

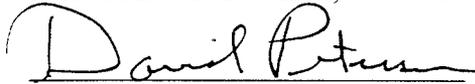
# JOINT LEGISLATIVE COMMITTEE ON HUNGER

## ANNUAL REPORT 1997

DECEMBER 15, 1997

### Committee Members

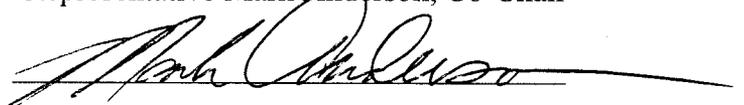
Senator David Petersen, Co-Chair



Senator Gary Richardson  
Senator Victor Soltero  
Senator Mary Hartley

Dennis Contino, St. Dominic's Food Bank  
Al Davis, Fruit and Vegetable Program  
Ginny Hildebrand, Association of Arizona Food Banks  
Janet Regner, Arizona Community Action Association  
Charles Ryan, Department of Corrections  
Charles T. "Punch" Woods, Tucson Food Bank

Representative Mark Anderson, Co-Chair



Representative David Armstead  
Representative Paul Newman  
Representative John Verkamp

Lynne Dulin, Department of Education  
Samuel Engram, Public Member  
Bejaye Roberts, Public Member  
Mary Jo Swartz, DES  
Alice Shoemaker, Nutrition Assistance

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## **EXECUTIVE SUMMARY**

Laws 1996, Chapter 352, Section 1, established The Joint Legislative Study Committee on Hunger. The purpose of the Committee is to:

1. Serve as a public forum for discussing issues regarding current and potential services and programs for food security;
2. Advise the private sector and the executive branch of government of programs and policies pertaining to current and potential food security programs and services;
3. Review food security programs and services to ensure efficient and coordinated use of resources.

An annual report should be made and distributed to:

1. The Governor
2. The President of the Senate
3. The Speaker of the House

The committee is repealed on December 31, 1998.

## COMMITTEE RECOMMENDATIONS

The joint Legislative Committee on Hunger was established by Laws of 1996, Chapter 352 and held three meetings; October 23, 1997, November 24, 1997 and December 15, 1997. The committee received testimony regarding the following items:

- ▶ The impact of federal welfare reform on Arizona food banks
- ▶ The success of the gleaning project
- ▶ The impact of welfare reform on children and elderly who are legal immigrants

The committee participated in the following educational tours:

- ▶ Food bank operations and services (United Food Bank, Mesa)
- ▶ Community neighborhood food security programs (Garcia School)

The major concerns centered on fears of unmanageable increases in the use of food banks to meet individual food security needs, due to cuts in the federal food stamp program. The need for data to show who is using food banks and why. Identifying ways to meet long term food security needs at the local/community level.

Based on the information reviewed in these committee meetings the committee recommends the following:

- ▶ Support for the appropriation of State funds in the amount of \$2,760,000 to DES for food acquisition for food distribution.
- ▶ Support for the appropriation of \$500,000 from the State general fund, to be used for grants supporting food security programs at the local/community level.
- ▶ A tax deduction program for vehicles used to transport food to food banks, to promote donations of services, and allow more money for food acquisition.
- ▶ Extending the repeal date of the Hunger Committee from and after December 31, 1999, to provide for continued monitoring of the effects of Welfare Reform on food security in the State.
- ▶ Requesting Assistance from Legislative Council Research to complete and continue a survey initiated by the Association of Arizona Food Banks, to gauge the impact of Welfare Reform and to assess other food security needs.

## **APPENDIX A**

1           1. The public members shall not be employees of this state.

2           2. At least five members of the committee shall be involved in  
3 providing food assistance programs.

4           3. The public members are not eligible to receive compensation, but  
5 are eligible for reimbursement of expenses pursuant to title 38, chapter 4,  
6 article 2, Arizona Revised Statutes.

7           4. The speaker of the house of representatives and the president of  
8 the senate shall each appoint one member on the committee from their  
9 respective bodies to act as cochairman.

10          C. The legislature and the departments in subsection A, paragraph 5  
11 of this section shall provide staff, administrative and technical support and  
12 meeting space to the committee.

13          D. The committee shall:

14           1. Serve as a public forum for the purpose of discussing issues  
15 regarding current and potential services and programs for food security.

16           2. Advise the private sector and the executive branch of government  
17 of programs and policies pertaining to current and potential food security  
18 programs and services.

19           3. Review food security programs and services to ensure efficient and  
20 coordinated use of resources.

21           4. Submit periodic reports, including an annual report, to the  
22 governor, the speaker of the house of representatives and the president of  
23 the senate concerning food security issues.

24          Sec. 2. Appropriation

25          The sum of \$700,000 is appropriated from the state general fund in  
26 fiscal year 1996-1997 to the department of economic security division of  
27 aging and community services for distribution to the rural food bank project  
28 to enhance the food bank network in the state. Before expenditure of the  
29 \$700,000, the department of economic security shall submit an expenditure  
30 plan to the joint legislative budget committee for review. In developing the  
31 expenditure plan, the department of economic security shall solicit input  
32 from the various food banks within the state.

33          Sec. 3. Delayed repeal

34          Section 1 is repealed from and after December 31, 1998.

APPROVED BY THE GOVERNOR MAY 1, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 1996

## **APPENDIX B**

# ARIZONA STATE LEGISLATURE

## MEETING NOTICE

Open to the Public

### JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER

**DATE:** Thursday, October 23, 1997

**TIME:** 1:30 p.m.

**PLACE:** Senate Appropriations, Room 109

#### AGENDA

1. Call to order
2. Introduction (by staff, explaining the charge of the Committee)
3. Presentation by the Department of Economic Security of policies affecting food security (Welfare Reform)
4. Presentation on Food Bank Warehouses by St. Mary's Food Bank
5. Presentation on Meal Kitchens by St. Vincent de Paul
6. Presentation on Gleaning by Clark Skeins
7. Presentation on Reclamation by Westside Food Bank
8. Public Testimony

#### MEMBERS

Senator David Petersen, Cochair	Representative Mark Anderson, Cochair
Senator Mary Hartley	Representative David Armstead
Senator Gary Richardson	Representative Paul Newman
Senator Victor Soltero	Representative John Verkamp
Dennis Contino, St. Dominic's Food Bank	Al Davis, Fruit and Vegetable Program
Ginny Hildebrand, Association of Arizona Food Banks	Janet Regner, Arizona Comm. Action Assoc.
Charles Ryan, Department of Corrections	Mary Jo Swartz, DES
Lynne Dulin, Department of Education	Samuel Engram, Public Member
Bejaye Roberts, Public Member	Alice Shoemaker, Nutrition Assist. Program
Charles T. "Punch" Woods, Tucson Food Bank	

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# ARIZONA STATE LEGISLATURE

## JOINT LEGISLATIVE COMMITTEE ON HUNGER

**Minutes of the Meeting**  
**October 23, 1997 - 1:30 p.m.**  
**Senate Appropriations Room**

### **Members Present**

Senator David Petersen, Cochair  
Representative Mark Anderson, Cochair  
Senator Mary Hartley  
Representative David Armstead  
Senator Gary Richardson  
Representative John Verkamp  
Senator Victor Soltero  
Carl Nink for Charles Ryan, Department of Corrections  
Lynne Dulin, Department of Education  
Bejaye Roberts, Public Member  
Charles T. "Punch" Woods, Tucson Food Bank  
Al Davis, Fruit and Vegetable Program  
Janet Regner, Arizona Community Action Association  
Mary Jo Swartz, Department of Economic Security  
Alice Shoemaker, Nutrition Assistance Program

### **Members Absent**

Dennis Contino, St. Dominic's Food Bank  
Samuel Engram, Public Member

### **Members Excused**

Representative Paul Newman  
Ginny Hildebrand, Association of Arizona Food Banks

### **Staff Present**

Lynn Roman, Assistant Senate Research Analyst  
Mark Berry, House Research Analyst  
Shanti Rosset, Minority Staff

Cochairman David Petersen called the meeting to order at 1:40 p.m. Members of the Committee introduced themselves and briefly described their backgrounds and organizations.

Lynn Roman, Assistant Committee Analyst, explained Laws 1996, Chapter 352, Section 1, established the Joint Legislative Study Committee on Hunger. The purpose of the Committee is to: 1) Serve as a public forum for discussing issues regarding current and potential services and programs for food security; 2) Advise the private sector and the executive branch of government of programs and policies pertaining to current potential food security programs and services; and 3) Review food security programs and services to ensure efficient and coordinated use of resources. Additionally, an annual report should be made and distributed to the Governor, the President of the Senate and the Speaker of the House. She noted the Committee is repealed on December 31, 1998.

Representative Armstead urged the Committee to take a "broader approach" and study the future implications of welfare reform in or order to formulate legislation for possible funding for food banks.

Mr. Charles Woods commented it will require the efforts of both the public and private sectors working together to meet food needs. He noted that changes wrought with welfare reform will double the assistance already provided by food banks due to the loss of food stamps and other subsidy programs.

In response to Senator Petersen, Ms. Roman noted the 1996 Hunger Committee Interim Report was available and distributed it to the Members (filed with original minutes).

Senator Soltero indicated he had visited Tucson's food bank and expressed his appreciation for the amount of work done and food distributed. He urged the Committee to concentrate on food bank efforts and support legislation that would help assist and facilitate them in their work to feed the hungry.

**Vince Wood, Assistant Director, Department of Economic Security (DES)** introduced himself and stated he oversees the administration of the food stamp program. He referred to his two-page handout title, *Food Stamps - Able Bodied Requirements* (filed with original minutes) and noted the food stamp program is not a block grant explaining the funds do not come through the Legislature but are funded 100 per cent by the federal government with regard to benefits. He stated there are two major issues within the food stamp program that were impacted by the passage of welfare reform. The first is "able bodied requirements." He explained that unless someone is exempt, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) requires individuals who are between the ages of 18 and 50 to meet work requirements. Failure to meet the requirements allows individuals to receive only three months of food stamp benefits in a 36-month period. He explained exemptions to this are: responsibility for an individual under age 18; a physical or mental incapacity; pregnancy; participating in drug or alcoholic rehabilitation program; or residing in an area of high unemployment. Explaining the last exemption, Mr. Wood clarified Arizona was given the authority by the federal government to exempt geographic

areas of the State due to high unemployment or lack of jobs. Counties exempt from Able Bodied Requirements include Apache, Cochise, Coconino, Gila, Graham, Greenlee, LaPaz, Mohave, Navajo, Santa Cruz and Yuma except for residents of Flagstaff and Lake Havasu City. He noted on the handout the number of individuals ineligible for food stamp benefits due to Able Bodied requirements totaled 5,873 from March 1997 to October 1997. The second major impact on the food stamp program from welfare reform is an eligibility requirement that limited eligibility to legal non-citizens residing in the Country.

Senator Petersen asked Mr. Wood to provide him with the statistics involving exemptions for physical or mental incapacity and requested further clarification on the exemption involving residing in a area of high unemployment. Mr. Wood explained that individuals residing in high-unemployment areas will remain exempt due to the difficulty of finding work, but are still required to register for work. One of the reasons for exempting certain geographic, high-unemployment areas is the lack of funding to states for employment and training. He noted in the Balance Budget Act, Congress and the President are going to appropriate additional funds to states for employment and training programs. He stated in order to qualify for this additional money, Arizona must use 80 per cent of the appropriation toward individuals who are able bodied, have no dependent children, and are between the ages of 18 and 50. Once the money is appropriated, consideration will be given to lifting the exemptions in the geographic areas of high-unemployment where training programs will be implemented.

In response to Ms. Regner, Mr. Wood stated the average food stamp subsidy per month is \$72.00 per recipient. He noted DES has asked various food banks throughout the State to perform an informal survey -- if the food banks notice an increase in requests for service -- to determine if it is the loss of food stamps that has caused the increased need.

With regard to the funds appropriated by Congress for employment and training, Ms. Regner asked if there was a requirement for the state to match funds. Mr. Wood responded there are actually two different "pots" of money -- the Welfare to Work -- which comes from the Department of Labor which has a match requirement, and funds from the United States Department of Agriculture which are targeted specifically for employment and training programs with no match requirement. This amounts to approximately \$1.6 million in "new" money added to the \$1 million received in the past for a total appropriation of approximately \$2.6 million.

Representative Armstead asked Mr. Wood to furnish the statistics on exemptions for those participating in drug or alcohol rehabilitation programs and for those residing in areas of high unemployment along with those he will be providing for Senator Petersen. Mr. Wood responded statistics were available for the drug and alcohol rehabilitation exemptions, but was not sure if they were available for the high unemployment exemptions. He noted he would research the information.

Representative Armstead asked if it would be feasible to designate by zip code, the number of individuals ineligible for food stamps benefits due to the Able Bodied Requirements and to calculate the potential loss. He stated this would help him get a better idea of the economic impact within his district. Mr. Wood confirmed he would do this.

Representative Verkamp asked why volunteer workers in the exempt, high-unemployment areas are still exempt when "volunteer" work is defined as "work" with regard to Able Bodied Requirements. Mr. Wood responded the definition of "work" did not "figure in the discussion" about exempting geographic areas.

Representative Verkamp stated he was not satisfied with the answer and questioned again why Congress would exclude volunteer work, in high-unemployment areas, as not being defined as "work." Mr. Wood responded he did not know why Congress included "volunteerism" in its definition of "work." Representative Verkamp stated he felt volunteer work should be considered work in the high-unemployment areas.

Representative Verkamp asked if there are specific definitions for the physical and mental incapacity exemption. Mr. Wood responded they are the same criteria as Social Security Income Disability.

Mr. Wood continued his presentation on the second page of his handout regarding the eligibility of legal non-citizens. In order to be eligible for food stamps legal non-citizens must have at least ten-years work history in the United States. The number of individuals ineligible for food stamp benefits due to the PRWORA citizenship requirements totals 13,541 as of August 1997.

In response to Ms. Regner, Mr. Wood stated he could break down the 13,541 into age groups to see how many are age fifty-five and older. Ms. Regner expressed deep concern for the elderly, legal non-citizen population affected by the loss of benefits and wondered what was being done to track them and how many there are. Mr. Wood responded there are six states within the nation that sponsor a state-funded food stamp program. The federal government now allows states the ability to purchase food coupons from the federal treasury for the purpose of feeding children and elderly. He offered to provide members with the names of the states currently utilizing this program. Ms. Regner responded she would like to have the information made available.

Senator Soltero asked if the newly ineligible, legal, non-citizens were being followed up on. Mr. Wood responded not on any formal state level, but reiterated food banks had been made aware of the changes occurring and were asked to conduct informal surveys if they noticed an increase in the use of services.

Representative Anderson expressed concern that a follow-up was not indicated in order to gauge the effectiveness of the program. He asked if separate subsidy programs were monitored in order to detect any "overlap" of benefits within the system. Mr. Wood responded there is some overlap, but that individual eligibility requirements within each program are different.

Ms. Roberts asked if other programs were available to legal, non-citizens besides the cash-assistance program to meet their hunger needs. Mr. Wood responded that to his knowledge there are no other state-funded or federal programs that provide food for these individuals. He noted the State Legislature did respond to the issue of legal immigrants by appropriating \$250,000 to DES to contract for naturalization services so they could continue to qualify for assistance by becoming United States citizens. He noted there is a considerable length of time before people can become citizens.

Ms. Dulin pointed out that citizenship is not a condition of eligibility to participate in the child nutrition programs.

**Paul Barnes, Executive Director, St. Mary's Food Bank** introduced himself and gave a brief overview of the food-banking operation. He testified food banks are "warehouses" and not to be confused with soup kitchens or dining rooms. Food banks resource or glean foods from retail outlets, wholesale operations, and brokers. They participate in the state gleaning programs to access food from the fields and depend upon food drives for non-perishable items. He noted food banks do not do social work but work through agencies that do provide counseling. Mr. Barnes stated emergency food boxes are a large part of the St. Mary's Food Bank program and a great deal of their food is distributed through general "shopping" by the agencies that come to the warehouse. Additionally Mr. Barnes noted the Bank relies largely upon community contributions and do not depend totally upon government monies.

**Calvin McClean, Director of Distribution Services, St. Mary's Food Bank** spoke to increases in the use of services during the last ten months within the Bank to gauge the effects of welfare reform legislation and stated there has been a ten per cent increase in the demand for emergency food boxes. There has been a 20 per cent increase in the demand for supplemental boxes prepared for homebound elderly or disabled.

Senator Petersen asked how many people the 20 per cent represented. Mr. McClean responded approximately 2,000. Senator Petersen requested Mr. McClean provide him with the data he was presenting. Mr. McClean agreed.

Mr. McClean continued, stating the number of agencies requesting assistance increased 15 per cent, from 469 to 541. Additionally, the total number of pounds of food available was 2.9 million last year and increased to 3.1 million this year, showing a 9 percent

increase in the amount of food available versus the 15 per cent increase in the number of agencies requesting assistance and a 10 percent increase in the demand for food boxes.

Mr. McClean suggested possible enhancements to the gleaning program would be the availability of more trucks and equipment for hauling the produce, and more volunteers to glean from the fields and sort through the produce. He testified to an approximate 20 per cent waste of gleaned food due to the inability to sort through it in a timely manner.

In response to Senator Petersen, Mr. McClean responded there are approximately 1,300 homebound recipients of emergency food boxes.

Representative Anderson asked Mr. McClean, since his organization relies heavily upon community contributions, if he was aware of the tax credit available, due to legislation enacted last session, allowing Arizonans to receive the credit for up to \$200 on itemized charitable contributions. Mr. McClean responded he was not, but was sure those within the organization on that level were aware. Representative Anderson had staff distribute an Arizona Republic editorial titled, *It Works For All of Us* (filed with original minutes) that explained the legislation.

