ARIZONA STATE SENATE

46TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: March 12, 2003 **TIME:** 1:30 p.m. **ROOM:** SHR 109

CHAIRMAN: Senator Burns **VICE CHAIRMAN:** Senator Waring

ANALYST: Deborah Johnston, Carolyn Atwater **COMMITTEE SECRETARY:** Tracey Moulton

INTERNS: Benjamin Wing, Christopher Kresge

ATTENDANCE

Committee Members	Pr	Ab	Ex
Senator Anderson	X		
Senator Arzberger	X		
Senator Bee	X		
Senator Cannell	X		
Senator Giffords	X		
Senator Harper	X		
Senator Martin	X		
Senator Mead	X		
Senator Rios	X		
Senator Soltero	X		
Senator Verschoor	X		
Senator Waring, Vice Chairman	X		
Senator Burns, Chairman	X		

BILLS

Bill Number	Disposition
HB 2020	DPA

GOVERNOR'S APPOINTMENTS

Chairman Burns called the meeting to order at 1:35 p.m. and attendance was taken.

APPROVAL OF MINUTES

Without objection, the minutes of the Appropriations Committee dated February 19, 2003 were approved as distributed.

CONSIDERATION OF BILLS

HB 2020 – juvenile court costs; parental responsibility (now: juvenile court costs; parent expense – DO PASS AMENDED

Christopher Kresge, Research Intern, explained HB 2020 requires a juvenile court to assess whether a child designated as incorrigible or delinquent, or the child's parents, are able to bear all or a portion of the expense of foster care, treatment, educational program or other required programs. Additionally, if economically feasible, the court may order monthly payments until the program is completed. The fiscal impact is estimated to be positive, but unknown.

Mr. Kresge explained the Rios amendment restricts the court from requiring any child or parent below 100% of the federal poverty level from being charged for a portion of any court ordered program.

Senator Waring moved HB 2020 be returned with a DO PASS recommendation.

Senator Rios moved the 9-line Rios amendment dated 3/10/03, 3:03 p.m. be ADOPTED (Attachment A).

Senator Rios commented that a lot of the families that find themselves involved with the juvenile court's and the court system are not there through any choice of their own. He stated that to require the courts to do a needs assessment on all families is going to take up a lot of the court's time, the probation officers' time, the fiscal agents' time. He opined that in many cases, it will be decided that the families cannot afford to pay.

David Sands, Legislative Officer, Administrative Office of the Courts (AOC), testified that the AOC sees this bill as a logical extension of existing law. He noted that in a juvenile delinquency case, if a child is ordered to the Department of Juvenile Corrections, the court already must assess the ability of the child or the child's parents to bear some of the costs. Similarly if the child is referred to juvenile detention, the court must make an inquiry. But if the child is placed on probation and either placed in foster care or referred to a treatment, education or counseling program, the law does not allow the opportunity to make an inquiry. The intent of the bill is to increase the accountability of parents and to offset some portions of costs incurred by delinquent or incorrigible children. He opined that this will not be a money making opportunity as many of the families involved in these situations are poor. Very little money is collected through this process, but any money coming back into the system will allow more children to be treated.

Mr. Sands noted that the AOC is in support of the Rios amendment as it looks out for those children in families of lesser economic means, but it will also save some of the work on the part of probation officers. He stated that most of the children on probation were either referred there by the prosecutor and not sent to court, or come out of the courtroom setting

with a probation sentence. Therefore, this is the place where the assessment would be made.

Senator Burns asked if the payment schedule was on a sliding scale. Mr. Sands replied that assessments are currently done by the judges based on the ability of the family to pay. There is no fixed schedule. Mr. Sands stated that he is confident that this is one of those responsibilities that the Committee can trust the judges to administer in a sensitive and practical way.

Senator Burns opined that the fact that the State requires the parents to pay creates an incentive for parents to better control the actions of their children. He remarked that he was not sure it was an advantage to set the limit at 100% of poverty level. He noted that some of the parents that are below the poverty level might have the ability to pay a certain amount, which would be an incentive to better control their children as well.

The motion CARRIED by voice vote.

Senator Waring moved HB 2020 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 13-0-0 (Attachment 1).

REPORT OF SUBCOMMITTEE TO DEVELOP A TAX PACKAGE

Senator Rios distributed a handout entitled Interim Report of the Subcommittee to Develop a Tax Package (Attachment B).

Kimberly Yee, Research Analyst, explained the three proposals outlined within the handout.

Highlights from the presentation:

Sales Tax on Telemarketing Activities

- Would increase revenues by $4 million by imposing a sales tax on telemarketing activities.
- DOR estimates this tax would generate $12 million. Excluding businesses that don't sell goods or services reduces this amount to $4 million.
- Imposing this tax may discourage illegitimate telemarketing firms from doing business in Arizona.

Increase Tax on Incomes Over $150,000

- Would increase revenues by $116 million by increasing the income tax rate to 5.98% on incomes over $150,000.
- According to the Institute on Taxation and Economic Policy, the poorest 20% of Arizona's residents now pay 12.5% of their income in state and local taxes, whereas the richest part of the State's population pays only 4.9% of their income in total state and local taxes.

Use Tax on Natural Gas

- Would increase revenues by $50 million by imposing a use tax on natural gas.

- Natural gas was deregulated prior to the deregulation of electricity, yet no tax code amendments were made.
- This measure will restore equity to our tax system. The State tax code should not give a competitive advantage to out-of-state vendors.

Senator Rios commented that the subcommittee's charge was to come up with at least $1 billion and with these three proposals, it has reached that goal. He noted that the proposals are not in bill form yet, as the subcommittee is still attempting to ascertain if there is enough support in the Legislature to move a bill forward with a Proposition 108 clause, as it would generate revenues to the general fund.

Senator Rios remarked that if support is not present in both chambers to seriously consider the proposals, the subcommittee is considering putting an SCR together for a vote of the people.

Senator Burns commented that he appreciated the effort and time the subcommittee put forth with bringing the proposals to the full Appropriations Committee, but remarked that the bill is the "proof of the pudding." He requested staff to put all the proposals into a package, and research what the negative impact on the economy would be if they were to go forward.

Without objection, the meeting adjourned at 2:00 p.m.

Respectfully submitted,

Tracey Moulton
Committee Secretary

(Tapes and attachments on file in the Secretary of Senate's Office/Resource Center, Room 115.)