadway infrastructure and maintenance. Our road transportation system is vital to our economy and needs to be maintained, and in some cases expanded, to allow movement of goods and services within our state. This would require the state to update the gas tax rate and to re-implement the allocation of revenues from the gas tax for local roadway construction. Increase capacity within the state to leverage state and federal revenues. There are critical needs in rural communities for water and sewer infrastructure improvements.

Options for funding statewide infrastructure needs include, but are not limited to: re-thinking how local communities can influence the gas tax (which currently cannot be increased by local communities), tolls, tax increment financing, public-private partnerships, reconsidering the use of lottery funds, and the consideration of grant opportunities.

To assist with these goals, Arizona's government needs to facilitate and collaborate with the many chambers of commerce, other private institutions, and economic development organizations to expand economic opportunities. The state has attempted to do this through the development of the Arizona Commerce Authority.

GETTING THE JOBS WE WANT

An ideal mix of employment opportunities in Arizona includes job and entrepreneurial opportunities at all levels of education and income. Innovation and creativity will continue to be drivers in the state economy going forward through the creation of this ideal mix. This will help Arizona prepare for the unknown jobs of the future.

Communities should build and capitalize on existing industry that they already have as a foundation for developing new opportunities. For example, Arizona's healthcare industry should encourage employment of all varieties of medical professionals, from pure medical services to research sciences. A vibrant medical profession sector also creates jobs in ancillary areas, such as hospitality, food service and construction.

Retirees, in moving to Arizona, bring their existing accumulated wealth, which can impact job growth and community engagement. Arizona's retirees do not only bring their needs, but also their diverse background and work experience and can serve as workers, mentors to students and entrepreneurs. Arizona's large retiree population will remain an important driver in the further growth of our healthcare industry.

Entrepreneurs and the next generation work force are often drawn by a certain type of community and lifestyle. Some employers, especially some entrepreneurs, are attracted to vibrant places, urban and rural, with a high quality of life and opportunity for job growth, development, and expansion. A major opportunity for job growth is through the expansion and support of a network of incubators and Small Businesses Development Centers and a network of incubators and accelerators that can encourage Arizona's entrepreneurs in all areas of the state. The state should also consider a source of funding for new entrepreneurial projects, such as loan programs.

Arizona's natural resources and geography can also generate job opportunities through the expansion of our existing solar energy sector, forestry, agriculture and mining industries, as well as through outdoor activities, tourism, and a burgeoning wine industry. While tourism remains a powerful economic sector, growth in this industry lies in its continued expansion in small communities and exploring the rebranding of our state. These efforts will further encourage people to recognize small communities as desirable places to live and work.

Manufacturing, mining, agriculture, aerospace, transportation, and technology are all significant economic sectors. These industries continue to evolve, and their demands will require their employees to evolve with them, which will require quality education and training programs. Our education system, including universities, community colleges, vocational schools and workforce development programs, will need to be supported in order to meet these needs. A failure to invest in Arizona's education infrastructure will place Arizona at risk of losing talent and jobs to other states.

INCENTIVES' PLACE IN ECONOMIC DEVELOPMENT

Arizona needs to evaluate how government utilizes its current incentive programs and strive for a balanced approach with non-government incentives in an effort to benefit the economy.

Government programs should not simply result in the government giving money away, but instead should result in a "win-win" for our communities. For example, incentives in the form of

grants focusing on collaborative partnerships between business and Arizona's communities to effectively create long term jobs. Many government incentive programs target primarily large businesses, at times to the detriment of small business. We should take a balanced approach between the attraction and retention of large businesses and the development and retention of small and medium-size businesses. Additionally, there should be greater emphasis on whether the business or industry is likely a long-term fit for the community in question and the return on investment in exchange for the provided incentive.

Incentives are most effective when they are performance-based, taking into consideration a cost-benefit analysis of the business and the impact on the local community in which it resides and Arizona as a whole. Temporal and physical presence conditions should be established as part of incentive programs, which might include benchmarks for local job creation and requirements to support education and training programs in the community. "Clawback" provisions or performance-based incremental payments should be utilized on incentives to companies failing to meet the designated requirements. Examples of incentives Arizona should consider implementing or continuing to use include: the reinstatement of the film rebate; the angel investment tax credit; making research and development tax credits more available and tax increment financing (TIF) incentives.

Government incentive programs should not simply be focused on the business community. For example, the attraction and retention of qualified educators, engineers and other needed professionals will benefit from expansion of loan incentive programs, such as loan repayment assistance and loan forgiveness programs. Arizona should explore ways in which incentives could be created to retain our university graduates within the state.