**John Feit, St. Vincent de Paul Society**, thanked members from the Association of Food Banks for their tremendous work and DES personnel for their help in interpreting the ramifications of welfare reform. Locally, Mr. Feit thanked Fry's Food Market in helping to make St. Vincent Food Bank a success. He gave a brief overview of the organization stating it offers many kinds of human services. Mr. Feit referenced his handouts, *The Society of St. Vincent de Paul - 1996 Annual Report*, and the *Food Services Activity Report - September 1997, Meals Served*, (filed with original minutes) and testified the focus of the Committee was hunger in Arizona and the possibility of food shortages in the light of welfare reform. He stated St. Vincent's provides two food assistance programs: the first is a congregate feeding program. St. Vincent's kitchen is capable of providing 3,000 meals a day and did provide 1,230,513 meals in Fiscal Year 1997. The second form of food assistance provided is through a network of 79 parish conferences of charity in a four-county area. This entails 300,000 services hours per year donated by people who visit the needy in their homes. He noted the philosophy of St. Vincent's is to help alleviate human suffering in such a way as to promote the dignity and integrity of the human person. As former welfare recipients reach their 60-month maximum benefit period for cash assistance, the demand for the services of private charities will increase. As demands increase for private charity services, charities will have to expend money to expand their food programs, thereby diminishing the charity's capacity to provide emergency rental and utility assistance. Additionally, Mr. Feit noted there will be an increase in the homeless population and additional funding will be needed for the short term crisis programs.

**Clark Skeins, Projects Coordinator, Gleaning and Distribution**, distributed his handout, *The Arizona Statewide Gleaning Project, Harvesting Surplus Food for Hungry People* and testified the Arizona Statewide Gleaning Project is a program of the Arizona Association of Food Banks. In its first six months the Gleaning project harvested 5 million pounds of food. The following twelve months 28.9 million pounds was harvested with a total of more than 90 million pounds to date. He acknowledged the tremendous efforts made by food banks that have reached out to people in need and referenced a second handout (filed with original minutes) depicting several articles recently published in the Arizona Republic and an informational article by the Association of Arizona Food Banks titled, *Major Hunger-Related Legislation Passed Since 1994 in Arizona*.

Referencing the *Gleaning Project* handout, Mr. Skeins explained the food distribution profile and the geographic source of donations. He also explained the fresh produce flow involving the Gleaning Project, food banks and produce wholesalers. Next, he explained the Gleaning Project's transportation partners, showing 66.50 percent of product being hauled by the food banks. He showed the Gleaning Project's cost/volume relationship explaining the increase of pounds distributed between 1993 and 1997 and the decrease in the price per pound from \$0.0080 to \$0.0050. He explained future needs of the Gleaning Project include improved transportation of product, improved food preservation and processing, and increased food procurement dollars. With regard to transportation needs he explained the need to improve frequency of deliveries to communities and the need to access fresh foods from other states in the slow season. He suggested a possible tax credit for trucking companies that donate transportation. With regard to food preservation and processing he supported the need for facilities, opportunities to can, dehydrate and freeze. He suggested inmate labor be used to sort and pack produce.

Representative Verkamp stated that in the past he has supported legislation allowing a tax credit to trucking companies that donated transportation services and would be supportive of future legislation of the same.

Senator Petersen requested Assistant Research Analyst Lynn Roman to research prior legislation involving incentives for trucking companies that donate transport services to the Gleaning Project.

Senator Soltero remarked that even a small appropriation toward the transport issue would greatly enhance the gleaning process.

Mr. Skein suggested the possibility of using prison facilities and prisoners near gleaning sights to help in the packaging and boxing of the produce. Mr. Nink responded that last year the Department of Corrections gleaned over two-million pounds of food and that it was the Department's intention to continue that effort with regard to the Lewis Prison Complex which is near a gleaning activity area. He acknowledged it is a very valuable program and

part of the Department's mission is to put inmates to work. He indicated a program of this nature should be seriously considered.

Senator Petersen asked Mr. Nink to meet with Mr. Skein to develop some ideas for utilizing prison inmates and to present these ideas at the next meeting. Mr. Nink stated he would be pleased to do that.

Representative Anderson referred to the map within the handout and noted that gleaning areas coincide with the high-unemployment areas and wondered if there was the possibility of designing a program that would help employ welfare recipients in these areas through the packaging and shipping of the food. Mr. Skein responded available space in which to do the sorting and packing is a problem for this type of program. He stated he was amenable to future consideration of this possibility and noted it would take careful planning and organization.

Mr. Barnes stated food banks depend a great deal on volunteers but that this work is hampered by a large turnover in volunteers. He suggested taking into consideration creating positions within food banks to provide consistent labor using the funds that will be allotted to training in the high-unemployment areas. He noted food banks cannot afford to hire that labor and that the reason they are able to operate is because labor is contributed via many groups.

Representative Armstead stated he supported employing welfare recipients in food banks and suggested the Department of Economic Security investigate the possibility.

**Eddie Sissons, Arizona Justice Institute**, stated the Homeless Coalition, of which she is a member, is working on a survey in conjunction with the City of Phoenix to do a bi-annual status report of people who utilize homeless shelters, domestic violence shelters and food banks and suggested this might be one way to track who is in need of these facilities and their services. She noted she was in possession of a packet which contained legislation from other states that have purchased food stamps for children or elderly. She proposed there is money in this year's budget which could be used for meeting the needs of families who have lost food stamps

**Darden Hamilton, Rivers Community Church/Food Bank**, gave a brief overview of his Church's food bank activities and its growth in the last several years. He noted the demand has increased by 40 percent in the amount of food it has been supplying to the community. He noted the increase need correlates with welfare reform and indicated the need for food services will continue to grow. He suggested a sharing of the responsibility for the hungry as government transitions from public assistance to faith-based organizations assistance. He ventured that if the State expects private charities to bear

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the burden of feeding the hungry, perhaps government should initially allot more funds to help set up a system to do so.

**Malena Albo, Assistant Director, DES, Division of Aging and Community Services,** noted \$250,000 was recently targeted to legal non-citizens in danger of losing their food stamp benefits to identify them and help them gain their U.S. citizenship. She pointed out the Social Security Administration out of Washington is keeping track of these citizens.

Senator Petersen encouraged members of the Committee to contact Ms. Roman with regard to any issue they would like discussed at future meetings.

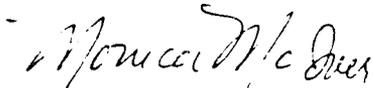
Ms. Roman noted the next two meetings will be held off-sight with hopefully a tour of a food bank included and an on-sight meeting at a local elementary school. She stated she would apprise members of any changes.

Senator Petersen announced there was the possibility the Legislature will be called in to special session and if so, the future meetings will be rescheduled.

Senator Soltero suggested meeting earlier in the day to accommodate both the tours and the meeting. Members expressed their agreement.

There being no further business the meeting was adjourned at 3:50 p.m.

Respectfully submitted,



Monica McIver  
Committee Secretary

(Tapes and original minutes are on file with the Secretary of the Senate's Office)

REVISED \*\*\*\*\* REVISED \*\*\*\*\* REVISED

ARIZONA STATE LEGISLATURE

MEETING NOTICE

Open to the Public

JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER

DATE: Thursday, November 13, 1997
Monday, November 24, 1997

TIME: Tour - 9:30 a.m. Meeting - 11:00 a.m.

PLACE: Tour of United Food Bank, 358 E. Javelina, Mesa, AZ, 926-4897
Meeting in South East Superior Court Building, 222 E. Javelina, 506-7933

AGENDA

- 1. Call to order
2. Review of legislative drafts by staff
3. Discussion of drafts
4. Public testimony

MEMBERS

Senator David Petersen, Cochair
Senator Mary Hartley
Senator Gary Richardson
Senator Victor Soltero
Dennis Contino, St. Dominic's Food Bank
Ginny Hildebrand, Association of Arizona Food Banks
Charles Ryan, Department of Corrections
Lynne Dulin, Department of Education
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# ARIZONA STATE LEGISLATURE

## JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER

**Minutes of Meeting**  
**November 24, 1997 - 11:00 a.m.**  
**South East Superior Court Building**  
**Mesa, Arizona**

### **Members Present**

Senator David Petersen, Cochair  
Senator Mary Hartley  
Senator Gary Richardson  
Senator Victor Soltero  
Ginny Hildebrand  
Bejaye Roberts

Representative Mark Anderson, Cochair  
Representative David Armstead  
Alice Shoemaker  
Charles Ryan  
Danna Newell for Janet Regner  
Charles T. "Punch" Woods

### **Members Absent/Excused**

Representative Paul Newman  
Representative John Verkamp  
Dennis Contino  
Lynne Dulin

Al Davis  
Mary Jo Swartz  
Samuel Engram

### **Staff Present**

Lynn Roman, Senate Research Analyst  
Mark Barry, House Research Analyst

Members met prior to the meeting for a guided tour of the United Food Bank located at 358 E. Javelina in Mesa and received a brief overview of the Food Bank's operation with regard to the intake, processing and distribution of donated food items.

Senator Petersen called the meeting to order at 11:30 a.m. and attendance was noted. He commented on the tour saying that he felt it was very beneficial to his understanding of the entire food gleaning and donation process.

Lynn Roman, Senate Research Analyst, distributed the handout (filed with original minutes) from Vince Wood, Assistant Director, Division of Benefits and Medical Eligibility at the Department of Economic Security (DES). She explained it contains information requested by the Committee at the October 23 meeting regarding the number of recipients exempt from food stamp time limit for able-bodied adults, the number of individuals by zip code who have lost food stamps due to time limit for able-bodied adults, and the number of legal noncitizens by zip code and age who have lost food stamps.

**JOINT LEGISLATIVE STUDY COMMITTEE  
ON HUNGER**

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Ms. Roman discussed Hunger Committee Legislative drafts which resulted from prior meetings and community input. The first is a Community Grant Provision proposed by DES which would provide 10 small grants up to \$1,500 each for charitable organizations or local community efforts already instituted but requiring more funds to remain in operation. The funds could be used for the organization of volunteers, transportation, community gardens, job creation and training and general expenses. It would also provide eight large grants of up to \$50,000 each and a statewide coordinator who could review the grant process.

In response to Senators Petersen and Soltero, Ms. Roman stated the drafts would be provided in written format prior to the next meeting for members to review. Ms. Hildebrand proposed that certain members of the Hunger Committee would be available to help with the drafting of the recommendations. Senator Petersen encouraged members' participation.

Ms. Hildebrand noted that she is a member of the Hunger Advisory Council of DES and that this recommendation came through the Council to DES as a way to begin to get past the emergency food box level and on to food security for specific areas in the State. She noted the purpose of the grants is to help several communities throughout the State which could benefit greatly from someone focusing their full attention at bringing the community and its activities together to help in developing food security for that community on a long-term basis.

In response to Senator Petersen, Senator Richardson submitted there are two ways to request funds for the grants from the State. The first is to present the Committee's recommendations to the Office of Strategic Planning and Budgeting (OSP) and the Joint Legislative Budget Committee (JLBC) for budget consideration. The second is to present it as legislation where it will compete in "the box" for funding.

In response to Senator Soltero, Ms. Roman stated the total suggested grant program amount would be approximately \$500,000

In response to Committee members' requests, Ms. Roman explained the \$500,000 grant would be divided into three categories of funding. The first category would be the ten small funding grants of \$1,500 each. The second category would be eight large grants of up to \$50,000 each and the third category would provide a statewide coordinator and an evaluation grant of \$85,000. Ms. Roman noted that the third category is still under construction with the possibility of reducing the \$85,000 and channeling the reduced funds to the smaller grants in the first category.

Senator Soltero asked who would be eligible for the money. Ms. Roman responded churches, schools, community groups that distribute food, and those who enhance fresh food availability. She noted any such groups could apply for the grant.

Representative Armstead encouraged relinquishing the bureaucracy associated with the grant process and allow the money to be distributed through more appropriate channels, such as food banks.

Mr. Woods agreed that anything that would reduce the request for proposal (RFP) process would be helpful.

Ms. Hildebrand stated that the concept behind the grants is to build community food security. Larger grants are designed to provide a staff person to be assigned to a community as a "community developer" as it applies to food security to assess the food needs of that community and then, with that community, develop a specific strategy to ensure food security. This might include planning grocery trips to large food retail chains offering more competitive prices than the smaller community stores.

**Paul Barnes, Executive Director, St. Mary's Food Bank**, voiced his objection to any of the grant monies being used toward a "coordinator staff person" when the amount involved is only one-half million dollars. He stated he agreed that recommendations need to be very specific. He opined that organizations that deal with food security should have the opportunity to address this concern directly.

Senator Richardson asked Mr. Barnes to define "food security." Mr. Barnes responded food security is the ability of people who are without the food that they need to be able to have that food and to not necessarily always be on the receiving end of contributions, but be able to take care of that need for themselves. Additionally, Mr. Wood stated the national definition of food security asserts that all people have access to adequately nutritious food that is acceptable to their traditions and cultures.

Senator Petersen noted the definition did not address means of self sufficiency and self reliance. He urged that the means of attaining these qualities be included in Committee recommendations.

Ms. Roman continued, and explained the second draft involves issues discussed at the prior meeting regarding tax incentives for trucking companies that transport product for food banks. The draft recommends reductions of vehicle licensing taxes paid for by food bank warehouses for their vehicles that transport agricultural products across county lines. She noted the annual State loss in revenue would be approximately \$15,000 and the savings could be used to provide up to 1,500 additional miles of transporting food to rural communities.

Ms. Roman noted another provision in the draft could be to exempt food bank vehicles from motor carrier taxes if they are used by non-profit food banks to transport food across county lines. The maximum estimated State loss of revenue for this provision would be \$3,000 annually. The third possible provision for this draft would be to provide tax deductions to trucking companies that donate transportation for Arizona food banks.

Representative Armstead noted there is a bill regarding vehicle license tax already being drafted by Senator Springer and that possibly an amendment could be drafted with regard to food bank vehicles.

**Clark Skeins, Projects Coordinator, Gleaning and Distribution**, explained food banks utilize two different types of carriers, the distributors such as Shamrock, and the for-hire companies such as Swift. He noted that farmers receive a tax credit of eighty cents per every dollar for offering their fields for gleaning and suggested a similar type deduction for trucking companies who haul for food banks.

In response to Senator Petersen, Mr. Skeins explained the current procedure is to provide the donating trucking company with a letter acknowledging the donation of the transportation of pounds hauled from one location to another for their tax purposes.

Ms. Hildebrand said that the original proposal in H.B. 2140, in computing Arizona taxable income, a subtraction would be allowed equal to one-half the amount that the taxpayer paid or incurred during the taxable year to transport agricultural products to one or more food banks.

Members questioned the type of tax benefit allowed, whether it was a credit or deduction, the amount allowed of fifty per cent, and whether or not this was incentive enough for trucking companies. Senator Petersen requested staff to communicate with the Department of Revenue for clarification regarding the current allowances for tax benefits given to trucking companies who haul produce for food banks.

Ms. Hildebrand pointed out the St. Vincent De Paul food bank does qualify for tax exemptions due to their church affiliation and does not pay some of the same fees as food banks not associated with a religious organization.

Representative Armstead suggested a proposal that would bring food banks in line with St. Vincent De Paul and its tax exempt status on the State level and thereby providing food banks with more money.

Ms. Roman continued with the third proposal which requests additional funding of \$2.76 million for food purchases for rural food banks.

In response to Senator Petersen, Ms. Roman pointed out the money for this would be filtered through DES.

Ms. Hildebrand noted these are funds that were originally part of H.B. 2140 as a result of diminishing federal commodities and projected welfare reform impacts. She noted the funds would be used by the food banks to directly purchase nutritionally dense products to supplement donations so that emergency food boxes and other supplemental food programs that they operate could be supported with this food.

Discussion among members ensued with regard for the need to clearly outline the problems anticipated as a result of welfare reform based on already available statistics and future projections and to outline the necessary responses anticipated by food banks when presenting recommendations to the Legislature for adequate appropriations along with the request for a state food stamp program.

Senator Richardson stated that in making the comparisons for making a case for needing extra money, it is important to keep the comparisons in terms of dollars lost and dollars needed.

Representative Anderson asked if numbers were available to produce written information for Legislators to review with regard to the number of people already effected by welfare reform. He stated he felt it was a little early to be able to project at this time the number of people who will be effected.

Ms. Hildebrand responded the current figures are "quite reliable" in terms of the actual impact of welfare reform and are based on the number of people whose eligibility is terminated and in the cuts to food stamp benefits. Representative Anderson argued that the current figures do not differentiate between those who have lost benefits due to welfare reform and those who are not participating due to other reasons such as moving or becoming employed.

Senator Petersen stressed the importance of being able to differentiate between those who are losing benefits due to welfare reform and those who are losing benefits due to life changes. Ms. Hildebrand noted that in a meeting with the Family Assistance Administration of DES, DES does not have the capability of tracking these differences.

Representative Armstead suggested "anchoring" a number based upon initial projections from DES and the food banks and then request economic experts to do a regression analysis. This would provide baseline data on which to base further projections.

Mr. Barnes testified that the St. Mary's Food Bank has been monitoring their emergency food box demand since July 1, 1997 and noted it has risen approximately ten per cent per

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month through September's statistics which he acknowledged relates to a population increase. However, in October emergency food box requests increased from 4,500 boxes per month to 5,500. He ventured that November's emergency food box requests will probably increase to 1,200 boxes above September's requests.

