

ARIZONA WINS

WINNING THE NEXT DECADE AND BEYOND



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35th State Treasurer of Arizona

President, Arizona Chamber Foundation

Co-Chair, Sandra Watson

President & CEO

Arizona Commerce Authority

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Competitiveness Analysis

ArizonaWINS

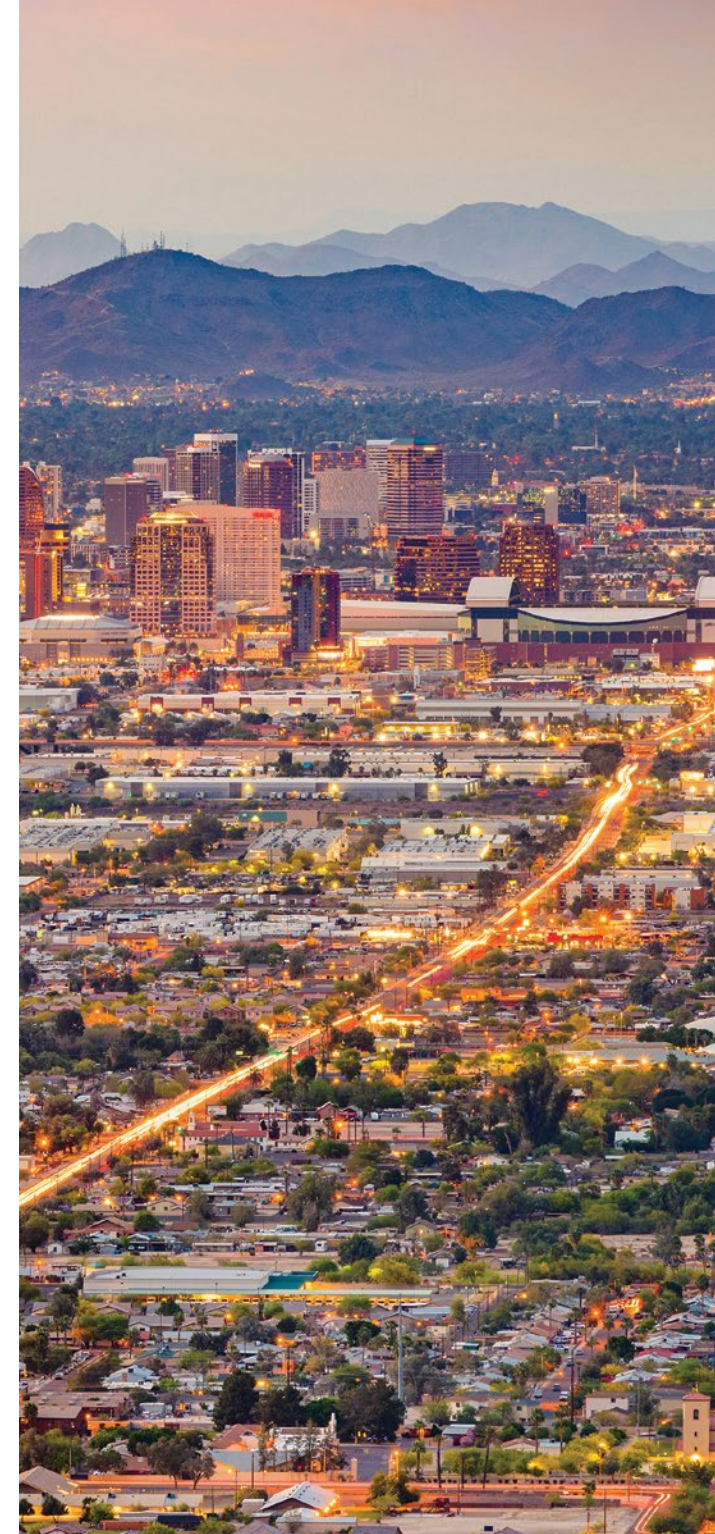
Arizona has achieved tremendous economic success over the past decade and is positioned well for continued growth.

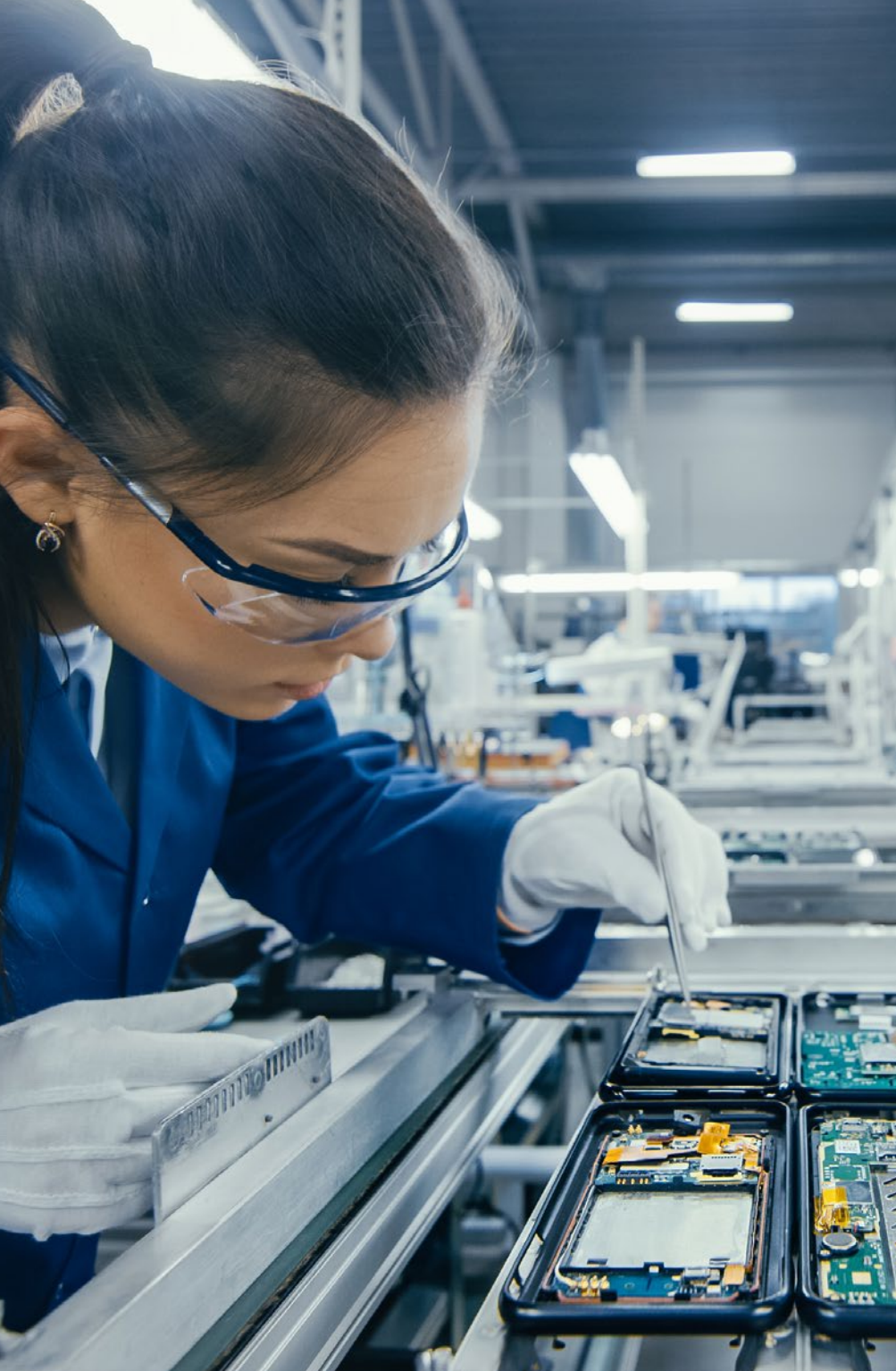
But competitiveness is not static; it is the result of long-term demographic trends, public and private investment, policy decisions, and the ability of states and regions to adapt to changing global conditions. As natural population growth slows and as competition for talent, capital, and innovation intensifies, Arizona must assess and strengthen its competitive advantages to maintain its economic momentum.

