

Expand Arizona Small Business Development Center (SBDC) Partnership to Enhance Business One Stop and Accelerate Small Business Growth

Description of issue and how recommending the agency's request furthers the agency's mandates

The Arizona Secretary of State's Office (the Office) is committed to making Arizona one of the easiest places in the nation to start, operate, and grow a business. Through Arizona Business One Stop (B1S), the Office has significantly improved entrepreneurs' ability to register businesses, obtain required state filings, and access government services through a single digital portal.

While B1S has simplified the process of establishing a business, business formation is only the first step toward long-term economic success. Many entrepreneurs — particularly first-time business owners, rural entrepreneurs, veterans, minority-owned businesses, and businesses located in underserved communities — continue to face barriers after completing their initial registration.

New business owners frequently require assistance developing business plans, securing financing, understanding financial statements, adopting digital technologies, implementing artificial intelligence (AI), establishing an online presence, accessing government contracting opportunities, and obtaining the technical assistance necessary to successfully launch and grow their businesses.

The Arizona Small Business Development Center (SBDC) Network is Arizona's premier provider of confidential small business advising, technical assistance, and entrepreneurial education. Operating through a statewide network of regional centers and community college partners, Arizona SBDC provides no-cost business counseling, training, financial analysis, market research, export assistance, capital formation support, and strategic planning to thousands of Arizona businesses annually.

Arizona SBDC has demonstrated a measurable return on investment for Arizona's economy. During calendar year 2025, the Arizona SBDC Network advised 3,872 businesses, supported the creation of 482 new businesses, helped create 852 jobs, generated more than \$46 million in increased sales, and assisted Arizona businesses in securing more than \$60 million in capital investment. These measurable outcomes demonstrate that Arizona SBDC is not simply a business assistance organization; it is an established statewide economic development partner that helps transform entrepreneurs into successful Arizona businesses.

The Office and the Arizona SBDC Network have developed a strong working relationship through B1S, Mobile Business Services, and statewide business outreach initiatives.

Expanding this partnership represents an opportunity to leverage the respective strengths of both organizations. Under this proposal, the Office would connect entrepreneurs with certified Arizona SBDC consultants immediately following business registration, allowing new business owners to receive personalized assistance beyond regulatory compliance and significantly increasing the likelihood of long-term business success. This integration would transform B1S from a business registration portal into the front door of Arizona's broader entrepreneurial support ecosystem.

The partnership would also support the Secretary of State's Mobile Business Services initiative by transforming the current mobile business unit into a comprehensive Mobile Digital Business Resource Center. During community visits, entrepreneurs would not only be able to complete business filings with Office staff but also receive one-on-one consulting from Arizona SBDC advisers on topics including business planning, financing, digital marketing, e-commerce, technology modernization, and artificial intelligence adoption. This model will significantly expand access to professional business consulting in rural and underserved communities without creating a new state bureaucracy by leveraging Arizona SBDC's existing statewide network of advisers.

In FY2028, the partnership would place particular emphasis on helping Arizona's small businesses adopt emerging technologies that mature business practices, improve productivity, and increase competitiveness. AI is rapidly transforming every sector of the economy, yet many small businesses lack the technical expertise and financial resources necessary to evaluate and implement AI solutions responsibly.

Arizona SBDC is uniquely positioned to lead this effort. Through its partnership with AI U and Google via America's SBDC, the network leverages nationally developed AI resources and best practices to expand technology adoption among small businesses. Arizona SBDC has established an AI special interest group consisting of 11 certified AI consultants strategically positioned across the state, ensuring businesses in both urban and rural communities have access to expert guidance. The network has also developed multiple client-facing AI tools utilizing Google Gemini that help entrepreneurs improve business planning, marketing, customer engagement, and day-to-day operations. By partnering with Arizona SBDC, Arizona can become a national leader in helping entrepreneurs responsibly adopt practical AI solutions that strengthen business operations, improve competitiveness, and support long-term economic growth.