Representative Armstead suggested that the Committee request that the community food banks prepare a report on what other food banks are experiencing in terms of growth. Senator Petersen acknowledged the information was important and might dictate the need for an emergency appropriation.

Senator Richardson indicated it was his understanding that welfare caseloads were decreasing and employment statistics were rising. He noted these factors should be included in the final analysis when determining needs.

Representative Anderson questioned if DES has the capability to provide future monthly statistics of the number of people due to lose food benefits. He stated he felt the numbers would "level off" after the initial group was affected.

Ms. Roman called the Committee members' attention to the handout from Mr. Vince Wood and noted it did contain some of the statistics being questioned.

Senator Hartley stated she did not feel the growing statistics quoted by Mr. Barnes indicated a "leveling off." She also noted that seasonal work is being provided which might account for lower statistics, but that in April, these seasonal workers would become unemployed causing an increase in the need for emergency food. She cautioned against assuming hunger needs would level off and being unprepared.

Senator Richardson suggested comparing statistics from corresponding months of 1996 and 1997 noting that a winter transient population might account for the higher statistics.

Ms. Hildebrand stated she would be willing to prepare by the next meeting, a survey from all food banks comparing statistics from October of 1996 with October of 1997 with regard to total counts of food distributed as well as the number of agencies served and the number of food boxes provided by their agencies.

Senator Petersen requested statistics be provided as far back as 1993.

**Malena Albo, DES,** stated DES has the information requested readily available upon request regarding food stamp recipients who have or will be losing their benefits. She also noted that DES has historical information and data that might be helpful in making determinations. Representative Anderson requested the information be made available prior to the next meeting.

A discussion ensued relating to DES' inability to provide statistics with regard to the effects of welfare reform and the number of people being affected. It was noted that DES does not differentiate between people who voluntarily go off the food stamp program and those who are removed due to welfare reform.

Senator Petersen suggested drafting a letter to the Governor and the House and Senate Appropriations Committees Chairmen stating the seriousness of the hunger issue, the possible need for emergency action, and preliminary numbers to request immediate attention to the issue of hunger.

Senator Soltero stated the letter should also be sent to Leadership in both Legislative houses and should contain accurate research already available from the previous session.

Representative Anderson stated that before trying to make a case, the Committee should have clear, statistical documentation to provide in the letter. Senator Petersen responded he felt there is enough information to clearly indicate a substantial problem exists and stressed the need for acting in a timely manner in order to request monies from the budget.

Ms. Hildebrand indicated the funding request of \$2.76 million has already been forwarded through DES to the Governor's Office for approval through its budgetary process. She urged the need to consider food stamp purchases for legal elderly immigrants and children and that these needs might be included in the letter Senator Petersen is considering.

Senator Petersen stated he, Cochair Anderson, and staff would compose the letter and submit a draft of the letter to Committee members for their input and approval.

Mr. Skeins stated that as a result of discussions during the last Hunger Committee meeting, the Department of Corrections expressed interest in Perryville Prison inmates participating in gleaning at fields located near the prison. Inmates would package food boxes for the food banks.

Mr. Ryan stated the Department of Corrections has been involved in gleaning for a number of years either to help the food banks or to supplement prison food needs. He submitted estimates for two, two-thousand square feet concrete slabs and equipment needs for two prison sights ranging from \$96,000 to \$105,000. He noted he could supply estimates for smaller slabs as well.

Representative Anderson expressed concern that inmates would be involved in packaging product being received outside the prison facility.

Mr. Ryan stated that, to his knowledge, there has never been an issue related to prisoners tampering with product when packaging food boxes.

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Representative Armstead suggested that people coming off of welfare could be employed by food banks for gleaning and packaging. Mr. Skein countered that the gleaning process requires immediate action once the owner of a field releases the field for gleaning. He noted it would be difficult to gather the necessary people power in the short amount of time allowed for gleaning and that too much automobile traffic on the fields would disturb the farmers. He said the donor farmers offer the fields in "small windows of opportunity for gleaning" and it is much easier to mobilize a prison crew as opposed to a group of civilians.

There being no further business, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,

Monica McIver  
Committee Secretary

(Tapes and original minutes on file with the Secretary of the Senate's Office)

# ARIZONA STATE LEGISLATURE

## MEETING NOTICE

*Open to the Public*

### JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER

**DATE:** Monday, December 15, 1997

**TIME:** \*9:00 a.m. until 12:00 noon, Tour and Meeting

**PLACE:** Tour of Murphy Elementary District, 1441 S. 27th Avenue. 358-5008  
Meet in the Community Room by Garcia School

### AGENDA

1. Call to order
2. Introduction by school staff
3. Review of statistics, impact on food banks
4. Review of legislative drafts by staff
4. Discussion of drafts
5. Review of need for Committee Report
6. Public testimony
7. Adjourn

\*Food will be served

### MEMBERS

Senator David Petersen, Cochair	Representative Mark Anderson, Cochair
Senator Mary Hartley	Representative David Armstead
Senator Gary Richardson	Representative Paul Newman
Senator Victor Soltero	Representative John Verkamp
Dennis Contino, St. Dominic's Food Bank	Al Davis, Fruit and Vegetable Program
Ginny Hildebrand, Association of Anzona Food Banks	Janet Regner, Arizona Comm. Action Assoc.
Charles Ryan, Department of Corrections	Mary Jo Swartz, DES
Lynne Dulin, Department of Education	Samuel Engram, Public Member
Bejaye Roberts, Public Member	Alice Shoemaker, Nutrition Assist. Program
Charles T. "Punch" Woods, Tucson Food Bank	

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# ARIZONA STATE LEGISLATURE

## JOINT LEGISLATIVE COMMITTEE ON HUNGER

**Minutes of Meeting**  
**December 15, 1997 - 9:00 a.m.**  
**Garcia School, 1441 S. 27th Avenue**  
**Phoenix, Arizona**

### **Members Present**

Senator David Petersen, Cochair  
Senator Mary Hartley  
Senator Victor Soltero  
Ginny Hildebrand  
Lynne Dulin  
Carl Nink for Charles Ryan

Representative Paul Newman  
Mary Jo Swartz  
Alice Shoemaker  
Charles T. "Punch" Woods  
Danna Newell for Janet Regner

### **Members Absent/Excused**

Representative Mark Anderson  
Representative David Armstead  
Representative John Verkamp  
Senator Gary Richardson

Bejaye Roberts  
Al Davis  
Samuel Engram  
Dennis Contino

### **Staff Present**

Lynn Roman, Senate Research Analyst  
Keely Varvel, Senate Democratic Staff Analyst

Cochair Petersen called the meeting to order at 10:30 a.m. and attendance was noted. Members had toured the facility and Senator Petersen remarked that the tour had been educational and informative.

Liz Alexander, Food Service Director, Murphy Elementary Schools and Robert Donofrio, School Superintendent, welcomed the Committee and remarked briefly on food needs in their area.

### **REVIEW OF STATISTICS, IMPACT ON FOOD BANKS**

Ms. Hildebrand deferred to Ms. Swartz to give the members information about the "gap" between poverty and food stamp participation.

Ms. Swartz referred to the handout, *Arizona, Number of Food Stamp Recipients and Number of Poor People 1990-1997* (filed with original minutes) and stated it portrays a fairly conservative gap between those people in poverty and food stamp recipients.

Ms. Hildebrand provided three more graphs (filed with original minutes). The first, *Arizona Food Stamps Household Participation January 1993 - September 1997*, charts a five-year view of food stamp participation in Arizona by household and indicates a large drop in the number of food stamp recipients between 1993 and 1997, most noticeably in 1996 and 1997. She stated that those losing benefits are now showing up at the food banks. Moving to the next graph, *Arizona Food Banks - Food Box distribution*, Ms. Hildebrand explained it portrays fewer people on food stamps and more people coming to food banks for emergency food boxes beginning in June of 1997. She stated she anticipates emergency food box distribution in December of 1997 to reach 59,000 based on the orders that food banks are receiving at this time.

Senator Soltero asked why there was traditionally a drop in the number of requests for emergency food boxes during the summer months. Ms. Hildebrand responded it is due to the availability of seasonal employment during summer.

Ms. Hildebrand referred to her third handout, *Food Needed for Hungry Arizonans*, and explained it indicates there will be a need of 66,000 more pounds of food for 1998-99 at a cost of \$35 million.

Mr. Woods stated that his figures and calculations indicate a figure closer to \$50 million and that Arizona's poverty growth rate is two per cent.

Senator Soltero suggested that Legislators need to be educated as to the growing food needs of the poor in Arizona. Senator Petersen concurred and suggested faith-based and community organizations might be up to the task of educating Legislators. He stated he felt Governor Hull would be amenable to this concept.

#### **REVIEW OF LEGISLATIVE DRAFTS BY STAFF**

**Lynn Roman, Senate Research Analyst**, referred to House Bill draft folder 487 (filed with original minutes) and explained it makes an appropriation from the state general fund in fiscal year 1997-1998 to the Department of Economic Security (DES) to initiate a process for the State purchase of food stamps for legal immigrants. She stated that in August of 1997, 13,536 legal immigrants fell off the food stamp rolls; 2,412 of those legal immigrants were children, and 1,795 were 65 years or older and do not fall into the able-bodied work requirement area. Specific provisions of the draft state that to qualify an individual would have to be a non-citizen, legal immigrant of the United States, either 65 years or older or under 18, and meet the eligibility requirements of the federal food stamp program in effect as of August 21, 1996. Ms. Roman stated the money does come from the general fund but noted the draft does not specifically state how much money that would be.

Discussion ensued regarding lowering the age requirement to 60.

Representative Newman asked if the draft bill had been reviewed with the Joint Block Grants Committee and expressed concern that it could fall within the purview of the Block Grants Committee in the House of Representatives of which he is a member. He suggested the proposal may be something that might be incorporated into a block grant proposal.

Ms. Hildebrand stated there had been discussion about utilizing federal funds that had originally been intended to support medical assistance for legal immigrants. She noted that funding is not needed because of a change in federal statute that covered that need. If the state does not use those funds they are returned to the general fund of the federal government. She stated some advocates are suggesting that those dollars be applied to this need.

Ms. Roman concurred and stated that as an appropriation, these funds would need to be redirected and possibly could be used as a supplement to the \$4 million. She noted the draft would have to be amended to show that the funds are being used through a redirection of the appropriation.

In response to Senator Petersen, Keely Varvel, Democratic Staff Analyst, clarified that in the welfare reform bill there is a general fund appropriation to the Arizona Health Care Cost Containment System (AHCCCS) and the Arizona Long Term Care System (ALTCS) to care for these people. If this cost is assumed by the federal government, the money will roll back to the general fund. She stated the Hunger Committee would want to make a general fund appropriation through the budget process.

Mr. Wood requested that when a motion is made regarding the draft, that it denote the age of 60 as opposed to 65 regarding legal non-citizens who qualify in order to insure resources for those people.

Ms. Roman referred to Senate Bill draft folder #756 (filed with original minutes) and explained it would appropriate \$2.76 million from the state general fund in fiscal year 1997-1998 to DES for food acquisition for food distribution to the rural food bank project line item. She clarified that the funds would assist the entire State and not just "rural" areas.

Senator Petersen asked for clarification of the term "rural" in the bill draft. Ms. Swartz stated the term "rural food bank" is used because that is the line item that originally started the monies flowing to assist food banks but assists rural as well as urban areas throughout the State. Ms. Hildebrand added it not only accesses food from rural areas, but also sends

food to the rural areas and where there are surpluses in rural areas—it brings them to urban areas. She noted it is a “function of balance” where the food is and where it needs to be.

In response to Senator Petersen, Ms. Roman stated this information would be contained in the fact sheet distributed to legislators during the legislative session.

A discussion ensued regarding adding language to the draft to exempt the \$2,760,000 appropriation from the state general fund from the procurement process in order to be able to access funds quickly especially for perishable food items and small windows of opportunity for gleaning.

Ms. Roman pointed out the rural food bank line item appropriation is on the “high priority critical issues sheet” from DES to be presented to Governor Hull.

Ms. Roman referred to Senate Bill draft folder #758 and explained it would reduce the vehicle license tax rate on vehicles used by food banks to transport product. It also establishes a computation for the vehicle license tax and stipulates the minimum computed amount for the tax to be \$5.00 per year for each vehicle and provides that food banks must show proper evidence of qualification as a food bank vehicle prior to the registration of that vehicle. The next portion of the bill exempts food banks from paying the motor carrier tax for vehicles used to transport agricultural products, food or non-food grocery products across county boundaries. She noted the draft also contains provisions for trucking companies to allow them to take a tax subtraction against their taxable income for up to 50 per cent of the transportation that is donated to food banks.

**Vince Perez, Arizona Department of Revenue (DOR)** stated he would defer to Anthony Forschino regarding responses to questions involving income tax subtractions and deductions.

**Anthony Forschino, Acting Administrator, Tax Research and Analysis, Arizona Department of Revenue** stated that if product transportation were determined to be a charitable deduction by a per-mile deduction it would be done on the federal level and the credit would then flow through to the Arizona return.

In response to Senator Petersen, Mr. Forschino stated an income tax return would begin with the federal adjusted gross income. At that point subtractions and deductions would be allowed based on Arizona statutes. There would be a separate subtraction from the income for 50 per cent of the cost of transportation based on this new statutory provision.

For clarification purposes, Mr. Forschino stated the deductions for the charitable contribution are taken on the federal level, it flows through to the Arizona return, and a subtraction of 50 per cent is then taken out of that.

Mr. Wood stated any incentive for the truckers is virtually invaluable in terms of helping them help the food banks.

Ms. Hildebrand stated there are a few trucking companies who donate the use of their trucks on return trips and added she felt that are many other trucking companies who would donate if they had this type of an incentive.

Senator Soltero asked if there was information as to how many requests are made for truckers' assistance. Senator Petersen requested staff to research this. Ms. Hildebrand stated she thought the information was available and would check into it.

Ms. Hildebrand asked if DOR could give an indication of the impact that the Charitable Crops Contribution Bill has had based on what the original projections were.

Mr. Forschino responded he could check with the Econometrics Section and possibly come up with some numbers.

Ms. Roman directed the Committee's attention to Senate Bill draft folder draft #759 (filed with original minutes) and explained it would appropriate \$500,000 from the state general fund in fiscal year 1997-1998 to DES to implement a grant program. It would aid in the mobilization of resources to build food security at the community level and would allow DES to offer grants in the following amounts: twenty grants of \$1,500 each; eight grants of \$50,000 each; and \$25,000 for a statewide coordinator and any expenses for the program.

In response to Senator Petersen Ms. Roman stated that as the bill is currently written it requires the normal request for proposal (RFP) process through DOA. She noted that language might be added to amend the bill which would allow DES to set up policies and procedures for distributing those grants without having to go through a formal RFP process.

Senator Petersen noted there is already the \$2.7 million in the line-item budget and wondered if these could be combined. Ms. Roman responded an omnibus bill might be appropriate with certain amendments to enhance its passage. Representative Newman concurred.

Ms. Swartz, referring back to the draft, suggested increasing the amount of the \$1,500 grants up to \$5,000 out of \$35,000 to \$40,000 as opposed to \$25,000 and the balance of the money could be grants up to \$45,000.

Ms. Newell stated she felt this was an excellent idea because based on the figures quoted only \$455,000 is accounted for out of the \$500,000 and the reconfiguration would remedy this.

Senator Petersen asked if the state coordinator would also administer the \$2.7 million line item. Ms. Swartz stated this was a possibility.

A discussion ensued regarding the state coordinator, the administration of the grant money, and DES' responsibilities. It was suggested that a statewide organization such as the Food Bank Association have the ability to contract out the monies.

Ms. Hildebrand asked if the Committee would want to insert language that would state, "for personal services of the statewide coordinator and expenses toward the program through a statewide nonprofit organization."

Representative Newman pointed out that the term "food security" might need a brief explanation included in the bill. Ms. Roman noted the definition is already included in the original draft which set up the Committee on Hunger but could be included in the draft.

Ms. Roman explained Senate Bill draft folder #817 (filed with original minutes) delays the repeal of the Committee on Hunger from December 31, 1998 to December 31, 1999, extending the Committee for one additional year.

A discussion ensued among members regarding the lack of a quorum for voting and options available regarding the Committee's final report and final meeting which is scheduled for January 8, 1998 at 1:30 p.m., in the Senate Appropriations Room for formal voting.

Senator Petersen suggested that the presentation be made the following day to the Governor noting the Committee's need to continue pending approval.

#### **PUBLIC TESTIMONY**

**Percy Bradley, representing himself**, stated he works with the homeless in Phoenix. He noted he is in search of a building to be used for housing some of the homeless population while they search for employment. He stated that with proper funding, he could help provide the homeless with shelter as they save their earnings in order to accumulate enough funds to appropriate their own place of residence.

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**JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER**

Senator Petersen stated he would like to work with Mr. Bradley to come up with some type of a proposal or help him to apply for available grant monies.

There being no further business, the meeting was adjourned at 12:20 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Monica McIver".

Monica McIver  
Committee Secretary



**ARIZONA STATE LEGISLATURE**

**MEETING NOTICE**

*Open to the Public*

**JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER**

**DATE:** Thursday, January 8, 1998  
**TIME:** 1:30 p.m.  
**PLACE:** Senate Appropriations Room #109

**AGENDA**

1. Call to order
2. Vote to approve final report
3. Public testimony
4. Adjourn

**MEMBERS**

Senator David Petersen, Cochair	Representative Mark Anderson, Cochair
Senator Mary Hartley	Representative David Armstead
Senator Gary Richardson	Representative Paul Newman
Senator Victor Soltero	Representative John Verkamp
Dennis Contino, St. Dominic's Food Bank	Al Davis, Fruit and Vegetable Program
Ginny Hildebrand, Association of Arizona Food Banks	Janet Regner, Arizona Comm. Action Assoc.
Charles Ryan, Department of Corrections	Mary Jo Swartz, DES
Lynne Dulin, Department of Education	Samuel Engram, Public Member
Bejaye Roberts, Public Member	Alice Shoemaker, Nutrition Assist. Program
Charles T. "Punch" Woods, Tucson Food Bank	

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ARIZONA STATE LEGISLATURE  
Forty-third Legislature - First Regular Session

**JOINT LEGISLATIVE STUDY COMMITTEE ON HUNGER**

Minutes of Meeting  
Thursday, January 8, 1998  
Senate Hearing Room 2 - 1:30 p.m.