ArizonaWINS is the plan to win Arizona's next decade and beyond, with a comprehensive set of strategies and

tactics to advance business development, provide more high-wage jobs, and grow opportunity for Arizonans statewide.

To achieve those aspirations, ArizonaWINS worked with business, industry, and academic leaders to identify **more than 50 improvement opportunities** organized around key factors of competitiveness that matter most to business and talent when making location decisions: **Business Climate, Workforce and Education, Infrastructure, and Innovation** — all of which interact with underlying economic **Risks**.





While all of the strategies and recommended actions are important for Arizona’s future economic growth and competitiveness, **the following emerged as the top five most urgent priorities for Arizona to tackle in the next five years:**

- 1. Enhance Competitiveness:** Sharpen Arizona’s competitive edge through enhanced economic development tools and ease zoning processes to expand business and infrastructure.
- 2. Accelerate Talent:** Strengthen and grow education, training, and career pathways that prepare Arizonans for high-wage, in-demand jobs.
- 3. Strengthen Critical Infrastructure:** Make Arizona a top state for energy and water availability and affordability.
- 4. Spur Innovation:** Catalyze innovation and entrepreneurship through research and development and speeding tech transfer.
- 5. Preserve Quality of Life:** Drive down costs that threaten Arizona’s economic momentum and capitalize on federal policy reforms to keep Arizona in the lead.

ArizonaWINS is intended to catalyze Arizona’s future by identifying the top issues affecting Arizona’s competitiveness and the actions that will improve it. Everyone has a role to play in building a better future for Arizona: business owners, elected officials, civic leaders, philanthropy, employees, families, and students. With ArizonaWINS, Arizona now has the playbook to win the next decade — and beyond.

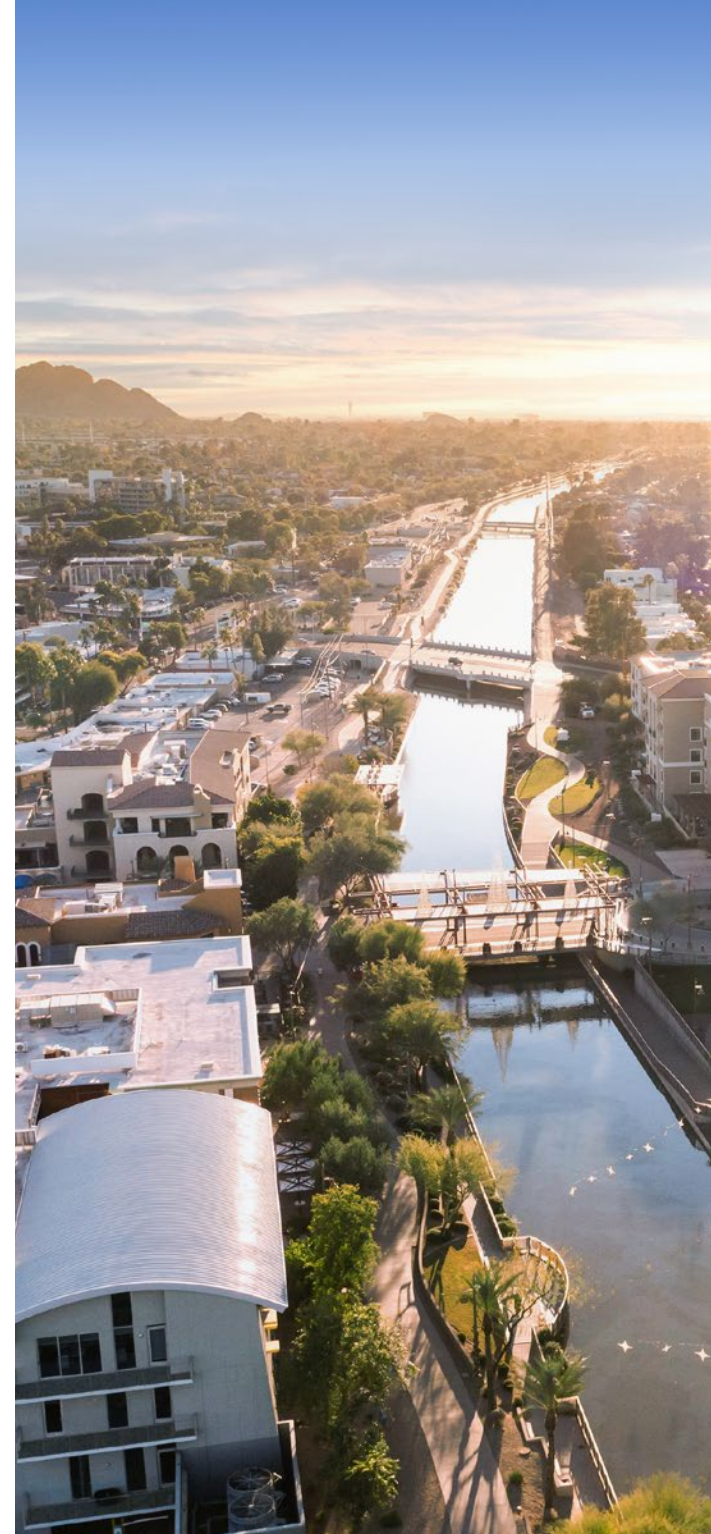
About Arizona

Arizona is one of the fastest growing states in the nation, in terms of both economic activity and population. Arizona ranks fifth in the nation in real per capita GDP growth over the past 10 years and received the fifth largest share of interstate migration in 2023. Widely known for its beautiful landscape and pleasant climate, Arizona has long been an attractive destination both for tourism and migration.

Upon joining the union in 1912, Arizona's economy generally centered around the "Five C" industries: copper, cattle, cotton, citrus, and climate (tourism), which are still important today. However, beginning in the post-WWII years and accelerating

more recently, Arizona has attracted many new industries that have greatly diversified the state economy, making it a hub for technology, advanced manufacturing, biotech, aerospace and defense, and financial services.

Located in the Mountain West, Arizona has emerged as a major center and transportation corridor for international trade with America's largest partners — Mexico and Canada. The state's proximity to California, one of the world's largest economies, as well as to Texas, has further strengthened Arizona's strategic importance in domestic and global trade.



State GDP surpassed \$430 billion in 2024, up from \$150 billion in the late 1990s, with growth consistently above the U.S. average. Over the past decade, Real GDP expanded by 43.8%, one of the strongest performances nationally. That success has translated into gains for Arizona residents as well, with per capita personal income surpassing \$57,000 in 2023.

