

ARIZONA HOUSE OF REPRESENTATIVES
Forty-ninth Legislature – Second Regular Session

**COMMITTEE ON NATURAL RESOURCES
AND RURAL AFFAIRS**

Minutes of Meeting
Monday, February 22, 2010
House Hearing Room 4 -- 2:00 p.m.

Chairman Konopnicki called the meeting to order at 2:41 p.m. and attendance was noted by the secretary.

Members Present

Ms. Fleming
Mr. McComish

Mrs. Pancrazi
Mr. Pratt

Mr. Weiers JP
Mr. Jones, Vice-Chairman
Mr. Konopnicki, Chairman

Members Absent

Mr. Deschene (excused)

Committee Action

HB2146 – DPA (7-0-0-1)

HB2627 – DP (6-0-0-2)

HB2255 – DPA S/E (7-0-0-1)

HB2653 – DP (6-0-0-2)

HB2375 – DPA S/E (6-1-0-1)

HB2678 – DP (6-0-0-2)

HB2480 - DISCUSSED AND HELD

HB2786 - HELD

CONSIDERATION OF BILLS

HB2786 - lease of state parks. – HELD

Chairman Konopnicki announced that HB2786 will be held.

**HB2255 - active management areas; technical correction – DO PASS AMENDED S/E
S/E: utility fees**

Mr. Pratt moved that HB2255 do pass.

Mr. Pratt moved that the Jones four-page strike-everything amendment dated 2/9/10 (Attachment 1) be adopted.

Thomas Adkins, Majority Research Analyst, explained that the strike-everything amendment to HB2255 modifies the guidelines for the charging of utility fees by landlords of recreational vehicle (RV) parks (Attachment 2).

Ms. Fleming asked if the administrative fee is more than ten percent. Mr. Adkins stated that current statute does not specify the amount.

Vice-Chairman Jones, sponsor, stated that the administration fee could be abused and that tenants have no recourse. This legislation will make it more transparent and put a cap on these fees. An alternative is to put metering on each site, but that is very expensive.

Vice-Chairman Jones stated that this idea was initiated by many individual letters from individuals in his district, some of whom live in the park six to eight months a year and some who are lower-income people who live there year-round.

Question was called on the motion that the Jones four-page strike-everything amendment dated 2/9/10 (Attachment 1) be adopted. The motion carried.

Mr. Pratt moved that HB2255 as amended do pass.

Mrs. Pancrazi asked what the feedback was from RV landlords and asked about an itemized utility usage rate. Vice-Chairman Jones indicated that he had not received feedback and that the rate is based upon the entire utility bill for the park.

Question was called on the motion that HB2255 as amended do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 3).

HB2146 - trust lands; loss of lease – DO PASS AMENDED

Vice-Chairman Jones moved that HB2146 do pass.

Diane Lenkowsky, House Majority Intern, explained that HB2146 specifies the process for compensating lessees of state trust land who experience a loss of lease (Attachment 4).

Vice-Chairman Jones moved that the Konopnicki three-line amendment dated 2/5/10 (Attachment 5) be adopted.

Ms. Lenkowsky stated that the amendment removes the requirement of having a signed agreement to pay for improvements on state trust land in specific instances.

Patrick Bray, Arizona Cattlemen's Association, stated his support for HB2146, explaining that the Arizona Constitution contains compensation protection for improvements placed on state lands by lessees. This legislation will ensure that lessees who wish to conflict leases have some type of "skin in the game." This is to provide protection for the lessees that their improvements are paid for.

Mrs. Pancrazi asked if an appraisal will still be done at the end of the process. Mr. Bray answered in the affirmative.

Vice-Chairman Jones announced the names of those who signed up in favor of HB2146 but did not speak:

Rick Lavis, Arizona Cotton Growers Association
Philip Bashaw, Arizona Farm Bureau Federation
Vanessa Hickman, Arizona State Land Department
Tom Jones, CEO, Grand Canyon State Electric Cooperative Association
Nick Simonetta, Government Affairs Consultant, Kai Farms
Joe Sigg, Lobbyist, Arizona Farm Bureau
Penny Allee Taylor, Specialist/Government Affairs, Southwest Gas Corporation

Vice-Chairman Jones announced the names of those who signed up in opposition to HB2146 but did not speak:

Peter Bengtson, representing self
Sandy Bahr, Conservation Director, Sierra Club - Grand Canyon Chapter

Question was called on the motion that the Konopnicki three-line amendment dated 2/5/10 (Attachment 5) be adopted. The motion carried.

Vice-Chairman Jones moved that HB2146 as amended do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 6).

HB2375 - possessing dangerous wildlife prohibited – DO PASS AMENDED S/E
S/E: same subject

Vice-Chairman Jones moved that HB2375 do pass.

Vice-Chairman Jones moved that the Jones eight-page strike-everything amendment dated 2/18/10 (Attachment 7) be adopted.