(Tape 1, Side A)

The meeting was called to order at 1:37 p.m. by Chairman Petersen and attendance was noted by the secretary.

Members Present

Dennis Contino	Representative Armstead
Al Davis	Charles Ryan
Lynne Dulin	Janet Regner
Samuel Engram	Bejaye Roberts
Senator Hartley	Alice Shoemaker
Ginny Hildebrand	Mary Jo Swartz
Senator Soltero	Charles T. "Punch" Woods
Senator Petersen, Cochairman	Representative Anderson, Cochairman

Members Absent

Senator G. Richardson	Representative Newman
	Representative Verkamp

Speakers Present

Lynn Roman, Senate Research Analyst  
Clark Skeins, representing Association of Arizona Food Banks

Guests Attending

Patti Phillips, representing WHEAT

Chairman Petersen stated that this is the last meeting of the Committee at which a vote will be taken on the final report (Attachment 1)

Ms. Hildebrand complimented the staff for the excellent work that has been done for the Committee. Senator Petersen indicated that a roll call vote will be taken on adoption of the final report, pointing out that there are five non-voting Members of the Committee.

Ms. Roberts indicated that she is not ready to vote because she did not attend the last meeting nor has she received minutes from that meeting.

Lynn Roman, Senate Research Analyst, pointed out that page four of the handout provides a basic overview of the proposed recommendations (Attachment 1).

Cochairman Anderson asked how the appropriation of \$500,000 from the general fund for grants supporting food security programs at the local/community level will be distributed. Ms. Roman answered that funding will be disbursed through the Arizona Department of Economic Security (DES), and individual food banks, cities, agencies, and counties can apply for grants.

Cochairman Anderson asked for cost figures for the tax deduction program for vehicles. Ms. Roman referred him to a fiscal note contained in the handout that was used for H.B. 2140, food banks; governmental incentives (Chapter 352, Laws of 1996). Ms. Hildebrand noted that Appendix E contains an updated report showing a revenue loss of \$10,000 or \$12,000. She explained that the intent is to provide relief to food banks for vehicles used for long haul transportation. In reviewing emerging needs, food banks will be transporting more in order to meet those needs. She added that JLBC is developing figures for an income tax subtraction for trucking companies.

Mr. Ryan commented that there is no reference to the gleaning pad project estimations and questioned if it is a recommendation of the Committee. Ms. Roman replied that it is included in the report as an item discussed by the Committee but there is no specific legislation, adding that it would entail an appropriation. Senator Petersen submitted that it is an item he would like to encourage and asked if grants may be available for that purpose. Ms. Roman replied that it would be dependent upon the rules used by DES to disseminate the community grants.

Mr. Ryan stated that the Arizona Department of Corrections (ADC) is interested in continuing its involvement with the gleaning operation since there are significant agricultural areas in which the inmate labor force can be employed or dispersed but the issue is where the food can be prepared. He added that ADC will continue with the project to the best of its ability with or without inclusion in the recommendations. Senator Petersen asked if the report can be amended so the gleaning project can be a consideration of the grants process. Ms. Roman explained that it would entail changing the current draft. She added that the Committee is not curtailed from promoting further legislation if the recommendations are approved.

Clark Skeins, representing Association of Arizona Food Banks, indicated that he manages the statewide gleaning project. Most of the food is currently derived from the prison fields and transported to the food banks in bulk form but the food banks do not have adequate staff for sorting and packaging. He indicated that expansion of the gleaning project will hasten the process of disseminating food and reduce waste.

Senator Petersen recollected that it will cost between \$90,000 and \$110,000. Mr. Ryan agreed but stated that those figures were based on a larger pad. Estimated costs for smaller pads range from \$88,600 to \$94,200. In addition to the cost of the pad, packaging materials will have to be obtained for approximately \$5,000.

Ms. Hildebrand asked if an additional \$100,000 can be included in the community food security grants bill with the expectation that it will be used for a one-time project with ADC. Ms. Roman explained that she would have to work with Legislative Council on adding another \$100,000 but the Council would have to determine whether or not it is germane to the bill. Senator Petersen made a commitment to pursue the issue.

Mr. Armstead submitted that during Session ADC may be asked why the pads cannot be purchased within ADC's budget.

**Chairman Petersen requested that the secretary take a roll call vote to adopt the final report (Attachment 1). The final report was adopted by a roll call vote of 11-0-0-3 (Attachment 2).**

Discussion following concerning strategy for eliciting support for pertinent legislation

Without objection, the meeting adjourned at 2:05 p.m.

---

Linda Taylor, Committee Secretary

(Original minutes, attachments, and tape on file in Office of the Chief Clerk. Copy of minutes on file with the Senate Secretary )

## **APPENDIX C**

**To:** Annual Report  
**From:** Hunger Committee  
**Subject:** Gleaning Project Extension/Prison Employment Project  
**Date:** December 23, 1997

# MEMORANDUM

The following information provides an overview of the possible establishment of a facility at the Perryville Prison. This facility would be used to sort the produce gleaned from the Yuma area, making it "market ready" for distribution through the food banks. It would be necessary to construct an area on the prison grounds, for the prisoners to sort the produce. The estimates for this construction project are still being researched to arrive at the most cost effective numbers.

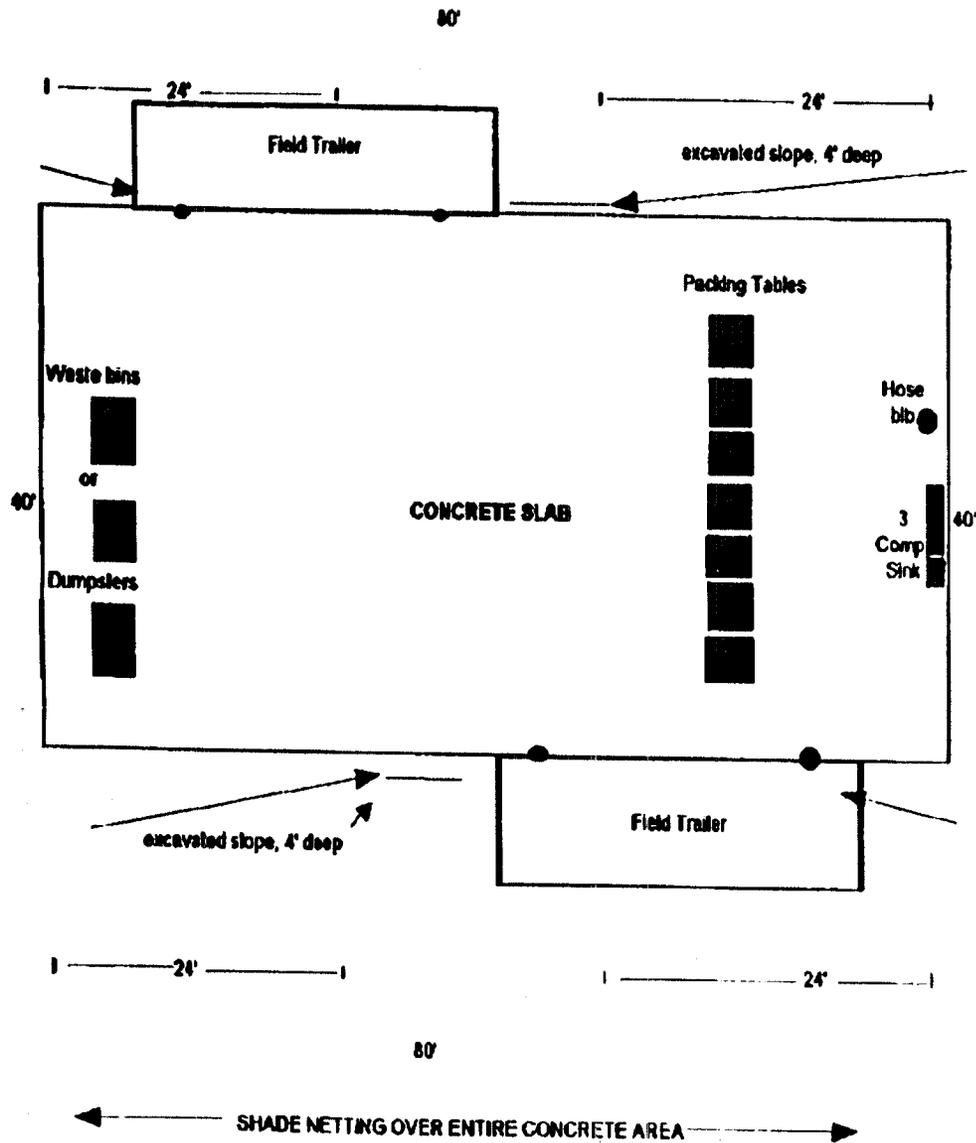
## GLEANNING PAD PROJECT ESTIMATIONS

ITEM	COST ESTIMATIONS	LOW COST	HIGH COS
<b><u>FORK LIFT</u></b> - USED - Surplus not available Nauman - Hobbs 437-1331 Kent	GAS - 1 ton 10' 42" forks cushion tires side shifter \$18,000.00	\$36,000	\$36,000
<b><u>PALLET JACK</u></b> - HAND HYDRAULIC USED - Surplus not available Nauman - Hobbs 437-1331	\$459.00  48" long 5,000 lb capacity per jack	\$990	\$1980
<b>Equipment Sub Total</b>		<b>\$36,990</b>	<b>\$37,980</b>
<b><u>DUMPERS</u></b> - Waste Management	YUMA @4 = \$2,412 @3= \$1809  PERRYVILLE @4=\$3,600 @3=\$2,750  3 to 4 waste containers Annual cost	\$4559	\$6012
<b>Operating Sub Total</b>		<b>\$4,559</b>	<b>\$6,012</b>
<b><u>CONCRETE</u></b> 40'X50'X8"	YUMA @ \$70.00 cu. yd. x 63 cu yd 4,000 psi With 12" w x 10" deep footer	\$4,410	\$4,410
<b><u>CONCRETE</u></b> 40'X50'X8"	PERRYVILLE @ \$56.00 cu yd x 63 cu yd 4,000 psi With 12" w x 10" deep footer	\$3,528	\$3,528
<b><u>PAD SHADE COVER</u></b> Arizona Awning 252-3430	\$8.100 per cover 80% SHADE 4 post supported with peaked center	\$16,200	\$16,200
<b><u>REBAR</u></b> - Payless 899-0339	1/2" x 20" @ 3.49	\$977	\$977
<b><u>MESH</u></b> - Payless 899-0339	6"x 6' x 60" @\$49.99	\$5,498	\$5,498

**GLEANNING PAD PROJECT COST ESTIMATIONS**

<b>ITEM</b>	<b>COST ESTIMATIONS</b>	<b>LOW COST</b>	<b>HIGH COS</b>
<b><u>SECURITY WORK AREA</u></b> <b><u>FENCING</u></b>	400' LINEAR 10' HIGH 3 STRAND BARB-WIRE  18" COIL =\$6,695.93  24" COIL ADD \$2,056	\$13,391	\$15,447
<b><i>SUB-TOTAL</i></b>		<b>\$44,004</b>	<b>\$46,060</b>
<b><i>A&amp;E COSTS 7% TO 9% OF PROJECT COST</i></b>		\$3,080	\$4,145
<b>Equipment Sub Total</b>		<b>\$36,990</b>	<b>\$37,980</b>
<b>Operating Sub Total</b>		<b>\$4,559</b>	<b>\$6,012</b>
<b><i>TOTAL</i></b>		<b>\$88,633</b>	<b>\$94,197</b>

Arizona Statewide Cleaning Project  
Arizona Department of Corrections Cleaned Product Packing Center



# THE ARIZONA STATEWIDE GLEANING PROJECT

*"Harvesting Surplus Food for Hungry People"*



A PROGRAM OF THE ASSOCIATION OF ARIZONA FOOD BANKS

# ARIZONA STATEWIDE GLEANING PROJECT SEASONS OF SUCCESS

JANUARY - JUNE, 1993 ☞ ☞ ☞ 5 million pounds



JULY 1996 - JUNE 1997 ☞ ☞ ☞ 28.9 million pounds



MORE THAN 90 MILLION POUNDS TO DATE!