Beyond its canyons and cactus, Arizona is the sixth largest state by land mass with seven distinct ecoregions, making it an outdoor paradise. A hub of major professional sports teams, major events, and spring training baseball, Arizona is a top tourism destination, with 41 million visitors each year, and the state is a regular host to major sporting events such as the Super Bowl and worldwide conventions, such as SEMICON West and EdX.

By far, Arizona's greatest asset is its people. Arizona is home to 7.6 million residents and is projected to grow to 9 million by 2040. Demographically diverse and culturally rich, Arizona is home to 22 federally recognized tribes, a significant Latino population, and has a population younger than the U.S. average.



#1
Largest Growing County
Maricopa County

U.S. Census Bureau, 2020-2023



Top 5
State for growth

465,714 new residents added, 2020-2025

U.S. Census Bureau, 2026



5th
Largest City in the U.S.
Phoenix



7.6M
Total Population
Arizona



Arizona's Past Decade of Economic Transformation

Arizona's economic transformation since the 2008 global recession is certainly the envy of most states.

Historically, Arizona's economy had been characterized by strong population inflows, rapid employment growth, and significant swings tied to real estate cycles. The Great Recession was particularly damaging, exposing the state's over-reliance on construction and real estate, and leading to nearly 400,000 job losses from peak levels. At its lowest point, Arizona ranked 50th nationally for employment growth. The collapse also underscored a decline in per capita personal income, which had fallen substantially.

Arizonans knew that a new approach was needed to make the state competitive again, and state leaders set out on a new economic path to grow high-wage jobs and modernize the economy as they restored fiscal stability. A broad economic recovery and diversification strategy was enacted, with an emphasis on high-wage jobs, highlighted by significant, multiyear tax reductions, regulatory reform and a revamped approach to statewide economic development through the creation of the Arizona Commerce Authority (ACA).

Formed in 2011, the ACA uses a three-pronged approach to advance Arizona's economy: recruit, grow, and create.

- Recruit out-of-state companies to locate and expand operations in Arizona, particularly those that encourage supply chain development.
- Grow existing companies by supporting business expansion in Arizona and beyond.
- Create new jobs and businesses by partnering with entrepreneurs and companies of all sizes in targeted industries such as semiconductors, aerospace, bioscience, and technology.

The business-friendly regulatory environment, combined with the state's strong underlying fundamentals and a focused statewide economic development strategy has marked a shift towards free market capital inflow and investment into the state by private sector businesses, highlighted by new higher-value base industries that export goods and services.

Other competitiveness policy changes followed. In 2021, Arizona passed legislation to replace its progressive income tax with a 2.5% flat tax. The flat tax became fully implemented in 2023, a boon to start-ups and solopreneurs. Major investments in university infrastructure expanded research and development (R&D) and workforce pipelines at Arizona's public universities. Through focused statewide planning, collaboration, and an infusion of venture capital, Arizona's biosciences core has matured, with Arizona now recognized as a place to research, develop and commercialize therapies and products that improve health and support agriculture. Other state-led initiatives such as ConnectAllAZ, a massive investment of resources to connect 100% of households and communities to broadband by 2030, will continue to expand economic

opportunity throughout the state. Most recently, the state has taken steps to address affordability issues such as child care and housing.

The success of these strategies is evident in the number and quality of jobs that have been created, the growth in Arizona's economic productivity and the benefits and amenities that result from a period of strong economic growth. Over the past five fiscal years, the ACA has announced more than 120,000 potential new jobs and over \$200 billion of capital investment across the spectrum of targeted sectors. The success has been reflected in Arizona's improvement in third-party rankings of states as well. Arizona was a clear economic winner over the past decade due to a clear strategic focus and strong execution of the strategy among economic development partners throughout the state.

#1

Attracting & Retaining Talent

Maricopa County 2018-2022

Lightcast Talent Attraction
Scorecard, 2023



#1

Foreign Direct Investment

FY20 - FY25

fDi Markets



Arizona's Public Universities: A Strategic Asset

Arizona's higher education ecosystem is central to the state's economic strength, with its public universities crucial to producing the skilled workforce and research that drives high-wage industries, innovation, and long-term growth. Long recognized among the largest and most innovative in the nation, Arizona's three public universities have achieved Research I status, generating \$2.1 billion in annual research and actively transferring new technologies to the marketplace. Arizona's public universities generate more than \$11 billion in economic output, support 85,000 jobs, and nearly 58,000 graduates each year supply new talent for sectors such as advanced manufacturing, aerospace, health care, and technology. Educational attainment gains are projected to add nearly \$6 billion in new state and local revenues over 10 years as the number of graduates is increased.

Some of Arizona's most explosive growth has occurred in the semiconductor industry, which includes leading firms in manufacturing, design, equipment, R&D, materials suppliers, advanced packaging, and more. Between Intel and TSMC, Arizona is home to the two most advanced semiconductor fabs in North America and is ranked "No. 1 for Semiconductors" by Business Facilities.

ACA currently reports more than 500 projects in the pipeline, including roughly 50 mega projects, representing the potential for 200,000 new jobs and nearly \$200 billion in investment. Approximately 70% of the potential projects and 80% of the potential new jobs are concentrated in manufacturing. Arizona's full project pipeline — at historic levels — demonstrates the continued potential for growth, especially if continued competitiveness improvements are made.

Arizona is Recognized for Growth

2025
Gold Shovel
Award Winner

AREADEVELOPMENT

2025
Project of the Year
Award Winner

AREADEVELOPMENT



Seven Gold Shovels and Counting



AREADEVELOPMENT

Arizona's Legacy of Semiconductor Success

Arizona has played a foundational role in the semiconductor industry since its inception, beginning with Motorola's R&D operations in Phoenix in 1949. Intel established its first fabrication facility in the state in 1979 — a presence that has since expanded to include at least five fabs and advanced packaging operations. Over the decades, global leaders such as ASM, Amkor, Microchip, onsemi, NXP, Applied Materials, ASML, and many others have contributed to the development of a robust microelectronics ecosystem in Arizona.

This legacy entered a new era in 2020 with the arrival of TSMC, which has announced a historic \$165 billion investment in the state, including six leading-edge fabs, three advanced packaging facilities, and a major R&D center.

These transformative wins reflect Arizona's strong public-private collaboration, supportive policy environment, and an intentional growth strategy led by the Arizona Commerce Authority.

With its economy transformed, the question facing Arizona now is, "How does Arizona win the next 10 years?"

Arizona is at a Pivotal Moment in its Competitiveness Journey

Even after a decade of exceptional economic success, Arizona cannot afford to become complacent.

Competition among states for jobs, private investment, and new residents is accelerating. Slowing birth rates, reduced domestic migration, and the rapid adoption of disruptive technologies are creating a more volatile landscape than ever before.

More than two dozen states have already launched formal competitiveness plans to strengthen their economies and attract the next generation of talent and industry.

For Arizona to sustain its momentum and ensure every Arizonan can reach their full potential, state leaders must take bold, strategic action now — positioning the state to win the intensifying competition for jobs and talent while laying the foundation for long-term, sustainable growth.



More than two dozen states have already launched formal competitiveness plans to strengthen their economies and attract the next generation of talent and industry.

The Framework for Maintaining & Growing Arizona's Competitiveness

With an expected 9 million Arizona residents by 2040, ArizonaWINS fills an important need for the state to anticipate and plan.

