ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – First Regular Session

COMMITTEE ON AGRICULTURE, WATER AND LANDS

Report of Regular Meeting
Thursday, January 29, 2015
House Hearing Room 3 -- 10:00 a.m.

Convened 10:00 a.m.
Recessed
Reconvened
Adjourned 11:34 a.m.

Members Present	**Members Absent**
Mrs. Benally	
Mrs. Cobb	
Ms. Fann	
Mrs. Gabaldón	
Mr. Montenegro	
Ms. Otondo	
Mr. Shope	
Mr. Mitchell, Vice-Chairman	
Mrs. Barton, Chairman	

Request to Speak
Report – Attachment 1

Presentations

Name	**Organization**	**Attachments** (Handouts)
Gayle Burns	Central Arizona Project	2, 3, 4

Committee Action

Bill	**Action**	**Vote**	**Attachments** (Summaries, Amendments, Roll Call)
HB2215	DP	6-3-0-0	5, 6

April Riggins
April Riggins, Chairman Assistant
January 30, 2015

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

Information Registered on the Request to Speak System

House Agriculture, Water and Lands (1/29/2015)

HB2215, veterinarians; chiropractors; chiropractic care; animals

Testified in support:

Barry Aarons, AZ ASSOCIATION OF CHIROPRACTIC; Dr Lynn Stone, representing self; Dr. Kurt von Rice, representing self

Testified as neutral:

Pamela Paschal, AZ STATE BOARD OF CHIROPRACTIC EXAMINERS

Testified as opposed:

Susie Stevens, Arizona Veterinary Medical Association; Brian Serbin, representing self

Support:

Debra Brimhall Pearson, AZ CHIROPRACTIC SOCIETY; Joe Sigg, Director of Government Relations, Arizona Farm Bureau

Oppose:

Michael Sorum, representing self; kelsey lundy, Lobbyist, MIDWESTERN UNIVERSITY; James Christensen, representing self; Meghaen Dell'Artino, AZ Vetrenarian Examiners Board

All Comments:

Debra Brimhall Pearson, AZ CHIROPRACTIC SOCIETY: Any questions or concerns for the Bill, please contact Barry Aarons prior to vote in committee. His number is 602-315-0155; Michael Sorum, Self: HB2215 is a violation of the veterinary practice act. An animal chiropractor must first be a licensed graduate veterinarian in order to understand all the complex disease modalities involving multiple species differences.; Brian Serbin, Self: Arizona Veterinary Medical Examining Board; James Christensen, Self: Equine Veterinarian in the community and Veterinary Board Member

Attachment 1

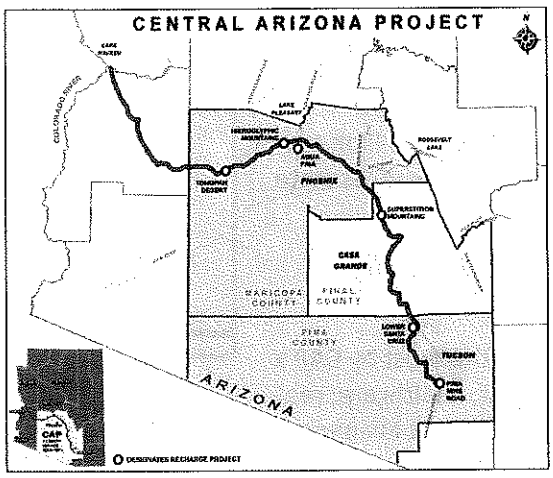
House Agriculture, Water & Lands Committee

Marie Pearthree
Deputy General Manager

January 29, 2015

CAP
CENTRAL ARIZONA PROJECT
YOUR WATER. YOUR FUTURE.

Central Arizona Project



- 336-mile aqueduct stretches from Lake Havasu to Tucson
- 14 pumping plants lift water nearly 3,000 feet
- 8 siphons, 3 tunnels
- Lake Pleasant/New Waddell Dam
- Annually delivers approx. 520 billion gallons (1.6 mill acre-feet)
- Delivery of Colorado River water began in 1985 in Maricopa County
- Construction complete in 1993

CAP
CENTRAL ARIZONA PROJECT

Attachment 2

CAP and the Economy

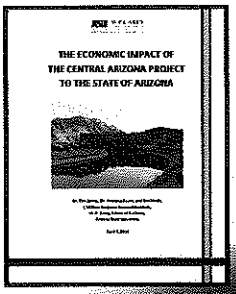
- CAP provides water to 80% of the State's population, approximately 5.4 million people.
- Service area of Maricopa, Pinal and Pima counties encompasses 24,000 square miles of land, or 20% of the State.
- CAP serves water to municipalities, tribes, industrial and agricultural users (350,000 acres), and is the largest supplier of renewable water supplies in the State.
- CAP is also the largest single-end user of power in Arizona.

