ARIZONA STATE SENATE

47TH LEGISLATURE
SECOND REGULAR SESSION

MINUTES OF COMMITTEE ON FINANCE

DATE: January 26, 2006 **TIME:** 9:00 a.m. **ROOM:** SHR1

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

ANALYST: Sean Laux **INTERN:** Garrett Collier

ASSISTANT ANALYST: Heidi Gannuscio **COMMITTEE SECRETARY:** Shelley Ponce

ATTENDANCE **BILLS**

Committee Members	Pr	Ab	Ex	Bill Number	Disposition
Senator Burns	X			SB 1021	DPA
Senator Cheuvront	X			SB 1059	DPA
Senator Garcia	X			SB 1162	DP
Senator Gould	X			SB 1206	DP
Senator Johnson	X			SB 1207	DP
Senator Miranda	X			SB 1243	DPA
Senator Tibshraeny	X			SB 1288	DP
Senator Harper, Vice Chairman	X			SB 1289	DPA
Senator Martin, Chairman	X				

Chairman Martin called the meeting to order at 9:08 a.m., and attendance was noted.

CONSIDERATION OF BILLS

SB 1162 – industrial development financing; procedures – DO PASS

Sean Laux, Finance Committee Analyst, explained SB 1162.

Kevin DeMenna, Maricopa Industrial Development Authority, testified in support of SB 1162.

Tom Manos, Executive Director, Maricopa Industrial Development Authority, testified in support of SB 1162.

> **Senator Harper moved SB 1162 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-1-1 (Attachment 1).**

In explanation of his vote, Senator Miranda stated that he wants to look into a few things before this bill reaches the Floor of the Senate. If things look alright he will then vote "yes," but for now he voted "no."

APPROVAL OF MINUTES

> **Senator Martin moved the minutes of January 19, 2006 be approved. Without objection, the minutes were approved as distributed.**

CONSIDERATION OF BILLS

SB 1021 – sales tax exemption; nonprofit housing – DO PASS AMENDED

Garrett Collier, Finance Committee Intern, explained SB 1021 and the 6-page Martin amendment dated 01/25/06 at 4:31 p.m. (Attachment A).

Senator Waring, bill sponsor, further explained SB 1021.

Michael McDonald, Executive Director, Habitat Tucson, Habitat for Humanity, testified in support of SB 1021.

Tom Ensign, volunteer, Habitat for Humanity, testified in support of SB 1021.

Senator Martin read the names of individuals who registered their position on the bill (Attachment B).

Jeff Gray, Legislative Liaison, Arizona Department of Housing, answered questions posed by the Committee.

Senator Harper moved SB 1021 be returned with a DO PASS recommendation.

Senator Harper moved the 6-page Martin amendment dated 01/25/06 at 4:31 p.m. be ADOPTED. The motion CARRIED by a voice vote.

Senator Harper moved SB 1021 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-1-0 (Attachment 2).

In explanation of his vote, Senator Harper stated that he wants the income tax reduction to be the one that gets signed, but for now he voted "aye."

SB 1243 – municipal retail tax incentives; penalty – DO PASS AMENDED

Heidi Gannuscio, Finance Committee Assistant Analyst, explained SB 1243 and the 16-line Cheuvront amendment dated 01/25/06 at 1:10 p.m. (Attachment C).

Senator Cheuvront, bill sponsor, further explained SB 1243.

Senator Gould moved SB 1243 be returned with a DO PASS recommendation.

Senator Gould moved the 16-line Cheuvront amendment dated 01/25/06 at 1:10 p.m. be ADOPTED. The motion CARRIED by a voice vote.

Senator Harper moved SB 1243 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-1-0 (Attachment 3).

In explanation of her vote, Senator Johnson stated that she is really appreciative of Senator Cheuvront for bringing this bill forward and she voted "aye."

In explanation of his vote, Senator Tibshraeny stated last year his bill was similar to this bill, he should have gone after the economic incentives, but this bill goes after infrastructure which may not be a good thing and he voted "aye."