Developed through a public-private partnership, ArizonaWINS provides insights into Arizona's economy and competitive position relative to other states, highlighting Arizona's strengths, and identifying strategies for improvement and resilience.

Government, business and philanthropic leaders at all levels have a role to play in enhancing the state's economic wellbeing and growing future opportunity. To successfully expand Arizona's economy and build on the state's emerging advanced technologies, ArizonaWINS provides the blueprint for multiple stakeholders to work collaboratively to enhance its competitiveness.



Business Climate

- Taxes
- Regulatory Climate
- Legal Climate
- Insurance

Workforce

- In-migration
- Education/Skills
- Productivity
- Costs
- Quality of Life

Infrastructure

- Power
- Water/Sewer
- Transportation
- Broadband
- Housing/Child Care
- Buildings & Sites

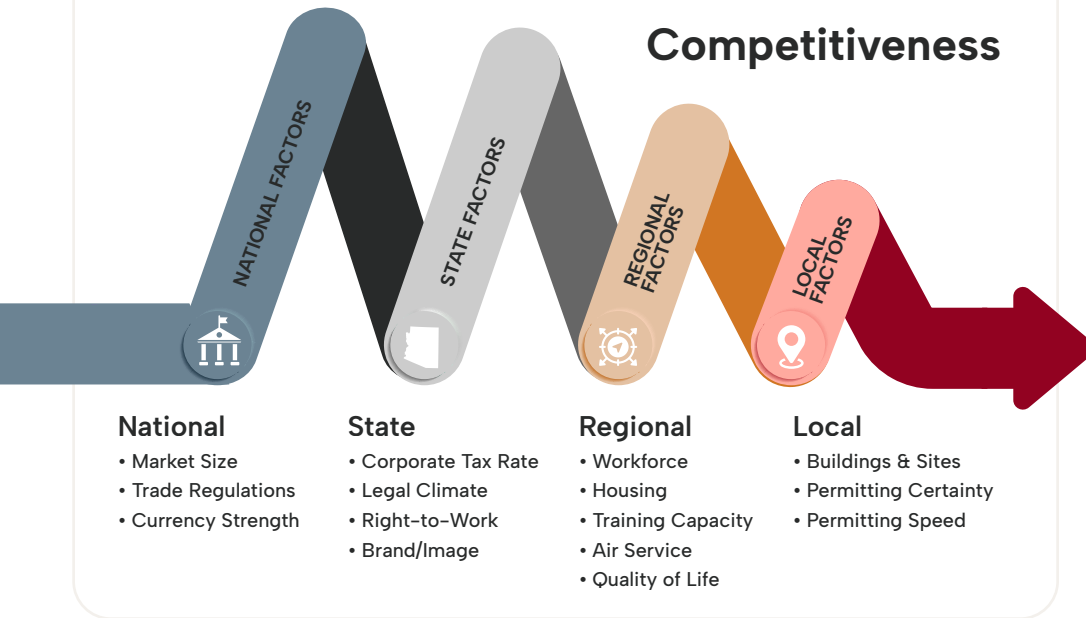
Innovation

- Advanced Industries
- R&D
- Start-up Ecosystem
- Automation



Source: Economic Leadership, LLC

Competitiveness



Source: Economic Leadership, LLC

Recommendations were shaped with input from business, industry, and academic leaders and are organized around key factors of competitiveness that matter to business and talent when making location decisions: **Business Climate, Workforce, Infrastructure, and Innovation** — all of which interact with underlying economic **Risks**.

Because no two business investment or talent location decisions are based on identical factors, it is important for the state to be competitive on as many of the key factors as possible.

Assessing Arizona’s competitive positioning and producing this statewide competitiveness strategy is only the initial step to having a long-term, positive impact on the citizens of Arizona.

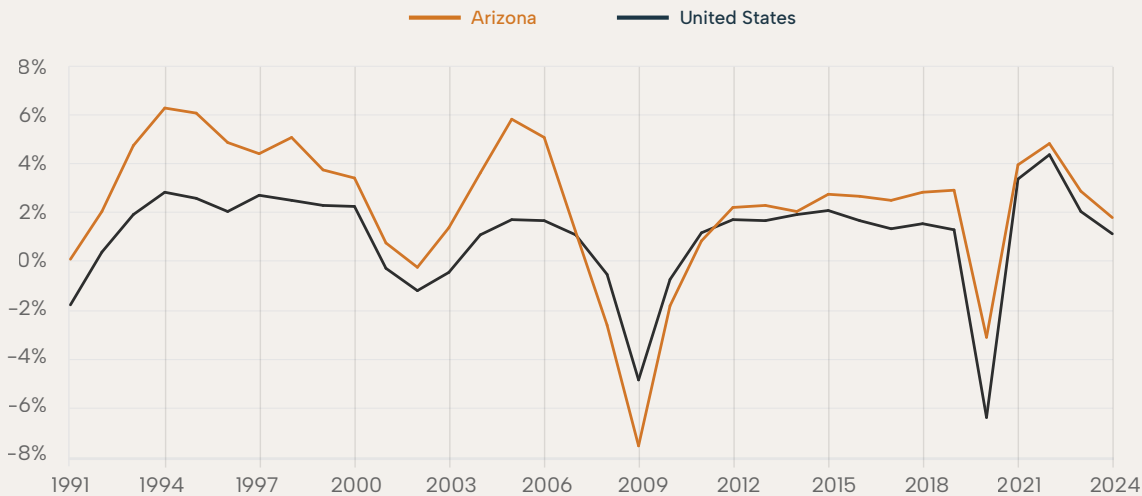
The real value of ArizonaWINS begins with implementation of the recommendations, amplified by collaboration from the many stakeholders in the economic development ecosystem.



The Current Reality: Arizona's Economy and Competitiveness

The state's economy has demonstrated resilience and adaptability over the past three decades and **unlike many states that develop a competitiveness strategy, Arizona begins with a position of exceptional strength.** From 1990 to 2024, job growth in the state consistently outpaced the national average, with the notable exception of a steeper decline than the U.S. during the Great Recession of 2008–2009. Yet in every downturn, whether national or statewide, Arizona has rebounded well, underscoring the strength of its population growth and its ability to attract new industries.

Arizona & U.S. Annual Percentage Jobs Change, 1990–2024



Source: U.S. Bureau of Labor Statistics QCEW

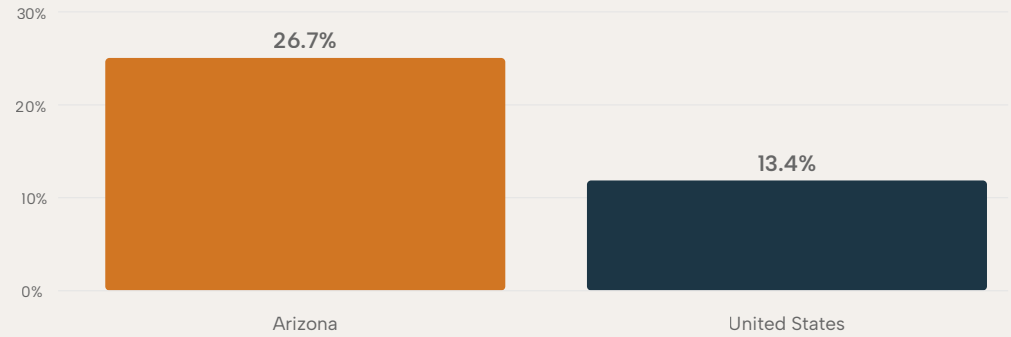


The past decade, 2014–2024, has been particularly robust, with Arizona recording one of the largest job gains in the nation and ranking alongside high-growth peers such as Idaho, Utah, Nevada, and Florida.

