ARIZONA STATE SENATE

46TH LEGISLATURE
SECOND REGULAR SESSION

MINUTES OF COMMITTEE ON FINANCE

DATE: February 16, 2004 **TIME:** 1:30 p.m. **ROOM:** SHR 1

CHAIRMAN: Senator Martin **VICE CHAIRMAN:** Senator Harper

ANALYST: Sean Laux **COMMITTEE SECRETARY:** Nancy L. DeMichele

INTERNS: Colin McArthur
Michelle Yang

ATTENDANCE

Committee Members	Pr	Ab	Ex
Senator Brown	X		
Senator Burns	X		
Senator Cheuvront	X		
Senator Garcia	X		
Senator Jarrett	X		
Senator Leff	X		
Senator Weiers	X		
Senator Harper, Vice Chairman	X		
Senator Martin, Chairman	X		

BILLS

Bill Number	Disposition
SB 1102	DISC/HELD
SB 1209	DP
SB 1214	DP
SB 1241	DPA
SB 1264	DPA
SB 1274	DPA
SB 1289	DPA
SB 1293	DPA/SE
SB 1338	HELD
SB 1354	HELD
SB 1355	DISC/HELD
SB 1356	HELD
SB 1357	FAILED
SB 1361	DP
SB 1366	DP
SB 1381	DP
SB 1382	DP
SB 1386	DP
SB 1387	DP
SB 1389	DPA
SB 1390	DISC/HELD
SCR 1048	DP

GOVERNOR'S APPOINTMENTS

Name	Position	Recommendation

Senator Martin called the meeting to order at 1:45 p.m., and roll call was taken.

APPROVAL OF MINUTES

> **Chairman Martin moved the minutes of February 9, 2004 be approved. Without objection, the minutes were approved as distributed.**

CONSIDERATION OF BILLS

Senator Martin announced that testimony for SB 1102, SB 1389 and SB 1390 would be taken as a group.

SB 1264 – tourism and sports; spring training – DO PASS AMENDED

Colin McArthur, Finance Committee Intern, explained SB 1264. He explained the 9-line Martin amendment dated 2/13/04 at 10:53 a.m.

Senator Tibshraeny, bill sponsor, explained SB 1264.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1264 be returned with a DO PASS recommendation.**
>
> **Senator Harper moved the 9-line Martin amendment dated 2/13/04 at 10:53 a.m. be ADOPTED (Attachment B). The motion CARRIED by a voice vote.**
>
> **Senator Harper moved SB 1264 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-0 (Attachment 1).**

SB 1338 – uniform secondary property tax assessments – HELD

Senator Martin announced SB 1338 would be held until next week at the request of the sponsor.

SB 1356 – uniform local sales tax base – HELD

Senator Martin announced SB 1356 would be held until next week.

SB 1102 – internal revenue code conformity; depreciation – DISCUSSION/HELD

SB 1389 – internal revenue code; partial conformity – DO PASS AMENDED

SB 1390 – internal revenue code; partial conformity – DISCUSSION/HELD

Sean Laux, Finance Committee Analyst, explained SB 1102, SB 1389 and SB 1390. He explained the 2-line Martin amendment to SB 1389 dated 2/13/04 at 1:06 p.m.

Kevin DeMenna, Lobbyist, Arizona Society of Certified Public Accountants (CPAs), testified in support of SB 1389, the 2-line Martin amendment dated 2/13/04 at 1:06 p.m., and SB 1390.

Michael Lemme, CPA, Chairman of the Tax Legislation Committees, Arizona Society of Certified Public Accountants, testified in support of SB 1389.

Senator Martin announced the individuals who registered their position on the bills (Attachment A).

Senator Martin stated that a vote would be taken only on SB 1389. He said SB 1102 and SB 1390 would be held.

Senator Harper moved SB 1389 be returned with a DO PASS recommendation.

Senator Harper moved the 2-line Martin amendment dated 2/13/04 at 1:06 p.m. be ADOPTED (Attachment C). The motion CARRIED by a voice vote.

Senator Harper moved SB 1389 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-0 (Attachment 2).

SCR 1048 – financial literacy for youth month - DO PASS

Senator Martin, bill sponsor, explained SCR 1048.

Gary Brown, President, Arizona Jumpstart Coalition, testified in support of SCR 1048.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

Senator Burns moved SCR 1048 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-0 (Attachment 3).

