

# ARIZONA STATE SENATE

## RESEARCH STAFF



TO: JOINT LEGISLATIVE AUDIT COMMITTEE

DATE: November 28, 2007

SUBJECT: Sunset Review of the Arizona Beef Council

**MEGAN GNAGY**

LEGISLATIVE RESEARCH ANALYST

NATURAL RESOURCES &  
RURAL AFFAIRS COMMITTEE

Telephone: (602) 926-3171

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Attached is the final report of the sunset review of the Arizona Beef Council, which was conducted by the Senate Natural Resources and Rural Affairs and House of Representatives Water and Agriculture Committee of Reference on November 8, 2007.

This report has been distributed to the following individuals and agencies:

Governor of the State of Arizona

The Honorable Janet Napolitano

President of the Senate

Senator Tim Bee

Speaker of the House of Representatives

Representative James Weiers

Senate Members

Senator Chuck Gray, Cochair

Senator Amanda Aguirre

Senator Marsha Arzberger

Senator Robert Blendu

Senator Karen Johnson

House Members

Representative Lucy Mason, Cochair

Representative Jack Brown

Representative Jennifer Burns

Representative John Kavanagh

Representative Lynne Pancrazi

Arizona Beef Council

Arizona State Library, Archives & Public Records

Auditor General

Senate Majority Staff

Senate Research Staff

Senate Democratic Staff

Senate Resource Center

House Majority Staff

House Research Staff

House Democratic Staff

Chief Clerk

MG/jas

Attachment

## COMMITTEE OF REFERENCE REPORT

### ARIZONA BEEF COUNCIL

#### ***Background***

Pursuant to section 41-2953, Arizona Revised Statutes, the Joint Legislative Audit Committee (JLAC) assigned the sunset review of the Arizona Beef Council to the Senate Natural Resources and Rural Affairs and House of Representatives Water and Agriculture Committee of Reference.

The Beef Council was established by the Legislature in 1970. It is made up of nine members, consisting of three producers of range cattle, three cattle feeders and three dairymen, all appointed by the Governor. The mission of the Beef Council is to “establish a self-financed program to help develop and maintain state, national, and foreign markets for beef and beef products.” The Beef Council is funded through a \$1 assessment on each head of cattle sold in Arizona, and that assessment is collected at the same time that the Arizona Department of Agriculture (ADA) collects brand inspection fees. The ADA retains five percent of each assessment for purposes of an administration fee for collecting the funds.

In 1985, when the federal Beef Promotion and Research Act and the Beef Promotion and Research Order were passed, the Cattlemen’s Beef Promotion and Research Board (CBB) was established as a national beef promotion council and each state was required to establish an assessment on the sale of cattle. At that time the Arizona Beef Council became a certified state council, which means that a portion of the money collected in Arizona is distributed to the CBB for national programs. From every dollar collected, \$0.50 is distributed to the CBB, \$0.05 is retained by the ADA for collecting the assessments and \$0.45 is directed to the Arizona Beef Council. According to the Beef Council, the assessments collected equal approximately \$700,000 per year in total, which provides the Council with approximately \$350,000 to develop and conduct beef promotion and research programs in Arizona.

In addition to the statutory requirements outlined in A.R.S. § 3-1233 that the Beef Council meet at least every three months, receive and disburse funds and prepare an annual report, the Beef Council is additionally authorized to do the following:

- Conduct or contract for scientific research to discover and develop improved marketing methods for beef and beef products, including programs of consumer education and protection.
- Disseminate reliable information, founded upon research; showing uses or probable uses of beef and beef products.
- Study state and federal legislation with respect to tariffs, duties, trade agreements, import quotas and other matters concerning the beef industry.
- Sue and be sued as a Council.
- Enter into contracts.
- Appoint advisory groups.
- Make grants to research agencies.
- Appoint officers and employees of the Council.

- Cooperate with any state, local or nationwide organization or governmental entity to carry out joint programs.
- Adopt rules and regulations and adopt, rescind, modify or amend all proper regulations, orders and resolutions for the exercise of its powers and duties.

### ***Committee of Reference Sunset Review Procedures***

The Committee of Reference held a public hearing on November 8, 2007, to review the Arizona Beef Council's response to the sunset factors as required by A.R.S. § 41-2954, subsection D and F (*See Attachment 2*) and to receive public testimony (*See Attachment 4*). Testimony was received from Bas Aja, Executive Director of the Arizona Beef Council.