By leveraging Arizona SBDC's existing statewide infrastructure, proven business advising model, measurable economic outcomes, and nationally recognized AI expertise, the Office can significantly expand the value of B1S beyond regulatory compliance. This partnership will help transform new business registrations into successful Arizona businesses that

create jobs, attract private investment, strengthen rural economies, and contribute to long-term economic prosperity throughout the state.

Proposal

Appropriate \$500,000 from the state General Fund in FY2028 and each fiscal year thereafter to establish a strategic partnership between the Office and the Arizona SBDC network that expands B1S from a business registration portal into a comprehensive statewide entrepreneurial support system.

The proposed partnership will provide:

- Dedicated Arizona SBDC consultants supporting B1S users immediately following business registration.
- AI Readiness Assessments and individualized implementation planning for Arizona small businesses.
- Industry-specific AI toolkits tailored to Arizona's major industries, including tourism, advanced manufacturing, semiconductors, agriculture, and professional services.
- Hands-on AI Implementation Labs where business owners configure practical AI tools for marketing, customer service, and business operations.
- Access to Arizona SBDC's partnership with AI U, Google, and America's SBDC, providing nationally supported AI resources and best practices.
- Bilingual AI consulting and educational resources supporting Arizona's Spanish-speaking business community and cross-border commerce.
- Enhanced Mobile Business Services events featuring both Office and Arizona SBDC experts providing integrated business assistance.
- Rural technology assistance, including digital marketing support, Google Business Profile optimization, point-of-sale implementation, AI-powered customer service tools, and digital commerce resources.
- Educational webinars, business workshops, entrepreneurial training, financing assistance, market research, and export readiness services available statewide.

Alternatives considered and reasons for rejection

The Office considered continuing its existing informal collaboration with the Arizona SBDC Network without dedicated funding. While this partnership has proven valuable, existing

Arizona SBDC resources are insufficient to provide consistent support for B1S users or expand services to meet growing statewide demand.

Furthermore, continuing this unfunded approach leaves Arizona at a disadvantage relative to most other states. Across the country, state legislatures provide direct funding to their SBDC networks to satisfy the U.S. Small Business Administration's required 1:1 local cash match, allowing states to maximize available federal resources. Currently, Arizona SBDC's community college hosts provide the majority of the required non-federal match, with the Maricopa County Community College District attempting to provide the remaining share. A state investment would not only expand services available through B1S, but also strengthen Arizona's ability to fully leverage available federal SBA funding, effectively multiplying the state's investment.

The Office also considered developing comparable business consulting services internally. This alternative was rejected because the Arizona SBDC Network already possesses the statewide infrastructure, experienced business advisers, federal partnerships, community college relationships, and subject matter expertise necessary to deliver these services efficiently. Leveraging the existing Arizona SBDC network avoids duplication of government services while maximizing taxpayer value and accelerating implementation.

Impact of not funding this fiscal year

Without this investment, many entrepreneurs will continue to receive assistance establishing a business through B1S but will lack access to the technical assistance needed to successfully grow and sustain that business. Rural communities, in particular, will continue to experience limited access to specialized business consulting services, digital transformation resources, and emerging technologies such as AI

Failure to expand this partnership would also limit Arizona's ability to fully realize the economic development potential of B1S while potentially leaving available federal SBA matching funds unutilized. While B1S simplifies regulatory compliance, its greatest value is realized when entrepreneurs are connected to the education, financing, technology, consulting, and business development resources necessary to build successful businesses.

Providing funding for this initiative will strengthen Arizona's entrepreneurial ecosystem, improve small business survival and growth, increase access to private capital, expand rural economic opportunity, accelerate responsible adoption of emerging technologies, support job creation, and further Arizona's reputation as one of the nation's best states to start, operate, and grow a business.

Statutory reference

- A.R.S. Title 41, Chapter 1.
- A.R.S. §§ 41-151 et seq.

Equipment to be purchased

Limited technology, software, and outreach equipment supporting Mobile Business Services, including portable connectivity solutions, demonstration technology, educational equipment, and software necessary to support statewide business outreach and the Mobile Digital Business Resource Center.

Classification of new positions

None.

Annualization

\$500,000 in FY2028 and thereafter.