# **LEADERSHIP + PARTNERSHIP = SUCCESS**

## **TREMENDOUS EFFORTS by:**

### **▶ FOOD BANKS**

**REACHING OUT TO PEOPLE IN NEED**

### **▶ STATE GOVERNMENT**

**CHARITY FOOD BANK ACT**

**GOOD SAMARITAN LAW**

**RURAL FOOD BANK DEMONSTRATION PROJECT**

**HUNGER PREVENTION ACT**

**HUNGER HURTS US ALL**

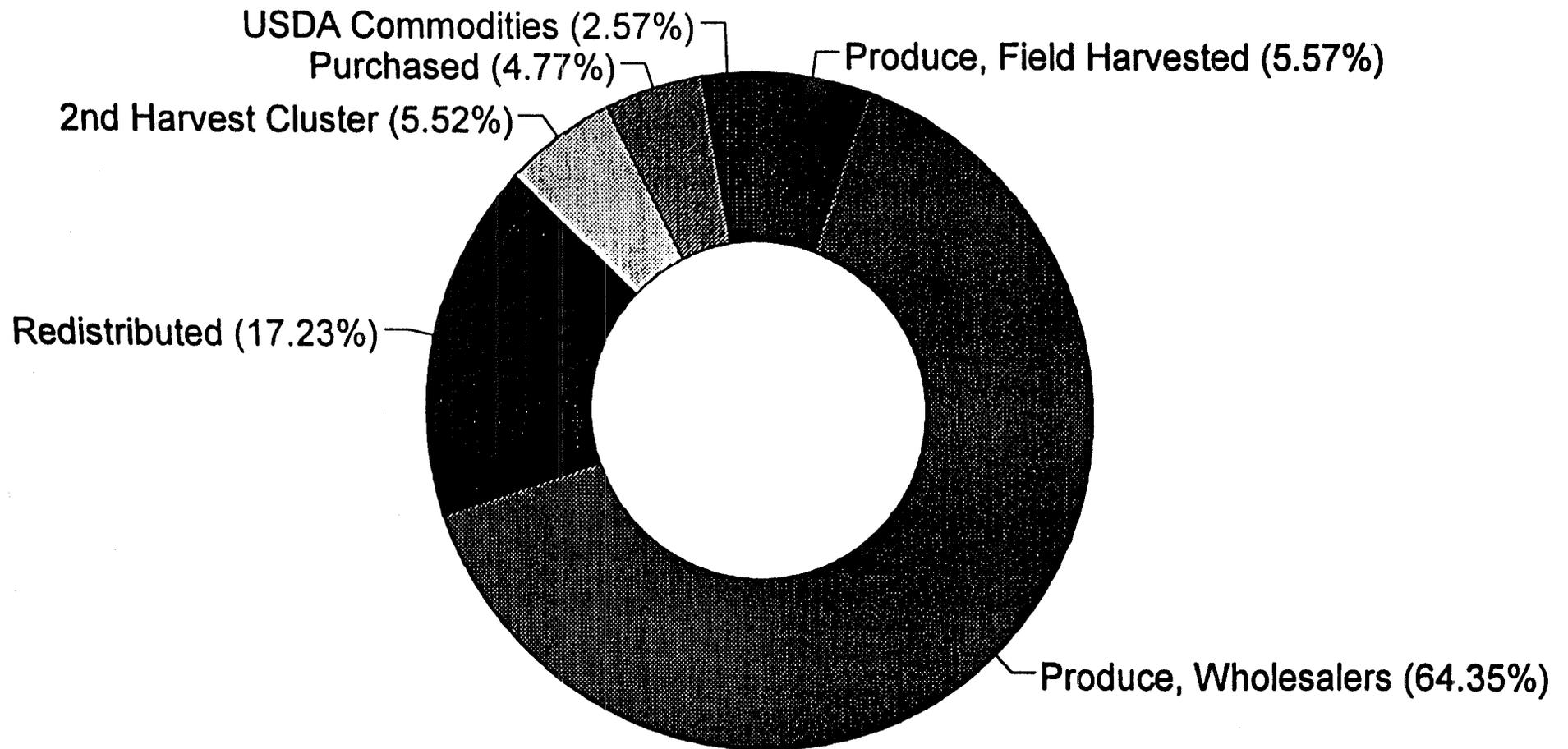
**EXECUTIVE ORDER 91-11**

**CHARITABLE CROP CONTRIBUTION BILL**

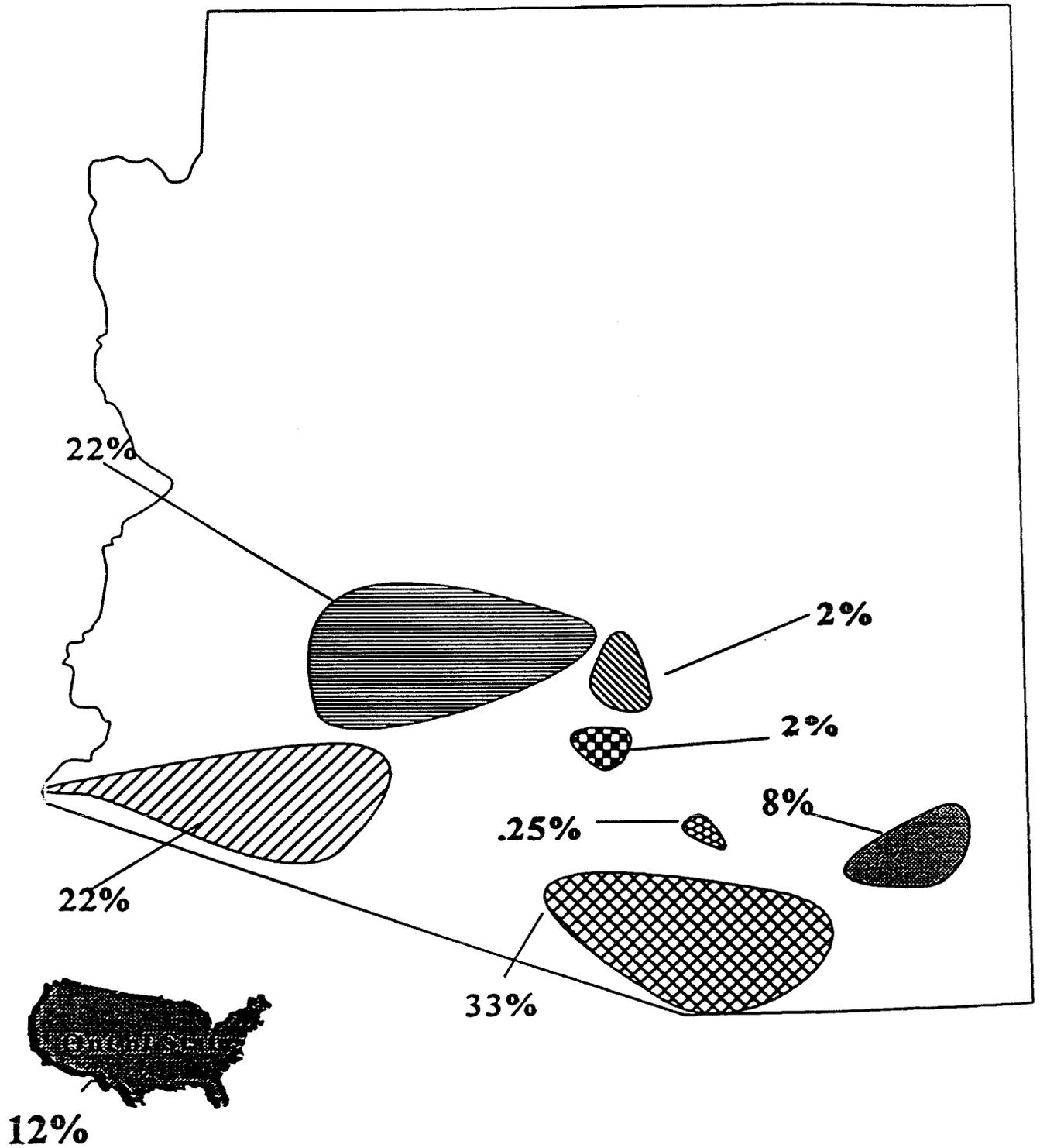
**FOOD BANK GOVERNMENTAL INCENTIVE BILL (HB 2140)**

# Arizona Statewide Gleaning Project

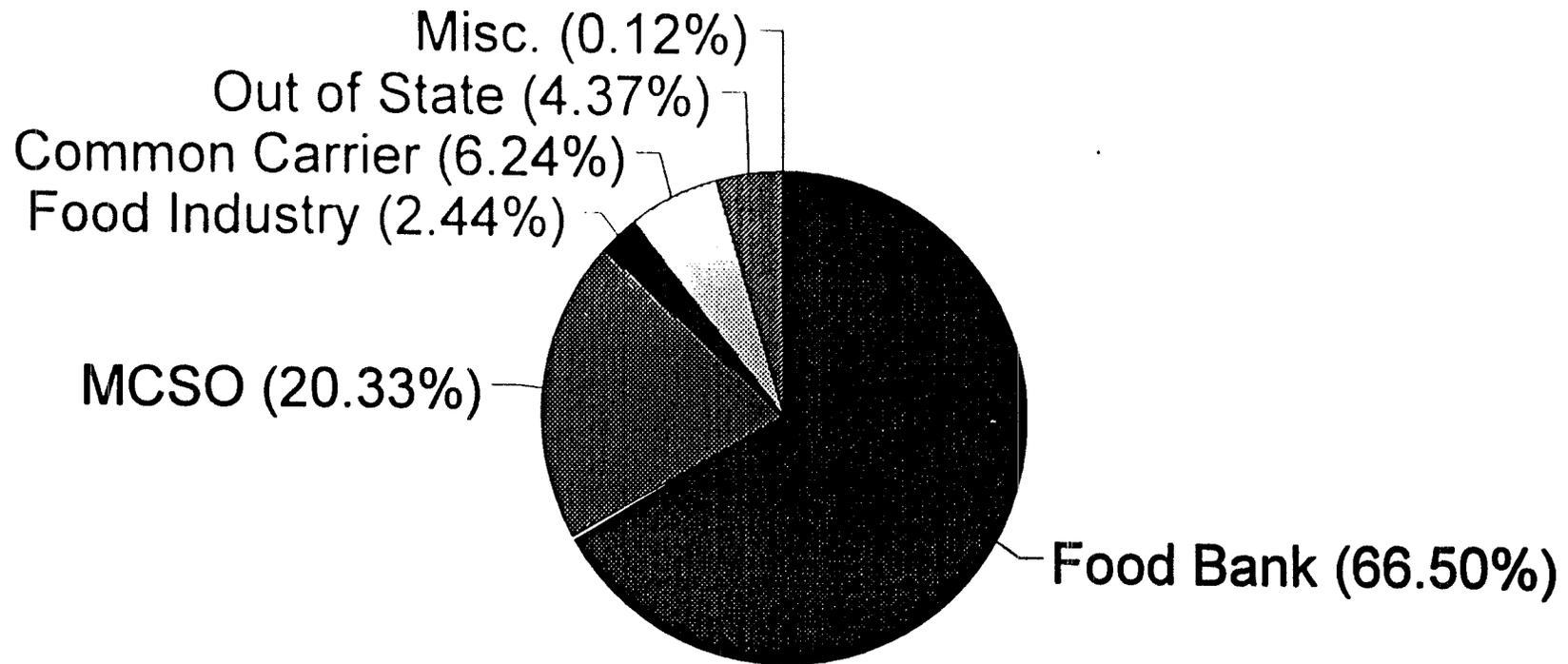
## Food Distribution Profile



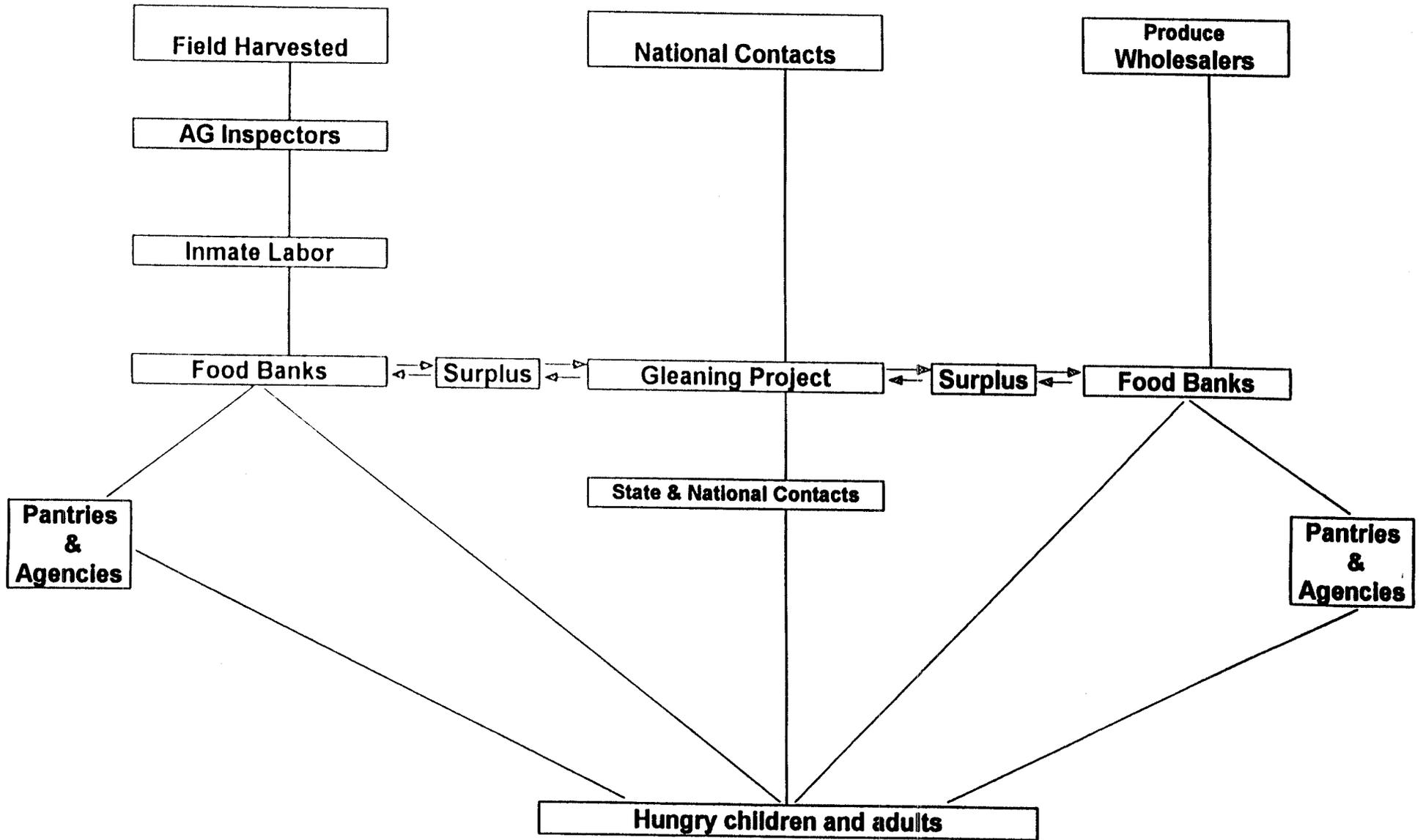
# ARIZONA'S GLEANING PROJECT: GEOGRAPHIC SOURCE OF DONATIONS '96-'97



# Arizona Statewide Gleaning Project Transportation Partners

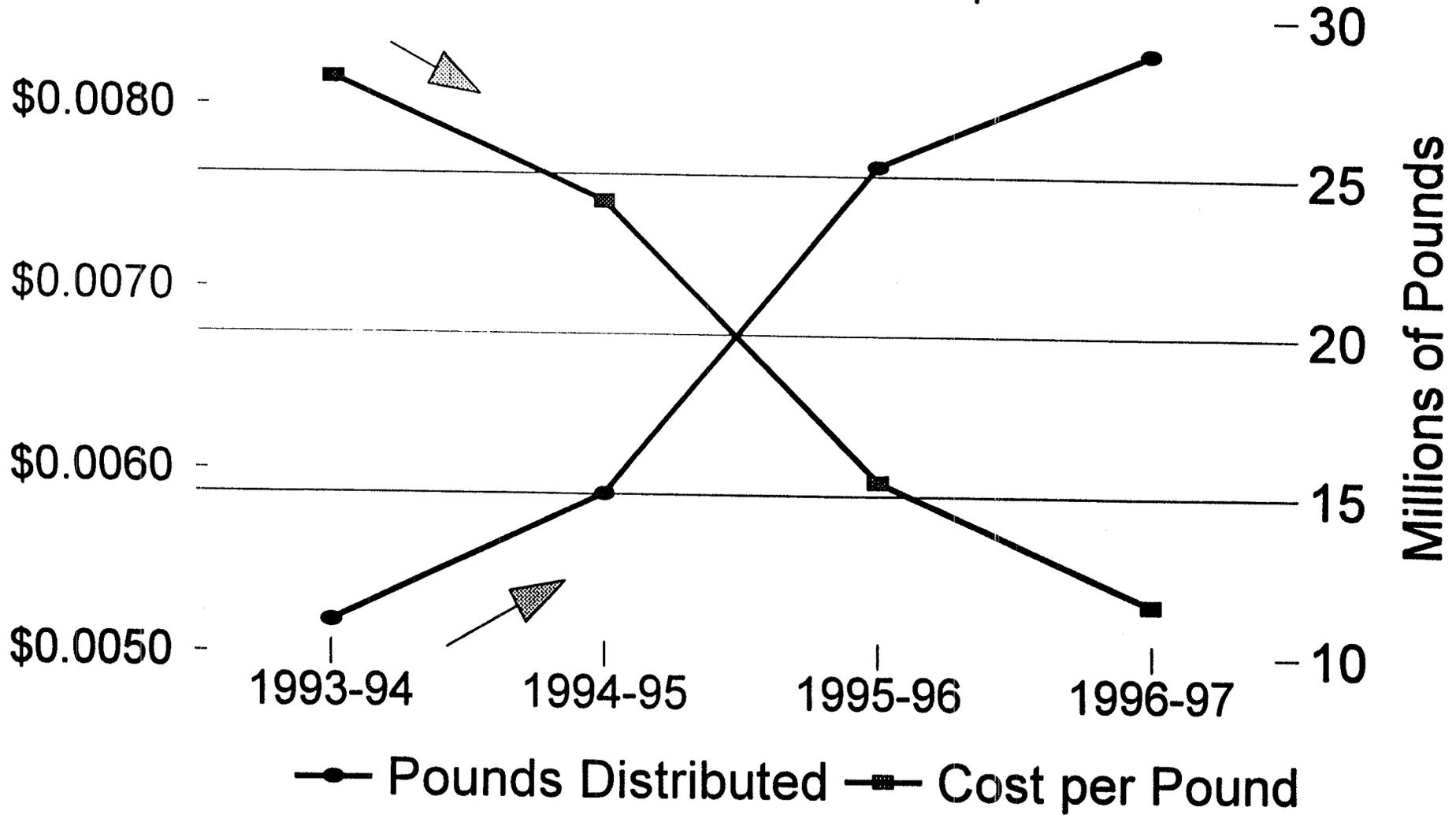


# ARIZONA STATEWIDE GLEANING PROJECT FRESH PRODUCE FLOW



# Arizona Statewide Gleaning Project

Cost/Volume Relationship



# **PLANNING FOR THE FUTURE:**

## **TRANSPORTATION**

### **TRUCKS, EQUIPMENT, MAINTENANCE ☞**

- **IMPROVE FREQUENCY OF DELIVERIES TO COMMUNITIES**
- **ACCESS FRESH FOODS FROM OTHER STATES IN SLOW SEASON**
- **TAX CREDITS FOR TRUCKING COMPANIES THAT DONATE TRANSPORTATION**

## **FOOD PRESERVATION, PROCESSING ☞**

- **FACILITIES, OPPORTUNITIES TO CAN, DEHYDRATE, FREEZE**
- **INMATE LABOR TO SORT, PACK PRODUCE TO BE FOOD BANK FRIENDLY**

## **FOOD PROCUREMENT DOLLARS**

## Our Partners:

Borderland Food Bank ...Tucson Community Food Bank  
...Desert Mission Food Bank ...Northern AZ Food Bank  
St. Mary's Food Bank ...St. Vincent De Paul Society  
...Southeast AZ Food Bank ...United Food Bank ...Westside  
Food Bank ...Yuma Community Food Bank ...AZ Dept. of  
Agriculture ...AZ Dept. of Economic Security ...AZ Dept. of  
Corrections ...Maricopa County Sheriff's Office ...AZ  
Community Action Assn. ...Arizona's Food Industry ...Cal  
Food Link ...Farmers & Growers ...Harvest for Humanity  
...LDS Cannery ...Operation Blessing ...Project SCRUB  
Second Harvest National Food Bank Network ...Society of St.  
Andrew ...Truckers...United Methodist Men ...USDA



# FOR MORE INFORMATION:

Clark H. Skeans  
Projects Coordinator,  
Gleaning and Distribution

*"Harvesting Surplus Crops For Hungry People"*

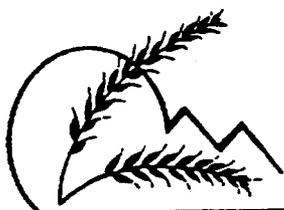
11036 South Clear Water, Goodyear, Arizona 85338

Phone: 602.989-1396

Fax: 602.386-5129

E-Mail Address: [Gospd@aol.com](mailto:Gospd@aol.com)





# Arizona Statewide Gleaning Project

*"Harvesting Surplus Crops For Hungry People"*

11036 South Clear Water

Goodyear, Arizona 85338

Clark Skeans Phone: (602) 989-1396

Cindy Gentry Phone: (602) 989-1429

Fax: (602) 386-5129

Fax: (602) 482-3337

**ARIZONA STATEWIDE  
GLEANING PROJECT**

*Our Partners:*

BORDERLAND FOOD BANK  
Nogales

COMMUNITY FOOD BANK  
Tucson

DESERT MISSION  
FOOD BANK  
Phoenix

NORTHERN ARIZONA  
FOOD BANK  
Flagstaff

ST MARY'S FOOD BANK  
Phoenix

ST. VINCENT DE PAUL  
SOCIETY  
Phoenix

SOUTHEAST ARIZONA  
FOOD BANK WAREHOUSE  
Willcox

UNITED FOOD BANK  
Mesa

WESTSIDE FOOD BANK  
Sun City

YUMA COMMUNITY  
FOOD BANK  
Yuma

ARIZONA DEPARTMENT  
OF AGRICULTURE

ARIZONA DEPARTMENT  
OF ECONOMIC SECURITY

ARIZONA DEPARTMENT  
OF CORRECTIONS

UNITED STATES  
DEPARTMENT OF  
AGRICULTURE

MARICOPA COUNTY  
SHERIFF'S OFFICE

ARIZONA COMMUNITY  
ACTION ASSOCIATION

DUNCAN'S FAMILY FARMS

COMMUNITY ACTION AGENCY  
OF FRANKLIN  
COUNTY NEW YORK

FLEMING COMPANY

HARVEST MEATS

OPERATION BLESSING

PROJECT SCRUB

SOCIETY OF ST. ANDREW

UNITED METHODIST MEN

AND ARIZONA'S  
GROWERS AND SHIPPERS

Mr. Charles Ryan  
Deputy Director  
Prison Operations  
Arizona Department of Corrections  
1601 W. Jefferson  
Phoenix, AZ 85007

Dear Mr. Ryan:

Please find attached a first and early cut of the Arizona Statewide Gleaning Project's request for continued support from your Department. We very much appreciate your willingness to expand the Department of Correction's excellent partnership with the Project. We look forward to working with you to create opportunities which will further improve access to nutritious food for low-income people across the state. In addition we expect that these same opportunities will result in positive outcomes for the state prison system by increasing community service activities for inmates.