### ***Committee of Reference Recommendation***

**The Committee of Reference recommended that the Arizona Beef Council be continued for ten years.**

### ***Attachments***

1. Letter from Senator Chuck Gray to the Arizona Beef Council requesting information.
2. Sunset factors pursuant to A.R.S. § 41-2954, subsection D and F.
3. Meeting Notice.
4. Minutes of the Committee of Reference Meeting.

SENATOR CHUCK GRAY  
1700 WEST WASHINGTON, SUITE S  
PHOENIX, ARIZONA 85007-2844  
CAPITOL PHONE: (602) 926-5288  
CAPITOL FAX: (602) 417-3161  
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COMMITTEES:  
JUDICIARY, CHAIRMAN  
NATURAL RESOURCES AND  
RURAL AFFAIRS, VICE CHAIRMAN  
PUBLIC SAFETY AND HUMAN  
SERVICES

LEGISLATIVE COUNCIL

DISTRICT 19 - MESA

## Arizona State Senate

August 8, 2007

Arizona Beef Council  
Basilio Aja, Executive Director  
1401 N. 24<sup>th</sup> St., Ste. 4  
Phoenix, Arizona 85008

Dear Director Aja:

The sunset review process prescribed in Title 41, Chapter 27, Arizona Revised Statutes, provides a system for the Legislature to evaluate the need to continue the existence of state agencies. During the sunset review process, an agency is reviewed by a legislative committee of reference. On completion of the sunset review, the committee of reference recommends to continue, revise, consolidate, or terminate the agency.

The Joint Legislative Audit Committee (JLAC) has assigned the sunset review of the Arizona Beef Council to the committee of reference comprised of members of the Senate Natural Resources and Rural Affairs Committee and the House of Representatives Water and Agriculture Committee.

Pursuant to A.R.S. §41-2954, the committee of reference is required to consider certain factors in deciding whether to recommend continuance, modification or termination of an agency. Please provide your response to those factors as provided below:

1. The objective and purpose in establishing the agency.
2. The effectiveness with which the agency has met its objective and purpose and the efficiency with which it has operated.
3. The extent to which the agency has operated within the public interest.
4. The extent to which rules adopted by the agency are consistent with the legislative mandate.
5. The extent to which the agency has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.
6. The extent to which the agency has been able to investigate and resolve complaints that are within its jurisdiction.
7. The extent to which the Attorney General or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

8. The extent to which agencies have addressed deficiencies in their enabling statutes which prevent them from fulfilling their statutory mandate.
9. The extent to which changes are necessary in the laws of the agency to adequately comply with the factors listed in this subsection.
10. The extent to which the termination of the agency would significantly harm the public health, safety or welfare.
11. The extent to which the level of regulation exercised by the agency is appropriate and whether less or more stringent levels of regulation would be appropriate.
12. The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.

Additionally, please provide written responses to the following:

1. An identification of the problem or the needs that the agency is intended to address.
2. A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.
3. An identification of any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.
4. An assessment of the consequences of eliminating the agency or of consolidating it with another agency.

In addition to responding to the factors in A.R.S. §41-2954, please provide the committee of reference with copies of minutes from your meetings for the current fiscal year and your most recent annual report. Your response should be received by September 1<sup>st</sup> so we may proceed with the sunset review and schedule the required public hearing. Please submit the requested information to:

Megan Gnagy  
Arizona State Senate  
1700 West Washington  
Phoenix, Arizona 85007.

Thank you for your cooperation. If you have any questions, please feel free to contact me at (602) 926-5288 or Ms. Gnagy at (602) 926-3171.

Sincerely,



Chuck Gray  
State Senator  
Chairman, Senate Natural Resources and Rural Affairs Committee of Reference

CG/mg/sas

ARIZONA BEEF COUNCIL

**SUNSET REVIEW  
RESPONSE**

August 23, 2007

Delivered to:

Senate Natural Resources and Rural Affairs Committee of Reference  
Chairman, Honorable Senator Chuck Gray

1401 N. 24<sup>TH</sup> STREET  
PHOENIX, AZ 85008  
(602) 273-7414

**BEEF**  
**ARIZONA BEEF COUNCIL**

1401 North 24th Street • Phoenix, Arizona 85008 • (602) 273-7163

August 23, 2007

Senator Chuck Gray  
Chairman, Senate Natural Resources and Rural Affairs Committee of Reference  
1700 W. Washington, Suite S  
Phoenix, AZ 85007-2844

