

Dear Solar Advocates, Industry Members & Interested Parties:

With the end of the legislative session last Thursday evening also came the end of the road for Rep. Mason's solar legislation. With many twists and turns, the measure failed to pass the Senate by 1 vote. Here are the details...

A few weeks ago...

It appeared that SB 1380 was heading for a final read on the floor of the Senate during the last week in April. As some of you are aware, during the week of May 2nd, the Governor's office became interested in modifying some of the components of SB 1380 and requested that changes be made during a conference committee hearing. Sen. Dean Martin agreed to release the bill to conference. The Executive Branch requested the following changes to the legislation:

1. Modify language in bill related to deploying solar, renewables and energy efficiency measures in State buildings. Goal was to clarify the requirements and improve the position of State agencies in justifying these measures.
2. Implement a cap and reservation process for the three new market incentives proposed by this legislation (residential photovoltaics, commercial photovoltaics and commercial non-photovoltaic renewables).
 - A. The Executive Branch requested a \$2,000,000 cap on each market segment, including the market segment currently served by the existing 25% / \$1,000 tax credit (daylighting and solar thermal residential technologies). This would result in an overall cap on the bill of \$8,000,000 / year.
 - B. The Executive Branch also requested that a reservation process be enacted on Jan. 1, 2006.

After negotiations with the solar industry, ADOR and the Executive Branch agreed to drop the cap and reservation requirement for the market served by the existing tax credit (residential non-photovoltaic) and the language for the amendment was drafted. That opened the door for what happened next...

Last Tuesday...

During a closed door meeting, leadership in the House and Senate met to discuss SB 1380. At this meeting, leadership came up with their own provisions for SB 1380 and in the conference committee, made the following recommendations:

1. Drop the per year cap on the three new credits from \$2,000,000 to \$200,000
2. Make the new credits effective after Dec. 31, 2006 (18 months from now!!!)

No changes were proposed to the language regarding State buildings. The changes to the tax credits were adopted and the bill moved out of conference.

At this point we were faced with a dilemma: kill the bill and start over next session or push to get the bill to the Governor's desk and then go back next session and pursue changes to what was passed. We opted to pursue passage since there were beneficial components of the legislation that would have assisted the solar industry immediately (allowing the "per residence" limit on credits to increase from \$1,000 to \$5,000 and the language re: solar on State buildings).

Last Thursday...

As the legislative session was coming to a close, we were told that Sen. Martin was not going to have the bill heard for a final read in the Senate. At some point Thursday evening Sen. Martin changed his mind and had the bill heard. The result of the first vote is as follows:

15 Ayes - 9 Nays - 6 No Votes

It takes 16 'Ayes' to pass legislation in the Senate, so passage of the bill failed. Of note here is that of the 6 no votes, 5 were Democratic Senators that were not on the floor when the bill was read.

Because there were a large number of Senators absent, Sen. Martin requested reconsideration (request for a second vote). A push was made to get the absent Senators to the floor, but the delay opened the door for Sen. Ron Gould (an outspoken opponent to tax credits and this legislation) to begin his assault on the bill. According to our representative at the Senate, Sen. Gould continued to mis-inform his colleagues about solar technologies and the result of the second vote is as follows:

12 Ayes - 10 Nays - 8 No Votes

The second vote occurred about 9:30 PM on Thursday May 12th and later that evening the legislative session ended.

Converting the Opposition...

For those of you in District 3 that read this email, I urge you to contact Sen. Gould and inform him of your support for this legislation. He needs to hear from his constituents. Also, there were 8 more 'Nays' on the Senate floor during the first vote. These Senators were:

Sen. Robert "Bob" Burns
Sen. Jack W. Harper
Sen. Thayer Verschoor
Sen. Robert Blendu
Sen. Linda Gray
Sen. Karen Johnson
Sen. Ken Chevront
Sen. Barbara Leff

We need to work on educating these Senators between now and the next session on the benefits associated with widespread solar development in Arizona.

Thanks and Looking Forward...

Many thanks go out to Rep. Mason for her devotion to this legislation and strong support - up to the last vote - to seeing this legislation through, regardless of outcome. We are truly grateful for her leadership and look forward to working with her again in the future. We would also like to thank Sen. Martin for assisting Rep. Mason in keeping this legislation on track after it was derailed by Sen. Gould the first time many weeks ago. Thanks also goes out to the 15 Senators that voted in favor of this legislation last Thursday evening.

There were many hurdles during this legislative session and almost all were overcome. To get to the point we did is testimony to the effectiveness of Mitch Menlove of Upstream Consulting. Thank you Mitch - we truly appreciate your devotion to assisting the solar industry. I would also like to thank all of you that contacted State Representatives and Senators directly - your involvement in this process is essential and greatly appreciated. We'll be calling on you again in the future!

We have to continue our push and move forward. We can look back at this legislative session and learn from it, but we will not allow the result to dissuade us from seeking meaningful changes to statutes and policy that will aid in the deployment of solar technologies throughout Arizona. We will need the cooperation and assistance of many people and organizations as we move this agenda forward. We will begin this process sooner rather than later in anticipation of the 2006 legislative session. Stay tuned...

Sincerely,

Sean M. Seitz
President
Arizona Solar Energy Industries Association