YOUR WATER. YOUR FUTURE.

ASU Study on CAP Economic Impact

ASU study shows that the existence of CAP plays a significant role in Arizona's overall economy:

- In recent years, CAP has generated an economic benefit approaching $100 billion per year, which is 1/3 of Arizona's entire gross state product.
- In 2010, CAP generated more than 1.6 million job-years.
- The Top 5 sectors impacted the most by CAP's water supply are: government; healthcare; real estate & travel; retail; and finance & insurance.



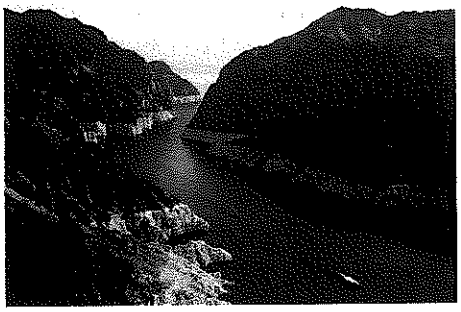
YOUR WATER. YOUR FUTURE.

Colorado River Water Supply

Lake Mead is at elevation

1089 feet = 42% capacity

- 2015 – no shortage
- 2016 - 39% probability
- 2017 – 61% probability



CAP is working on a reservoir protection plan with other Lower Basin water users and taking steps to protect Lake Mead.

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"Structural Deficit"

There is not as much water that naturally flows in the river as there are legally allocated uses.

- Results in a decline in Lake Mead every year
- Drives Lower Basin to shortage
- CAP forced to bear obligations of others
  - Evaporation and other system losses
  - Lower Basin's half of Mexican Treaty obligation
  - US failure to operate the Yuma Desalting Plant

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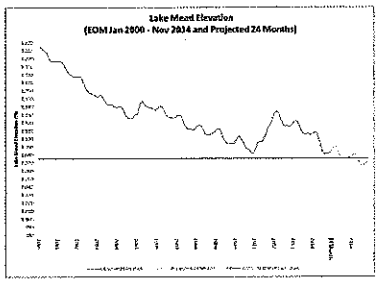
Colorado River Shortage

- Shortage is a reduction of Colorado River water to users and is declared by the Secretary of the Department of Interior based on the water elevation of Lake Mead.
- Lake Mead elevations have been declining steadily in the past 15 years.
- What's causing the decline in Lake Mead?
  - 15-years of drought
  - Overallocation of the system or "structural deficit"



CAP
CENTRAL ARIZONA PROJECT

Shortage – 2007 Agreement

- Arizona and Nevada share Lower Basin shortages under a 2007 agreement among the states.
- Mexico voluntarily agreed to accept reductions in its deliveries at the same elevations.

Lake Mead Elevation	Arizona Reduction	Nevada Reduction	Mexico Reduction
1075'	320,000 AF	13,000 AF	50,000 AF
1050'	400,000 AF	17,000 AF	70,000 AF
1025'	480,000 AF	20,000 AF	125,000 AF

No additional reductions to California under the 2007 Guidelines.

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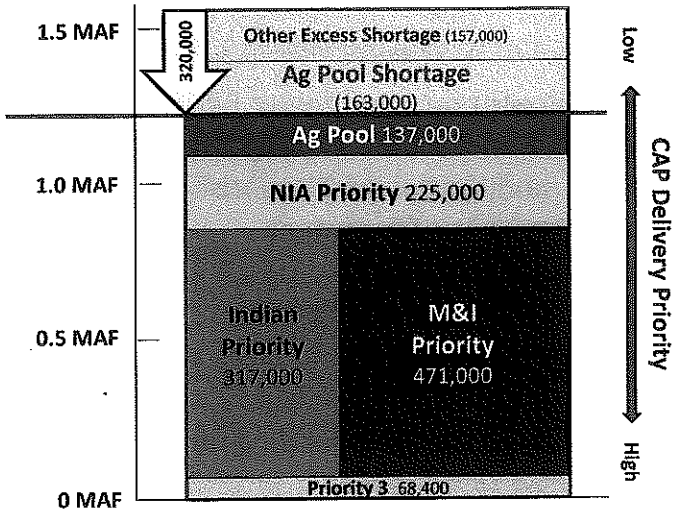
CENTRAL ARIZONA PROJECT

