

NOTICE OF RULE MAKING

Arizona Commerce Authority Rule Notice of Rule Making No. 25-01

1. **Rule(s):**

Applied Research Centers-Medical Technology

2. **Preamble.**

A. Chapter 233 Senate Bill 1735, First Regular Session 2025

B. The proposed Rules will govern the budget distribution associated with Applied Research Centers-Medical Technology

3. **The exact wording of the rule.**

See attached.

4. **The name and contact information of agency personnel with whom persons may communicate regarding the rule.**

Dana Johnson
Director, Financial Programs
100 North 7th Avenue, Suite 400
Phoenix, AZ 85007
Phone: 602-845-1255
Fax: 602-845-1201
Email: DanaJ@azcommerce.com

5. **Where written submissions on the proposed rule may be inspected (by appointment only).**

Arizona Commerce Authority
100 North 7th Avenue, Suite 400
Phoenix, Arizona 85007

6. **The time during which written submissions may be made and the time and place, if scheduled, where oral comments may be made.**

Written submissions may be made within thirty (30) days after the date of posting of the Notice of Rule Making. Written submissions should be directed to:

Attention: Applied Research Centers- Medical Technology Program Rules
Arizona Commerce Authority
100 North 7th Avenue, Suite 400
Phoenix, Arizona 85007



Submissions also may be transmitted electronically within the same time period by directing the submission to:

Attention: Applied Research Centers-Medical Technology Program Rules
DanaJ@azcommerce.com

No hearing to receive oral comments has been scheduled at this time.

7. **Any known timetable for agency decisions or other action in the proceedings.**

None at this time.

8. **The date of posting the Notice of Rule Making.**

September 9, 2025

9. **The deadline for the Authority to file a notice of adoption of the rule.**

No later than 180 days from September 9, 2025.

**Arizona Commerce Authority
Applied Research Centers – Medical Technology**

A. Guidelines¹

Chapter 233 Senate Bill 1735 enacted June 27, 2025, appropriated the sum of \$500,000 to the Arizona Commerce Authority to be distributed to applied research centers located in this State that specialize in medical technology, including hardware or software components that monitor, enhance or improve the delivery of health care or human performance.

The Arizona Commerce Authority intends to distribute the funds as set forth in the law to support research for the development or improvement of Medical Technology in a way that helps establish Arizona as a leader in this emerging technology sector. An applied research center that receives a distribution from monies appropriated in the applied research centers line item, shall collaborate with universities, nonprofit business associations, health science research centers, institutes or other technology businesses that do business in this state. In addition, an applied research center may collaborate with community colleges and universities in this State to train the workforce on skills relevant to technologies described above. The distributions referenced herein shall be allocated for applied research purposes only and not for operations, management, or overhead costs

B. Eligibility

An Applied Research Center is eligible to receive a distribution of an Increment if they meet all the following criteria:

- a) Maintains a presence in the State of Arizona with evidence of research expenditures primarily being made in this State.
- b) Has secured Matching Funds from sources other than state funds that are of, at least, equal value to the requested Increment.
- c) Conducts applied research in Medical Technology.
- d) Has a Principal Investigator leading the research efforts with substantively rigorous academic credentials and a history of intellectual contribution to the targeted technology.
- e) Provides evidence of collaboration with universities, nonprofit business associations, health science research centers, institutes, or other technology businesses that do business in this state.
- f) Is conducting or plans to conduct research in support of a defined product or service for commercial use and is therefore conducting “applied” research. Distributions hereunder are not intended to support basic research without a specific application in mind.

¹ These guidelines are provided to assist applicants. In case of conflict between these guidelines and Arizona statutes or legislation, the statute or legislation shall prevail.



