

ARIZONA STATE SENATE

48TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT

DATE: March 21, 2007

TIME: 10:00 a.m.

ROOM: SHR 3

CHAIRMAN: Senator Leff

VICE CHAIRMAN: Senator Blendu

ANALYST: Leah Birk

INTERN: Nina Maric

**COMMITTEE
SECRETARY:** Jeff Turner

ATTENDANCE

BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Allen	x			HB 2314	DPA
Senator Burton Cahill	x			HB 2322	DPA
Senator Chevront	x				
Senator Gorman	x				
Senator Miranda	x				
Senator Tibshraeny	x				
Senator Blendu, Vice Chairman	x				
Senator Leff, Chairman	x				

GOVERNOR'S APPOINTMENTS

<u>Name</u>	<u>Position</u>	<u>Recommendation</u>
John I. Hudson	Member, Arizona Power Authority Commission	CONFIRMATION
John D. Munden	Member, State Board of Funeral Directors and Embalmers	CONFIRMATION
Phyllis G. Rowe	Member, State Board of Funeral Directors and Embalmers	CONFIRMATION
Bradley Wright	Member, Tourism and Sports Authority	CONFIRMATION

Vice-Chairman Blendu called the meeting to order at 10:10 a.m. and attendance was taken.

EXECUTIVE NOMINATIONS

John I. Hudson, Member, Arizona Power Authority Commission - CONFIRMATION RECOMMENDED

Joe Molholand, gave an overview of John Hudson's resume.

Senator Tibshraeny moved the Committee on Commerce and Economic Development recommend to the full Senate the CONFIRMATION of John Hudson as a member of the Arizona Power Authority Commission. The motion CARRIED with a roll call vote of 5-0-3 (Attachment 1).

John D. Munden, Member, State Board of Funeral Directors and Embalmers - CONFIRMATION RECOMMENDED

Dora Vasquez, Governor's Office, gave an overview of John Munden's resume.

Senator Tibshraeny moved the Committee on Commerce and Economic Development recommend to the full Senate the CONFIRMATION of John Munden as a member of the State Board of Funeral Directors and Embalmers. The motion CARRIED with a roll call vote of 5-0-3 (Attachment 2).

Phyllis Gwendolyne Rowe, Member, State Board of Funeral Directors and Embalmers - CONFIRMATION RECOMMENDED

Phyllis Gwendolyne Rowe gave an overview of her resume.

Senator Tibshraeny moved the Committee on Commerce and Economic Development recommend to the full Senate the CONFIRMATION of Phyllis Gwendolyne Rowe as a member of the State Board of Funeral Directors and Embalmers. The motion CARRIED with a roll call vote of 6-0-2 (Attachment 3).

Bradley Wright, Member, Tourism and Sports Authority - CONFIRMATION RECOMMENDED

Bradley Wright gave an overview of his resume.

Senator Blendu moved the Committee on Commerce and Economic Development recommend to the full Senate the CONFIRMATION of Bradley Wright as a member of the Tourism and Sports Authority. The motion CARRIED with a roll call vote of 6-0-2 (Attachment 4).

CONSIDERATION OF BILLS

HB 2314 - shooting ranges; rezoning; noise attenuation (NOW: scrap metal dealers; records) – DO PASS AMENDED

Leah Birk, Commerce and Economic Development Research Analyst, explained HB 2314. She explained the 14-line Leff amendment dated 3/20/07 at 2:40 p.m. (Attachment A) and the 9-line Gorman amendment dated 3/20/07 at 4:47 p.m. (Attachment B)

Representative Weiers, bill sponsor, testified in support of HB 2314 and answered questions posed by the Committee.

Jeff Hatch-Miller, self, testified in support of HB 2314 and submitted a handout entitled, "*Copper theft costs victims time, money and lost business.*" (Attachment C)

Irwin Sheinbein, Arizona Scrap Recyclers Association, testified in support of HB 2314 and answered questions posed by the Committee.

Rick Lavis, Executive Vice President, Arizona Cotton Growers Association, introduced **Jim Beltal, Chairman, Arizona Copper Theft Committee**, testified in support of HB 2314 and answered questions posed by the Committee.

James Palmer, Chief of Police, Pinal County Law Enforcement, testified in support of HB 2314.