Level 1 Shortage

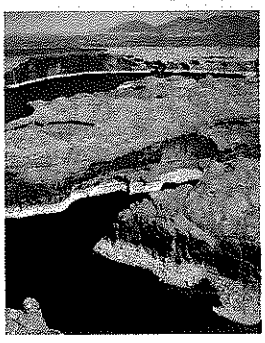


CAP CENTRAL ARIZONA PROJECT

Risk to All Colorado River Users

Without action, Lake Mead could fall below elevation 1000 feet in 5-8 years.

- Impacts the Southern Nevada Water Authority's ability to withdraw water
- Results in reduced power generation and efficiency at Hoover Dam, and possible structural damage.



CAP CENTRAL ARIZONA PROJECT

Action Plan

- ADWR and CAP are working with Basin States and the U.S. Bureau of Reclamation to execute a Response Plan.
  - Voluntary commitment by some Lower Basin users and the U.S. to store 740kaf in Lake Mead from 2014-17
  - Expand weather modification and tamarisk removal
  - Pilot System Conservation Agreement
  - Yuma Desalting Plant pilot run
  - Innovative Conservation Program grants
  - Long-term augmentation studies
- Seek 2015 legislation to continue funding for CAP water reliability.

CAP
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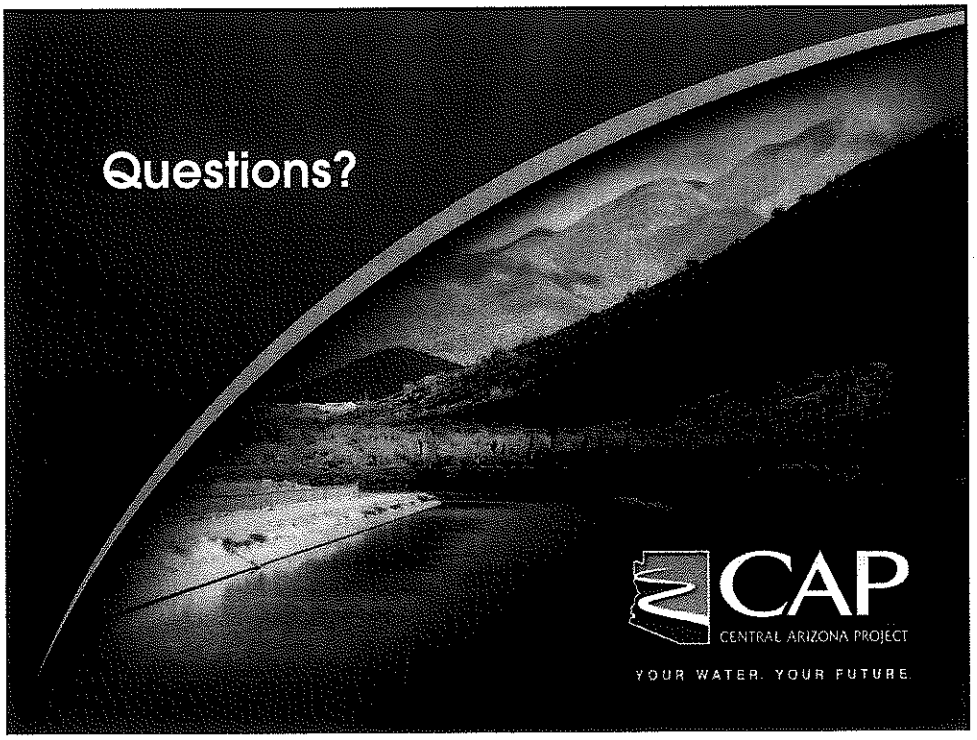


CAWCD's 4-Cent Property Tax Extension of Levy Authority

Authorized by the Arizona State Legislature in the 1990s, the 4-Cent Tax is an ad valorem property tax levied by the three-county special taxing district, Central Arizona Water Conservation District (CAWCD). The CAWCD is governed by a 15-member elected Board of Directors that manages and operates the 336-mile Central Arizona Project (CAP) canal. CAP is Arizona's single, largest water supplier, providing more than 1.5 million acre-feet (nearly 500 billion gallons) of Colorado River water to Maricopa, Pima and Pinal counties each year.