Please do not hesitate to contact Clark Skeans at 989-1396, or me at 989-1429, should you have any questions about this chart, or need any more information. Thank you again for your help and consideration.

Sincerely,

Cindy Gentry  
Member Services Coordinator

c: Carl Nink, AZ Dept Of Corrections  
Lynn Wieser, AZ Dept Of Corrections  
Lynn Roman, Ofc Of Sen David Petersen  
Ginny Hildebrand, Assn Of AZ Food Banks  
Clark Skeans, Assn Of AZ Food Banks



Arizona Statewide Gleaning Project/Prison Support Request 11/14/97

PRISON SITE	GROWING AREA/ Foodbank	GLEANING Crew Size Needed	HOW OFTEN ?	Sort/Pack Crew Size Needed	HOW OFTEN ?	OPERATING Area Needed at Prison	EQUIPMENT Needed at Prison to sort/repack
YUMA	Yuma County/ Yuma Community Food Bank	8 to 10 in the field, December - June	Tuesday and Thurs. Dec. - June	8-10 at food bank or prison	Wed. and Fridays, Dec. - June	Concrete slab with netting for shade; refrigerated trailer.	Boxes and pallets; a pallet jack, or if no dock, a forklift
TUCSON	Pima County/ Tucson Community Food Bank	10-15 in the field, as needed	3 days a week, Oct. - May	-	-	-	-
MARANA	Eloy, Arizona City/Tucson Community Food Bank/United Food Bank	-	-	-	-	-	-

Arizona Statewide Gleaning Project/Prison Support Request 11/14/97

PRISON SITE	GROWING AREA/ Food Bank	GLEANING Crew Size Needed	HOW OFTEN ?	Sort/Pack Crew Size Needed	HOW OFTEN ?	OPERATING Area Needed at Prison	EQUIPMENT Needed at Prison to sort/repack
SAFFORD	Cochise Co./ Southeast AZ Food Bank Warehouse	12 in the field, as needed	4 days a week, Oct. - Nov.	-	-	-	-
PERRYVILLE	Western Maricopa Co / Westside Food Bank	20 in field harvesting	4 days a week, Dec. - July	15 on site @ prison	4 days a week, Dec. - July	Concrete slab with netting for shade; refrigerated trailer.	Boxes and pallets; a pallet jack, or if no dock, a forklift
LEWIS	Western Maricopa Co./ Westside Food Bank	Yet to be determined - as the Project has not had a chance to glean in this area to-date.					

Arizona Statewide Gleaning Project/Prison Support Request 11/14/97

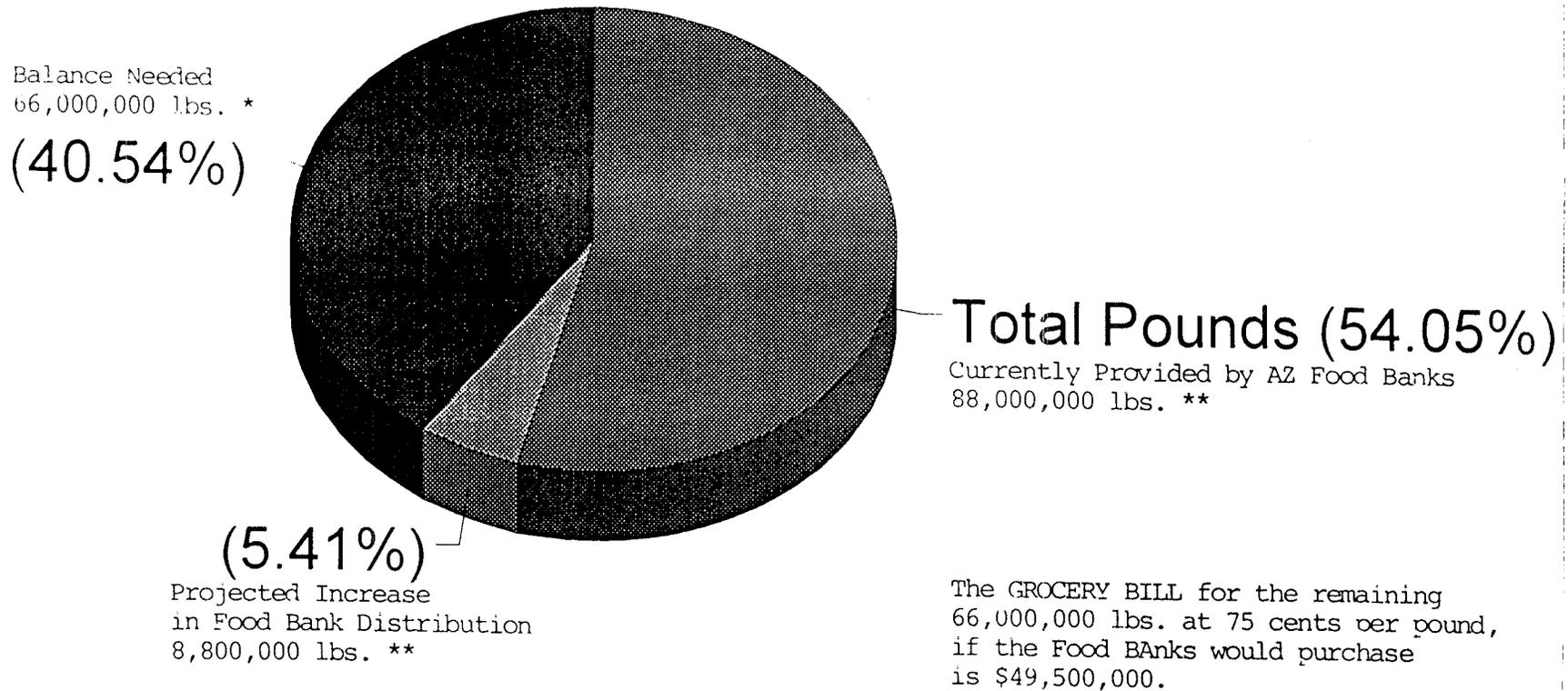
PRISON SITE	GROWING AREA/ FoodBank	GLEANING Crew Size Needed	HOW OFTEN ?	Sort/Pack Crew Size Needed	HOW OFTEN ?	OPERATING Area Needed at Prison	EQUIPMENT Needed at Prison to sort/repack
PICACHO	Pinal County/ Tucson Community Food Bank, United Food Bank	10-15 in field, as needed	3-4 days a week, Jan - May	-	-	-	-
DOUGLAS	Cochise Co Southeast AZ Food Bank Warehouse	24 in the field, as needed	4 days a week, March - Nov.	-	-	-	-
FT. GRANT	Cochise Co./ Southeast AZ Food Bank Warehouse	10 to 12 in the field, as needed	4 days a week, March - Nov.	8-10 packing tomatoes at food bank	4 days each week all year long	-	-

**APPENDIX D**



# Food Needed For Hungry Arizonans

162,800,000 lbs for 1998-99

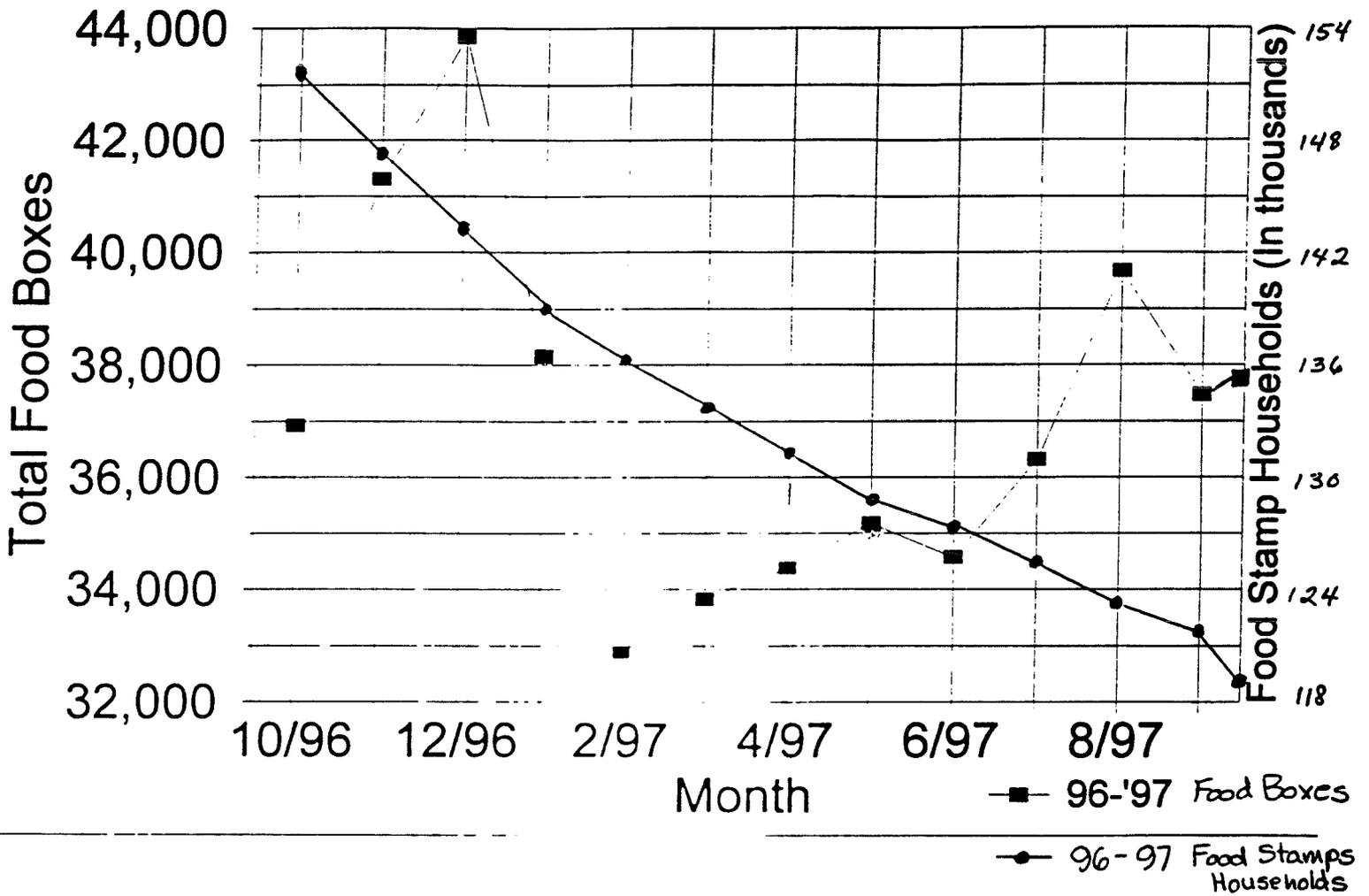


\* Based on data from Tufts University, School of Nutrition Science and Policy

\*\* Based on food bank monthly reports and projected distribution by AZ Food Banks

# AZ Food Banks - Food Box Distribution

10/96 - 9/97



# INTEROFFICE MEMO

## ARIZONA DEPARTMENT OF ECONOMIC SECURITY

**DATE:** NOV 18 1997

**TO:** Mike Smith 050A  
Chief  
Legislative Services

**FROM:** Vince Wood 939A  
Assistant Director  
Division of Benefits & Medical Eligibility

**SUBJECT:** Request from Joint Committee on Hunger

The information requested by the committee at the October 23, 1997 meeting is attached. Please transmit this to the chairmen.

- o Number of recipients exempt from food stamp time limit for able-bodied adults.
- o Number of individuals by zip code who have lost food stamps due to time limit for able-bodied adults.
- o Number of legal noncitizens by zip code and age who have lost food stamps.

I will have information regarding state-funded food stamp programs by November 21, 1997.

VW:bc

Attachment

c  
Malena Albo 001A  
DBME File

## FOOD STAMP ABLE BODIED EXEMPTIONS:

<b>Responsible for an individual under age 18:</b>	<b>44,598</b>
<b>Physical or mental incapacity:</b>	<b>13,273</b>
<b>Pregnant:</b>	<b>1,547</b>
<b>Participating in drug or alcoholic rehabilitation Program:</b>	<b>533</b>
<b>Residing in area of high unemployment area*</b>	<b>35,055</b>

\*

Residents of Apache, Cochise, Coconino (except Flagstaff), Gila, Graham, Greenlee, LaPaz, Mohave (except Lake Havasu), Navajo, Santa Cruz, and Yuma Counties are exempt from Able Bodied Requirements.

DES DBME - FOOD STAMP CLIENT-LEVEL DATA AS OF 10-20-87  
 NUMBER OF INDIVIDUALS INELIGIBLE FOR FOOD STAMP BENEFITS DUE TO ABLE-BODIED REQUIREMENTS

.. MARICOPA CONTINUED

85353	9
85354	5
85355	2
85358	2
85361	6
85363	2
85373	3
85374	7
85375	2
85381	1
85382	3
85390	3
86326	1
UNK	4
TOTAL	3643

PIMA

RESID	ZIP	
85007		2
85321		28
85364		1
85601		14
85629		2
85634		2
85641		3
85645		2
85653		21
85654		4
85701		274
85704		9
85705		286
85706		136
85710		37
85711		52
85712		43
85713		203
85714		32
85715		7
85716		69
85718		9
85719		39
85726		8
85730		21
85731		1
85735		16
85736		3
85737		1

(continued)

DES DBME - FOOD STAMP CLIENT-LEVEL DATA AS OF 10-20-97  
 NUMBER OF INDIVIDUALS INELIGIBLE FOR FOOD STAMP BENEFITS DUE TO ABLE-BODIED REQUIREMENTS

PIMA CONTINUED

85738	1
85739	8
85741	12
85742	2
85743	9
85745	48
85746	35
85748	2
85750	6
UNK	2
TOTAL	1460
COCONINO	
RESID ZIP	
86001	42
86004	18
TOTAL	60
YAVAPAI	
RESID ZIP	
85023	1
85324	6
85332	1
85362	5
86301	35
86302	1
86303	40
86314	36
86320	4
86321	1
86322	8
86323	11
86324	1
86326	17
86327	7
86328	2
86331	1
86332	2
86333	13
86334	7
86335	2
86336	9
86337	4
86338	1
86339	2

(continued)

**APPENDIX D**

ZIPCODES WITHIN COUNTY BY AGE GROUP

	AGE GROUPS IN YEARS			OVERALL
	< 18	18 - 49	50 +	
<b>GILA</b>				
ZIPCODE				
85235		1	3	4
85292	2	3		5
85501	1	6	2	9
85539		1	2	3
85541		4	1	5
85542		1		1
85545		2		2
TOTAL	3	18	8	29
<b>GREENLEE</b>				
ZIPCODE				
85533		2		2
85534	2	6	3	11
TOTAL	2	8	3	13
<b>GRAHAM</b>				
ZIPCODE				
85543	2	3	1	6
85546	1	12	8	21
85551	1	4	1	6
85552		4	1	5
TOTAL	4	23	11	38
<b>LA PAZ</b>				
ZIPCODE				
85325			1	1
85334		3	1	4
85344	2	11	3	16
85346		1		1
85371	3	16	1	20
TOTAL	5	31	6	42
<b>MARICOPA</b>				
ZIPCODE				
85003	3	39	18	60

ZIPCODES WITHIN COUNTY BY AGE GROUP

	AGE GROUPS IN YEARS			OVERALL
	< 18	18 - 49	50 +	
85225	15	34	16	65
85226	3	4	13	20
85233	1	2	9	12
85234	3	4	11	18
85236		2		2
85242		7	1	8
85244			2	2
85248		2	4	6
85249	1	1	1	3
85250			4	4
85251		13	9	22
85253	3	1	2	6
85254		1	6	7
85255			1	1
85256		1		1
85257	6	13	14	33
85258	1	2	5	8
85259	2	2	7	11
85260		1	2	3
85281	8	58	25	91
85282	6	12	26	44
85283	5	22	17	44
85284	1	1	4	6
85296			3	3
85301	17	123	56	196
85302	9	14	25	48
85303	1	20	9	30
85304	2	4	9	15
85305		1		1
85306	7	7	2	16
85307	2	4		6
85308			10	10
85320		2	1	3
85323	20	63	18	101
85326	6	26	7	39
85329	1	11	3	15
85333			1	1
85335	2	23	12	37
85337	2	7	5	14
85338	2	4	5	11
85339		4		4
85340	3	6	1	10
85345	8	29	20	57
85351			3	3
85353	8	25	15	48
85354	5	3	2	10

