ARIZONA STATE SENATE

48TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON FINANCE

DATE: February 7, 2007 **TIME:** 1:30 p.m. **ROOM:** SHR 1

CHAIRMAN: Senator Waring **VICE CHAIRMAN:** Senator Leff

ANALYST: Sean Laux **ASSISTANT ANALYST:** Justin Weaver

COMMITTEE SECRETARY: Bill Ritz

ATTENDANCE

Committee Members	Pr	Ab	Ex
Senator Burns	X		
Senator Cheuvront	X		
Senator Gorman	X		
Senator Gould	X		
Senator McCune Davis	X		
Senator Miranda	X		
Senator Leff, Vice Chairman	X		
Senator Waring, Chairman	X		

BILLS

Bill Number	Disposition
SB 1157	DPA/SE
SB 1172	DP
SB 1320	DPA
SB 1366	DP
SB 1506	DP
SB 1507	DPA
SB 1545	DPA
SB 1554	HELD
SCR 1018	DP

Chairman Waring called the meeting to order at 1:31 p.m. and attendance was noted.

APPROVAL OF MINUTES

> **Senator Waring moved the minutes of January 31, 2007 be approved. Without objection, the minutes were approved as distributed.**

CONSIDERATION OF BILLS

SB 1157 – tax credit; peace officer expenses – DO PASS AMENDED/STRIKE EVERYTHING

Justin Weaver, Assistant Research Analyst, explained SB 1157 and the 21-line Waring strike everything amendment dated 2/1/07 at 9:32 a.m. (Attachment A).

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

> **Senator Leff moved SB 1157 be returned with a DO PASS recommendation.**
>
> **Senator Leff moved the 21-line Waring strike everything amendment dated 2/1/07 at 9:32 a.m. be ADOPTED. The motion CARRIED by voice vote.**
>
> **Senator Leff moved SB 1157 be returned with an AS AMENDED, DO PASS, recommendation. The motion CARRIED with a roll call vote of 6-0-2 (Attachment 1).**

SB 1172 – state highway fund bonds – DO PASS

Justin Weaver, Assistant Research Analyst, explained SB 1172.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

John McGee, Chief Financial Officer, Arizona Department of Transportation, answered questions posed by the Committee members.

Senator Blendu further explained SB 1172 and answered questions posed by the Committee members.

> **Senator Leff moved SB 1172 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-0 (Attachment 2).**

In explanation of his vote, Senator Burns stated "I have been doing some work relative to the overall debt load of the taxpayers of Arizona and what I found concerned me some. We are right at the twenty-nine billion dollar debt level for the citizens of Arizona when you take into account local and state debt so it troubles me some. The other thing that I found out was that in the time frame from 2001 to 2006 our debt load has increased by 49.9%. To me that is a pretty fast growth in borrowing and somebody needs to pay off that debt. When it comes to debt financing I think highways are probably one of the top priorities that I would pick if I was going to borrow. I think when we start borrowing money we need to look at what the total is and how we are going to pay that off. For the time being I am going to vote 'No' because of my concern about that but I also

have put a very high priority on construction of highways and for that reason I have introduced a bill to transfer funds out of the rainy day. I would be curious what ADOT's ability to go forward would be if we had both of these options tied together as one. I'd like to find that out before we move all the way through this particular process. For the time being I'll vote 'No'."

In explanation of his vote, Senator Cheuvront stated "I have a problem with using state resources to pay for individual projects in different areas. But, I think of all the financing tools available this is probably the most pragmatic and probably the least costly in the long term when you look at the net person value, so I am going to vote 'Aye'."

In explanation of her vote, Senator McCune Davis stated "I am going to vote 'Aye' on the bill. It is my understanding that the west valley communities have put transportation funding as their highest priority. I feel this is an appropriate way to catch up with where we should be with transportation infrastructure and I vote 'Aye'."

In explanation of her vote, Senator Gorman stated "I think I echo what Senator Burns has said. I have a couple of things that I am very concerned about. One of them is congestion and transportation issues and of course the other one I have been looking at is debt and how we can get within our constitutional constraints of debt, somehow, with the proper definition. I am concerned about the amount of debt and I do appreciate that when you ratcheted down for the value for future materials it is not as big of a deal. I am really torn but I am going to vote 'Yes' to help this get this out of Committee today in hopes that I can get more information and feel really good about it by the time it goes to the floor."

SB 1320 – sales tax exemption; commercial photography – DO PASS AMENDED

Sean Laux, Finance Research Analyst, explained SB 1320 and the 22-page Leff amendment dated 2/6/07 at 9:46 a.m. (Attachment C).

Senator Leff further explained SB 1320 and answered questions posed by the Committee members.

Mike Bielecki, representing self, testified in support of SB 1320.

James Busby, Attorney at Law, American Society of Media Photographers, testified in support of SB 1320 and answered questions posed by the Committee members.

Steve Dreiseszun, President, FQ Story Historic District, ASMP – Phoenix, AZ Chapter, testified in support of SB 1320.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

Kim Freeman, Assistant Legislative Liaison, Arizona Department of Revenue, testified as neutral to SB 1320 answered questions posed by the Committee.