Diane Lenkowsky, House Majority Intern, explained that the strike-everything amendment to HB2375 prohibits the possession of dangerous wildlife except in certain circumstances (Attachment 8).

Representative Chad Campbell, sponsor, explained that the intent of the strike-everything amendment to HB2375 is to prohibit possession of dangerous wildlife by individuals in a residential setting.

Mr. McComish stated that the American Kennel Club is concerned that the bill is too broad and could ban ownership in the future. Mr. Campbell replied that he has brought in Arizona Game and Fish to refine the language.

Patrick Bray, Arizona Cattlemen's Association, stated his neutrality on the strike-everything amendment to HB2375, explaining that the concerns are that broad authority is given to Game and Fish and to private research facilities. He added that he will work with the sponsor to improve the bill.

Robbie Woodhouse, Arizona Game and Fish Commission, stated his support for the strike-everything amendment to HB2375 and added that he will work with any concerned parties. He introduced two experts from his agency to address any specific or technical questions.

Chairman Konopnicki stated that one concern is that Game and Fish will be able to change the animals which are covered by this legislation.

Larry Riley, Arizona Game and Fish Department, explained that the intent is to fold this into an existing framework to regulate possession of wildlife and the Department could only add animals to the list using the rule-making process. In response to a question, he stated that the goal is to reduce the original broad list to only those animals that are dangerous.

Gene Elms, Officer, Arizona Game and Fish Department, explained that it is possible to go through the Arizona Game and Fish Commission hearing process to obtain special licenses. In response to a question, Mr. Elms explained that the benefits of this legislation will become evident later as it puts into statute the requirements for owners of dangerous wildlife.

Vice-Chairman Jones announced the names of those who signed up in favor of HB2375 but did not speak:

Kari Nienstedt, Arizona State Director, Humane Society of the United States

Simone Hall, Arizona Game and Fish Commission

Norm Freeman, Arizona Game and Fish Commission

Mr. Campbell stated that this legislation will help with enforcement and provide tools to manage the possession of dangerous wildlife.

Question was called on the motion that the Jones eight-page strike-everything amendment dated 2/18/10 (Attachment 7) be adopted. The motion carried.

Vice-Chairman Jones moved that HB2375 as amended do pass. The motion carried by a roll call vote of 6-1-0-1 (Attachment 9).

HB2480 - use tax exemption; fertilizer; pesticide – DISCUSSED AND HELD

Vice-Chairman Jones moved that HB2480 do pass.

Diane Lenkowsky, House Majority Intern, explained that HB2480 exempts fertilizers and pesticides from use tax (Attachment 10).

Vice-Chairman Jones moved that the Konopnicki twenty-two-page amendment dated 2/17/10 (Attachment 11) be adopted.

Ms. Lenkowsky explained that the amendment specifies taxing codes.

Joe Sigg, Arizona Farm Bureau, stated his support for HB2480, explaining that Arizona agriculture is a base industry although it is not recognized as such, and it cannot pass along the increased costs of production. He added that fertilizers and pesticides are costly items.

Chairman Konopnicki stated that this legislation cannot be funded at this time and that he will hold the bill.

Without objection, Vice-Chairman Jones withdrew his motion that the Konopnicki twenty-two-page amendment dated 2/17/10 (Attachment 11) be adopted.

Without objection, Vice-Chairman Jones withdrew his motion that HB2480 do pass.

HB2678 - watercraft operation offenses; fine; assessments – DO PASS

Vice-Chairman Jones moved that HB2678 do pass.

Diane Lenkowsky, House Majority Intern, explained that HB2678 establishes an additional fee for specified watercraft operation offenses (Attachment 12).

Vice-Chairman Jones announced the names of those who signed up in support of HB2678 but did not speak:

Brian Tassinari, Lake Havasu City

Eric Emmert, Yuma County

Tom Dorn, Lobbyist, Yuma County

Question was called on the motion that HB2678 do pass. The motion carried by a roll call vote of 6-0-0-2 (Attachment 13).

HB2627 - county transportation excise tax; transit – DO PASS

Vice-Chairman Jones moved that HB2627 do pass.

Thomas Adkins, Majority Research Analyst, explained that HB2627 allows counties with a population between 200,000 and 400,000 to levy a transportation excise tax pursuant to current statute (Attachment 14).

Vice-Chairman Jones, sponsor, explained that HB2627 allows counties to impose a tax for transportation after final approval by the voters.

Vice-Chairman Jones announced the names of those who signed up in favor of HB2627 but did not speak:

Peter Bengtson, representing self

Kevin Adam, Rural Transportation Advocacy Council

Eric Emmert, Yuma County

Tom Dorn, Lobbyist, Yuma County
Becky Hill, Arizona Transit Association

Question was called on the motion that HB2627 do pass. The motion carried by a roll call vote of 6-0-0-2 (Attachment 15).

