ARIZONA HOUSE OF REPRESENTATIVES
Forty-ninth Legislature – Second Regular Session

COMMITTEE ON WAYS AND MEANS

Minutes of Meeting
Monday, February 1, 2010
House Hearing Room 1 -- 2:00 p.m.

Chairman Murphy called the meeting to order at 2:38 p.m. and attendance was noted by the secretary.

Members Present

Mr. Biggs
Mr. Brown
Mr. Chabin
Mr. Farley
Ms. Reagan
Mr. Yarbrough
Mrs. Lesko, Vice-Chairman
Mr. Murphy, Chairman

Members Absent

None

Committee Action

HB2160 – HELD
HB2215 – DP (6-2-0-0)
HB2287 – DP (8-0-0-0)
HB2489 – DP (5-3-0-0)
HB2502 – DP (5-2-1-0)
HB2510 – DP (6-2-0-0)
HB2512 – HELD

CONSIDERATION OF BILLS

HB2215 - tax assessment of retention basins – DO PASS

Vice-Chairman Lesko moved that HB2215 do pass.

Paul Benny, Assistant Research Analyst, explained that HB2215 establishes a method for the identification and valuation of retention basins for commercial and industrial areas and stipulates the value of retention basins at $500 per parcel (Attachment 1).

Mr. Biggs, sponsor, stated that HB2215 is the same as a bill that passed last year and deferred to Mr. Payne.

Brent Payne, representing self, testified in support of HB2215. Mr. Payne testified that HB2215 addresses an issue of double taxation of property tax. Mr. Payne went on to explain issues with county assessors, development, and water retention basins.

Mr. Farley asked for more detail about how Mr. Payne would have been able to develop the business park without a retention basin. Mr. Payne responded that they would not have been able to because the retention basin was required to build larger buildings.

Mr. Chabin asked who maintains the retention basin and if it serves multiple people and businesses. Mr. Payne confirmed that the retention basin is maintained by the association and multiple people can use the basin.

Ryan Caracciolo, Maricopa County Assessors Office, testified in opposition to the bill. Mr. Caracciolo stated that the Assessor's opposition to HB2215 is that retention basins have value that is shared by all surrounding property.

Vice-Chairman Lesko announced the names of those who signed up in support of HB2215, but did not speak:
Jeff Sandquist, AZ Association of Community Managers (AACM)

Vice-Chairman Lesko announced the names of those who signed up in opposition to HB2215, but did not speak:
Jen Sweeney, Government Affairs Director, Arizona Association of Counties
Keith Russell, Maricopa County Assessor
Paul Petersen, Attorney/Assessor Representative, Maricopa County Assessor
Nicole Stickler, Executive Director, Arizona Association of Counties

Question was called on the motion that HB2215 do pass. The motion carried by a roll call vote of 6-2-0-0 (Attachment 2).

HB2287 - accommodation schools; levy limit recalculation – DO PASS

Vice-Chairman Lesko moved that HB2287 do pass.

Jennifer Anderson, Majority Research Analyst, explained that HB2287 clarifies that an accommodation school is prohibited from levying property taxes and requires any proper tax levied by a county in support of an accommodation school to count towards the county's primary levy (Attachment 3).

Representative Pratt, sponsor, explained that HB2287 is a compromise between the county school superintendent, the county, and the Arizona Tax Research Association.

Kevin McCarthy, President, Arizona Tax Research Association, testified in support of HB2287. Mr. McCarthy testified that HB2287 resolves a long standing problem in Coconino and Pinal Counties with accommodation schools.

Mark Barnes, Pinal County Board of Supervisors, testified in support of HB2287. Mr. Barnes agreed with Mr. McCarthy's assessment of the problem and was open for questions.

Vice-Chairman Lesko announced the names of those who signed up in support of HB2287, but did not speak:
Gretchen Kitchel, Senior Public Affairs Representative, Pinnacle West Capital Corporation

Michelle Bolton, V.P. of Public Affairs, Greater Phoenix Chamber of Commerce
Russell Smoldon, Lobbyist, SRP

Vice-Chairman Lesko announced the names of those who signed up as neutral to HB2287, but did not speak:
Anjali Abraham, Associate Government Affairs Director, Arizona Association of Counties
Jen Sweeney, Government Affairs Director, Arizona Association of Counties

Question was called on the motion that HB2287 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 4).