Our veteran population is a strong community in Arizona and greater emphasis should be placed on incentives the Veteran's Administration provides to invest in and develop business, as well as career advancement training and education.

Quality of life is one of the most effective non-governmental incentives available that can help to ensure a high return on investment. In this sense, quality of life can include: lifestyle, low crime rates, excellent educational institutions, effective government, and a clean environment. Arts and culture is one way to build a sense of community and can add beauty and increase vitality within cities and towns. These factors help employers attract and retain the very best talent for their growing businesses. Arizona's younger generation is also considering where to live and work based on the quality of life, sense of place, access to arts and culture, commute times, recreational opportunities and social values supported by the state. Arizona's leaders should engage this population when developing neighborhoods, public amenities and community centers.

Challenges in achieving the most effective mix of governmental and non-governmental incentives include the lack of collaboration between state, county, municipalities, private businesses, and private associations. At times, businesses have more resources, expertise or perceived credibility than government agencies in the realm of recruiting and retaining business. This is an opportunity where public and private sectors should collaborate, understanding the need to be flexible to best solve problems and meet common needs. Building public-private coalitions is enhanced by chambers of commerce, economic developers and others. These sorts of coalitions could have an immediate impact on the marketing and branding of Arizona to attract business through collaboration to reflect Arizona's rich, western spirit. In addition, military facilities retention and expansion should be promoted.

EDUCATION AND THE ECONOMY

Education is the key to eradicating several of the economic and social problems in Arizona. A robust and well-funded public pre-K through college educational system, which could be described as “cradle to career,” is essential to attracting business to our communities and driving our internal economic growth. Arizona’s education system needs to align itself with the economic needs of the state. The opportunity for higher education should be available to all Arizonans, regardless of whether they choose that path for themselves.

Arizona’s education spending should be restored to pre-recession levels. Plans should be made to sustain funding in order to improve the quality of the state’s education system. Such an investment should include the recruitment and retention of qualified teachers, competitive teacher’s salaries, decreasing class sizes, funding of school counselors and expansion of early childhood education programs. Students should be given opportunities in high school to choose career paths that would allow them to prepare for college or receive training in the trades or the arts. School counselors should not focus only on college. They should also focus on alternative paths, as these may be the best choice for some students. Greater focus should be placed on funding proven programs that help educate both students and parents about post-secondary opportunities. Additionally, a financial literacy curriculum needs to be taught in our schools. Students need to know how to create a budget, manage credit cards and understand the need for saving in order to properly handle their personal, family and business finances going forward.

Arizona should shift its emphasis from drop-out rates to increasing college readiness rates across all communities in the state. Arizona schools need to focus on innovating to assist the struggling student, as well as providing an environment that fosters education.

Higher education, whether college, university, trade or vocational, is cost prohibitive to many in our communities. Some percentage of incoming college students are lower income, first generation students. Consequently, student loan debt has become an enormous burden for many Arizonans. As long as this burden remains, our younger generation’s ability to move forward, embark on entrepreneurial ventures, and contribute to the economy will be impeded. Government and the private sector should increase investment in programs to support educational opportunities for students seeking post-secondary education.

Fixing the educational system is a long-term process. To address this issue effectively we will require adequate funding and a collaborative effort between community leaders, education leaders, chambers of commerce, business leadership and concerned citizens. It will take a commitment from all of us to address the needed improvements.

SETTING PRIORITIES AND TAKING ACTION

Arizona’s history is filled with stories of individuals and communities who, due to their independent spirit and resolve, built the resilient state that is Arizona. In order for the items below to be accomplished, we must work together to increase communication and collaboration.

Below are the five top priorities for Arizona to pursue:

1. Education and workforce development

2. Infrastructure
3. Tourism
4. Entrepreneurship, local business and expansion of trade
5. Establish Arizona as a welcoming, culturally diverse place

Priority No. 1: Education and workforce development

Proposed Action No. 1: Increase education funding for preK-12, community colleges, and universities to above pre-recession levels and search for new funding sources, including comprehensive tax reform as needed. The funding method should address issues of equity in source and distribution, educator salaries, and should be sustainable and support long-term planning.

Who is responsible for this action: Arizona Legislature and the Governor.

Proposed Action No. 2: Support a comprehensive education improvement plan, which would include a robust public pre-K through college educational system (“cradle to career”) and college and career ready standards and that places Arizona in the top tier in educational achievement.