From 2019 to 2024, Arizona’s employment continued to expand, placing it among the top states for overall job creation.

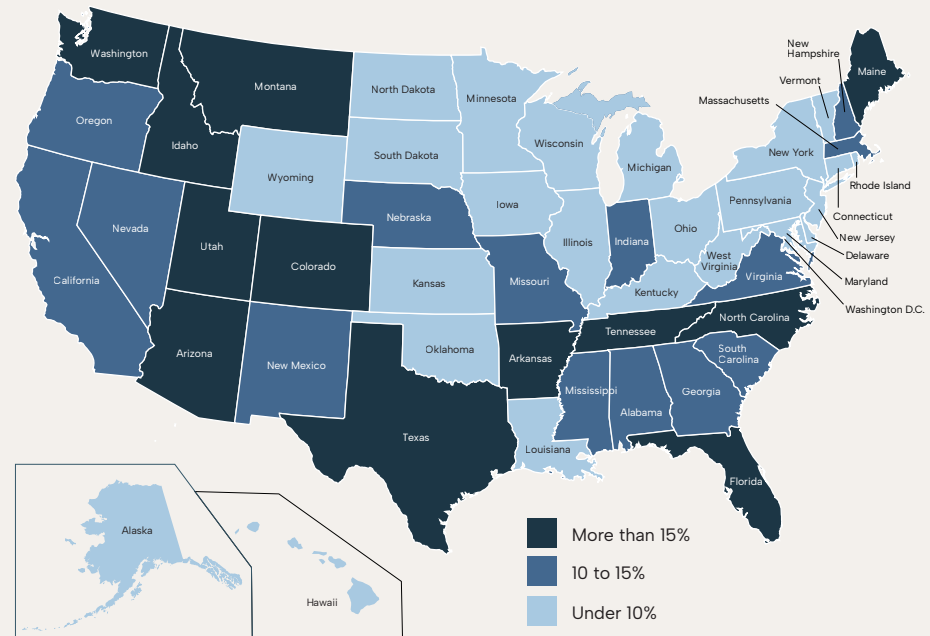
Arizona’s economic output has more than kept pace with its employment expansion. From 2014 to 2024, the state’s Real GDP grew by **43.8%**, far above the national average and among the top growth rates in the nation. Between 2019 and 2024 alone, Arizona’s GDP expanded by more than **15%**, again placing the state in the upper tier of performance alongside fast-growing peers such as Utah, Texas, North Carolina, and Florida.

Total Percentage Job Growth, 2014–2024



Source: U.S. Bureau of Labor Statistics QCEW

Real GDP Growth, 2019–2024



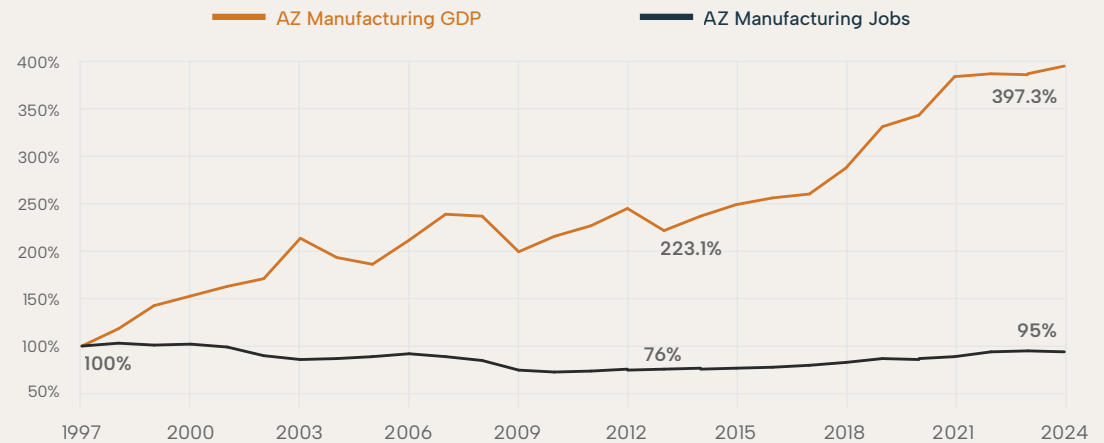
Source: U.S. Bureau of Economic Analysis



Because of the focused efforts over the past decade to attract higher wage jobs and industries, manufacturing has been another clear strength for Arizona. In 2024, the state ranked **fourth nationally in the Economic Leadership Manufacturing Competitiveness Index**, reflecting its rising specialization in semiconductors, precision production, aerospace and defense, and other advanced manufacturing activities. The sector's resurgence is evident in both job and GDP data: after years of decline that mirrored national trends in the early 2000s, Arizona's manufacturing employment has trended upward over the past decade. Manufacturing GDP has expanded significantly over the past 25 years with accelerated growth in the past decade reflecting a transition to higher value goods and emerging technology-rich industries.

Arizona Manufacturing Jobs and Manufacturing GDP Growth

1997-2024 (normalized as percent of levels in 1997)



Source: U.S. Bureau of Labor Statistics QCEW, U.S. Bureau of Economic Analysis Real GDP

Growth in advanced industries has been central to Arizona's recent success. Arizona has outpaced the national average in both job and GDP growth in these sectors, positioning the state for future growth.