Four-Cent Tax Authority (A.R.S. § 48-3715.03)

"[The CAWCD] ...shall annually determine by resolution whether all or any part of the tax levied... be applied to the repayment of the construction costs of the central Arizona project... or to the annual operation, maintenance and replacement costs of the central Arizona project. Any taxes ...that are not deposited into the district [CAWCD] fund...shall be deposited...in the Arizona water banking fund..."

Quick Facts on the 4-Cent Tax

- Cannot exceed 4 cents per $100 of a property's total value and must be levied at a single rate across the three-county CAP service area.
- Equates to $8 per year for a homeowner with a $200,000 house.
- Generates approximately $18-19 million per year.
- Represents approximately 6-7% of CAWCD's overall annual revenues.
- Expires on January 2, 2017. The CAWCD Board has voted to seek legislation to extend the 4-Cent taxing authority.

Arizona law specifies a tiered system for the use of 4-Cent Tax revenues. Primarily, the tax may be used by the CAWCD to repay the federal government for its share of construction costs of the canal, and those payments average $55 million annually. CAWCD may also use the proceeds for CAP purposes with regard to Operation, Maintenance, and Replacement (OM&R) expenses of the canal. Finally, the funds can be used to store water underground in conjunction with the Arizona Water Banking Authority (AWBA) and as authorized by the CAWCD by annual resolution.

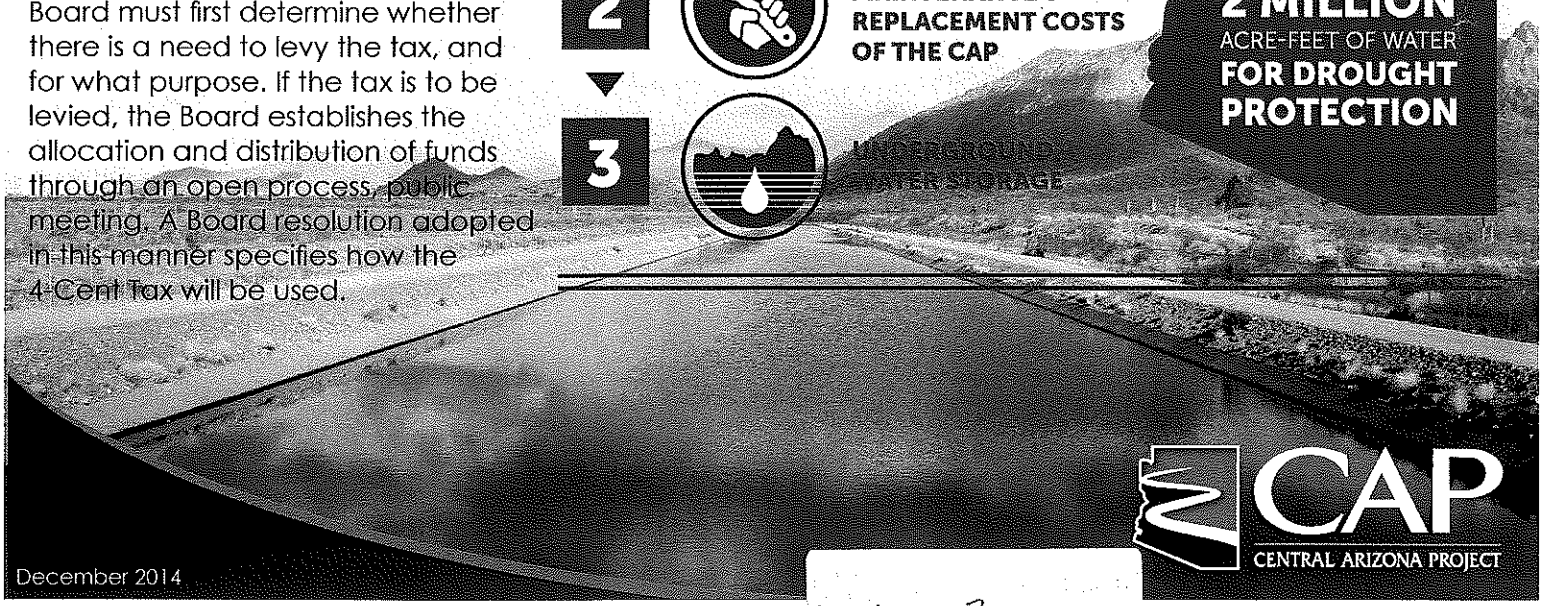
Each year, the 15-member CAWCD Board must first determine whether there is a need to levy the tax, and for what purpose. If the tax is to be levied, the Board establishes the allocation and distribution of funds through an open process, public meeting. A Board resolution adopted in this manner specifies how the 4-Cent Tax will be used.