RE: Arizona Beef Council Sunset Review

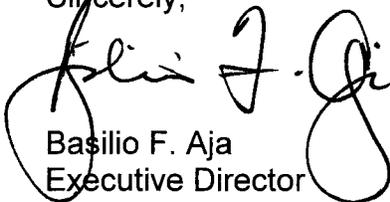
Dear Senator Gray:

The Arizona Beef Council Board of Directors respectfully requests the Committee of Reference consider a recommendation to continue the Arizona Beef Council for 10 years. The Arizona Beef Council and its promotion and research programs are solely funded by private beef producer dollars collected via a \$1 per head checkoff.

The Arizona Beef Council is a non-regulatory program established under ARS Title 3, Chapter 11, and Article 2. The program has great support from Arizona's beef producing families for its continuation.

Attached is the information you requested for the sunset review process. If you have the need for any further information I can be reached at (602) 399-0183 or at [baja@arizonabeef.org](mailto:baja@arizonabeef.org).

Sincerely,

  
Basilio F. Aja  
Executive Director

## **Sunset Factors for the Arizona Beef Council**

### **Prepared August 23, 2007**

**Question:** The objective and purpose of establishing the agency.

**Answer:** Laws 1970, Ch. 87, §1; Laws 1988, Ch. 12, §5; and Laws 1998, Ch. 5 §3 have consistently provided that: "The legislature intends by this act to provide the cattle industry in this state with authority to establish a self-financed program to help market, develop, maintain and expand the state, national and foreign markets for beef and beef products produced, processed or manufactured in this state and to encourage the use and consumption of such beef and beef products."

Pursuant to § 3-1233 the council shall:

1. Receive and disburse funds under the provisions of this article to be used in administering the provisions of this article.
2. Annually elect a chairman from among its members. No chairman shall succeed himself more than once.
3. Elect a secretary-treasurer who may be from among its members.
4. Meet regularly every three months and at such other times as called by the chairman or when requested by five or more members of the council.
5. Keep a permanent record of its proceedings and prepare for the governor and the beef industry an annual report of its activities, receipts and expenditures.

B. The council may:

1. Conduct or contract for scientific research to discover and develop improved marketing methods for beef and beef products, including programs of consumer education and protection.
2. Disseminate reliable information, founded upon research; showing uses or probable uses of beef and beef products.
3. Study state and federal legislation with respect to tariffs, duties, reciprocal trade agreements, import quotas and other matters concerning the beef industry.
4. Sue and be sued as a council, without individual liability, for acts of the council within the scope of the powers and duties conferred upon it by this article.
5. Enter into contracts to carry out the purpose of the council as provided in this article, including contracts for promotion of beef and beef products and development of new markets through such promotion.
6. Appoint advisory groups composed of representatives from organizations, institutions or businesses related to or interested in the welfare of the beef industry.
7. Make grants to research agencies for financing special or emergency studies, or for purchase or acquisition of facilities necessary to carry out the purposes of the council.

8. Appoint subordinate officers and employees of the council and prescribe their duties and fix their compensation.
9. Cooperate with any local, state or nationwide organization or agency engaged in work or activities similar to or related to those of the council, and enter into contracts with such organizations or agencies for carrying on joint programs.
10. Act jointly and in cooperation with the state or federal government, or both, or any agency thereof in the administration of any program of the government or of a governmental agency deemed by the council as beneficial to the beef industry of this state, and expend funds in connection therewith.
11. Adopt rules and regulations necessary to carry out the provisions of this article.
12. Adopt, rescind, modify or amend all proper regulations, orders and resolutions for the exercise of its powers and duties.

**Question:** The effectiveness with which the agency has met its objective and purpose and the efficiency with which it has operated.

**Answer:** The ABC has effectively implemented programs which have increased beef demand 20% since 1998 (Per capita consumption versus retail price chart attached). We have accomplished this feat through development and participation in the industry's first Long Range Plan focusing on: Quality; Consistency; and Convenience (Integrated Plan Chart attached). Participation in the Beef Demand Study Group designed to identify drivers for beef demand. The drivers we focus on are: Convenience; nutrition; safety; tenderness; and exports. We have supported research to improve the safety of beef by developing intervention methods and thereby reducing the incidence of E. coli in ground beef (Prevalence of E. Coli Chart attached). The ABC has been successful in increasing the amount consumers expend for beef and beef products (Consumer Expenditure Chart Attached).