Anthony Forschino, Assistant Director, Arizona Department of Revenue, answered questions posed by the Committee members.

Senator Leff moved SB 1320 be returned with a DO PASS recommendation.

Senator Leff moved the 22-page Leff amendment dated 2/6/07 at 9:46 a.m. be ADOPTED. The motion CARRIED by voice vote.

Senator Leff moved SB 1320 be returned with an AS AMENDED, DO PASS, recommendation. The motion CARRIED with a roll call vote of 6-2-0 (Attachment 3).

SB 1366 – construction industry; municipal discriminatory taxes – DO PASS

Sean Laux, Finance Research Analyst, explained SB 1366.

Senator Gorman further explained SB 1366.

Spencer Kamps, Deputy Director, Home Builders Association of Central Arizona testified in support of SB 1366.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

Jeffrey Kros, Legislative Director, League of Cities and Towns, testified in opposition to SB 1366 and answered questions posed by the Committee members.

Senator Leff moved SB 1366 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-0 (Attachment 4).

SB 1506 – tax credit; business health insurance – DO PASS

Sean Laux, Finance Research Analyst, explained SB 1506 and answered questions posed by the Committee members.

Senator Leff further explained SB 1506 and answered questions posed by the Committee members.

Todd Sanders, Vice President of Public Affairs, Greater Phoenix Chamber of Commerce, testified in support of SB 1506.

Michelle Bolton, State Director, National Federation of Independent Business, testified in support of SB 1506 and answered questions posed by the Committee members.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

Senator Leff moved SB 1506 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-0 (Attachment 5).

In explanation of her vote, Senator Gorman stated "I think that it is nice when people buy other people insurance and I agree with what you are trying to promote people to do. I do not mean any disrespect but I have an ongoing struggle with tax credits because they do shift the tax burden. In

this case they shift it to any business with one or eleven plus employees will ultimately pick up the tax burden and so for that reason I have to vote 'No'."

SB 1507 – business personal property tax; exemption – DO PASS AMENDED

Sean Laux, Finance Research Analyst, explained SB 1507 and the 3-line Leff amendment dated 2/6/07 at 2:01 p.m. (Attachment D).

Senator Leff further explained SB 1507.

Michelle Bolton, State Director, National Federation of Independent Business, testified in support of SB 1507.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

> **Senator Leff moved SB 1507 be returned with a DO PASS recommendation.**
>
> **Senator Leff moved the 3-line Leff amendment dated 2/6/07 at 2:01 p.m. be ADOPTED. The motion CARRIED by voice vote.**
>
> **Senator Leff moved SB 1507 be returned with an AS AMENDED, DO PASS, recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 6).**

SCR 1018 – business personal property tax exemption.. – DO PASS

Sean Laux, Finance Research Analyst, explained SCR 1018 and answered questions posed by the Committee members.

Senator Leff further explained SCR 1018.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

> **Senator Leff moved SCR 1018 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 7).**

SB 1545 – sales tax; contractors; owner builders – DO PASS AMENDED

Sean Laux, Finance Research Analyst, explained SB 1545, the 3-page Cheuvront amendment dated 2/6/07 at 11:44 a.m. (Attachment E), the 3-line Cheuvront amendment dated 2/7/07 at 9:40 a.m. to the 3-page Cheuvront amendment dated 2/6/07 at 11:44 a.m. (Attachment F).

Senator Cheuvront further explained SB 1545.

Barb Dickerson, Chair, ATRA Tax Practitioner Committee, testified in support SB 1545.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

Senator Cheuvront moved SB 1545 be returned with a DO PASS recommendation.

Senator Cheuvront moved the 3-page Cheuvront amendment dated 2/6/07 at 11:44 a.m. be ADOPTED.

Senator Cheuvront moved the3-line Cheuvront amendment dated 2/7/07 at 9:40 a.m. to the 3-page Cheuvront amendment dated 2/6/07 at 11:44 a.m.

Senator Cheuvront moved the 3-page Cheuvront amendment dated 2/6/07 at 11:44 a.m. AS AMENDED be ADOPTED.

Senator Cheuvront moved SB 1545 be returned with an AS AMENDED, DO PASS, recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 8).

SB 1554 – property tax appeals; hearings – HELD

Justin Weaver, Assistant Research Analyst, explained SB 1554 and the 3-line Leff amendment dated 2/6/07 at 2:22 p.m. (Attachment G).

Michael Racy, Arizona Association of Property Tax Advocates, testified in support of SB 1554 and answered questions posed by the Committee members.

Harold Scott, Chairman, State Board of Equalization, testified in opposition to SB 1554 and answered questions posed by the Committee members.

Sean Laux, Finance Research Analyst, answered questions posed by the Committee members.

Senator Waring announced the individuals who registered their position on the bill (Attachment B).

Senator Waring announced SB 1554 would be held.

There being no further business, the meeting was adjourned at 3:14 p.m.

Respectfully submitted,

Bill Ritz
Committee Secretary

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