ZIPCODES WITHIN COUNTY BY AGE GROUP

ZIPCODE	AGE GROUPS IN YEARS			OVERALL
	< 18	18 - 49	50 +	
85321	2	22	10	34
85341	6	2	1	9
85601	1	5		6
85614	1	4	2	7
85622		1		1
85629		11	3	14
85633		1	2	3
85634		2		2
85640		2		2
85645	9	17	2	28
85653		15	3	18
85654			1	1
85701	4	52	21	77
85704	1	4	6	11
85705	55	151	86	292
85706	58	377	113	548
85710	10	22	32	64
85711	32	91	61	184
85712	32	78	66	176
85713	58	326	120	504
85714	12	105	49	166
85715	1	2	6	9
85716	19	41	34	94
85717		1		1
85718	1	2	5	8
85719	11	41	36	88
85730	9	26	31	66
85735	4	14	7	25
85736		7		7
85737		3	4	7
85739	4	4	2	10
85741	1	5	10	16
85742	1	4	4	9
85743		3	1	4
85745	16	69	55	140
85746	22	101	33	156
85747			2	2
85748	3	6	3	12
85750			2	2
TOTAL	373	1617	813	2803

PINAL

ZIPCODE

ZIPCODES WITHIN COUNTY BY AGE GROUP

	AGE GROUPS IN YEARS			OVERALL
	< 18	18 - 49	50 +	
86333		2	1	3
86334		1		1
86335	1	1		2
86336		1		1
86337		1		1
86351	2			2
<b>TOTAL</b>	<b>15</b>	<b>36</b>	<b>13</b>	<b>64</b>
<b>YUMA</b>				
<b>ZIPCODE</b>				
85333		2	1	3
85336	9	13	4	26
85347	2	4		6
85349	158	339	48	545
85350	129	302	38	469
85352	2	3	2	7
85356	6	11	5	22
85364	221	716	106	1043
85365	15	58	8	81
85367	1	7		8
<b>TOTAL</b>	<b>543</b>	<b>1455</b>	<b>212</b>	<b>2210</b>
<b>GRAND TOTAL</b>				
1	2412	7862	3267	13541

**APPENDIX E**

**To:** Senator Petersen  
**From:** Lynn Roman  
**Subject:** Hunger Committee Draft/ tax deductions  
**Date:** January 9, 1998

# MEMORANDUM

The following is a summary of the Bill Draft pertaining to Tax Deductions presented to the Joint Legislative Study Committee on Hunger. The draft reduces the amount of vehicle license tax for vehicles used by food banks and provides an income tax subtraction for trucking companies that donate transportation to food banks.

Specifically, this draft does the following:

## Food Bank Vehicle License Tax

- Creates a separate vehicle license tax classification for vehicles used by food banks to transport products across county boundaries.
- Establishes a vehicle tax rate of \$4 per \$100 in value.
- Assess a value of one per cent of the manufacturer's base retail price for the vehicle for the first twelve months, and then fifteen per cent less each twelve month period thereafter.
- Sets a minimum amount of vehicle license tax at \$5 per year for vehicles subject to the tax.
- Requires food banks to produce evidence of vehicle qualification prior to registration.

## Food Bank Motor Carrier Fee

- Exempts food banks from paying a motor carrier fee for vehicles used to transport agricultural products, food or nonfood grocery products across county boundaries.

## Trucking Companies Tax Subtraction

- Authorizes a subtraction against taxable income for 50% of the cost of transportation donated to transport agricultural, food or nonfood grocery products to food banks.

## General

- Defines "agricultural crop," "food bank," and "nonfood grocery item."
- Makes conforming changes.
- Contains a general effective date.

REFERENCE TITLE: food banks; tax incentives

State of Arizona  
Senate  
Forty-third Legislature  
Second Regular Session  
1998

## SB 1069

Introduced By  
Senators Petersen, Arzberger, Soltero: Grace, Hartley, Solomon

### AN ACT

AMENDING TITLE 28, CHAPTER 16, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-5811; AMENDING SECTIONS 28-5853, 43-1022 AND 43-1122, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1030; RELATING TO CHARITABLE FOOD BANKS.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 28, chapter 16, article 3, Arizona Revised Statutes, is amended by adding section 28-5811, to read:

28-5811. Motor vehicles used by food banks to carry crops and grocery products; vehicle license tax; rate; definitions

A. A SEPARATE CLASSIFICATION OF MOTOR VEHICLES IS ESTABLISHED FOR PURPOSES OF TAXATION PURSUANT TO ARTICLE IX, SECTION 11, CONSTITUTION OF ARIZONA, CONSISTING OF MOTOR VEHICLES THAT ARE USED BY FOOD BANKS TO TRANSPORT AGRICULTURAL CROPS, FOOD AND NONFOOD GROCERY PRODUCTS ACROSS COUNTY BOUNDARIES.

B. NOTWITHSTANDING SECTION 28-5801, SUBSECTION A, THE REGISTERING OFFICER SHALL COLLECT AN ANNUAL LICENSE TAX AT THE TIME OF APPLICATION FOR AND BEFORE REGISTRATION OF A VEHICLE THAT IS CLASSIFIED UNDER THIS SECTION.

C. THE RATE OF TAX IS FOUR DOLLARS FOR EACH ONE HUNDRED DOLLARS IN VALUE. DURING THE FIRST TWELVE MONTHS OF THE LIFE OF THE VEHICLE, AS DETERMINED BY ITS INITIAL REGISTRATION, THE VALUE IS ONE PER CENT OF THE MANUFACTURER'S BASE RETAIL PRICE OF THE VEHICLE. DURING EACH SUCCEEDING TWELVE MONTH PERIOD THE VALUE OF THE VEHICLE IS FIFTEEN PER CENT LESS THAN THE VALUE FOR THE PRECEDING TWELVE MONTH PERIOD. THE MINIMUM AMOUNT OF THE LICENSE TAX COMPUTED UNDER THIS SECTION IS FIVE DOLLARS A YEAR FOR EACH VEHICLE THAT IS SUBJECT TO THE TAX.

1 D. EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION, THE PROVISIONS OF  
2 THIS ARTICLE GOVERN THE TAX IMPOSED ON VEHICLES THAT ARE CLASSIFIED UNDER  
3 THIS SECTION.

4 E. THE FOOD BANK SHALL PROVIDE EVIDENCE OF QUALIFICATION AT THE TIME  
5 OF APPLICATION AND BEFORE THE VEHICLE IS REGISTERED AS FOLLOWS:

6 1. THE OWNER OF A VEHICLE THAT IS PURCHASED NEW SHALL PROVIDE EVIDENCE  
7 OF THE CHARITABLE STATUS OF THE ORGANIZATION, SUCH AS A LETTER OF TAX STATUS  
8 ISSUED BY THE UNITED STATES INTERNAL REVENUE SERVICE.

9 2. THE OWNER OF EACH VEHICLE SHALL DOCUMENT THE USE OF THE VEHICLE IN  
10 TRANSPORTING AGRICULTURAL CROPS, FOOD OR NONFOOD GROCERY PRODUCTS ACROSS  
11 COUNTY BOUNDARIES.

12 F. FOR PURPOSES OF THIS SECTION:

13 1. "AGRICULTURAL CROP" MEANS ANY CROP OR PORTION OF A CROP THAT IS  
14 GROWN IN THIS STATE BY A PERSON WHO IS ENGAGED IN THE TRADE OR BUSINESS OF  
15 FARMING OR PROCESSING AGRICULTURAL CROPS.

16 2. "FOOD BANK" MEANS A NONPROFIT CHARITABLE ORGANIZATION, AS  
17 CLASSIFIED BY THE UNITED STATES INTERNAL REVENUE SERVICE, THAT PROVIDES FOOD  
18 ASSISTANCE TO FAMILIES IN THIS STATE.

19 3. "NONFOOD GROCERY PRODUCT" MEANS A NONFOOD GROCERY PRODUCT, SUCH AS  
20 HOUSEHOLD OR INDUSTRIAL CLEANING PRODUCTS, DISPOSABLE PAPER OR PLASTIC  
21 PRODUCTS, PERSONAL HYGIENE PRODUCTS, CLEANING EQUIPMENT AND COOKING UTENSILS,  
22 THAT MEETS ALL QUALITY AND LABELING STANDARDS PRESCRIBED BY FEDERAL, STATE  
23 AND LOCAL LAWS AND REGULATIONS, INCLUDING A PRODUCT THAT IS NOT READILY  
24 MARKETABLE DUE TO ANY CONDITION SUCH AS PACKAGING, APPEARANCE, AGE, SURPLUS  
25 OR SIZE.

26 Sec. 2. Section 28-5853, Arizona Revised Statutes, is amended to read:  
27 28-5853. Motor carrier fee exemptions

28 A. The fee imposed by section 28-5852 does not apply to either:

29 1. A school bus.

30 2. A motor vehicle that is used in the production of:

31 (a) Motion pictures, including films to be shown in theaters and on  
32 television.

33 (b) Industrial, training and educational films.

34 (c) Commercials for television.

35 (d) Video discs.

36 (e) Videotapes.

37 3. MOTOR VEHICLES THAT ARE OWNED AND PRIMARILY USED BY NONPROFIT  
38 CHARITABLE ORGANIZATIONS TO TRANSPORT AGRICULTURAL PRODUCTS, FOOD AND NONFOOD  
39 GROCERY PRODUCTS, AS DEFINED IN SECTION 28-5811. ACROSS COUNTY BOUNDARIES  
40 FOR USE BY FOOD BANKS, AS DEFINED IN SECTION 28-5811. IN PROVIDING FOOD  
41 ASSISTANCE TO FAMILIES IN THIS STATE.

42 B. The department shall establish administrative procedures for  
43 determining which motor vehicles are eligible for the exemptions provided in  
44 this section.

1           Sec. 3. Section 43-1022, Arizona Revised Statutes, is amended to read:  
 2           43-1022. Subtractions from Arizona gross income

3           In computing Arizona adjusted gross income, the following amounts shall  
 4 be subtracted from Arizona gross income:

5           1. The amount of exemptions allowed by section 43-1023.

6           2. Benefits, annuities and pensions in an amount totalling not more  
 7 than two thousand five hundred dollars received from one or more of the  
 8 following:

9           (a) The United States government service retirement and disability  
 10 fund, retired or retainer pay of the uniformed services of the United States,  
 11 the United States foreign service retirement and disability system and any  
 12 other retirement system or plan established by federal law.

13           (b) The state retirement system, the state retirement plan, the  
 14 corrections officer retirement plan, the public safety personnel retirement  
 15 system, the elected officials' retirement plan, an optional retirement  
 16 program established by the Arizona board of regents under section 15-1628 or  
 17 a retirement plan established for employees of a county, city or town in this  
 18 state.

19           3. A beneficiary's share of trust or estate income recognized pursuant  
 20 to the internal revenue code.

21           4. The amount of any distributions from an individual retirement  
 22 account as provided for in section 408 of the internal revenue code or from  
 23 a qualified retirement plan of a self-employed individual as provided for in  
 24 section 401 of the internal revenue code to the extent that total adjustments  
 25 made pursuant to this paragraph in all tax years do not exceed the total of  
 26 all contributions made by the taxpayer to such plans prior to December 31,  
 27 1975, which were included in computing Arizona taxable income.

28           5. The amount of income on an installment receivable which is  
 29 recognized pursuant to the internal revenue code and which has already been  
 30 recognized on the death of the taxpayer for purposes of this title for tax  
 31 years ending before January 1, 1990.

32           6. Interest income received on obligations of the United States, less  
 33 any interest on indebtedness, or other related expenses, and deducted in  
 34 arriving at Arizona gross income, which were incurred or continued to  
 35 purchase or carry such obligations.

36           7. The amount of any income tax refunds which were received from  
 37 states other than Arizona and which were included as income in computing  
 38 federal adjusted gross income.

39           8. Annuity income included in federal adjusted gross income pursuant  
 40 to section 72 of the internal revenue code if the first payment with respect  
 41 to such annuity was received prior to December 31, 1978.

42           9. The excess of a partner's share of income required to be included  
 43 under section 702(a)(8) of the internal revenue code over the income required  
 44 to be included under chapter 14, article 2 of this title.

1           10. The excess of a partner's share of partnership losses determined  
2 pursuant to chapter 14, article 2 of this title over the losses allowable  
3 under section 702(a)(8) of the internal revenue code.

4           11. The amount by which the adjusted basis of property described in  
5 this paragraph and computed pursuant to this title and the income tax act of  
6 1954, as amended, exceeds the adjusted basis of such property computed  
7 pursuant to the internal revenue code. This paragraph shall apply to all  
8 property which is held for the production of income and which is sold or  
9 otherwise disposed of during the taxable year other than depreciable property  
10 used in a trade or business.

11           12. The amount allowed by section 43-1024 for amortization, by a  
12 qualified defense contractor certified by the department of commerce under  
13 section 41-1508, of a capital investment for private commercial activities.

14           13. The amount of gain included in federal adjusted gross income on the  
15 sale or other disposition of a capital investment that a qualified defense  
16 contractor has elected to amortize pursuant to section 43-1024.

17           14. The amount allowed by section 43-1025 for contributions during the  
18 taxable year of agricultural crops to charitable organizations.

19           15. The portion of any wages or salaries paid or incurred by the  
20 taxpayer for the taxable year that is equal to the amount of the federal work  
21 opportunity credit, the empowerment zone employment credit, the credit for  
22 employer paid social security taxes on employee cash tips and the Indian  
23 employment credit that the taxpayer received under sections 45A, 45B, 51(a)  
24 and 1396 of the internal revenue code.

25           16. THE AMOUNT ALLOWED BY SECTION 43-1030 FOR COSTS OF TRANSPORTING  
26 AGRICULTURAL CROPS, FOOD AND NONFOOD GROCERY PRODUCTS TO FOOD BANKS.

27           ~~16-~~ 17. The amount of prizes or winnings less than five thousand  
28 dollars in a single taxable year from any of the state lotteries established  
29 and operated pursuant to title 5, chapter 5, article 1, except that all such  
30 winnings before March 22, 1983, including periodic distributions from such  
31 winnings made after March 22, 1983, may be subtracted.

32           ~~17-~~ 18. The amount of exploration expenses determined pursuant to  
33 section 617 of the internal revenue code which have been deferred in a  
34 taxable year ending before January 1, 1990 and for which a subtraction has  
35 not previously been made. The subtraction shall be made on a ratable basis  
36 as the units of produced ores or minerals discovered or explored as a result  
37 of this exploration are sold.

38           ~~18-~~ 19. The amount included in federal adjusted gross income pursuant  
39 to section 86 of the internal revenue code, relating to taxation of social  
40 security and railroad retirement benefits.

41           ~~19-~~ 20. To the extent not already excluded from Arizona gross income  
42 under section 112 of the internal revenue code, compensation received for  
43 active service as a member of the armed forces of the United States for any  
44 month during any part of which the member served in a combat zone as

1 determined under section 112 of the internal revenue code or in an area given  
2 the same treatment as a combat zone for purposes of section 112 of the  
3 internal revenue code.

4 ~~20-~~ 21. The amount of unreimbursed medical and hospital costs,  
5 adoption counseling, legal and agency fees and other nonrecurring costs of  
6 adoption not to exceed three thousand dollars. In the case of a husband and  
7 wife who file separate returns, the subtraction may be taken by either  
8 taxpayer or may be divided between them, but the total subtractions allowed  
9 both husband and wife shall not exceed three thousand dollars. The  
10 subtraction under this paragraph may be taken for the costs described in this  
11 paragraph that are incurred in prior years, but the subtraction may be taken  
12 only in the year during which the final adoption order is granted.

13 ~~21-~~ 22. The amount authorized by section 43-1026 for the taxable year  
14 for purchases of, and equipment relating to, alternative fuel vehicles.

15 ~~22-~~ 23. The amount authorized by section 43-1027 for the taxable year  
16 for purchases of, and nonoptional equipment directly related to the operation  
17 of, qualified wood stoves, wood fireplaces or gas fired fireplaces.

18 ~~23-~~ 24. With respect to a medical savings account established pursuant  
19 to section 43-1028:

20 (a) An eligible individual may subtract:

21 (i) The amount of contributions made by the individual's employer  
22 during the taxable year to the individual's medical savings account pursuant  
23 to section 43-1028 to the extent that the employer contributions are included  
24 in the individual's federal adjusted gross income.

25 (ii) The amount deposited by the individual in the account during the  
26 taxable year to the extent that the individual's contributions are included  
27 in the individual's federal adjusted gross income.

28 (b) The individual's employer may subtract the amount of contributions  
29 made by the employer to a medical savings account established on the  
30 individual's behalf to the extent that the contributions are not deductible  
31 under the internal revenue code.

32 ~~24-~~ 25. The amount by which a net operating loss carryover or capital  
33 loss carryover allowable pursuant to section 43-1029, subsection F exceeds  
34 the net operating loss carryover or capital loss carryover allowable pursuant  
35 to section 1341(b)(5) of the internal revenue code.

36 ~~25-~~ 26. Any amount of qualified educational expenses distributed from  
37 a qualified state tuition program determined pursuant to section 529 of the  
38 internal revenue code and that is included in income in computing federal  
39 adjusted gross income.