All of these efforts begin with the development of the ABC's Annual Market Plan. These programs and projects are developed by nine appointed beef producers from Arizona and it is carefully coordinated with state and national organizations to maximize cost and staff effectiveness. Fifty percent of our promotion dollars are allocated to national development programs allowing Arizona to bring these programs back to Arizona for implementation. This allows the ABC staff to concentrate on input and implementation rather than development costs.

**Question:** The extent to which the agency has operated within the public interest.

**Answer:** The ABC has operated within the public interest by providing research monies to develop and discover food safety intervention methods to reduce the incidence of food borne illness. We have developed and provided product information at no cost to the consuming public regarding nutrition, cooking and handling information about beef. The ABC operates a school nutrition program whereby resources and presentations are offered to schools about food handling, food safety, nutrition and production information regarding beef and beef products.

**Question:** The extent to which the rules adopted by the agency are consistent with the legislative mandate.

**Answer:** The ABC operates under the rules and regulations developed for the Beef Promotion Act of 1985 by the Cattlemen's Beef Promotion Board and United States Department of Agriculture. These rules are consistent with the legislative mandate. These federal rules and specific procedures are communicated to producers and collection points by the ABC. This is accomplished by presentations at producer forums, auction markets and annual publications. The Arizona Department of Agriculture, Animal Services Division is kept apprised of these rules and operates closely with the ABC on Beef Check Off issues. The Arizona Department of Agriculture's Associate Director of Animal Services serves on the ABC Board as a non-voting member.

**Question:** The extent to which the agency has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.

**Answer:** The ABC in conjunction with the Cattlemen's Beef Promotion Board and the United States Department of Agriculture has diligently encouraged input from the public on both collection procedures and actual promotion program content. The public, universities, and other agricultural non-profit organizations are notified 90 days prior to development of the ABC's Annual Market Plan for input and program requests. Any proposed changes in these federal rules are preceded by discussions with industry leaders and the public through a variety of industry publications and forums. The ABC routinely communicates promotion program content and progress through local cattlemen and dairymen meetings, public speaking appearances, and articles in industry literature, correspondence and direct mail contact encouraging public comment or suggestions.

**Question:** The extent to which the agency has been able to investigate and resolve complaints within its jurisdiction.

**Answer:** Response to producer complaints is prompt and courteous. Whenever procedure clarification is needed the ABC communicates in writing and the appropriate documentation is provided. Any necessary investigations are coordinated with the Cattlemen's Beef Promotion Board, United States Department of Agriculture and the Arizona Department of Agriculture to ensure any necessary corrections are made. If the complaint is from a consumer regarding specific beef information, details are documented, problem is investigated and the suggested correction is made back to the consumer. If a complaint regarding incorrect nutrition labeling on a package of fresh beef occurred, it would result in the ABC approaching the appropriate retail outlet and discuss the information. Our recommendation may be to adjust the label with specifically based data from our office.

**Question:** The extent to which the attorney general or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

**Answer:** Failure to comply with the state beef check off collection is a class 2 misdemeanor. ABC would forward non-compliance complaints to the Arizona Attorney General's office for prosecution under the state statute. In its 37 year history, ABC has only filed one complaint for non-compliance.

**Question:** The extent to which agencies have addressed deficiencies in their enabling statutes which prevent them from fulfilling their statutory mandate.

**Answer:** The beef industry has twice requested legislation be introduced to increase check off funding. These increases were a reflection of change from a commodity-type marketing program to a consumer-oriented one. It has allowed for the expansion of program content to address consumer needs and was necessary for beef to compete in today's marketplace. A legislated check off has ensured uniform collection procedures where all producers are treated in the same manner and allowed to accept responsibility for marketing beef as a finished product. This type of self-help program avoids government subsidy since the ABC even pays the Arizona Department of Agriculture for the cost of collection.

**Question:** The extent to which changes are necessary in the laws of the agency to adequately comply with the factors listed in this subsection.