George Diaz, Senior Public Affairs Representative, Arizona Public Service, answered questions posed by the Committee and introduced **Chris Udall, Executive Director, Agribusiness Council of Arizona**, who testified in support of HB 2314.

Sergeant Morin, Metropolitan Phoenix Police, testified in support of HB 2314 and answered questions posed by the Committee.

Peter Dunn, Lobbyist, Arizona Scrap Recyclers Association, testified in support of HB 2314 and in opposition to the Gorman amendment. He answered questions posed by the Committee.

Bruce Baker, Lobbyist, Independent Businessmen's Association, testified in support of HB 2314.

Senator Leff announced the individuals who registered in support of the bill (Attachment D).

Senator Blendu moved HB 2314 be returned with a DO PASS recommendation.

Senator Blendu moved the 14-line Leff amendment dated 3/20/07 at 2:40 p.m. be ADOPTED. The motion CARRIED by voice vote.

Senator Gorman announced that she would not offer her amendment.

Senator Blendu moved HB 2314 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 5).

In explanation of her vote, Senator Burton Cahill stated, "I did do my homework on this bill so it is not as though I am voting blindly but I have been occupied in the House, having my bill get a hearing and I vote aye."

In explanation of his vote, Senator Chevront said, "As a general contractor I can say that every time I put a piece of copper into any of my projects, it is scary.....whether it is going to be there the next morning. I almost want to put up an envelope with the amount of money that they may receive from that copper because the cost to me...to replace that copper, especially if it is in coils it is astronomical. You know, it has to be addressed and I know that, just talking to our education.....Mr. Horne, that a building I did for him, air conditioning units, they got \$200 worth of coils and it cost him \$20,000 to replace those units. It is a major tragedy and I happily vote yes."

In explanation of her vote, Senator Gorman remarked, "I think that this bill is getting at a really important problem and listening to the testimony, I was convinced of two things wholeheartedly. One is that the stealing of the metal is a crime that causes an exponential harm to those it affects. It is not just the cost of the metal but it does multiply in society and so something has to be done, I am very convinced of that. I am also convinced that under the current statute, it is almost impossible to prosecute and that is why you are seeking this legislation, you did a very good job of establishing that. What I am not entirely convinced of on this bill is that A.) It has a proper level of controls in order to trace transactions with enough information to later prosecute them and track them down. Senator Blendu referred to possibly asking a simple question.....where did you get it?...and write that down as part of the log. I do not think that would be any more of a burden than what is going on and that might help law enforcement. They might lie, that is true, they are thieves, that is what they do. The second thing though is they are going to be on camera according to this bill so they will be asked questions, they would be recording data, you are getting a fingerprint, you are going to great lengths, but it would be nice if you just ask them. Maybe they will trip up and say something that could be used later, I thought that was a good point. The second one is, I do not believe this bill offers uniformity across different types of scrap dealers, some that deal with a lot of industrial accounts and deal mostly with daily accounts coming in, I think that it...because of the exceptions for anything under \$300, that could create an un-uniformed application and secondly, I am not sure there is anything in here that requires the dealer to verify that that industrial customer is the industrial scrap customer. Anyone with a TPT might be identified as an industrial customer, a bad actor dealer that did not want to follow this law could just list everyone who comes in with a TPT number as an industrial customer and be exempted from the entire thing. That concerns me because when we make laws, we do not enforce good behavior, we just define good behavior. The good guys already know what good behavior is and I believe the majority of them are doing it now. So my concern is, if we are going to add burden to the good guys, let us make sure we shore up the loopholes so that the bad guys are not slipping through, making it even harder in terms of competition for the good guys to make a living, we do that a lot down here. The third thing I touched on already that I am concerned with is that if, as was said here today by the industry that a majority of their transactions are exempted out by this bill, I am not sure we are really doing anything. We might be making ourselves feel better and at the end of the day, maybe next year, we will come back and fix it, but I believe that we should try the first time and so, I would love to work with Mr. Weiers to see if there is anything we can do to close up some of those loopholes with a floor amendment. He sat through a lot more meetings....and see if there is something we can come up with because I know he is trying to fix a real problem so, I am going to vote aye on this bill but I make no commitment on the floor if we can not get it amended to actually do something, thank you."