In explanation of his vote, Senator Martin stated that it is the government's job to build infrastructure but not its job to pick winners and losers in the marketplace and he voted "aye."

SB 1288 – insurance premium tax rate –DO PASS

Heidi Gannuscio, Finance Committee Assistant Analyst, explained SB 1288.

J. Michael Low, Attorney, Prudential Financial, testified in support of SB 1288.

Chris Chandler, Vice President Government Affairs, Prudential Financial, testified in support of SB 1288.

Karlene Wenz, Legislative Liaison, Arizona Department of Insurance, testified neutral on SB 1288 and provided fiscal impact information.

Ellen Poole, Executive Director, Southwest Region Government Relations, USAA, testified in support of SB 1288.

Senator Martin read the names of individuals who registered their position on the bill (Attachment B).

Senator Harper moved SB 1288 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-3-0 (Attachment 4).

In explanation of his vote, Senator Cheuvront stated property tax is higher on his priority list and he voted "no."

In explanation of his vote, Senator Miranda stated that he is really concerned with the reduction of revenue and he voted "no."

In explanation of his vote, Senator Harper stated that the goal of tax breaks is to drive the economy and this one mainly goes out of state, but for now he voted "aye."

In explanation of his vote, Senator Martin stated that the premium tax is included in the premiums so this tax credit would go to the consumer, but that this bill is mainly dealing with the retaliatory tax and he voted "aye."

SB 1289 – truth in taxation; levy; election. – DO PASS AMENDED

Sean Laux, Finance Committee Analyst, explained SB 1289 and the 25-page Martin amendment dated 01/25/06 at 5:26 p.m. (Attachment D).

Senator Martin moved without objection the two late amendments.

Kevin McCarthy, President, Arizona Tax Research Association, distributed a handout *Truth in Taxation* (Attachment E) and testified in support of SB 1289 and answered questions.

Fred Stiles, Chair Elect of National Association of Industrial and Office Properties-Arizona, distributed a handout *2006 Statistics, Arizona Property* (Attachment F) and testified in support of SB 1289.

Kurt Rosene, Sr., Vice President, National Association of Industrial and Office Properties, testified in support of SB 1289.

Ron Walker, Mohave County Resident, testified in opposition to SB 1289.

Michael Racy, Pima County Community College District, testified in opposition to SB 1289.

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

Senator Harper moved the 25-page Martin amendment dated 01/25/06 at 5:26 p.m. be ADOPTED. The motion CARRIED by a voice vote.

Senator Harper moved SB 1289 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-1 (Attachment 5).

SB 1206 – schools; maximum property tax rate – DO PASS

Sean Laux, Finance Committee Analyst, explained SB 1206.

Kevin McCarthy, President, Arizona Tax Research Association, testified in support of SB 1206.

Senator Martin read the names of individuals who registered their position on the bill (Attachment B).

> **Senator Harper moved SB 1206 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-1-3 (Attachment 7).**

SB 1059 – vehicle insurance; limitation on loss – DO PASS AMENDED

Garrett Collier, Finance Committee Intern, explained SB 1059 and the 9-line Martin amendment dated 01/26/06 at 9:08 a.m. (Attachment G).

Senator Gray, bill sponsor, further explained SB 1059.

> **Senator Harper moved SB 1059 be returned with a DO PASS recommendation.**
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> **Senator Harper moved the 9-line Martin amendment dated 01/26/06 at 9:08 a.m. be ADOPTED. The motion CARRIED by a voice vote.**
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> **Senator Harper moved SB 1059 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-2 (Attachment 6).**

SB 1207 – schools; receivership; excessive property taxes – DO PASS

Dawn Nazary, Education Committee Analyst, explained SB 1207.

> **Senator Harper moved SB1207 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-1 (Attachment 8).**

There being no further business, the meeting was adjourned at 11:23 a.m.

Respectfully submitted,

Shelley Ponce
Committee Secretary

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