

ARIZONA STATE LEGISLATURE

AD HOC JOINT COMMITTEE ON THE TAX TREATMENT OF DIGITAL GOODS AND SERVICES

Minutes of the Meeting
July 31, 2017
10:00 a.m., Senate Hearing Room 1

Members Present:

Senator David C. Farnsworth, Co-Chair
Senator Sean Bowie
Senator Karen Fann
Tom Belshe
Patrick Derdenger

Representative Michelle B. Ugenti-Rita, Co-Chair
Kevin McCarthy
Bill Molina
Grant Nülle

Members Excused:

Representative Mark A. Cardenas
Representative Jeff Weninger

Staff:

Fareed Bailey, Senate Research Staff
Michael Madden, House Research Staff

Co-Chairman Farnsworth and Co-Chairman Ugenti-Rita called the meeting to order at 10:04 a.m. and attendance was taken.

INTRODUCTION OF COMMITTEE MEMBERS AND OPENING STATEMENTS

Senator Farnsworth gave an opening statement.

Representative Ugenti-Rita gave an opening statement.

Senator Farnsworth asked the members of the Committee to introduce themselves.

REVIEW OF COMMITTEE CHARGE

Zachary Dean, Assistant Research Analyst, Senate Finance Committee, gave an overview of the Committee charge.

PRESENTATION:

- **Committee Staff – "Tax Treatment of Digital Goods and Services: Overview and Cross-State Comparison"**

Fareed Bailey, Research Analyst, Senate Finance Committee and Zachary Dean, Assistant Research Analyst, Senate Finance Committee, distributed and explained a PowerPoint presentation entitled "Tax Treatment of Digital Goods and Services: Overview and Cross-State Comparison" (Attachment A) and answered questions posed by the Committee.

- **Arizona Department of Revenue – "Taxability of Digital Goods, Software and Other Electronic Items in Arizona"**

Dr. Grant Nülle, Deputy Director, Tax Policy and Taxpayer Services, Arizona Department of Revenue, distributed and explained a PowerPoint presentation entitled "Taxability of Digital Goods, Software and Other Electronic Items in Arizona" (Attachment B) and answered questions posed by the Committee.

COMMITTEE DISCUSSION

The Committee members discussed issues relating to the tax treatment of digital goods and services.

PUBLIC TESTIMONY

Paul Mooney, State and Local Tax Attorney, representing himself, testified on the tax treatment of digital goods and services in Arizona and other states. Mr. Mooney answered questions posed by the Committee.

Dr. Nülle provided comment.

FUTURE MEETING DATE

Senator Farnsworth and Representative Ugenti-Rita discussed future meeting dates with the Committee members and suggested to meet once a month in the interim. Senator Farnsworth mentioned that the next meeting would be sometime in August.

Attached is a form noting the individual who submitted a Speaker Slip on the agenda items (Attachment C).

Attached is a list noting the individual who registered their position on the agenda items (Attachment D).

There being no further business, the meeting was adjourned at 12:36 p.m.

Respectfully submitted,

Toy Brown
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at <http://www.azleg.gov>)