HOW THE 4¢ TAX IS USED

Arizona law specifies a **1-2-3 tiered system** for expenditures.

1. **FEDERAL REPAYMENT**
2. **OPERATIONS, MAINTENANCE & REPLACEMENT COSTS OF THE CAP**
3. **UNDERGROUND WATER STORAGE**

$152M HAS STORED 2 MILLION ACRE-FEET OF WATER FOR DROUGHT PROTECTION



CAP CENTRAL ARIZONA PROJECT

December 2014

Attachment 3

Continued Relevance and Need

The tax has provided CAWCD with a source of revenue to address the unanticipated costs of operating the CAP canal and created nearly 2 million acre-feet of stored water for times of shortage. These purposes are still relevant today and will be even more important in the future. In addition, the current statutory authority of the 4-Cent Tax provides the CAWCD the flexibility it needs to address future challenges.

The CAWCD faces several challenges to ensure future reliability of the canal and the Colorado River system. Some of these include:

- Colorado River drought and anticipated shortage of water supply;
- Aging infrastructure of the canal system, which is now more than 30 years old; and
- Renegotiation of key contracts and ongoing regulatory actions affecting the CAP's primary power supply, the Navajo Generating Station.

If the 4-Cent Tax expires, the only place CAWCD can absorb significant and unexpected new costs is in water rates and capital charges to its municipal, agricultural, and Tribal customers. In addition, all proactive water storage efforts funded by this tax for future Arizona needs will end.

The 4-Cent Tax today, as in 1990, benefits Arizona, and it provides the CAWCD the financial flexibility to address current and future costs, thereby helping to ensure vital and reliable water supplies today and into the future.

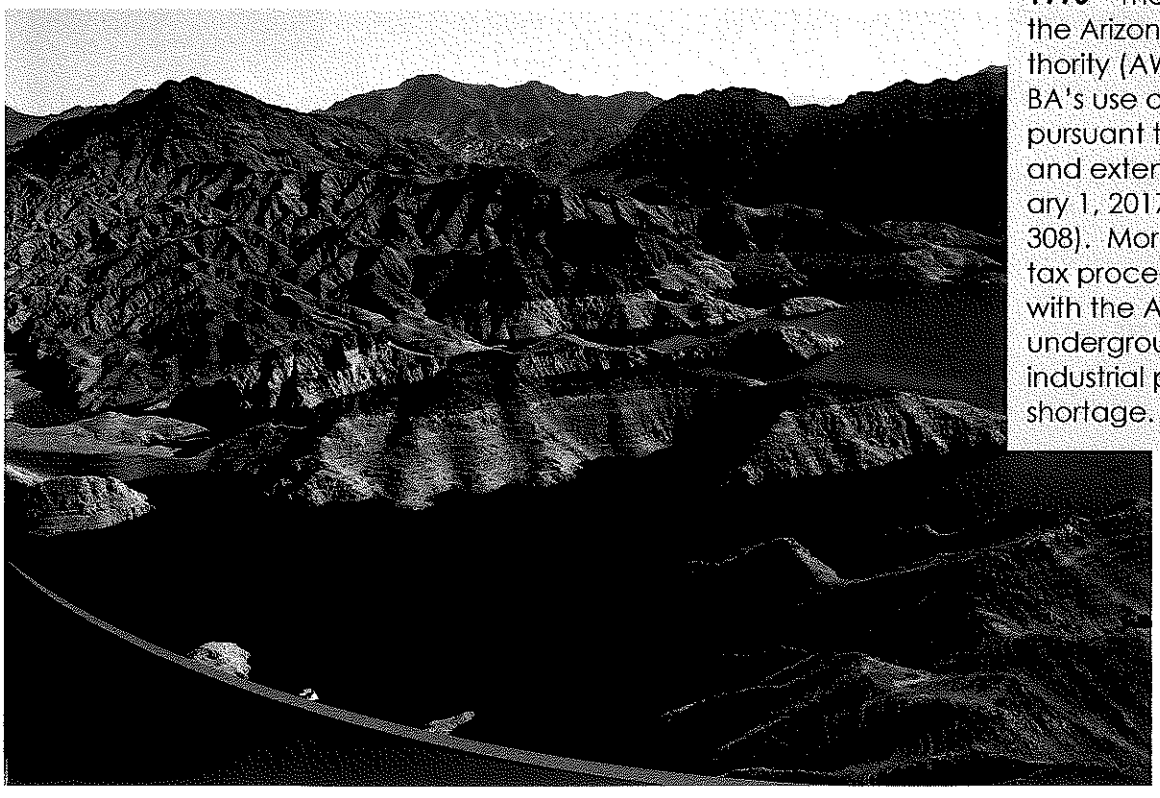
For more information, please contact Bridget Schwartz-Manock, CAP's Legislative Affairs Manager, at 623-869-2150 or bschwartzmanock@cap-az.com.