HB2653 - intergovernmental agreements; separate legal entities – DO PASS

Vice-Chairman Jones moved that HB2653 do pass.

Thomas Adkins, Majority Research Analyst, explained that HB2653 allows separate legal entities to issue revenue bonds and engage in electric generation and transmission activities (Attachment 16).

Nick Simonetta, Government Affairs Consultant, Ag Electrical Power Coalition, stated his support for HB2653 and distributed information (Attachment 17). He explained that this legislation defines the next incremental step, which 37 states have already taken, to allow the opportunity for electrical generation and transmission in rural districts by entities that are individually unable to do that now. Special districts have bonding power, but individual entities do not.

Grant Ward, General Manager, Santa Cruz Water & Power Districts, stated his support for HB2653, explaining that many districts that cannot obtain bonding can group together in order to do so. He referred the Members to the last page of Attachment 17, which shows Arizona's projected growth in the next 15 years. He reminded Members that this legislation deals with the generation and transmission of electric power, but not distribution; he added that he has spoken with Salt River Project (SRP), which is supportive, but has not received feedback from Arizona Public Service (APS).

Cliff Cauthen, General Manager, Hohokam Irrigation District, Coolidge, appeared in support of HB2653, explaining that the District is looking for an investment tool to level the playing field for financial funding and to provide access to the market.

Kenneth Saline, K R Saline & Associates, stated his support for HB2653.

Martin Shultz, Pinnacle West Capital Corp/APS, appeared in opposition to HB2653. He explained that this bill has been presented year after year without success. He informed the Members that these electric and irrigation districts were established years ago to serve the farms and ranches, but as the area has become urbanized these districts, which were established as a unit of government by Arizona statute, have wanted to serve commercial customers.

Mr. Shultz stated that it is not fair that these small districts want to be another public power district. He added that the Legislature must define the limits for these districts. He noted that these small districts:

- pay no taxes
- are not regulated by the Arizona Corporation Commission
- can take over utilities

Mr. Shultz stated that this is an expansion of government to take over investor-owned companies and he strongly opposes HB2653.

Mr. Ward stated that the Arizona Supreme Court ruled that these districts do have the right to their service areas and to the growth within them. He noted that these areas have been traditionally related to agriculture but that things change.

Chairman Konopnicki asked if there is any chance of common ground. He noted that Tucson Electric is opposed to HB2653.

Mr. Pratt, sponsor, stressed the importance of this bill to rural Arizona and referred Members to the many names of individuals who signed up in support of HB2653.

Chairman Konopnicki commented that his experience in Safford, which is served by both city and co-op, has been thrilled with the co-op, less so with the city. He added that this group wants bonding capacity to build generators, which Arizona needs.

Vice-Chairman Jones announced the names of those who signed up in support of HB2653 but did not speak:

Jim Hartdegen, Electrical District #3 & Maricopa Stanfield IDD

Paul Orme, Attorney, Electrical Districts 3 & 4, Pinal County

Dan Thelander, Electrical District #3 Pinal County

Chris Udall, Agri-Business Council of Arizona

Jim Downing, Electrical District #8

Doug Cole, Lobbyist, Electrical District #2, Pinal County

Jeffrey Woner, Aguila Irrigation District

Bridget Manock, Manager of Legislative Affairs, Central Arizona Project

David P. Snider, Pinal County Supervisor, Pinal County Board of Supervisors

Tom Jones, CEO, Grand Canyon State Electric Cooperative Association

William Stacy, General Manager, Electrical District #3

Brett Benedict, Director of Financial Services, representing self

Brian Betcher, Maricopa-Stanfield Irrigation District

Joe Sigg, Lobbyist, Arizona Farm Bureau

Rick Lavis, Arizona Cotton Growers Association

Rom McEachern, General Manager, Central Arizona Irrigation and Drainage District

Robert Lynch, Irrigation & Electrical Districts' Association of Arizona

Shane Leonard, Roosevelt Water Conservation District

Mark Barnes, Pinal County Board of Supervisors

John Flynn, Arizona Fire District Association

Clare Downing, McMullen Valley Water Conservation and Drainage District

Philip Bashaw, Arizona Farm Bureau

R D Justice, representing self

Patrick Bray, Arizona Cattlemen's Association

Ron Rayner, Electrical District #8

Stanley Ashby, representing self

Mark Lewis, Water Resource Institute

Vice-Chairman Jones announced the names of those who signed up in opposition to HB2653 but did not speak:

Yvonne Hunter, Pinnacle West Capital Corp/APS

Gretchen Kitchel, Pinnacle West Capital Corporation

Larry Lucero, Manager, Governmental Affairs, Tucson Electric Power

Question was called on the motion that HB2653 do pass. The motion carried by a roll call vote of 6-0-0-2 (Attachment 18).

Without objection, the meeting adjourned at 4:20 p.m.

Jane Dooley, Committee Secretary

March 8, 2010

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)