In explanation of his vote, Senator Tibshraeny stated, "I want to thank Representative Weiers for bringing this issue to the legislature. This is a big issue, but as Senator Chevront has mentioned, the construction industry and the development industry so.....thank you for bringing that level of awareness where it needs to be. I am glad that it is here, I am going to vote aye and madam chairman, I think it needs a little bit of work but I have confidence that you will take care of that so, thank you."

In explanation of his vote, Senator Blendu said, "I think all of us understand how serious this is right now. I think this bill is a start and that is what it should be viewed as, a start. We have a lot more to go to fix this problem and I am willing to work on it along with everyone else and I vote aye."

HB 2322 - motion picture tax credit; accountability (NOW: tax credit accountability; motion picture) – DO PASS AMENDED

Sean Laux, Finance Research Analyst, explained HB 2322. He explained the 10 page Leff amendment dated 3/20/07 at 3:25 p.m. (Attachment E) and the 16-line Blendu amendment dated 3/20/07 at 4:24 p.m. (Attachment F) He answered questions posed by the Committee.

Representative Reagan, bill sponsor, testified in support of HB 2322 and answered questions posed by the Committee.

Brenda Burns, Arizona Production Capital, testified in support of HB 2322 and answered questions posed by the Committee.

Michael McGinn, President, Arizona Film and Media Coalition, testified in support of HB 2322 and answered questions posed by the Committee.

William French, Arizona Production Capital, testified in support of HB 2322.

Chuck Coughlin, DDB Ventures, testified in support of HB 2322 and answered questions posed by the Committee.

Senator Leff announced the individuals who registered their position on the bill (Attachment D).

Kerri Morey, Legislative Liaison, Department of Commerce, testified as neutral on HB 2322 and answered questions posed by the Committee.

Senator Blendu moved HB 2322 be returned with a DO PASS recommendation.

Senator Blendu moved the 10 page Leff amendment dated 3/20/07 at 3:25 p.m. be ADOPTED. The motion CARRIED by voice vote.

Senator Blendu moved the 16-line Blendu amendment to the Leff amendment dated 3/20/07 at 4:24 p.m. be ADOPTED. The motion CARRIED by voice vote.

Senator Blendu moved HB 2322 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-0 (Attachment 6).

In explanation of his vote, Senator Chevront said, "I do not support tax credits, it is bad public policy, especially when we decide one industry is more important than another industry. I would like a cheese credit, why not? I have probably provided as many full time employee jobs as these guys do in the state of Arizona. It is just amazing, it did not work so they come back, because certain groups did not get access to those tax credits and were trying to fix something that should have never been put forth, but I vote no."

In explanation of her vote, Senator Gorman remarked, "I echo the same sentiments, I did not like this bill last year. I find it offensive that tax payer dollars are essentially becoming an investment that can be bought and sold on the open Market by people they involuntarily donate their money too. If it is not working, I celebrate that. I find it exciting and thrilling that it is not able to be siphoned off the general fund because it is not set up properly. I think that is a good thing personally, for the tax payers and so, I do not want to fix it so that more money can come out and I vote no."

In explanation of his vote, Senator Tibshraeny stated, "The issue of extending the sunset is a problem for me and if that is not fixed on the floor, I will not be voting for this bill on the floor and with that, I vote aye."

In explanation of her vote, Senator Leff said, "When we put a tax credit in place, the tax credit has to be good, not only for the industry, but it has to be good for the state of Arizona. There is a reason we put a five year sunset on tax credits. The reason is, it gives us time to evaluate them, see the fiscal impact, see whether it was worth it, see if it did what we wanted it to do. By extending the tax credit at this point in time, we have not completed that process and that makes me very uncomfortable. I want the underlying bill to pass, these improvements need to be made. I am going to vote aye at this point in time but if the extension stays on.....I may in fact, even though I have been a champion of this cause from day one, I may vote no. I want to know when we do the review that we are renewing a tax credit because it is the right thing to do and it has been good for the State of Arizona and so I am concerned about this amendment going on the bill. I will support it now but I also reserve the right to vote no, as painful as that will be, on the floor if that amendment stays on."

There being no further business, the meeting was adjourned at 12:35 p.m.

Respectfully submitted,

Jeff Turner
Committee Secretary

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