

WESTERN CAUCUS FIELD HEARING

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PHOENIX, ARIZONA

TESTIMONY BY GLENN E. HAMER

PRESIDENT AND CEO

ARIZONA CHAMBER OF COMMERCE AND INDUSTRY

Chairman Pearce, members of the committee, my name is Glenn Hamer and I am the president and CEO of the Arizona Chamber of Commerce and Industry.

Thank you for holding this important field hearing today. I believe forums such as this one can provide federal lawmakers important insight into the effects policies crafted inside the Beltway can have on state and local governments and on private industry.

I am heartened that your panel is looking at the administration's environmental and natural resource policies and their impacts on jobs, economic growth and private property rights across the West and specifically in Arizona. Our state has a unique perspective on this subject.

For example, Arizona and, more specifically, the Maricopa County region, found itself in an unnecessary conflict with the Environmental Protection Agency over something called particulate matter 10, or as it's known, PM-10, and PM-10's effect on the region's air quality.

The Maricopa Association of Governments, or MAG, was forced to determine why an air quality monitor in west Phoenix was registering unusually elevated concentrations of PM-10 above the EPA standard during high wind conditions.

MAG's analysis, along with that of the Arizona Department of Environmental Quality and its consultant Sierra Research, indicated that the monitor's location adjacent to a dusty riverbed was responsible for the high PM-10 readings during exceptionally high wind conditions.

The potential sanctions facing Arizona for its failure to attain proper air quality levels due to factors beyond our control, and the proposed partial disapproval of the region's Five Percent Plan that was submitted last year – which is the plan for how the region will reduce PM-10 by five

percent per year until PM-10 readings reach their EPA-mandated levels - are stiff ones.

If the EPA rejects our plan, harsh sanctions could be carried out, including stiff limits on the issuance of air quality permits for industry and, ultimately, over \$1 billion worth of federal highway funds could be withheld, putting over \$7 billion worth of transportation funds from all sources – and the jobs that come with them – at risk.

MAG and ADEQ are staffed by highly capable and dedicated public servants. They cannot, however, control the weather, exceptional event in our arid climate.

I want to thank Congressmen Franks, Gosar, Schweikert and Quayle who joined a bipartisan effort from our state's congressional delegation in urging the EPA to reach a reasonable solution to this issue.

While the administration continues to advance more regulations on state and local governments and private industry, Arizona has taken a different tact completely.

Upon taking office, Governor Jan Brewer issued a moratorium on new rulemaking. Businesses need a predictable regulatory environment in order to plan for future investment. Job makers stood up and cheered the governor's move. We need clear rules of the road in order to grow our companies and attract new jobs to the state.

The Legislature, picking up Governor Brewer's mantle, in 2010 passed a sweeping regulatory reform package that ensured that state agencies were considering the cost of implementing new rules, simplified the permitting process and provided a mechanism to keep rules current and understandable.

That trend is continuing this year.

A bill is now moving through the state Legislature authored by Representative Amanda Reeve that offers some real opportunities for de-regulation. The bill streamlines the rule making process for state agencies that want to create less burdensome rules for the regulated community and provides the Governor's Regulatory Review Council with more authority to invalidate confusing or outdated rules.

The most exciting provision of this pending legislation is what the Arizona Chamber is calling the Regulatory Daubert Standard. This provision allows the validity of scientific studies used to justify new rules to be called into question. Much like the Daubert Standard used in the courts for expert testimony, the regulatory standard would say that a study must use generally accepted scientific processes and be accepted by the scientific community.

Arizona Senator John McCain came to visit with our Chamber's board of directors last fall and expressed his desire to see a regulatory moratorium at a federal level. We couldn't agree more.

Arizona can provide a model at a federal level for how to create a regulatory environment that actually encourages job creation rather than stifling it.

Contrast the Arizona approach with the ban on uranium mining in northern Arizona. Some would have you believe mining companies were poised to begin carving uranium out of the Grand Canyon. That was never the case.

Interior Secretary Salazar last year announced that the Administration's preferred action moving forward would be to implement a 20-year moratorium in northern Arizona well outside the crown jewel of the country's national park system. Mining can be done in northern Arizona without affecting the park area or the tourism industry and it can bring jobs.

The administration claimed its reasons are environmental, but uranium mines have operated for decades without impacting the surrounding park.

It is estimated that uranium mining would create more than a thousand jobs directly related to mining operations, and many more jobs would be created as a result of the economic activity associated with the mining. According to local officials, unemployment ranges from 11-17% in the immediate area surrounding the Administration's proposed withdrawal of prime uranium mining lands

A recently completed economic analysis performed by Tetra Tech detailed the benefits of the uranium mining industry in the North

Arizona Uranium District. The report concluded that there will be \$29.4 billion in output over the 42-year lifespan of the project, including \$2 billion in federal and state corporate taxes and \$40 million annually in payroll.

Thank you, Chairman Pearce, for your invitation to participate. On behalf of the Arizona Chamber of Commerce and Industry, please consider our organization a resource to you and the Western Caucus as you contemplate these issues going forward. I am happy to take any questions you might have.