

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

COMMITTEE ON WATER AND ENERGY

Minutes of Meeting
Thursday, February 25, 2010
House Hearing Room 5 -- 9:00 a.m.

Vice-Chairman Stevens called the meeting to order at 9:10 a.m. and attendance was noted by the secretary.

Members Present

Mr. Deschene
Mrs. Goodale
Mr. Patterson

Mr. Quelland
Mr. Weiers JP
Ms. Young Wright

Mr. Stevens, Vice-Chairman
Mrs. Mason, Chairman

Members Absent

None

Committee Action

HB2063 – HELD
HB2171 – HELD BY SPONSOR
HB2448 – DPA (7-0-1-0)
HB2661 – DPA (5-0-0-3)

HB2723 – DP (8-0-0-0)
HB2744 – ~~DPA~~ FAILED (4-4-0-0)
HB2781 – DPA (7-1-0-0)

CONSIDERATION OF BILLS

HB2063 - solar energy; permit fees – HELD

Chairman Mason announced that HB2063 will be held.

HB2781 - well ownership; sale; council recommendations – DO PASS AMENDED

Vice-Chairman Stevens moved that HB2781 do pass.

Heidi Nitz, House Majority Intern, explained that HB2781 requires Groundwater Users Advisory Councils in Active Management Areas (AMA) that have anticipated falling short of the safe-yield plan to present a plan by 2015 to reach safe-yield by 2025. This bill also specifies for any transfers of well ownership to record the well with the county recorder (Attachment 1).

Vice-Chairman Stevens moved that the Young Wright sixteen-line amendment dated 2/24/10 (Attachment 2) be adopted.

Ms. Nitz explained that the amendment requires a plan to reach safe-yield guides.

Nancy Freeman, representing self, testified in support of HB2781, adding that there are areas in specific AMAs which are left out of the safe-yield.

Fred Breedlove, Legislative Liaison, Arizona Department of Water Resources, stated his support for the legislation and the amendment.

Vice-Chairman Stevens announced the names of those who signed up as neutral on HB2781 but did not speak:

Jim Hartdegen, Arizona Water Well Association

Steve Olson, Arizona Municipal Water Users Association

Question was called on the motion that the Young Wright sixteen-line amendment dated 2/24/10 (Attachment 2) be adopted. The motion carried.

Vice-Chairman Stevens moved that HB2781 as amended do pass. The motion carried by a roll call vote of 7-1-0-0 (Attachment 3).

HB2723 - AMA water districts; conflicting versions – DO PASS

Vice-Chairman Stevens moved that HB2723 do pass.

Heidi Nitz, House Majority Intern, explained that HB2723 repeals conflicting statute regarding the composition of the Board of Directors for an Active Management Area (Attachment 4).

Question was called on the motion that HB2723 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 5).

HB2744 - bottled water surcharge – ~~DO PASS AMENDED FAILED~~

Vice-Chairman Stevens moved that HB2744 do pass.

Rene Guillen, Majority Research Analyst, explained that HB2744 levies a surcharge on bottled water and directs monies collected to the Arizona Department of Water Resources (ADWR), the Water Quality Division of the Arizona Department of Environmental Quality (ADEQ) and counties and municipalities (Attachment 6). He added that the bill contains a Prop 108 clause.

Vice-Chairman Stevens moved that the Mason two-page amendment dated 2/24/10 (Attachment 7) be adopted.

Mr. Guillen explained that the amendment modifies the distribution of the surcharge.

Herb Guenther, Director, Arizona Department of Water Resources, testified in support of HB2744. He stated that in this time of challenging budget concerns and the imminent requirement that ADWR become self-funding, this revenue will be quite helpful. He stated that he anticipates opposition by the beverage association and controversy about which water tastes

better: tap or bottled. He assured the Members that water quality is well-regulated. He informed the Members that bottled water is \$0.05 per ounce and tap water is \$0.01 per ounce. He added that many bottled water manufacturers use a municipal water supply, although some use spring water. In response to a question, Mr. Guenther stated that a significant amount of bottled water is from Arizona's supply, which is Arizona's most precious resource.

Mike Gardner, Arizona Beverage Industry, stated his opposition to HB2744. He explained that the industry provides over 3,000 jobs in Arizona and it is not fair to use that industry to fund ADWR.

Mr. Patterson commented on the energy that goes into the manufacture and transport of bottled water.

Jim Buster, Legislative Liaison, Arizona Department of Environmental Quality, stated his support of HB2744.

Ben Grumbles, Director, Arizona Department of Environmental Quality, testified in support of HB2744, reiterating that 40 percent of the proceeds of this bill will be used for recycling efforts.

Marcus Osborn, Republic National Distributing Company, stated his opposition to HB2744. He stated that he appreciates the attempt to create a recycling fund, but reminded the Members that this is really a General Fund tax.