Timeline of the Four-Cent Tax Authority

1990 – To address the State's underutilization of its 2.8 million acre-foot allocation of Colorado River, the Arizona Legislature authorizes CAWCD to collect a property tax in Maricopa and Pima counties to fund the construction of water recharge facilities for five years (Laws 1990, Chapter 385). Water storage is a way to bring otherwise unused CAP water into central Arizona for future use. The CAWCD successfully constructed six water recharge facilities.

1994 – The Legislature modifies the purpose of the tax for OM&R expenses of the CAP and for federal repayment, expands the taxing authority to include Pinal County, and extends the tax until 2001. The CAWCD Board is required to annually determine whether the tax will be levied and how proceeds are utilized (Laws 1994, Chapter 278).

1996 – The Legislature creates the Arizona Water Banking Authority (AWBA), authorizes AWBA's use of 4-Cent Tax proceeds pursuant to CAWCD resolution, and extends the tax until January 1, 2017 (Laws 1996, Chapter 308). More than $150 million of tax proceeds have been shared with the AWBA to store water underground for municipal and industrial purposes in times of shortage.



"Bathtub rings" in Lake Mead demonstrate the drastic impact drought and Colorado River structural deficit have had on the reservoir's water elevation.

Economic Impact of CAP to Arizona

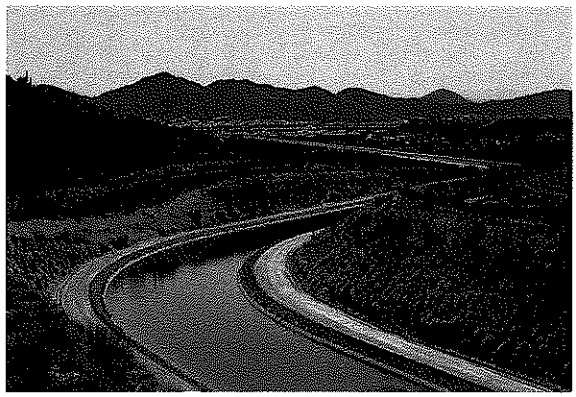
Central Arizona Project's (CAP) delivery of Colorado River water from 1986 through 2010 has generated in excess of $1 trillion ($1,090,000,000,000) of Arizona's gross state product (GSP), according to a study recently commissioned by CAP with the W.P. Carey School of Business at Arizona State University. The GSP represents the dollar values of all goods and services produced in the region and are a measurement of the economic output of a state, a counterpart to the gross domestic product for the nation. In recent years, the existence of CAP has generated an economic benefit approaching $100 billion per year, accounting for at least one-third, and sometimes more, of the entire Arizona gross state product.