ARIZONAW1NS
WINNING THE NEXT DECADE AND BEYOND

The Playbook and Priorities for Arizona's Next Decade

Enhancing Statewide Competitiveness

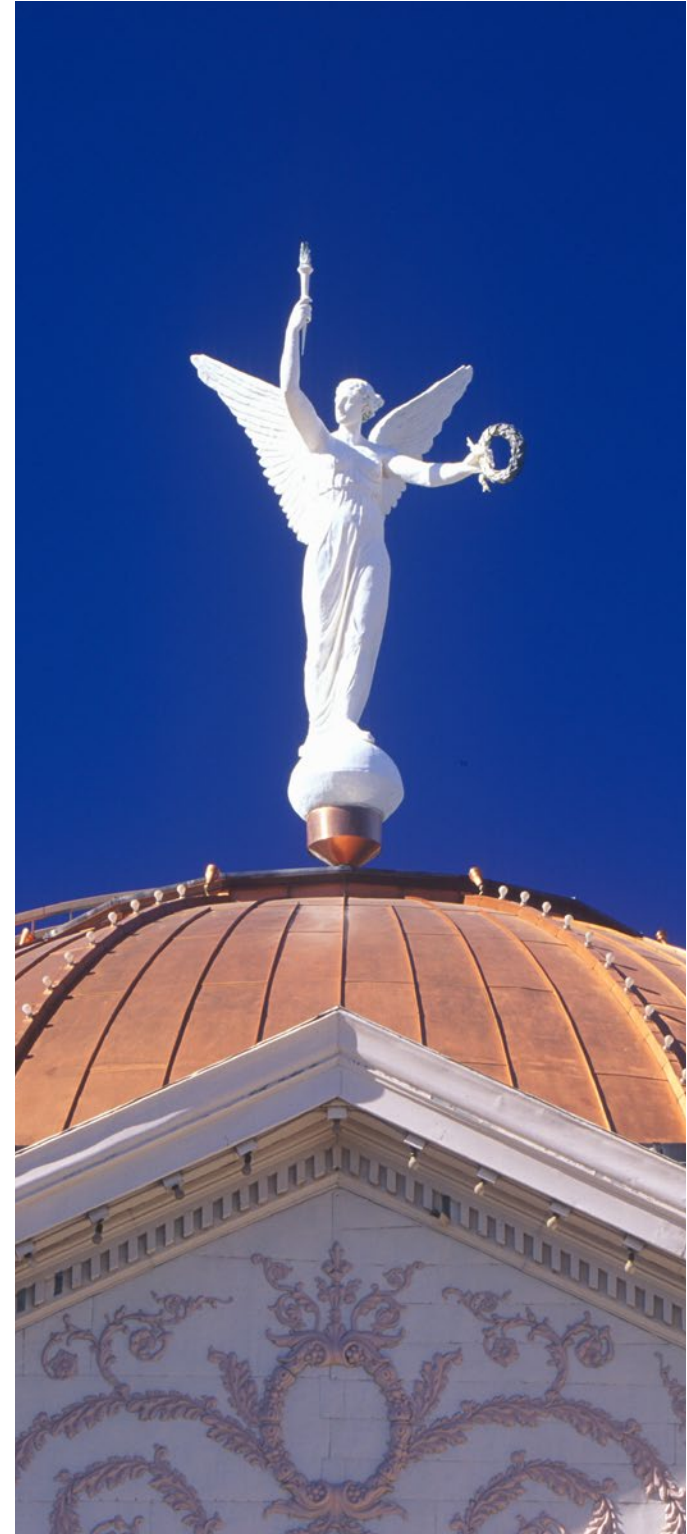
ARIZONAWINS has identified **more than 50 actions** state, local, and federal leaders can take in the interest of Arizona’s long-term success.

These improvement opportunities are organized around the factors that matter most to making Arizona even more attractive to new residents and business investment and improve its competitive position over the next decade: **Business Climate and Competitiveness, Workforce and Education, Energy and Infrastructure, Innovation and Entrepreneurship.** Potential **Risks** to Arizona’s economy and quality of life are also considered, along with strategies to convert risks into advantages.



Taken together, these recommended improvements in public policy and infrastructure are designed as a **playbook for Arizona’s next decade**

to encourage and accommodate growth, spur innovation and create more high-wage jobs and opportunity for residents — all while maintaining the economic momentum and affordable lifestyle that has made Arizona “the state everyone wants to call home.”



ENHANCING STATEWIDE COMPETITIVENESS

Business Climate and Competitiveness

Enhance Arizona's Business Climate and Modernize Arizona's Economic Development Toolbox

- ➔ Keep Arizona a top state for business through competitive tax rates, low regulatory burdens, lower costs to do business, and a legal environment that upholds business and private property rights.
- ➔ Equip the Arizona Commerce Authority (ACA) with the resources and tools needed to successfully compete.
- ➔ Encourage regional and local economic development planning and speed processes to expand business and infrastructure.
- ➔ Maintain fiscally stable governments and a predictable policy environment.

Recommended Actions

Streamline Planning and Zoning (P&Z) Processes to Reduce Costs and Time for Project Approvals

- Increase consistency in local planning and zoning requirements.
- Recognize private property rights in business and infrastructure development.
- Enhance local community outreach and education on economic benefits of business and infrastructure expansion projects.

Update and Enhance Tools Available to Arizona Commerce Authority (ACA)

- These tools help Arizona compete for more projects statewide, including mega projects and supply chain opportunities, and connect more Arizonans to high-wage jobs, skills training and retraining opportunities related to business locations and expansion. (See “*Economic Development Tool Enhancements.*”)

Economic Development Tool Enhancements

- Renew and replenish Arizona Competes Fund.
- Combine Qualified Facility and Quality Jobs tax credit funding to create a refundable credit pool with flexibility to use for either Quality Jobs or Qualified Facility.
 - ♦ Extend the Quality Jobs program through July 1, 2031, and enable remote and hybrid jobs to qualify if they support facility-based operations.
- Create an Arizona Job Training incentive program to expand technical skills training across Arizona.
 - ♦ All states except Arizona and Oregon have job training incentives consisting of grants, refunds and tax credits.
- Extend the Transaction Privilege Tax (TPT) exemption for the construction of cleanrooms used in semiconductor manufacturing/R&D to all cleanrooms, regardless of industry.
- Build and operate dedicated training centers for mega projects to match job training opportunities to new jobs.
- Increase the standard labor deduction for new construction TPT to 50% for manufacturing and R&D projects certified by the ACA.

Recommended Actions

Advance Customized, Targeted Rural Economic Development Strategies

- Support the creation of robust economic development plans at the local level that reflect special capabilities and strategic assets, such as the military or public research universities.
- Enhance statewide coordination with sector strengthening plans, such as Flinn Foundation’s Biosciences Roadmap.

Protect Arizona’s Legal Climate

- Uphold individual and business rights to contract.
- Safeguard Arizona’s status as a right-to-work state.
- Vigorously protect private property rights, including intellectual property rights.
- Set reasonable limits on business liability and damages.
- Support use of business courts to expedite business proceedings.
- Protect Arizona’s independent judiciary through maintenance of the judicial merit selection and retention system.

Assure the State’s Fiscal Stability

- Prepare the state budget for potential changes in federal program eligibility, funding formulas or other program requirements that shift costs to states and service providers.
- Protect the state’s financial health by using best practices:
 - ◆ Develop multiyear budget plans
 - ◆ Conduct regular financial stress testing
 - ◆ Improve cash balances
- Build in additional budget contingency plans to withstand unexpected changes in the economy.
- Maintain the highest bond ratings to reduce costs of borrowing.

Protect Arizona’s Competitive Position

- Track Arizona’s performance on key economic indicators and competitiveness factors.
- Regularly update recommendations to improve Arizona’s position, reputation, and outcomes.

ENHANCING STATEWIDE COMPETITIVENESS

Workforce and Education

Expand the Talent Pipeline and Opportunity for Working Arizonans

- ➔ Provide Arizonans lifelong learning and training opportunities to advance their careers.
- ➔ Modernize the state's approach to enhance education and training opportunities for students and working-age adults.
- ➔ Accelerate workforce support in high demand fields.
- ➔ Help working-age adults stay in the workforce, so they can support their families.

Recommended Actions

Greater K-12 Alignment to Career Opportunities

- Improve Education and Career Pathways to increase high school retention, boost graduation rates, and prepare students for work.
- Prepare students with enhanced technical skills in high demand:
 - ◆ Integrate artificial intelligence (AI) into the K-12 curriculum to increase students' AI knowledge and skills
 - ◆ Expand STEM offerings statewide
- Raise students' aspirations and awareness:
 - ◆ Encourage a statewide vision of student success to identify multiple pathways to success after high school: enrollment in higher education, employment in high-skill, high-demand, high-wage fields, enlistment in the military or other community or faith-based service, and entrepreneurship by starting or participating in a new venture.
 - ◆ Raise awareness of high-growth, high-wage careers for students and parents, starting in middle school.

