

NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by 1st submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Due to time restraints, the Secretary of State's Office will no longer edit the text of proposed rules. We will continue to make numbering and labeling changes as necessary.

Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for adoption, amendment, or repeal of any rule. A.R.S. §§ 41-1013 and 41-1022.

NOTICE OF PROPOSED RULEMAKING

TITLE 3. AGRICULTURE

CHAPTER 6. DEPARTMENT OF AGRICULTURE

OFFICE OF COMMODITY DEVELOPMENT AND PROMOTION

PREAMBLE

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|------------------------------------|---------------------------------|
| 1. <u>Sections Affected</u> | <u>Rulemaking Action</u> |
| Article 2 | New Article |
| R3-6-201 | New Section |
| R3-6-202 | New Section |
| R3-6-203 | New Section |
| R3-6-204 | New Section |
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
- Authorizing statute: A.R.S. § 3-107(A)(1)
- Implementing statute: A.R.S. § 3-102(B)(4)
- 3. A list of all previous notices appearing in the Register addressing the rule:**
- Notice of Rulemaking Docket Opening: 5 A.A.R. 1540, May 21, 1999.
- Notice of Rulemaking Docket Opening: 5 A.A.R. 2058, June 25, 1999.
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
- Name: Shirley Conard, Rules Specialist
- Address: Arizona Department of Agriculture
1688 West Adams, Room 235
Phoenix, Arizona 85007
- Telephone: (602) 542-0962
- Fax: (602) 542-5420
- E-mail: shirley.conard@agric.state.az.us
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**
- This rulemaking establishes a joint-venturing program that partners the Department with anyone who seeks to advertise or promote an Arizona agricultural-related product.
- After submitting an application describing a project's objectives and benefits to the State, and if the standards listed in R3-6-203 are met and the applicant agrees to the terms of R3-6-204, the Department will provide matching funds for the advertising or promotional activity. The joint-venture, of course, is dependent upon funds being available.

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6. **A reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:**

None.

7. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable.

8. **The preliminary summary of the economic, small business, and consumer impact:**

A. *The Arizona Department of Agriculture.*

The administration of this program allows the Department the opportunity to determine how best to serve Arizona's agricultural industry through the granting of joint-venture funds.

This rulemaking ensures that interested parties are clearly apprised of the requirements to participate in the joint-venture program.

B. *Political Subdivision.*

Political subdivisions of this state are not directly affected by the implementation and enforcement of this rulemaking.

C. *Businesses Directly Affected By the Rulemaking.*

Any business wanting to educate consumers about the availability, quality, and variety of Arizona agricultural products is qualified to participate in the joint-venture program. The joint-venture program works in conjunction with the *Arizona Grown* program in "getting out the message" about agricultural products grown in Arizona.

D. *Private and public employment.*

Private and public employment is not directly affected by the implementation and enforcement of this rulemaking.

E. *Consumers and the Public.*

Consumers and the public are not directly affected by the implementation and enforcement of this rulemaking. However, through the infusion of monies to businesses participating in the joint-venture program, consumers and the public will have more marketing exposure to Arizona agricultural products.

F. *State Revenues.*

This rulemaking will have no immediate impact on state revenues. In the long run, however, increasing the marketing of Arizona agricultural products could impact state revenues through increased product sales.

9. **The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Shirley Conard, Rules Specialist
Address: Arizona Department of Agriculture
1688 West Adams, Room 235
Phoenix, Arizona 85007
Telephone: (602) 542-0962
Fax: (602) 542-5420
E-mail: shirley.conard@agric.state.az.us

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10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Date: February 7, 2000

Time: 1 p.m.

Location: Arizona Department of Agriculture
1688 West Adams, Room 206
Phoenix, Arizona 85007

Nature: Oral Proceeding

Written comments on the proposed rules or preliminary economic, small business, and consumer impact statement must be received by 4 p.m., February 7, 2000. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Department's coordinator, Patrick Stevens, (602) 542-4316 (voice) or 1-800-367-3839 (TDD Relay). Requests should be made as early as possible to allow time to arrange the accommodation.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

12. Incorporations by reference and their location in the rules:

None.

13. Was this rule previously adopted as an emergency rule?

No.

14. The full text of the rules follows:

TITLE 3. AGRICULTURE

**CHAPTER 6. ARIZONA DEPARTMENT OF AGRICULTURE
OFFICE OF COMMODITY DEVELOPMENT AND PROMOTION**

ARTICLE 2. JOINT-VENTURES

Section

R3-6-201. Definitions

R3-6-202. Joint-Venture Procedures

R3-6-203. Standards for Participants

R3-6-204. Conditions of Participation

ARTICLE 2. JOINT-VENTURES

R3-6-201. Definitions

The following term applies to this Article:

"Joint-venture activity" means an agricultural-related, advertising or promotional activity of an Arizona product, between the Department and 1 or more businesses or commodity groups.

R3-6-202. Joint-Venture Procedures

A. Any person may apply to participate in a joint-venture activity by submitting an application to the Department. The application shall contain:

1. The name, title, address, and telephone number of the applicant;
2. The applicant's social security number, if applying as an individual;
3. The title of the proposed project;
4. The beginning and ending dates of the project;
5. The name, address, and telephone number of the contact person, if different than the person named in subsection (A)(1);
6. An in-depth description, if applicable, of:
 - a. The project objectives, including specific need, problem, or opportunity the proposed project will address, and the agricultural importance of implementing the project;

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- b. The overall background and approach used to address the need or opportunity;
- c. The economic development potential of the project measured in terms of job creation, capital investment, or other identifiable economic activity;
- d. A statement regarding the degree of innovation or originality of the proposed project;
- e. If the project involves applied research and how it relates to other projects, if applicable;
- f. The target market, organizations involved, project leader and products being promoted.
- g. The final result and how the proposed project will be made available and benefit the Arizona agriculture industry.
- 7. A work plan describing the project's implementation, including the tasks to be performed, by whom, where they will be conducted, and a timetable for completion. The work plan shall demonstrate the feasibility of conducting the proposed activity and achieving the desired results.
- 8. The commercial application and recipients benefitting from the proposed project.
- 9. A detailed budget, indicating how the matching funds will be used and the amount of the applicant's or industry contribution.

R3-6-203. Standards for Participants

In determining whether to enter into a joint-venture, the Department shall consider the following standards:

- 1. The degree to which the proposed activity addresses a significant agriculture industry need or opportunity. Does the proposed joint-venture activity address a significant agriculture industry need or opportunity?
- 2. Does the applicant have experience in marketing an agricultural product in the market selected?
- 3. Is the potential impact of the joint-venture activity beneficial to agriculture in Arizona?
- 4. Does the proposal supplement the Department's marketing objectives?
- 5. Is it in the Department's best financial interest to participate?
- 6. Is the marketing philosophy of the applicant compatible with the marketing philosophy of the Department?

R3-6-204. Conditions of Participation

If the Department decides to enter into a joint-venture with an applicant, the applicant shall agree to the following conditions:

- 1. The applicant shall supply a minimum of 50% of the monies in cash or kind for the joint-venture activity.
- 2. The state shall pay no monies before receipt of the services.
- 3. The Director shall be the final authority for all joint-venture activities.