Spencer Kamps, Deputy Director, Home Builders Association of Central Arizona, expressed his support for this legislation.

Daniel Felton, International Bottled Water Association, appeared in opposition to HB2744, explaining that bottled water is a "packaged food product" and is not subject to tax. He reminded the Members that this legislation could result in a loss of Arizona jobs, that the bottled water industry is a big player in disaster relief, and that the industry is invested in recycling.

Vice-Chairman Stevens announced the names of those who signed up in support of HB2744 but did not speak:

Sandy Bahr, Conservation Director, Sierra Club - Grand Canyon Chapter
Peter Bengtson, representing self
Diane Brown, Executive Director, Arizona Public Interest Research Group
Susan Charlton, Metro Water District
Stuart Goodman, Lobbyist, Southern Arizona Water Users Association
Shelly Tunis, Attorney, Yuma Fresh Vegetable Association
John Munderlohj, Water Resources Manager, Town of Prescott

Vice-Chairman Stevens announced the names of those who signed up in opposition to HB2744 but did not speak:

Michelle Ahlmer, Executive Director, Arizona Retailers Association
Cristina Munoz, Director of Government Relations, Coca Cola
Elaine Arena, Arizona Automatic Merchandising Council
Lyle Tuttle, Chairman, LD-4 GOP, representing self
John Mangum, Arizona Food Marketing Alliance

Jaime Molera, lobbyist, Coca Cola
Douglas Oberhamer, Culligan Water
Farrell Quinlan, State Director, National Federation of Independent Business - Arizona
Michelle Bolton, Greater Phoenix Chamber of Commerce
Todd Elliott, representing self
Tommy Elliott, representing self

Vice-Chairman Stevens announced the names of those who signed up as neutral on HB2744 but did not speak:

Jim Hartdegen, Maricopa-Stanfield Irrigation Districts
Steve Olson, Lobbyist, Arizona Municipal Water Users Association

Mr. Guenther urged the Committee to weigh the benefits of this bill, which should not drastically impact the bottled water industry.

Question was called on the motion that the Mason two-page amendment dated 2/24/10 (Attachment 7) be adopted. The motion carried.

Vice-Chairman Stevens moved that HB2744 as amended do pass. The motion failed by a roll call vote of 4-4-0-0 (Attachment 8).

HB2171 - water exchanges; technical correction – HELD BY SPONSOR

Vice-Chairman Stevens moved that HB2171 do pass.

Rene Guillen, Majority Research Analyst, explained that the Stevens strike-everything amendment to HB2171 makes technical changes (Attachment 9).

Vice-Chairman Stevens moved that the Stevens two-page strike-everything amendment dated 2/23/10 (Attachment 10) be adopted.

Chairman Mason announced that she will hold HB2171 at the request of the sponsor.

Without objection, Vice-Chairman Stevens withdrew his motion that the Stevens two-page strike-everything amendment dated 2/23/10 (Attachment 10) be adopted.

Without objection, Vice-Chairman Stevens withdrew his motion that HB2171 do pass.

HB2448 - CAGR revenue bonding; sustainability policies – DO PASS AMENDED

Vice-Chairman Stevens moved that HB2448 do pass.

Rene Guillen, Majority Research Analyst, explained that HB2448 makes changes to statute relating to Arizona Department of Water Resources oversight of water resource management and replenishment. Additionally, the bill increases the bonding authority of the Central Arizona

Water Conservation District and authorizes the collection of annual membership dues for members of the Central Arizona Groundwater Replenishment District (CAGRDR) to repay bonds issued in order to meet groundwater replenishment obligations (Attachment 11).

Vice-Chairman Stevens moved that the Stevens twelve-line amendment dated 2/24/10 (Attachment 12) be adopted.

Mr. Guillen explained that the amendment makes changes to match SB1141 as engrossed.

Representative Andy Tobin, sponsor, explained that the issue is bonding capacity and addressing urban and rural issues.

Don Isaacson, Central Arizona Project, stated his support for HB2248, explaining that this bill has been worked on for several years. The purpose is to modernize financing for CAGRDR.

Suzanne Ticknor, Attorney, Central Arizona Water Conservation District, testified in support of the legislation. She explained the functions of CAGRDR, stressing that it is a critical function that needs to acquire its own water supplies. In response to questions, she explained that the mission of CAGRDR is to find better uses of available water supplies and that CAGRDR does not serve mines or other commercial ventures, only municipal users.

Herb Guenther, Arizona Department of Water Resources, addressed the Members to support HB2248.

Nancy Freeman, representing self, stated her neutrality on the bill, but urged the Members to consider that when CAGRDR was created, any requirement that developers would have to pay for water in the future was omitted.

