

## **Legislation Moving Forward...slowly**

HB229 is slowly moving forward, however, it is not without potential problems from both the Legislature and the Governor's office. This year, rather than having a "box" of spending bills, legislation that requires funding is being included in the budget negotiations. Thus far, HB2429 solar energy taxation is included in the budget that is being negotiated with the Governor's office. From the Legislative side, we primarily have the Speaker of the House on our side. Others in leadership do not seem to be quite as supportive. During a recent conference call with the bills sponsor, Rep Lucy Mason, of District 1, in Prescott, and Mike Haener, the Deputy Chief of Staff for Legislative Affairs, it became very evident there is still a serious lack of understanding about the effects of sales and property taxes on solar energy at the Governor's Office. In fact the call became quite contentious at time with Mr. Hayner dismissing the benefits of solar energy. It was evident from this phone call that, when push comes to shove, solar energy is not high on the Governor's list of priorities.

On the legislative side, while we are in the budget, the cap on the Commercial Tax Credit has been lowered to \$1.5 million. We are attempting to insure that the bill that is written to put this measure into law will raise the cap over the next few years. Thus far, the sales and property tax exemptions are both included in the budget.

At this point, we are taking a wait and see attitude on the bill. The budget was just released late last week and it remains to be seen how the members of the Arizona Legislature will receive it. Since the budget does not contain everything that the Governor has asked for, it is also uncertain how well it will be received on the 9th floor. One glaring example is the Governor's pet issue, all day kindergarten. The current budget provides funds that school districts can spend on kindergarten through third grade, but the funds are discretionary for the school district and does not specifically provide for a kindergarten program.

The bottom line is that there is a possibility that the first budget that goes to the Governor may be vetoed and will be back to the drawing boards. Our initial challenge will be to maintain the solar measures in the budget as it goes through this politically charged process. The next step will be to make sure that the Governor does not use her line item veto to strike any of the solar measures in the bill. As mentioned above, we are taking a wait and see attitude. We will keep you informed as the budget negotiations progress and let you know if we need to make additional calls to our legislators.. If you have any questions or comments, please feel free to call. Thank you for your support.  
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