SB 1381 – group life insurance; eligibility – DO PASS

Michelle Yang, Finance Committee Intern, explained SB 1381.

Michael Preston Green, Lobbyist, Humana, Inc., testified in support SB 1381.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

Senator Harper moved SB 1381 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-0 (Attachment 4).

SB 1382 – insurance; copayments; deductibles; options – DO PASS

Sean Laux, Finance Committee Analyst, explained SB 1382.

Michael Preston Green, Lobbyist, Humana, Inc., testified in support SB 1382.

Jennifer Boucek, Executive Assistant for Policy Affairs, Arizona Department of Insurance (DOI), testified as neutral to SB 1382.

Senator Harper moved SB 1382 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-0 (Attachment 5).

SB 1214 – property tax exemption; library organizations – DO PASS

Colin McArthur, Finance Committee Intern, explained SB 1214.

Kenneth Graham, The Friends of the Tucson-Pima Library, testified in support of SB 1214. He distributed a fact sheet (Attachment D).

Senator Hellon, bill sponsor, explained SB 1214.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1214 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 7-1-1 (Attachment 6).**

SB 1366 – department of administration; self-insurance; benefits - DO PASS

Sean Laux, Finance Committee Analyst, explained SB 1366.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

Senator Martin, bill sponsor, elaborated further on SB 1366.

> **Senator Harper moved SB 1366 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 8-0-1 (Attachment 7).**

SB 1387 – board of equalization; continuation – DO PASS

Colin McArthur, Finance Committee Intern, explained SB 1387.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1387 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 8-0-1 (Attachment 8).**

SB 1386 – state board of equalization; members – DO PASS

Colin McArthur, Finance Committee Intern, explained SB 1386.

Michael Racy, Lobbyist, Arizona Association of Property Tax Agents, testified in support of SB 1386.

Tony Martinez, Yavapai County Assessor, testified in opposition to SB 1386.

> **Senator Harper moved SB 1386 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-0 (Attachment 9).**

SB 1354 – transaction privilege tax; clarity – HELD

Senator Martin announced SB 1354 would be held because further work needs to be done.

SB 1355 – commercial property tax assessment ratio – DISCUSSION/HELD

Sean Laux, Finance Committee Analyst, explained SB 1355.

Senator Martin, bill sponsor, explained SB 1355.

Kevin McCarthy, President, Arizona Tax Research Association (ATRA) testified in support of SB 1355.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

Senator Martin announced SB 1355 would be held until next week.

SB 1357 – joint committee; revenue projections – FAILED

Colin McArthur, Finance Committee Intern, explained SB 1357.

Senator Martin, bill sponsor, explained SB 1357.

Scott Peterson, Senior Vice President, Arizona Chamber of Commerce, testified in support of SB 1357.

Martin Schultz, Vice President Government Affairs, Pinnacle West Capital Corporation, responded to questions by Senator Leff.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1357 be returned with a DO PASS recommendation.**
> **The motion FAILED by a roll call vote of 2-6-1 (Attachment 10).**

SB 1361 – tax disputes; burden of proof – DO PASS

Michelle Yang, Finance Committee Intern, explained SB 1361.

Scott Peterson, Senior Vice President, Arizona Chamber of Commerce, testified in support of SB 1361.

Pat Derdenger, Chairman of the Tax Policy Committee, Arizona Chamber of Commerce, testified in support of SB 1361.

Anthony Forschino, Legislative Liaison, Arizona Department of Revenue, testified as neutral to SB 1361.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1361 be returned with a DO PASS recommendation.**
> **The motion CARRIED by a roll call vote of 8-0-1 (Attachment 11).**

SB 1209 – corporate income tax rate reduction – DO PASS

Colin McArthur, Finance Committee Intern, explained SB 1209.

Senator Leff, bill sponsor, explained SB 1209.

Scott Peterson, Senior Vice President, Arizona Chamber of Commerce, testified in support of SB 1209.

Pat Derdenger, Chairman of the Tax Policy Committee, Arizona Chamber of Commerce, responded to technical questions from the Committee on SB 1209.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1209 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 7-2-0 (Attachment 12).**

SB 1241 – vehicle insurance; loss; vendor choice – DO PASS AMENDED

Sean Laux, Finance Committee Analyst, explained SB 1241. He explained the following two proposed amendments:

- The 3-line Leff amendment dated 2/12/04 at 2:20 p.m.
- The 5-page Leff #2 amendment dated 2/13/04 at 5:12 p.m.