Education and Career Pathways

- Expand access to education and career pathways that offer students opportunities to pursue Career and Technical Education (CTE), dual enrollment, and to earn an industry recognized credential along with their high school diploma.
- Make credentials "stackable" to facilitate earning additional certification or a degree at the college level.
- Expand CTE programming statewide and align programs with high-wage, high-demand industries.
- Create more work-based learning opportunities for students, including internships, job shadowing, youth apprenticeships, and mentorships.
- Create employer incentives and facilitate partnerships to give more students access to work-based learning in their communities.

Recommended Actions

Accelerate Workforce Support in High Demand Fields

- Support AZ Healthy Tomorrow to expand four-year nursing, allied health and advanced professional health care programs at Arizona's public universities.
- Continue to expand the capacity of Arizona's engineering schools to match workforce demand. Continue to improve their national rankings to secure Arizona as a destination for top engineering talent nationwide.
- Expand public and private Graduate Medical Education (GME) and other medical practice pathways to encourage post-residency physician retention to reduce the shortage of physicians and medical specialists statewide.
- Fuel talent in high-demand specialties like science, manufacturing, water, technology, and engineering to ensure that Arizona's innovation economy can thrive.

Build Workforce Capacity at Arizona's Community Colleges

- Provide ongoing operating funds for recently established training programs aligned to industry demand.
- Implement, over time, changes to community college funding, such as:
 - ◆ Support for students enrolled in degree and certificate programs in high-wage, high growth and emerging industries
 - ◆ Funding for non-credit workforce coursework and stackable credentials related to employment skills training
 - ◆ Revised expenditure limits to eliminate disincentives to investment and expansion
 - ◆ New methods to finance capital facilities, equipment and technology for high tech and large-scale projects to support industry development



Recommended Actions

Enhance Data Sharing and Workforce Planning

- Use the state’s Integrated Data System to enhance collaboration between the state, businesses, high schools, colleges, and universities to:
 - ◆ Analyze data to project job growth and emerging industries
 - ◆ Expand and enhance education and skills training programs and facilities statewide to align to future industry demand (see “*Workforce Planning Example: Building the Nuclear Energy Workforce*”)
 - ◆ Measure progress towards job creation goals, credential and degree completion

Workforce Planning Example: Building the Nuclear Energy Workforce

- Two-year degrees and certificates: Nuclear-grade welders, radiation control technologists, and reactor operators
- Four-year degrees: nuclear, electrical, chemical, civil and environmental engineers to license, build, and operate new reactors
- High school/CTE certificates: electronic technologies, energy systems, engineering, heavy industrial maintenance, precision machining, and welding technologies
- Form advanced manufacturing institute(s) to bring together advanced nuclear developers and equipment manufactures to focus on the newest fabrication technologies.

Reskilling and Upskilling for Working-Age Adults

- Create a dedicated state funding pool for working-age adults to complete training programs at accredited post-secondary institutions.
- Expand adult education opportunities to boost skills and credentials among the estimated 680,000 Arizonans with less than a high school diploma.

Help Working-Age Arizonans Stay in the Workforce

- Partner with businesses to offer easy-to-use resources that make child care and elder care more affordable and accessible for their employees.

ENHANCING STATEWIDE COMPETITIVENESS

Energy and Infrastructure

Strengthen Arizona's Physical Infrastructure for Future Growth

- ➔ Expedite plans to secure power and water to meet future demand and position Arizona at the forefront of grid modernization in the Western United States.
- ➔ Expand Arizona's physical infrastructure to accommodate population growth, promote business development, and facilitate the movement of goods, services, information and people.
- ➔ Accelerate broadband implementation statewide.

Recommended Actions

Expand Arizona's Energy Grid to Meet Projected 50–60% Increase in Peak Demand by 2038, While Maintaining Reliability, Affordability, and Sustainability

- Adopt a flexible “all of the above” approach to energy generation to encourage new natural gas, nuclear, renewable, and energy storage projects.
- Shore up baseload generation to meet unprecedented demand by using reliable, scalable, and sustainable power resources to complement renewable energy resources and allow import/export strategies to enhance reliability and affordability.
- Streamline infrastructure permitting and regulatory processes for transmission and generation projects to minimize redundancies and costs and accelerate grid modernization and reliability improvements.



- Adopt forward-thinking policy that supports timely cost recovery and growth paying for growth — while meeting financial market investment expectations.
- Develop energy workforce to support a growing energy sector (e.g., skilled trades, engineers, and operators) and leverage projects to support jobs in local communities.
- Promote energy innovation by encouraging research and pilot programs for emerging technologies.
- Encourage strategic policy collaboration and partnership among utilities, state policymakers, and local leaders to prioritize projects that benefit all regions and customer classes and reach the full potential of market development.

Recommended Actions

Expedite Strategies to Secure Arizona's Long-Term Water Supply and Management

- Maintain regulatory certainty, consumer protections, and stable water governance.
- Invest in long-term planning and water augmentation.
- Address gaps in statewide water management.
- Reduce water rights litigation and uncertainty.
- Protect Arizona's Colorado River water supply.

Modernize State Land Department Processes to Increase the Amount of State Land Available for Development

- Allow the creation of shovel-ready project sites in addition to sale/use of raw land.
- Expand use of state-city development partnerships like Peoria Innovation Core.

Amend the Title 42 Program (A.R.S. §42-5032.02) to Support Additional Infrastructure Investments

- Such as by adopting a natural, annual, or per-project cap.

Leverage the State's Historic Broadband Investments to Enable Rural Business Expansion and Enhanced Economic Opportunity

Speed the Movement of People and Goods To and Through Arizona.

- Expand transportation corridor between Phoenix and Tucson to reduce travel time between the largest cities.
- Improve airline offerings for business and leisure travelers to southern Arizona.

ENHANCING STATEWIDE COMPETITIVENESS

Innovation and Entrepreneurship

Catalyze Arizona Innovation and Entrepreneurship

- ➔ Spur innovation to create new business ventures, technologies, and jobs.
- ➔ Speed Arizona's public university discoveries and intellectual property to market.
- ➔ Encourage entrepreneurship and the creation of small businesses.
- ➔ Improve access to capital to provide resources to launch and scale business ventures.

Recommended Actions

Improve State-Based Research and Development

- Explore improvements to the R&D tax credit such as adding transferability or refundability at discounted rates.
- Expand other state-based R&D efforts through state agencies and universities to attract additional private sector investment and spur innovation in key sectors.

Expand Research Capacity at Arizona's Public Universities

- Implement an ongoing research facilities bonding and renewal program.

Speed Tech Transfer to Move University Discovery into the Arizona Marketplace

- Create a statewide strategy to ease and expedite the transfer of intellectual property and the licensing of technology from the state's public universities.
- Create incentives for the deployment of technology transfer by companies based in Arizona.

Expand spaces for collaboration and testing between universities and the business community to move ideas and products to market.

Strengthen Small Business Development Centers (SBDC) and other small business support statewide in partnership with community colleges.

Facilitate access to capital for entrepreneurs with larger in-state venture capital and angel investing programs.

ENHANCING STATEWIDE COMPETITIVENESS

Addressing Risks

Mitigate Risks to Economic Momentum and Quality of Life

- ➔ Improve housing affordability.
- ➔ Capitalize on federal policy reforms to support Arizona-based businesses and put Arizona in the lead on domestic production.
- ➔ Protect public safety and border security measures.
- ➔ Keep Arizona a top place to recreate and enjoy the outdoors.