40 Sec. 4. Title 43, chapter 10, article 3, Arizona Revised Statutes, is  
41 amended by adding section 43-1030, to read:

1           43-1030. Transportation of crops, food or grocery products to  
2                           food banks; definition

3           A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 1998, IN  
4 COMPUTING ARIZONA ADJUSTED GROSS INCOME A SUBTRACTION IS ALLOWED EQUAL TO  
5 ONE-HALF OF THE AMOUNT THAT THE TAXPAYER PAID OR INCURRED DURING THE TAXABLE  
6 YEAR TO TRANSPORT AGRICULTURAL CROPS, FOOD AND NONFOOD GROCERY PRODUCTS TO  
7 ONE OR MORE FOOD BANKS.

8           B. THE AMOUNT PAID OR INCURRED QUALIFIES AS A SUBTRACTION UNDER THIS  
9 SECTION ONLY IF:

10           1. ANY AGRICULTURAL CROP THAT WAS TRANSPORTED WAS HARVESTED BY OR ON  
11 BEHALF OF THE DONEE FOOD BANK.

12           2. THE USE OF THE DONATED AGRICULTURAL CROP, FOOD OR NONFOOD GROCERY  
13 PRODUCT BY THE DONEE FOOD BANK IS RELATED TO THE PURPOSE OR FUNCTION  
14 CONSTITUTING THE BASIS OF THE ORGANIZATION'S TAX EXEMPT STATUS.

15           3. THE AGRICULTURAL CROP, FOOD OR NONFOOD GROCERY PRODUCT IS NOT  
16 TRANSFERRED BY THE DONEE FOOD BANK IN EXCHANGE FOR MONEY, OTHER PROPERTY OR  
17 SERVICES OR FOR USE OUTSIDE THIS STATE.

18           4. THE DONEE FOOD BANK PROVIDES A WRITTEN STATEMENT TO THE TAXPAYER  
19 THAT ITS USE AND DISPOSITION OF THE AGRICULTURAL CROP, FOOD OR NONFOOD  
20 GROCERY PRODUCT WILL COMPLY WITH THE REQUIREMENTS OF THIS SECTION.

21           5. HARVESTING, PROCESSING OR TRANSPORTING THE AGRICULTURAL CROP, FOOD  
22 OR NONFOOD GROCERY PRODUCT IN THE NORMAL COURSE OF THE TAXPAYER'S TRADE OR  
23 BUSINESS WOULD NOT BE ECONOMICALLY FEASIBLE.

24           6. THE AGRICULTURAL CROP, FOOD OR NONFOOD GROCERY PRODUCT WOULD GO TO  
25 WASTE IF IT WAS NOT TRANSPORTED AND CONTRIBUTED TO THE DONEE FOOD BANK.

26           C. FOR PURPOSES OF THIS SECTION:

27           1. "AGRICULTURAL CROP" MEANS ANY CROP OR PORTION OF A CROP THAT IS  
28 GROWN IN THIS STATE BY A PERSON WHO IS ENGAGED IN THE TRADE OR BUSINESS OF  
29 FARMING OR PROCESSING AGRICULTURAL CROPS.

30           2. "FOOD BANK" MEANS A NONPROFIT CHARITABLE ORGANIZATION, AS  
31 CLASSIFIED BY THE UNITED STATES INTERNAL REVENUE SERVICE, THAT PROVIDES FOOD  
32 ASSISTANCE TO FAMILIES IN THIS STATE.

33           3. "NONFOOD GROCERY PRODUCT" MEANS A NONFOOD GROCERY PRODUCT, SUCH AS  
34 HOUSEHOLD OR INDUSTRIAL CLEANING PRODUCTS, DISPOSABLE PAPER OR PLASTIC  
35 PRODUCTS, PERSONAL HYGIENE PRODUCTS, CLEANING EQUIPMENT AND COOKING UTENSILS,  
36 THAT MEETS ALL QUALITY AND LABELING STANDARDS PRESCRIBED BY FEDERAL, STATE  
37 AND LOCAL LAWS AND REGULATIONS, INCLUDING A PRODUCT THAT IS NOT READILY  
38 MARKETABLE DUE TO ANY CONDITION SUCH AS PACKAGING, APPEARANCE, AGE, SURPLUS  
39 OR SIZE.

40           Sec. 5. Section 43-1122, Arizona Revised Statutes, is amended to read:

41           43-1122. Subtractions from Arizona gross income; corporations

42           In computing Arizona taxable income for a corporation, the following  
43 amounts shall be subtracted from Arizona gross income:

1           1. The amounts computed pursuant to section 43-1022, paragraphs 8  
2 through ~~15~~ 16.

3           2. The amount of dividend income received from Arizona corporations  
4 as prescribed by section 43-1128.

5           3. The amount of Arizona capital loss carryover as defined in section  
6 43-1124 in an amount not to exceed one thousand dollars.

7           4. With respect to a financial institution as defined in section  
8 6-101, expenses and interest relating to tax-exempt income disallowed  
9 pursuant to section 265 of the internal revenue code.

10           5. Dividends received from another corporation owned or controlled  
11 directly or indirectly by a recipient corporation. "Control" for purposes  
12 of this paragraph means direct or indirect ownership or control of fifty per  
13 cent or more of the voting stock of the payor corporation by the recipient  
14 corporation. Dividends shall have the meaning provided in section 316 of the  
15 internal revenue code. This subtraction shall apply without regard to the  
16 provisions of section 43-961, paragraph 2 and article 4 of this chapter. A  
17 corporation that has its commercial domicile, as defined in section 43-1131,  
18 in this state may subtract the full amount of the dividends. A corporation  
19 that does not have its commercial domicile in this state may subtract:

20           (a) For its taxable year beginning in 1990, an amount equal to  
21 one-half of the dividends.

22           (b) For taxable years beginning in 1991 and thereafter, the full  
23 amount of the dividends.

24           6. Interest income received on obligations of the United States.

25           7. The amount of dividend income from foreign corporations.

26           8. The amount of net operating loss allowed by section 43-1123.

27           9. The amount of any income tax refunds received from states other  
28 than Arizona which were included as income in computing federal taxable  
29 income.

30           10. The amount of expense recapture included in income pursuant to  
31 section 617 of the internal revenue code for mine exploration expenses.

32           11. The amount of deferred exploration expenses allowed by section  
33 43-1127.

34           12. The amount of exploration expenses related to the exploration of  
35 oil, gas or geothermal resources, computed in the same manner and on the same  
36 basis as a deduction for mine exploration pursuant to section 617 of the  
37 internal revenue code. This computation is subject to the adjustments  
38 contained in section 43-1121, paragraph 8 and paragraphs 10 and 11 of this  
39 section relating to exploration expenses.

40           13. The amortization of pollution control devices allowed by section  
41 43-1129.

42           14. The amount of amortization of the cost of child care facilities  
43 pursuant to section 43-1130.

1           15. The amount of income from a domestic international sales  
2 corporation required to be included in the income of its shareholders  
3 pursuant to section 995 of the internal revenue code.

4           16. The amount authorized by section 43-1128.01 for the taxable year  
5 for purchases of, and equipment relating to, alternative fuel vehicles.

6           17. The income of an insurance company that is exempt under section  
7 43-1201 to the extent that it is included in computing Arizona gross income  
8 on a consolidated return pursuant to section 43-947.

9           18. The amount of contributions by the taxpayer during the taxable year  
10 to medical savings accounts established on behalf of the taxpayer's employees  
11 as provided by section 43-1028, to the extent that the contributions are not  
12 deductible under the internal revenue code.

13           19. The amount by which a capital loss carryover allowable pursuant to  
14 section 43-1130.01, subsection F exceeds the capital loss carryover allowable  
15 pursuant to section 1341(b)(5) of the internal revenue code.

**To:** Senator D. Petersen  
**From:** Lynn Roman  
**Subject:** Hunger Committee Draft #817  
**Date:** December 14, 1997

# MEMORANDUM

The following is a summary of the Bill Draft presented to the Joint Legislative Study Committee on Hunger. The draft extends the committee until December 31, 1999.

- Delays the repeal of the Committee on Hunger from and after December 31, 1998 until December 31, 1999.

Rough Draft  
Print date: (December 12, 1997 8:08:21 am)  
Folder 817, Drafter DRT

REFERENCE TITLE: joint committee on hunger; extension

State of Arizona  
Senate  
Forty-third Legislature  
Second Regular Session  
1998

**S. B. \_\_\_\_\_**

Introduced by \_\_\_\_\_

AN ACT

AMENDING LAWS 1996, CHAPTER 352, SECTION 3; RELATING TO THE JOINT LEGISLATIVE  
COMMITTEE ON HUNGER.

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Laws 1996, chapter 352, section 3, is amended to read:  
3 Sec. 3. Delayed repeal  
4 Section 1 is repealed from and after December 31, ~~1998~~ 1999.

**To:** Senator D. Petersen  
**From:** Lynn Roman  
**Subject:** Hunger Committee Draft #759  
**Date:** January 16, 1998

# MEMORANDUM

The following is a summary of the Bill Draft presented to the Joint Legislative Study Committee on Hunger. The draft makes an appropriation from the general fund in fiscal year 1997-1998 to DES to implement a food security development grant program.

Specifically, this draft does the following:

- Appropriates \$500,000 from the state general fund in FY 1997-1998 to DES to implement a grant program to help ensure the availability of and acquisition of nutritionally adequate and safe food at the community level (food security).
- Allows Department of Economic Security (DES), or fiscal agent designated by DES to offer small grants of up to \$5,000 each and large grants of up to \$50,000 each to foster programs that promote food security at the community level.
- Authorizes a grant, of up to \$25,000 for statewide coordination, technical assistance, administration of funds, data collection and evaluation of the program.
- Exempts expenditure of these monies from the Arizona Procurement Code.
- Directs the Community Services Administration (CSA) from within DES to administer the funds appropriated.
- Prescribes the following duties for the entity acting as the fiscal agent:
  - A) use the Arizona Advisory Council on Hunger as a review board
  - B) create and distribute applications in a timely manner
  - C) create a review process for an expedient granting of awards
  - D) provide technical assistance
  - E) establish and monitor financial records for each successful applicant
  - F) disseminate information on local activities and programs
  - G) submit a written report to Joint Legislative Budget Committee within 90 days of project completion which shall include:
    - 1. the application process used to award grants
    - 2. a copy of requested proposals
    - 3. a brief description of each proposal submitted
    - 4. a list of all proposals awarded and amounts received
    - 5. a brief summary of the accomplishments of each project

REFERENCE TITLE: appropriation; community food security grants

State of Arizona  
Senate  
Forty-third Legislature  
Second Regular Session  
1998

## SB 1070

Introduced By  
Senators Petersen, Hartley, Soltero: Grace, Solomon

### AN ACT

MAKING AN APPROPRIATION TO THE DEPARTMENT OF ECONOMIC SECURITY FOR COMMUNITY FOOD SECURITY GRANTS.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Appropriation; purpose; administration; report

3 A. The sum of \$500,000 is appropriated from the state general fund in  
4 fiscal year 1998-1999 to the department of economic security to implement a  
5 community food security development grant program to organize community  
6 groups, organizations, low income families in need of food, advocacy groups,  
7 government agencies, private businesses, transportation cooperatives and  
8 others to assess hunger needs and mobilize resources to build food security  
9 at the community level.

10 B. The department of economic security may offer small grants of up  
11 to \$5,000 each, large grants of up to \$50,000 each and a grant of up to  
12 \$25,000 for statewide coordination, technical assistance, administration of  
13 funds, data collection and evaluation of programs.

14 C. The community services administration in the department of economic  
15 security shall administer the monies appropriated in subsection A and is  
16 exempt from title 41, chapter 23, Arizona Revised Statutes, for contracts  
17 entered into to procure goods and services or consulting services that are  
18 required to implement this act.

19 D. The department may contract with an appropriate organization to  
20 serve as fiscal agent and perform the necessary administrative duties  
21 identified in subsection E. The department shall approve all subcontracts  
22 let by the fiscal agent and shall monitor the performance of the fiscal agent  
23 and its subcontractors.

1 E. The duties of the fiscal agent shall include the following:

2 1. Utilizing the Arizona advisory council on hunger as a review board  
3 to review and make recommendations regarding the award of monies to  
4 subcontractors and providing oversight regarding implementation of the  
5 program.

6 2. Creating and distributing a standardized application within thirty  
7 days after the effective date of this act and establishing a review process  
8 that provides for an expedited contract award process.

9 3. Awarding individual grants, monitoring local progress and providing  
10 technical assistance to each successful applicant.

11 4. Establishing and monitoring requirements concerning retention of  
12 financial and program records, audits, financial management procedures,  
13 reporting and cost eligibility requirements, amendments, appeals,  
14 suspensions, reallocation of funds, termination of awards and coordination  
15 of local resources.

16 5. Widely disseminating information about successful local programs  
17 and activities.

18 6. Within ninety days after the end of the contract period, preparing  
19 and submitting a report to the joint legislative budget committee that  
20 includes the following information:

21 (a) A description of the process used to award contracts.

22 (b) A copy of the request for proposals issued.

23 (c) A brief description of each proposal submitted.

24 (d) A list of the projects for which monies were awarded and the  
25 amounts awarded.

26 (e) A summary of the accomplishments of each project.

**To:** Senator D. Petersen  
**From:** Lynn Roman  
**Subject:** Hunger Committee Draft #756 (SB1067)  
**Date:** January 16, 1998

# MEMORANDUM

The following is a summary of the Bill Draft presented to the Joint Legislative Study Committee on Hunger. The draft makes an appropriation from the general fund in fiscal year 1997-1998 to Department of Economic Security (DES) for the rural food bank project line item.

Specifically, this draft does the following:

- Appropriates \$2,760,000 from the state general fund in FY 1997-1998 to DES for acquisition of food for food distribution, to ensure adequate and safe food supplies to the state food banks.
- Requires DES to submit an expenditure report to the Joint Legislative Budget Committee (JLBC) and to solicit input from various food banks within the state, before any monies are expended.
- Directs the Community Services Administration (CSA) from within DES to act as the fiscal agent to administer the appropriated funds or allows DES to contract with an appropriate organization to act as a fiscal agent, with the following duties prescribed:
  - A) consult with regional food bank warehouses to determine the allocation of, amount of, and type of, food to be purchased.
  - B) arrange the transportation of the purchased food to the regional food banks
  - C) purchase food which is of desirable quality and both economically feasible and that will ensure food bank inventories are nutritionally balanced
  - D) submit a monthly report of the following to DES:
    - 1. the type, cost, and amount of food purchased
    - 2. amounts allocated to each food bank warehouse.
  - E) requires each food bank warehouse to submit a monthly report to the specific department from which the allocated amounts were received indicating all programs that benefited from those allocated amounts.
- Requires DES to approve and monitor all subcontractors.
- Exempts expenditure of these monies from the Arizona Procurement Code\*.
- Authorizes no more than one-twelfth of the contract awarded be distributed at the beginning of the contract period.
- Authorizes a maximum of one percent of the total appropriation awarded be used to solicit input from food banks for, and compilation of an expenditure plan to be submitted to JLBC.
- Contains a general effective date.

\* Opportunities to purchase food at discounted rates have been lost due to the time limitations placed upon the availability of the discounted food and the amount of time required to comply with the formal Request For Proposal process as outlined in the Arizona Procurement Code.

REFERENCE TITLE: appropriation; DES; food banks

State of Arizona  
Senate  
Forty-third Legislature  
Second Regular Session  
1998

## SB 1067

Introduced By  
Senators Petersen, Hartley, Soltero: Grace, Solomon

### AN ACT

MAKING AN APPROPRIATION TO THE DEPARTMENT OF ECONOMIC SECURITY FOR RURAL FOOD BANKS.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Appropriation; purpose; administration

3 A. The sum of \$2,760,000 is appropriated from the state general fund  
4 in fiscal year 1998-1999 to the department of economic security division of  
5 aging and community services for distribution to the rural food bank project  
6 to enhance the food bank network in the state. Before expenditure of the  
7 \$2,760,000, the department of economic security shall submit an expenditure  
8 plan to the joint legislative budget committee for review. In developing the  
9 expenditure plan, the department of economic security shall solicit input  
10 from the various food banks within the state.

11 B. The community services administration within the department of  
12 economic security shall administer the monies appropriated in subsection A.

13 C. The department may contract with an appropriate organization to  
14 serve as fiscal agent and perform the necessary administrative duties  
15 identified in subsection D. The department shall approve all subcontracts  
16 let by the fiscal agent and shall monitor the performance of the fiscal agent  
17 and its subcontractors.

18 D. The duties of the fiscal agent shall include the following:

19 1. Determining the types and amounts of food to be purchased in  
20 consultation with the regional food bank warehouses.

21 2. Determining an allocation method for food purchased with funds  
22 appropriated under this act in consultation with the regional food bank  
23 warehouses and approved by the department.

1           3. Arranging for transportation of purchased food to regional food  
2 bank warehouses.

3           4. Requiring the regional food bank warehouses to determine an  
4 allocation method for distributing purchased food to their service areas that  
5 is approved by the department.

6           5. Purchasing food at the lowest practicable cost and most desirable  
7 quality.

8           6. Purchasing food that will supplement and enhance food inventories  
9 in order to create a nutritional balance and meet the increased demand for  
10 food assistance at the regional food bank warehouses.

11          7. Submitting a monthly report to the department that includes, at a  
12 minimum, the following data:

13           (a) The type, cost and amount of food purchased.

14           (b) The amounts allocated to each food bank warehouse.

15          8. Requiring that each food bank warehouse submit a monthly report to  
16 the department related to the purchased food that includes the amounts  
17 allocated to the outlets in their service area and the programs that received  
18 the food.

19          E. The department may advance no more than one-twelfth of the contract  
20 monies at the beginning of the contract period.

21          F. A maximum of one per cent of the total monies appropriated in  
22 subsection A may be used to perform the duties of the fiscal agent.