To answer the question "What if CAP was never built and no CAP water was delivered?" researchers at L. William Seidman Research Institute of W.P. Carey School of Business at Arizona State University conducted the analysis to estimate the economic value of CAP during:

- Construction period (1973-1993)*
- Water delivery period (1986-2010)

The research model calculates impacts in 22 sectors of the economy

- Gross state product
- Job-years of employment



Key Findings:

» CAP water deliveries (1986-2010) have accounted for over $1 trillion of Arizona gross state product - approximately 23% of the gross state product during this 25-year period

» In the most recent five year of the study, CAP generated an economic benefit averaging over $90 billion per year, an average of 35% Arizona gross state product each year

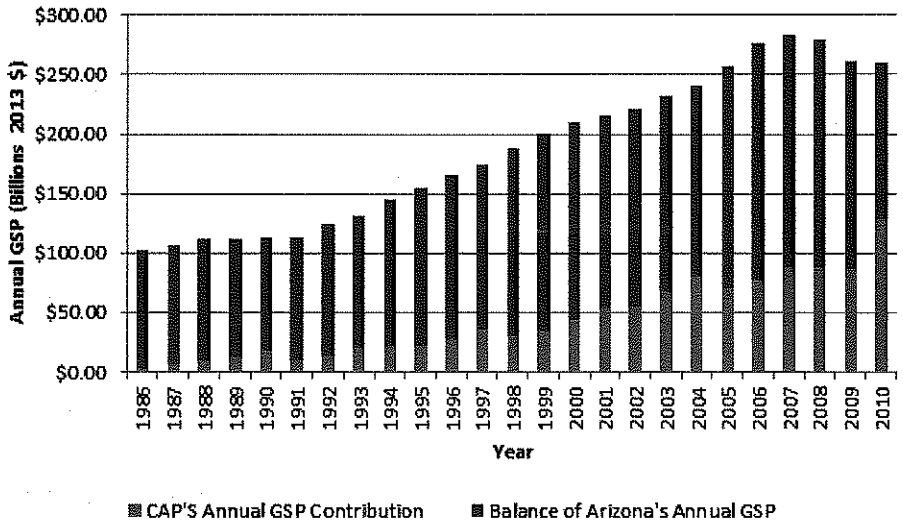
» In the latest year of the study (2010), CAP generated $128 billion of gross state product, 49.5% of the total for the state of Arizona and more 1.6 million job-years of employment

» In 2010 alone, total GSP across all 22 sectors would have been lower by almost $128.6 billion if it weren't for the delivery of CAP water. The top five sectors estimated to have declined the most in terms of contribution to GSP in 2010 are: Government ($26.4 billion), Healthcare ($22.6 billion), Real Estate & Travel ($19.5 billion), Retail ($13.5 billion), and Finance & Insurance ($8.4 billion)

» During the construction period (1973-1993), CAP generated approximately $2.4 billion of gross state product and annual employment of up to 9,400 job-years. This dollar value is approximately equivalent to the cost of the reimbursable portion of the CAP construction cost (including interest) to the state of Arizona

Annual Impact of CAP's Water Supply

In total, the contribution made by CAP to statewide GSP has increased annually from an estimated 27.2% in 2005 to almost half of Arizona's GSP (49.5%) in 2010.



*The analysis did not take into account any leisure benefits associated with CAP, such as the 10,000-acre Lake Pleasant Park, the Reach 11 recreation area in Phoenix, or the TPC golf course and Westworld in Scottsdale or current 475 staff and suppliers to operate and maintain CAP.

CAP
CENTRAL ARIZONA PROJECT

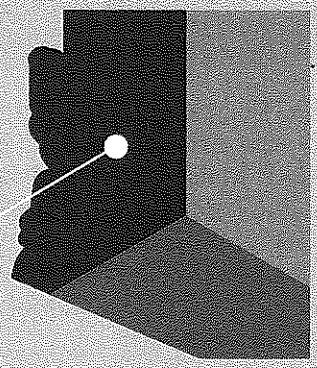
Attachment 4

THE ECONOMIC IMPACT OF CENTRAL ARIZONA PROJECT

1986-2010

(since CAP water deliveries began)

$1 trillion of Arizona gross state product have been generated by the existence of CAP



IN RECENT YEARS

1/3

ARIZONA'S GROSS STATE PRODUCT

CAP has generated an economic benefit approaching **$100 billion per year**, accounting for at least one-third, and sometimes more, of the entire Arizona gross state product.