Who is responsible for this action: Arizona Department of Education, individual school districts, the Arizona Board of Regents and community college boards.

Proposed Action No. 3: Promote career technical education (CTE) opportunities, trade schools, and vocational opportunities to school districts, high schools, parents, those who do not complete high school and adult workers.

Who is responsible for this action: Department of Economic Security, workforce investment boards, community colleges, the Superintendent of Public Instruction and the private sector.

Proposed Action No. 4: Conduct a comprehensive study of the workforce needs of businesses in Arizona to serve as a tool for the development of new curriculum and training programs, including bilingual education and adult learning.

Who is responsible for this action: The private sector, the chambers of commerce, the Arizona Workforce Investment Board and other workforce investment boards, the Arizona Commerce Authority, universities, community colleges, and trade and vocational schools.

Proposed Action No. 5: Implement programs to help retain “home-grown talent” within Arizona with a focus on millennials and consider incentives to retain graduates such as loan repayment assistance and loan forgiveness programs.

Who is responsible for this action: Youth leadership groups, such as student life and leadership, student government associations at community colleges and universities, workforce investment boards, the Arizona Board of Regents and the Arizona Society of Human Resources Management (AZ SHRM)

Proposed Action No. 6: Ensure that liberal arts curriculum and critical thinking skills are a substantial component of the education system across the entire age spectrum. This includes an emphasis on teaching the skill of engaging in respectful civil dialogue with people of different perspectives.

Who is responsible for this action: Arizona Department of Education, individual school districts, the Arizona Board of Regents and community college boards.

Priority No. 2: Infrastructure

Proposed Action No. 1: The state's gas tax should be indexed to inflation or another measure to appropriately fund increasing costs for road construction and maintenance and to expand the financial capabilities of counties, cities and towns across Arizona to develop roads and transportation maintenance to address pressing local needs.

Who is responsible for this action: Arizona Legislature, the Arizona Department of Transportation, Municipal Planning Organizations, counties and local communities.

Proposed Action No. 2: The state's air, rail and road transportation systems should be improved and expanded, including the proposed I-11 corridor, from Nogales to Las Vegas and onward to Canada and inward ports.

Who is responsible for this action: Governor, Legislature, Arizona Department of Transportation, the federal government, local governments and public-private partnerships.

Proposed Action No. 3: Rural and tribal broadband should be expanded to promote business growth and strengthen education.

Who is responsible for this action: Private service providers, state, local and tribal governments.

Proposed Action No. 4: Local councils of governments, in connection with tribal communities and local and county governments, should work together to create a plan for future infrastructure and cooperate in finding ways to fund these efforts.

Who is responsible for this action: Councils of governments, tribal communities, federal and local governments, and the Arizona Department of Transportation.

Proposed Action No. 5: Water-related infrastructure must be expanded in rural areas to support business attraction and expansion.

Who is responsible for this action: County governments, private utilities, local governments, and Arizona's congressional delegation.

Priority No. 3: Tourism

Proposed Action No. 1: Through a coordinated effort, promote Arizona’s geographic and cultural diversity and location to enhance tourism, sports and business development opportunities.

Who is responsible for this action: Arizona Office of Tourism, Arizona Commerce Authority, local governments, the Arizona Tourism and Sports Authority, local chambers of commerce, local convention and visitors bureaus, and the private sector.

Proposed Action No. 2: Continue to promote our natural resources, climate and geography to enhance the state’s image as a welcoming, culturally diverse place where people can live, work and play.

Who is responsible for this action: Arizona Office of Tourism, Arizona Commerce Authority, and all Arizonans.

Proposed Action No. 3: Reinstate the Arizona’s Film Office and rebate to promote our state within the entertainment industry.

Who is responsible for this action: Governor and the Legislature.

Proposed Action No. 4: Utilize existing mechanisms to better promote regional arts and culture, fostering perceptions and relationships as well as generating tourism revenue.

Who is responsible for this action: Local arts agencies, chambers of commerce, the Arizona Office of Tourism, CALA Alliance and tribal museums.

Priority No. 4: Entrepreneurship, local business and expansion of trade

Proposed Action No. 1: The Arizona Commerce Authority, under the direction of the Governor, should take the lead in collaborating with other trade groups, including but not limited to, the Arizona-Mexico Commission and the Canada/Arizona Business Council, to restore or enhance strong trade relations with Mexico, Canada and California, including the expansion of programs to allow for quicker border crossings between Arizona and Mexico, particularly for commercial traffic.