**Answer:** There are no changes necessary to enhance the ABC's compliance with the factors associated with this review. The ABC always assumes the responsibility for being accountable to the producers who pay the check off. The ABC is subject to the strictest financial audit each year and the Cattlemen's Beef Board conducts a procedural audit of the ABC on a recurring basis. The ABC always wants the Arizona Department of Agriculture to keep proper collection records and work with the ABC on collection issues.

**Question:** The extent to which the termination of the agency would significantly harm the public health, safety or welfare.

**Answer:** Eliminating the ABC would not significantly harm the public health, safety and welfare; it would affect the quality of consumer information regarding nutrition and the safe handling of beef. It is important that consumers have access to current food safety and nutrition information and the ABC provides such a service. The ABC's primary objective is to help market, maintain and develop markets for beef. The elimination of ABC would limit Arizona's ability to expand beef marketing opportunities.

**Question:** The extent to which the level of regulation exercised by the agency is appropriate and whether less or more stringent levels of regulation would be appropriate.

**Answer:** The ABC does not regulate cattle producers. It simply implements the producer directed efforts for beef promotion and research. No change is needed.

**Question:** The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.

**Answer:** ABC utilizes private sector contractors for a variety of services whenever possible. For example, the ABC contracts with private printing companies for production of brochures and newsletters. It contracts with private contractors for bookkeeping, administrative and receptionist services. The production and design of public displays and booths is contracted and the implementation of a variety of promotion programs is contracted with private parties.

## **Request for Additional written responses:**

**Statement:** Identification of the problem or needs that the agency is intended to address.

**Response:** The ABC fulfills the need for cattle producers to have a focused and effective producer directed promotion and research program. The ABC provides the location and programs for a single clearing house for producers to direct resources towards the promotion and research programs which best serves their businesses. In addition, the ABC provides a location for consumers to address questions and find resources regarding food preparation, nutrition and food safety.

**Statement:** A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.

**Response:** The ABC is focused on increasing the demand for beef while providing a healthy, safe and nutritious meal choice for consumers. Since 1993, the Beef Checkoff Program, funded by 50 cents of every dollar we collect in Arizona, has invested more than \$25 million in beef safety research reducing the incidence of food borne pathogens such as E. coli. The checkoff's award-winning *School Wellness Kit* helps school staff implement policies promoting balanced nutrition and healthy lifestyles. Combined with the checkoff's popular fourth- and fifth-grade *Choose Well* classroom kit, important nutrition lessons are being communicated to school wellness personnel and students. In the retail arena, the beef checkoff achieved partnerships with 27 different retailers in 40 markets in Fiscal 2006. Total dollar sales of beef in those markets advanced 3 percent for the year and volume sales jumped 6 percent. From the Today Show to *Bon Appetit* to the food & lifestyle sections of newspapers across the country, checkoff-funded public relations generated substantial media coverage highlighting recipes, preparation information and the positive nutritional attributes of beef, totaling more than 4.6 billion consumer media impressions in Fiscal 2006. In 2006, the checkoff's [www.zip4tweens](http://www.zip4tweens.com) Web site received a prestigious Parents' Choice approved award. The checkoff's teacher-oriented Web site, [www.teachfree.com](http://www.teachfree.com), meantime, realized a 175 percent increase in online orders during the year. Checkoff-funded "Beef. It's What's for Dinner" consumer ads reached 96 percent of adults 18 times – at a total cost of less than ½ penny per time – in Fiscal 2006. Tracking research shows that checkoff consumer ads clearly communicate and improve consumer perceptions about beef, with 79 percent of respondents who had seen the ads stating that "beef is a food I would have a hard time giving up" and 73 percent saying that they felt better about eating beef after seeing the checkoff's nutrition ads.

**Statement:** An identification of any other agencies having similar, conflicting or duplicative objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.

**Response:** There are no other agencies which perform the objectives or services provided by the ABC. While there are other "general nutrition" messages conveyed by Departments of Health, none of these are directing research and education focused efforts about the role of beef in a healthy lifestyle. Our partnerships with private retail outlets, regarding beef promotion, are not replicated anywhere else.

**Statement:** An assessment of the consequences of eliminating the agency or of consolidating it with another agency.

**Response:** The ABC operates only with checkoff dollars from beef producers. Eliminating it would deprive Arizona's beef producers of a focused and effective beef promotion research and education program operated by the ABC, a qualified state beef council. Since there are no other agencies performing this type of beef specific program, utilizing beef producer dollars, there are no likely candidates for consolidation. In addition, the Arizona Department of Agriculture is paid 5% of all ABC collections, which occur while they are already performing other statutorily mandated inspections, and they would lose these revenues if the program were eliminated.