Senator Leff, bill sponsor, explained SB 1241.

Dennis Hall, Attorney, Arizona Auto Glass Association, testified in support of SB 1241.

Robert Hittenberger, President Arizona Auto Glass Association, testified in support of SB 1241.

Michael Debord, President, Arizona Auto Glass Association, testified in support of SB 1241.

J. Michael Low, Attorney, Low and Childers, representing Allstate Insurance Company and American Family Insurance Company, testified in opposition to SB 1241. He stated his clients support the 3-line Leff amendment, but are in opposition to the 5-page Leff amendment. In response to concerns raised, Senator Leff stated that language could be worked out for a floor amendment. Mr. Low stated he would be willing to work with Senator Leff on language for a floor amendment.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Burns moved SB 1241 be returned with a DO PASS recommendation.**
>
> **Senator Leff moved the 3-line Leff amendment dated 2/12/04 at 2:20 p.m. be ADOPTED (Attachment E). The motion CARRIED by a voice vote.**
>
> **Senator Leff moved the 5-page Leff amendment dated 2/13/04 at 5:12 p.m. be ADOPTED (Attachment F). The motion CARRIED by a voice vote.**

Senator Leff moved SB 1241 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 7-0-2 (Attachment 13).

SB 1274 – taxpayer bill of rights; amnesty – DO PASS AMENDED

Michelle Yang, Finance Committee Intern, explained SB 1274. She explained the 29-line Leff amendment dated 2/13/04 at 3:25 p.m.

Kevin McCarthy, President, Arizona Tax Research Association (ATRA), testified in support of SB 1274.

Barb Dickerson, Chair, ATRA Practitioner Committee, testified in support of SB 1274.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

Senator Harper moved SB 1274 be returned with a DO PASS recommendation.

Senator Leff moved the 29-line Leff amendment dated 2/13/04 at 3:25 p.m. be ADOPTED (Attachment G). The motion CARRIED by a voice vote.

Senator Harper moved SB 1274 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 7-0-2 (Attachment 14).

SB 1289 – property tax; electric generation valuation – DO PASS AMENDED

Michelle Yang, Finance Committee Intern, explained SB 1289. She explained the 15-line Martin amendment dated 2/13/04 at 10:33 a.m.

Joy Gomez, Consultant, Sempra Energy, registered in support of SB 1289 and stated she is available to answer any technical questions.

John Kaites, Lobbyist, Sempra Energy, registered in support of SB 1289 and stated he believes there is no opposition to this measure.

Senator Martin announced this bill was held from last week's meeting to work out the amendment.

Senator Harper moved SB 1289 be returned with a DO PASS recommendation.

Senator Harper moved the 15-line Martin amendment dated 2/13/04 at 10:33 a.m. be ADOPTED (Attachment H). The motion CARRIED by a voice vote.

Senator Harper moved SB 1289 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 7-0-2 (Attachment 15).

SB 1293 – property valuation; advisory committee – DO PASS AMENDED/STRIKE EVERYTHING

Michelle Yang, Finance Committee Intern, explained the 7-page Martin strike-everything amendment dated 2/11/04 at 3:40 p.m. to SB 1293.

Senator Martin, bill sponsor, explained the purpose of this measure and responded to a question from Senator Leff.

Mark Minter, Executive Director, Arizona Builders' Alliance, testified in support of the strike-everything amendment to SB 1293.

Pat Derdenger, Tax Attorney and Partner, Steptoe and Johnson, representing McGough Construction Company, testified in support of the strike-everything amendment to SB 1293.

Senator Martin announced the individuals who registered their position on the bill (Attachment A).

> **Senator Harper moved SB 1293 be returned with a DO PASS recommendation.**
>
> **Senator Harper moved the 7-page Martin strike-everything amendment dated 2/11/04 at 3:40 p.m. be ADOPTED (Attachment I). The motion CARRIED by a voice vote.**
>
> **Senator Harper moved SB 1293 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 7-0-2 (Attachment 16).**

There being no further business, the meeting adjourned at 4:50 p.m.

Respectfully submitted,

Nancy L. DeMichele
Committee Secretary

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