HB2510 - city sales tax; corporate leases – DO PASS

Vice-Chairman Lesko moved that HB2510 do pass.

Paul Benny, Assistant Research Analyst, explained that HB2510 prohibits municipalities from levying a transaction privilege tax (TPT) on certain commercial leases (Attachment 5).

Mr. Chabin asked if there was a fiscal note on the impact to cities. Mr. Benny responded that none had been requested but he would be happy to get one.

Mr. Farley asked if wholly owned subsidiaries would also be included. Mr. Benny confirmed that is correct.

Vice-Chairman Lesko announced the names of those who signed up as neutral to HB2510, but did not speak:
Jeffrey Kros, Legislative Director, League of Cities and Towns

Question was called on the motion that HB2510 do pass. The motion carried by a roll call vote of 6-2-0-0 (Attachment 6).

HB2502 - taxation of solar energy property – DO PASS

Vice-Chairman Lesko moved that HB2502 do pass.

Jennifer Anderson, Assistant Research Analyst, explained that HB2502 provides for the valuation for utility-scale solar plants in the same manner as agricultural property (Attachment 7).

Vice-Chairman Lesko asked what the fiscal impact would be on utilities. Ms. Anderson responded that utilities are valued based on a statutory formula based on cost minus depreciation, the value could be less, and deferred to Mr. Kaprosy.

Jay Kaprosy, Senior Government Relations Advisor, Southwest Solar, testified in support of HB2502. Mr. Kaprosy testified that as companies begin to build utility level solar power generation, some benefits could be gained from rural property that would otherwise remain idle.

Mr. Biggs asked why solar energy property is not included in mass electrical transmission statutes. Mr. Kaprosy responded that the statute applies to renewable energy equipment and with HB2502 would also apply to property. Discussion ensued regarding incentives, land use, and cost of new technologies.

Jeff Sandquist, Southwest Solar, responded to a land use question from Mr. Brown, stating that sale of property would be handled through the State Land Department.

Question was called on the motion that HB2502 do pass. The motion carried by a roll call vote of 5-2-1-0 (Attachment 8).

HB2489 - bonding; net premiums – DO PASS

Vice-Chairman Lesko moved that HB2489 do pass.

Jennifer Anderson, Majority Research Analyst, explained that HB2489 removes the requirement for all general obligation bonds to be sold in a bidding process and increased the cap on the net premium associated with a general obligation bond issue from 2% to 10% (Attachment 9).

Patrice Kraus, Intergovernmental Affairs Coordinator, City of Chandler, testified in support of HB2489. Ms. Kraus stated that the city wants to sell bonds but is running into problems with caps, and deferred to Ms. Stein.

Randie Stein, Vice President, Stone & Youngberg, testified in support of HB2489. Ms. Stein stated that greater flexibility in premium bond caps creates easier access for investors who are willing to pay more, and therefore reduces costs to taxpayers.

Kevin McCarthy, President, Arizona Tax Research Association, testified in opposition to HB2489. Mr. McCarthy stated that the reason the current law is in place is because school districts were selling premium bonds in order to exceed caps. Discussion ensued regarding debt limits, caps, use of project funds, and debt service.

Vice-Chairman Lesko announced the names of those who signed up in support of HB2489, but did not speak:
William Davis, Managing Director, City of Chandler
Beth Sauer, Government Relations Analyst, Arizona School Boards Assoc
Ryan Peters, Intergovernmental Programs Administrator, City of Glendale
Jeffrey Kros, Legislative Director, League of Cities and Towns
Todd Madeksza, Director of Legislative Affairs, The County Supervisors Association

Question was called on the motion that HB2489 do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 10).

HB2160 - tax credit review committee recommendations – HELD

Chairman Murphy announced that HB2160 will be held.

HB2512 - municipal taxes; auditors and collectors - HELD

Chairman Murphy announced that HB2512 will be held.

Without objection, the meeting adjourned at 3:49 p.m.

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Emilio Bascunan, Committee Secretary
February 23, 2010

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at http://www.azleg.gov).