Interim agendas can be obtained via the Internet at <http://www.azleg.state.az.us/InterimCommittees.asp>

## ARIZONA STATE LEGISLATURE

### INTERIM MEETING NOTICE OPEN TO THE PUBLIC

#### SENATE NATURAL RESOURCES AND RURAL AFFAIRS AND HOUSE WATER AND AGRICULTURE COMMITTEE OF REFERENCE

→ **Date:** Thursday, November 8, 2007  
**Time:** 1:00 P.M.  
**Place:** SHR 1

#### AGENDA

1. Call to Order
2. Opening Remarks
3. Arizona Beef Council
  - Presentation
  - Public Testimony
  - Discussion
  - Recommendations by the Committee of Reference
4. Arizona State Veterinary Medical Examining Board
  - Presentation
  - Public Testimony
  - Discussion
  - Recommendations by the Committee of Reference
5. ~~Arizona Department of Racing and Arizona Racing Commission~~
  - ~~• Presentation by Auditor General~~
  - ~~• Response by Racing Department and Racing Commission~~
  - ~~• Public Testimony~~
  - ~~• Discussion~~
  - ~~• Recommendations by the Committee of Reference~~
6. Adjourn

#### Members:

Senator Chuck Gray, Co-Chair  
 Senator Amanda Aguirre  
 Senator Marsha Arzberger  
 Senator Robert Blendu  
 Senator Karen Johnson

Representative Lucy Mason, Co-Chair  
 Representative Jack Brown  
 Representative Jennifer Burns  
 Representative John Kavanagh  
 Representative Lynne Pancrazi

~~10/26/07~~  
 11/6/07  
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Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the Senate Secretary's Office: (602)926-4231 (voice). Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA STATE LEGISLATURE  
Forty-eighth Legislature – First Regular Session

**SENATE NATURAL RESOURCES AND RURAL AFFAIRS AND  
HOUSE WATER AND AGRICULTURE  
COMMITTEE OF REFERENCE**

Minutes of Interim Meeting  
Thursday, November 8, 2007  
Senate Hearing Room 1 – 1:00 P.M.

Chairman Gray called the meeting to order at 1:10 p.m. and attendance was noted by the secretary.

**Members Present**

Senator Chuck Gray, Co-Chair  
Senator Marsha Arzberger  
Senator Karen Johnson

Representative Jack Brown  
Representative John Kavanagh  
Representative Lynne Pancrazi

**Members Absent**

Senator Amanda Aguirre  
Senator Robert Blendu

Representative Lucy Mason, Co-Chair  
Representative Jennifer Burns

Chairman Gray announced that the meeting will begin even though a quorum is not yet present. He stated that no votes will be taken until a quorum is reached.

**ARIZONA BEEF COUNCIL**

Megan Gnagy, Senate Natural Resources and Rural Affairs Analyst, described the background of the Arizona Beef Council.

**Presentation**

Bas Aja, Arizona Beef Council, addressed the committee to explain that, although he is associated with the Arizona Cattleman's Association, he is today functioning as the Executive Director for the Arizona Beef Council, which does not deal with any policy matters related to beef production, but rather functions as the promotion and research arm for the industry in Arizona.

Mr. Aja explained that the Arizona Beef Council is a non-profit organization established by statute because federal law requires a state charter for the program. He explained that the

Council has established a program that promotes and provides research on beef nutrition and food safety and all other matters related to beef and beef products. He explained the financing structure.

Chairman Gray explained that this Committee, not the Auditor General, audits this agency.

Discussion ensued regarding the various administrative services provided to the Arizona Beef Council. Mr. Aja explained that his service is contracted through the Cattleman's Association, and that the Council has no employees and a nine-member Board appointed by the Governor; he explained the process that the Council uses to secure services.

Chairman Gray stated that the request is for a ten year continuation, but that, due to Legislative term limits, he wondered what Mr. Aja would think about a five year sunset; Mr. Aja replied that there are many checks on the Council from other sources.

Chairman Gray asked if the Council did any internal audit, and how often; Mr. Aja explained that the Council comes under scrutiny by:

1. State Auditor General
2. Solicitor of US Department of Agriculture
3. annual procedural audits by Cattleman's Beef Board

Discussion ensued about recent audits, recommendations, and compliance. Chairman Gray requested a copy of the most recent review and the policies and procedures manual which was developed to document existing practices and correct identified deficiencies.