Who is responsible for this action: Arizona Commerce Authority and the Governor.

Proposed Action No. 2: Encourage Arizona’s federal representatives to prioritize immigration reform.

Who is responsible for this action: Federal government representatives.

Proposed Action No. 3: Support and develop entrepreneurial and local and small business owners (the “entrepreneurial ecosystem”), which includes the expansion of statewide entrepreneurship and the expansion of incubators and accelerators where advising, mentorship, and other *resources* could be made available and promote

procurement practices for state and local governments, universities and community college districts that remove barriers to competition for small and medium-size businesses.

Who is responsible for this action: Arizona Commerce Authority, state and local governments, non-government organizations (including SBDCs, community colleges and universities) and chambers of commerce.

Proposed Action No. 4: Support financial resources for entrepreneurship in the state by working to increase accessible venture capital; increasing the availability of loans to small businesses; changing state laws to permit loans to businesses by cities and municipalities; research benefits to the state of establishing a state preference for Arizona companies; and tax increment financing (TIF).

Who is responsible for this action: Representatives of the financial community, the Legislature, the Governor, counties, Arizona Commerce Authority, League of Cities and Towns, Arizona Association of Counties, and non-government organizations (including Arizona chambers of commerce).

Proposed Action No. 5: Protect usage of water resources for recreation, industry, commercial, residential, and biological diversity through measures such as: state, regional and local water budgets; the clarification in state statute of the connectivity of surface and ground water; and the adjudication of water claims.

Who is responsible for this action: Arizona Department of Water Resources, the state legislature, county and municipal governments, the governor and the Arizona court system.

Proposed Action No. 6: Engage Arizona entrepreneurs and inform voters and elected officials of the potential for legal cannabis which includes: increased workforce and sales tax revenue to pay for critical programs; and retention of Arizona university graduates and create new opportunities for entrepreneurs in industrial agriculture, biofuel, biotechnologies, specialty foods and medical research.

Who is responsible for this action: Interested Arizona Town Hall delegates and Arizona agribusiness.

Proposed Action No. 7: Create an office within the Arizona Department of Agriculture to support and develop sustainable small farms and provide low cost organic certification for Arizona farmers.

Who is responsible for this action: Arizona Department of Agriculture, state government in concern with The University of Arizona Cooperative Extension Office.

Proposed Action No. 8: Enhance and use existing airport facilities to capture excess air cargo capacity to and from off shore.

Who is responsible for this action: State of Arizona, city airports, Arizona Commerce Authority.

Proposed Action No. 9: Preserve and expand Arizona military installations by engaging federal, state and local elected officials and business communities.

Who is responsible for this action: Governor, the Arizona Military Affairs Commission, Luke-West Valley Counsel, DM50, Yuma and other support groups, congressional leaders, cities and counties.

Priority No. 5: Establish Arizona as a welcoming, culturally diverse place

Proposed Action No. 1: Mobilize all business, cultural, educational, social and media resources to support, publicize and reward positive behavior consistent with 21st century norms.

Who is responsible for this action: All businesses.

In addition to the action items referenced above, what actions can we as individuals take when we leave Town Hall to help improve Arizona's economy? Since many of the recommendations from the 105th Arizona Town Hall recommend that a number of state department heads be responsible for their implementation, a small representative group of Town Hall panel members should be formed to advise the Governor of these recommendations, and seek his support. As individuals, we should also take the following actions:

- We need to work to emphasize the importance of respectful civic involvement and make that a part of our daily lives.
- We need to exercise our right to vote.
- Within our families and communities, we need to instill in Arizona's children the desire to learn, to plan for their future, and to foster an entrepreneurial spirit.
- We need to share what we have learned and the conclusions reached at this Arizona Town Hall with our peers; friends; families; community leaders and organizations; our chambers of commerce; the League of Arizona Cities and Towns; and Arizona Association of Counties.
- We should support efforts to educate and inform the Governor and the Legislature annually on current issues and consensus and concerns in Economic Development.
- We, the Town Hall participants, will make ourselves available to the Governor to be engaged in the development of his Economic Development Plan to be completed during his first 100 days in office.
- We need to be actively involved and support our non-profit and philanthropic community organizations including patronizing and supporting arts and culture.
- We can each take steps to promote Arizona's image, including the use of social media and traditional media such as television, billboards and radio.
- To strengthen Arizona's economy, we must make a special effort to support Arizona's businesses, including a "buy local, grow local" campaign.
- Finally, each of us should commit to doing one of these individual actions and reporting back to each other.