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Immigration fight may hurt Arizona's quest for business

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Premium content from Phoenix Business Journal by Mike Sunnucks, Senior Reporter and Matt Haldane, Editorial Intern

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The state and its political and social climates are back in the international spotlight with the **U.S. Supreme Court's** mixed ruling this week on Senate Bill 1070, and continued battles pitting Gov. [Jan Brewer](#) and Maricopa County Sheriff [Joe Arpaio](#) against President [Barack Obama](#).

Some national site-selection consultants, who help businesses choose locations, say Arizona's contentious illegal immigration debate is hurting the state's economic development and business attraction efforts.

Local officials aren't convinced it will.

City of Phoenix spokeswoman [Sina Matthes](#) said companies looking at the Valley have not cited immigration issues as a concern, but instead look at factors such as labor force, schools, real estate and access to capital when searching for a business location.

The Supreme Court struck down portions of SB 1070 in a June 25 ruling, including requirements for immigrants to carry work and visa documents and restrictions on hiring migrant workers. But the court kept in place a portion of the law allowing Arizona police to inquire about the legal status of a person who is detained on another charge. That provision, some argue, goes to the heart of the law, and may continue to have a negative impact on the state.

That detrimental impact on business recruitment comes as Arizona still is down 229,000 jobs from the recession. The state is trying to recoup those losses, attract more high-wage payrolls, and compete for solar developments and data centers.

Arizona's immigration climate is a worry for some businesses, site selectors say.

"It does have an effect on how we look at the state," said John Boyd, president of the Boyd Co. Inc., a New Jersey company that helps businesses pick locations for call centers, corporate

headquarters and data centers. "That issue does play out specifically to different industries."

Food processing, agriculture and other operations that rely on migrant labor and large numbers of Hispanic workers are hesitant to locate in hostile markets, he said.

Arizona has lost scores of construction jobs in the past few years. Some of that can be attributed to the troubled real estate market, but one local economic developer, who did not want to be identified, said some of that stems from Hispanic and immigrant workers feeling more comfortable in other markets because of the immigration climate in Arizona.

Boyd also said some businesses are concerned about Arizona's immigration climate because they have international clients or foreign workers who might transfer into the U.S. Boyd said those types of companies don't want to locate in states perceived as unfriendly to foreign nationals.

[Buzz Canup](#), president of South Carolina-based site selection company Canup &

Associates, said the immigration debate is only a short-term detriment to Arizona's attractiveness to business. Still, he said the political climate should not be underestimated when it comes to where businesses opt to locate. He said issues such as immigration are in the decision-making mix along with taxes, credit ratings, education, transportation, regulations and quality of life.

"All these things come to bear," said Canup, a veteran economic development executive.

He compared the spotlight on Arizona's immigration policies to the controversies and boycotts that hit South Carolina and other Southern states that have or had the Confederate flag incorporated into their state flags.

Local economic developers and tourism officials are publicly downplaying the adverse impacts of SB 1070.

"Interest in Glendale has been high," said [Brian Friedman](#), economic development director for the West Valley city. "Each individual company has their own site-selection criteria. Companies have different decision points in selecting where to locate their investment."

A number of other Valley economic developers and commercial real estate brokers declined to comment.

The tourism industry is waiting to see whether the 1070 ruling has any impact on meetings and visitors to Arizona. There were some boycotts from Hispanic groups, government agencies and the state of California after Brewer signed the bill into law in 2010.

Arizona Lodging & Tourism Association CEO [Debbie Johnson](#) could not estimate what effect, if any, the court's decision might have on the industry.

"We don't know what kind of an impact that (decision) will have," she said. "All that we can do on our end is to continue to ... welcome visitors to Arizona."

Johnson said the law definitely had a negative impact in 2010 when it was passed, but the association did not do an official study and no data was compiled on how Arizona was affected.

Local tourism groups deferred comment to ALTA.