C. Processing Applications

1. All applications for funds shall be submitted using the current application method in use by the Authority at the time of application. The Authority's electronic application system will time and date stamp applications in the order in which they are submitted. At the time of publication of these Guidelines, the ACA is accepting applications for grants electronically through the Authority's electronic application system also known as the EASY Portal.
2. Any conforming application shall include, at a minimum, information sufficient to identify the Applied Research Center as well as the source and amount of Matching Funds with all supporting information and documentation. Each element for eligibility set forth in Section B shall be documented and supported by evidence. The ACA may request clarifying or additional information during its review of any application.
3. The ACA shall distribute an Increment within 30 days of determining whether an application is complete and the requirements set forth herein have been met.

D. Reporting Requirements

1. Annual Requirements – Any Applied Research Center receiving funds shall submit an expenditure and performance report to the ACA on or before December 31st of each year until the funded project is complete. Such report shall be on a form provided by the ACA and shall include information that reflects the Applied Research Expenditures and performance of the Applied Research Center as a whole, including the required Matching Funds, and collaboration by the Applied Research Center with universities, non-profit business associations, health science research centers, institutes or other technology businesses that do business in Arizona.
2. Final Report – Any Applied Research Center receiving funds shall submit a final report on or before December 31st of the year the funded project is complete. Such report shall be on a form provided by the ACA, summarizing the project including milestones and outcomes.

E. Miscellaneous

1. Treatment of Intellectual Property – All intellectual property arising from or developed under any distribution hereunder shall be governed pursuant to applicable law or any agreement between an Applied Research Center and its collaborative universities, nonprofit business associations, health science research centers, institutes or other technology businesses, as the case may be.
2. Timing and Amount of Distributions – In order to maximize the benefit to Arizona and its residents, the ACA will accept initial applications between October 13, 2025 and November 13, 2025 ("Initial Period"). All applications received during the Initial Period may be amended, supplemented, or withdrawn at any time and thus all substantially complete applications that are present in the system will be deemed received on November 13, 2025. Distributions for this initial group of applications shall occur within 30 days from the authority receiving in writing confirmation that the Applied Research Center has received a matching amount from sources other than this State, provided that the applicant meets the eligibility criteria for receipt of an Increment. Thereafter, any remaining funds shall be distributed on a rolling first come, first served basis 30 days following submission of a substantially complete application and the authority receiving in writing confirmation that the Applied Research Center has received a matching amount from sources other than this



State, provided that the applicant meets the eligibility criteria for receipt of an Increment. If insufficient funds are available within the applicable cap to cover all applications in the Initial Period, all requested Increments shall be reduced by the same percentage such that the total amount of funds distributed equals the funds available. If sufficient funds are available within the applicable cap for the applications received in the Initial Period, but insufficient for any subsequent batch of applications, the same pro-rata distribution shall occur for all Increments that are outstanding as of the date the insufficiency arises. For purposes of calculating this pro-rata distribution after the initial period, all applications that are received by the ACA on a specific day shall be treated as having been received in the same batch.

F. Definitions

1. “Applied Research Center” - means any enterprise located in this State that specializes in Medical Technology.
2. “Applied Research Expenditures” – means expenditures that are necessary and prudent in the research and testing process. Operating, general management, and overhead costs are not considered Applied Research Expenditures.
3. “Increment” – means any specified tranche of funds distributed to an Applied Research Center and shall not exceed \$250,000. Each Increment – regardless of the amount – shall be supported by Matching Funds that are, at least, equal to the value of the Increment.
4. “Matching Funds” – shall be limited to monetary support secured from sources other than the State of Arizona for research regarding Medical Technology. In-kind or other non-monetary support shall not be included in considering the amount of Matching Funds. Funds cannot be used to compensate individuals who are otherwise investors, executives, or founders of the entities from whom matching funds are being received.
5. “Principal Investigator” – means the individual in an executive or leadership role who directs research at the Applied Research Center.
6. “Medical Technology” – refers generally to any developed, produced or manufactured element or system, including hardware or software components, intended to integrate into products and services that monitor, enhance or improve the delivery of health care or human performance.

Applied Research Centers – Medical Technology Arizona Commerce Authority 100 North 7 th Ave, Suite 400 Phoenix, AZ 85007
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Questions regarding ARC Funds can be directed to: finance@azcommerce.com