Vice-Chairman Stevens announced the names of those who signed up in support of HB2448 but did not speak:

Steve Olson, Arizona Municipal Water Users Association
Spencer Kamps, Deputy Director, Home Builders Association of Central Arizona
Stuart Goodman, Southern Arizona Water Users Association
Molly Greene, Salt River Project
Jim Hartdegen, Maricopa-Stanfield Irrigation Districts
Robert Lynch, attorney, Irrigation & Electrical Districts' Association of Arizona
Michael Racy, lobbyist, Diamond Ventures
Jeff Gray, Legislative Liaison, City of Phoenix
Norman Moore, Arizona Water Conservation District
Bridget Manock, Manager of Legislative Affairs, Central Arizona Project
Susan Charlton, Metro Water District
Jeff Sandquist, Robson Communities

Question was called on the motion that the Stevens twelve-line amendment dated 2/24/10 (Attachment 12) be adopted. The motion carried.

Vice-Chairman Stevens moved that HB2448 as amended do pass. The motion carried by a roll call vote of 7-0-1-0 (Attachment 13).

HB2661 - statewide water augmentation authority; study – DO PASS AMENDED

Vice-Chairman Stevens moved that HB2661 do pass.

Heidi Nitz, House Majority Intern, explained that HB2661 creates the 15-member Water Resources Development Commission to assess projected water needs (Attachment 14).

Vice-Chairman Stevens moved that the Young Wright seven-line amendment dated 2/24/10 (Attachment 15) be adopted.

Ms. Nitz explained that the amendment adds one representative of an environmental protection and water conservation organization appointed by the Governor.

Rene Guillen, Majority Research Analyst, explained that a second amendment has been prepared and it conflicts with the Young Wright amendment, so only one can pass.

Ms. Young Wright explained that her amendment inserts a conservation voice into the debate to provide balance.

In response to a question, Mr. Guillen explained that the second amendment removes the lines that the Young Wright amendment deals with, so the bill could not be engrossed.

Vice-Chairman Stevens offered a substitute motion that the Stevens two-page amendment dated 2/24/10 (Attachment 16) be adopted.

Mr. Guillen explained that the Stevens amendment changes the appointment of members and changes the report of the Commission to September 30, 2012. The amendment does not stipulate who the Commission members are, unlike the Young Wright amendment.

Representative Andy Tobin, sponsor, stated that he opposes the Young Wright amendment and supports the Stevens amendment.

Question was called on the substitute motion that the Stevens two-page amendment dated 2/24/10 (Attachment 16) be adopted. The motion carried.

Mr. Tobin stated that this legislation will create statewide water planning and will unite all districts under the direction of ADWR. It will bring all stakeholders to the table to talk about desalination, transport of water, new canals, and other issues.

In response to a question from Ms. Young Wright, Mr. Tobin explained that allowing ADWR to appoint the members will ensure that the process is apolitical.

Ron Doba, Northern Arizona Municipal Water Users Association, stated his support for HB2661, adding that this is not just another water study; it is a first step in a process that will address statewide water needs.

Sandy Bahr, Conservation Director, Sierra Club - Grand Canyon Chapter, appeared in opposition to HB2661. She stated her concern that environmental considerations are excluded from the bill, and there is no indication that environmental impacts or conservation will be looked at by the Commission. She suggested that Arizona can not keep moving water around.

Herb Guenther, Director, Arizona Department of Water Resources, stated his support for HB2661, explaining that his Department is trying to build up a reserve. He explained that in the past, planning focused on the building up of urban areas, rather than a statewide approach. He stressed the importance of utilizing sustainable supplies and weaning the state off exploitation of groundwater.

Mr. Guenther added that appointments by the Governor, Speaker, and President are frequently political appointments of individuals who are not well-versed in the issues, and that this new approach will allow him to appoint knowledgeable individuals from a variety of geographic locations.

In response to questions, Mr. Guenther discussed desalination, augmentation, conservation, open meeting laws, and plans to hold meetings in different geographic locations.

Vice-Chairman Stevens announced the names of those who signed up in support of HB2661 but did not speak:

Jeff Gray, Legislative Liaison, City of Phoenix

Steve Olson, Lobbyist, Arizona Municipal Water Users Association

John Munderlohj, Northern Arizona Municipal Water Users Association

Chris Avery, Chief Water Counsel, City of Tucson

David Modeer, General Manager, Central Arizona Project

Doug Cole, Lobbyist, City of Tucson Water Department

Don Isaacson, Central Arizona Project

Norman Moore, Central Arizona Water Conservation District

Christian Stumpf, City of Flagstaff

Bridget Manock, Manager of Legislative Affairs, Central Arizona Project

Elizabeth Archuleta, Supervisor, Coconino County Supervisor, District 2

Vice-Chairman Stevens moved that HB2661 as amended do pass. The motion carried by a roll call vote of 5-0-0-3 (Attachment 17).

Without objection, the meeting adjourned at 11:41 a.m.

Jane Dooley, Committee Secretary

March 9, 2010

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