In 2010, generated

1,603,287

JOB-YEARS

ONE JOB-YEAR = ONE PERSON HAVING A FULLTIME JOB FOR ONE YEAR

Top 5 sectors impacted the most without CAP's water supply are:

- GOVERNMENT
- HEALTHCARE
- REAL ESTATE & TRAVEL
- RETAIL
- FINANCE & INSURANCE

Study conducted by: CAP CENTRAL ARIZONA PROJECT | L. WILLIAM SEIDMAN RESEARCH INSTITUTE

HOUSE OF REPRESENTATIVES

HB 2215

veterinarians; chiropractors; chiropractic care; animals
Sponsor: Representative Petersen

X Committee on Agriculture, Water and Lands

Caucus and COW

House Engrossed

OVERVIEW

HB 2215 allows licensed chiropractors to be certified to practice chiropractic on animals and allows licensed veterinarians to be certified as animal chiropractic specialists, under certain conditions.

HISTORY

The American Veterinary Chiropractic Association and the International Veterinary Chiropractic Association are non-profit organizations that provide certification and continuing education programs for individuals in the chiropractic and veterinary medical professions. Both organizations provide three year certification for applicants who hold a chiropractic or veterinary license in good standing, provide proof of attending an approved postgraduate animal chiropractic program consisting of 200-250 hours of study and successfully pass written and clinical exams with at least a 75%. Certification renewal requires 30 or more hours of animal chiropractic continuing education courses and professional training. The examinations required test the applicant's knowledge of major chiropractic theories, anatomy, neurology and the Vertebral Subluxation Complex, among other topics.

The State Board of Chiropractic Examiners (Chiropractic Board) is the authority that licenses chiropractors in the state, ensures the health, welfare and safety of the public through the enforcement of the laws governing the practice of chiropractic and investigates complaints against licensed and unlicensed individuals. The Chiropractic Board consists of three licensed chiropractors and two consumer members who are appointed by the governor.

Arizona Revised Statutes § 32-2207 defines the powers and duties of the Arizona State Veterinary Medical Examining Board (Veterinary Board). The Veterinary Board's duties, among others, include administering and enforcing laws governing veterinary medicine, prescribing the manner for licensure and certification renewal and protecting the public from unlawful, unqualified or unprofessional practitioners of veterinary medicine.

PROVISIONS

1. Allows licensed chiropractors to be certified to practice on animals if they meet the following conditions:
   a. Submit to the Chiropractic Board documentation of successful completion of a postgraduate course in animal chiropractic from an institution certified and approved by a nationally recognized organization and approved by the Chiropractic Board and the Veterinary Board;
   b. Complete an application as prescribed by the Chiropractic Board; and

   c. Provide proof of successfully passing an animal chiropractic examination developed by a nationally recognized organization and approved by the Chiropractic Board and the Veterinary Board.

2. Permits the Chiropractic Board to certify a chiropractic physician in animal chiropractic if the person has received certification by a recognized organization in animal chiropractic and has been practicing animal chiropractic for 10 years before the effective date of this Act.

3. Allows a licensed veterinarian to be a certified animal chiropractic specialist if they meet the following conditions:
   a. Provide the Veterinary Board documentation of successful completion of a postgraduate course in animal chiropractic from an institution certified and approved by a nationally recognized organization and approved by the Board and the Veterinary Board;
   b. Complete an application as prescribed by the Veterinary Board; and
   c. Provide proof of successfully passing an animal chiropractic examination developed by a nationally recognized organization and approved by the Board and the Veterinary Board.

4. Permits the Veterinary Board to certify a veterinarian as a specialist if the person has received certification by a recognized organization in animal chiropractic and has been practicing animal chiropractic for 10 years before the effective date of this Act.

5. Makes technical and conforming changes.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON AGRICULTURE, WATER AND LANDS BILL NO. HB 2215

DATE January 29, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mrs. Benally			✓		
Mrs. Cobb		✓			
Ms. Fann			✓		
Mrs. Gabaldón		✓			
Mr. Montenegro		✓			
Ms. Otondo		✓			
Mr. Shope			✓		
Mr. Mitchell, Vice-Chairman		✓			
Mrs. Barton, Chairman		✓			
		6	3	0	0

April Riggins
COMMITTEE SECRETARY

APPROVED:
Brenda Barton
BRENDA BARTON, Chairman
DARIN MITCHELL, Vice-Chairman

ATTACHMENT 6