Recommended Actions

Improve Housing Affordability

- Speed time to build and reduce costs through common, streamlined regulations at local level.
- Lower the cost of financing for building new housing units via public/private partnerships.

Prioritize Arizona in Federal Policy Reforms

- Shield more Arizona goods and products from harmful tariffs with our state's largest trading partners, such as Mexico, Taiwan, and Canada.
- Account for importance of programs like Medicaid to the health of Arizonans and the availability of health care providers and facilities statewide.

Capitalize on Federal Opportunities to Put Arizona in the Lead on Domestic Production

- Position Arizona and Arizona-based businesses to win federal onshoring and reshoring initiatives, like with the CHIPS Act, and new federal efforts to invest in sectors identified as important to national economic security.
- Expand eligibility and locations of Foreign-Trade Zones (FTZs) to encourage Arizona-based manufacturing and lower costs.
- Encourage federal immigration reform to address critical workforce shortages.
- Advocate for expediting immigration and visa reform to allow legal, safe flow of skilled workers to augment Arizona's workforce and create temporary guest worker programs with Mexico to fill jobs in key shortage areas and locations.
- Create new federal-state approaches to improve air quality in non-attainment areas.
- Enhance Arizona's role as a producer of critical minerals among public, private, and tribal sources to support supply chain resilience.

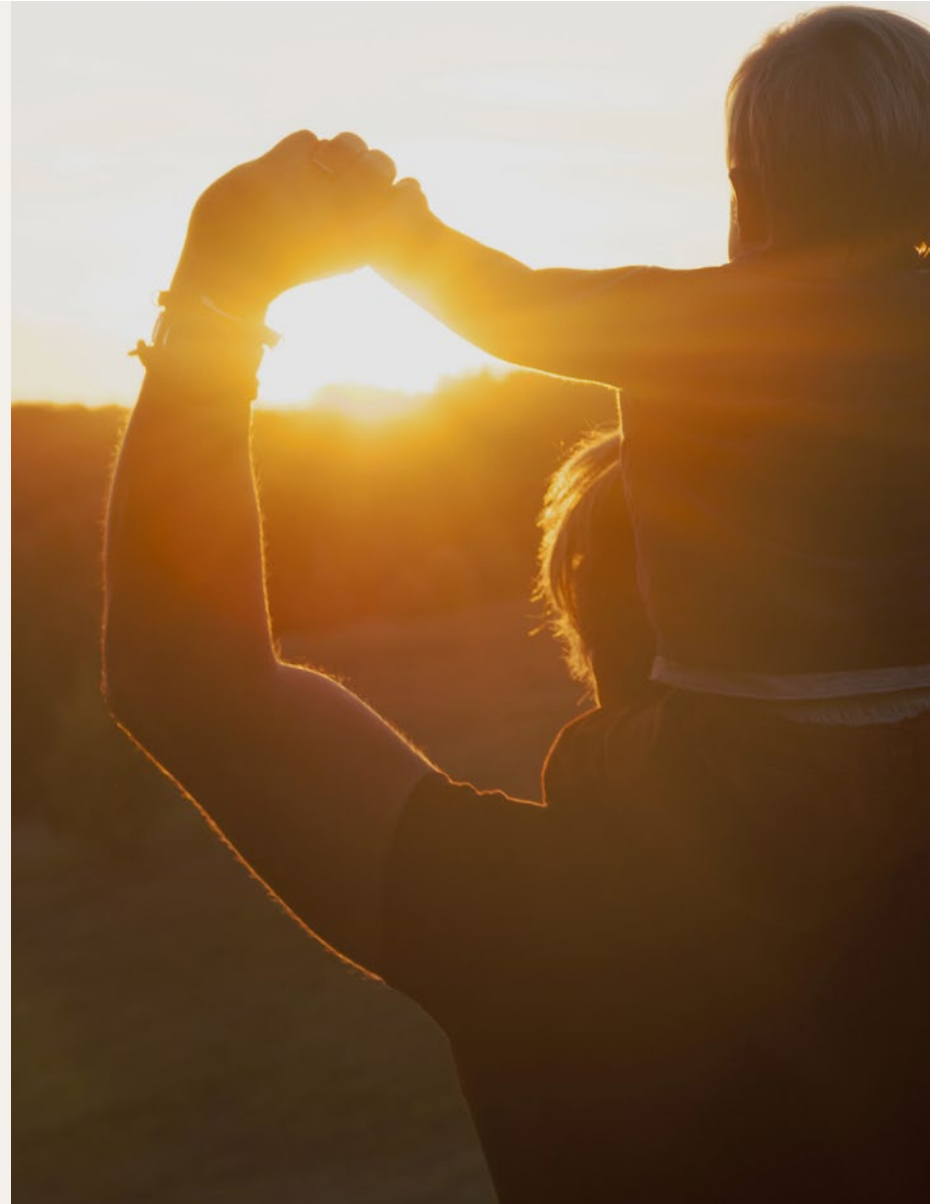
Recommended Actions

Maintain strong public safety, sentencing, and corrections policies and continue aggressive border security measures to combat violent crime, drug and human trafficking, organized retail theft, and reduce the costs of crime to victims and their families.

Seek to improve health outcomes to boost worker productivity and reduce health care costs.

Support Arizona's ability to compete for major sporting events, which bring visitors, visibility, and revenue enhancements.

Leverage Arizona's natural amenities and cultural assets by expanding investments in parks, trails, arts, and outdoor recreation to preserve Arizona's quality of life.



Arizona's Most Urgent Competitiveness Priorities

While all the actions recommended matter to Arizona's next decade of success, ArizonaWINS identified those most urgent to accomplish, ideally within the next five years.

Priorities were developed based on a review of economic performance data, a comprehensive competitiveness analysis, an evaluation of best practices in other states, and extensive feedback from business and community leaders.

Top Five Priorities for Arizona's Next Five Years

- 1. Enhance Competitiveness:** Sharpen Arizona's competitive edge through enhanced economic development tools and ease zoning processes to expand business and infrastructure.
- 2. Accelerate Talent Development:** Strengthen and grow education, training, and career pathways that prepare Arizonans for high-wage, in-demand jobs.
- 3. Strengthen Critical Infrastructure:** Make Arizona a top state for energy and water availability and affordability.
- 4. Spur Innovation:** Catalyze innovation and entrepreneurship through research and development and speeding tech transfer.
- 5. Preserve Quality of Life:** Drive down costs that threaten Arizona's economic momentum and capitalize on federal policy reforms to keep Arizona in the lead.



Measuring Success: Establishing an Arizona Competitiveness Index

Key Performance Indicators, or KPIs, owe their popularity to a well-known adage: “What gets measured gets done.” Every state benefits from tracking a set of success metrics.

To track the impact of policy and the business climate over time, Arizona should regularly measure itself on key indicators that indicate its overall favorability and attractiveness to new business and residents as compared to other states.



Examples of Key Performance Indicators include:

1. Rank in the top 5 states for overall job growth
2. Rank in the top 5 states for net in-migration
3. Rank in the top 5 states for GDP and GDP per capita growth
4. Rank in the top 5 states for percentage growth of new business formations
5. Rank in the top 5 states for growth in public research and development
6. Rank in the top 5 states for labor force growth
7. Growth in educational attainment among working age Arizonans, to include high school graduation, certificates, degrees, and apprenticeships in high demand industries
8. Improvements in Arizonans' health on five leading indicators of death and disease





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