Representative Brown stated that the Council is a well-handled state agency and expressed his opinion that Arizona needs to continue it and that he supports the ten year sunset.

Representative Kavanagh stated that any deficiencies seem to be procedural and that a seven year sunset might be advisable.

Representative Pancrazi stated her support for a ten year sunset.

Senator Arzberger stated that she supports a ten year sunset for these small, self-funded agencies.

Senator Johnson stated that Legislative members are to have oversight and that she is in favor of a five or a seven year time frame to bracket Legislative term limits.

Mr. Aja concurred that there can be some institutional gaps in the sunset process due to term limits, but stated that for agencies such as the Council, he prefers ten year sunset reviews.

Chairman Gray stated his opinion that the Beef Council has no problems and has responded to recommendations from the Beef Board, so there is no reason to scrutinize it; however, he stated, he agrees with Senator Johnson's comments and is in favor of a seven year sunset review.

### Recommendations by the Committee of Reference

**Senator Johnson moved that the Senate Natural Resources and Rural Affairs and House Water and Agriculture Committee of Reference recommend the continuation of the Arizona Beef Council for seven years. The motion failed by a voice vote.**

**Senator Johnson moved that the Senate Natural Resources and Rural Affairs and House Water and Agriculture Committee of Reference recommend the continuation of the Arizona Beef Council for ten years. The motion carried by a voice vote.**

Chairman Gray directed staff to draft Legislation to effect the motion.

### ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

Ms. Gnagy explained the statutory mandate of the Arizona State Veterinary Medical Examining Board to license and regulate veterinarians, veterinary technicians, veterinary premises and crematoriums.

#### Presentation

Jenna Jones, AZ Veterinary Medical Examining Board, explained that this Board is self-funding and its mission is to protect the general welfare of the public and of animals. She described the Board which is comprised of nine members: five veterinarians and four public members, one of whom represents the cattle industry. She stated that the Board has five-and-a-half employees and two primary programs, licensing & regulation and investigation. She explained that their last sunset review was in 1997, and as a result of that they have changed their investigative process by instituting investigative committees.

Chairman Gray asked if any license renewal was ever denied. Discussion ensued about license renewals, continuing education hours, premise inspections, and complaint handling.

Ms. Jones concluded by requesting a ten year continuation.

Chairman Gray asked about a seven year versus a ten year continuation; Ms. Jones replied that because hers is a small agency with many projects underway and a good history, she asks for a ten year continuation.

Chairman Gray asked about the mission statement and any areas of improvement; Ms. Jones stated that they protect the public and that they have met their mandate. She further explained that information technology via their website is an area of improvement that is underway, and that they are working to improve the investigative process.

Chairman Gray asked about the complaint process and how they handle unfounded complaints; Ms. Jones described the processes which are followed, explaining that letters of concern may be issued. Ms. Jones added that the Veterinary Medical Association supports continuance and is available to testify.

Rick Crisler, AZ Veterinary Medical Examining Board, addressed the committee and explained that in the case of multiple complaints, each issue is handled individually.

Representative Pancrazi asked if the letters of concern are available to the public; Dr. Crisler explained that they are kept in files for ten years. Ms. Jones added that if the letter is disciplinary in nature, it is kept for twenty-five years and is available by request to the public.

Senator Arzberger stated her concern with “five-and-a-half” employees.

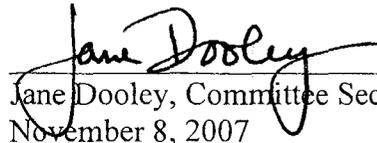
**Recommendations by the Committee of Reference**

**Senator Johnson moved that the Senate Natural Resources and Rural Affairs and House Water and Agriculture Committee of Reference recommend the continuation of the Arizona State Veterinary Medical Examining Board for ten years. The motion carried by a voice vote.**

Chairman Gray noted that three members were in favor of a seven year sunset due to legislative term limits, not to any activity of the Arizona State Veterinary Medical Examining Board.

Chairman Gray directed staff to draft Legislation to effect the motion.

Without objection, the meeting adjourned at 2:07 p.m.

  
Jane Dooley, Committee Secretary  
November 8, 2007

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