

ARIZONA STATE SENATE

49TH LEGISLATURE SECOND REGULAR SESSION

MINUTES OF COMMITTEE ON FINANCE

DATE: April 7, 2010 **TIME:** 1:15 p.m. (or upon recess or adjournment of floor) **ROOM:** SHR3
CHAIRMAN: Senator Harper **VICE-CHAIRMAN:** Senator Leff
ANALYST: Barbara Barzee **INTERN:** Kristen Kuhl
COMMITTEE SECRETARY: Toy Brown

ATTENDANCE

Committee Members

Senator Brunch
Senator Chevront
Senator Gould
Senator McCune Davis
Senator Miranda
Senator Pearce R
Senator Leff, Vice-Chairman
Senator Harper, Chairman

Pr Ab Ex Bill Number

X
X
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X

BILLS

Disposition

HB 2001 DP
HB 2003 DPA
HB 2114 DPA
HB 2156 DP
HB 2160 DPA
HB 2215 DP
HB 2257 DPA
HB 2287 DP
HB 2377 DP
HB 2394 DP
HB 2432 DPA
HB 2445 DP
HB 2489 DPA
HB 2503 DPA/SE
HB 2504 DPA
HB 2508 FAILED
HB 2509 HELD
HB 2510 DP
HB 2511 DPA/SE
HB 2515 FAILED
HB 2574 HELD
HB 2586 DPA/SE
HB 2606 DP
HB 2502 DP

EXECUTIVE NOMINATIONS

<u>Name</u>	<u>Position</u>	<u>Recommendation</u>
Lauren Kingry	Superintendent, Arizona Department of Financial Institutions	CONFIRMATION

Chairman Harper called the meeting to order at 2:09 p.m. and attendance was noted.

APPROVAL OF MINUTES

Senator Harper stated that without objection, the minutes of March 31, 2010 were approved.

CONSIDERATION OF BILLS

HB 2574 – renewable energy districts – HELD

Jennifer Thomsen, Research Analyst, Commerce and Economic Development Committee, explained the bill and answered questions posed by the Committee.

Representative Mason, bill sponsor, further explained the bill and answered questions posed by the Committee.

Senator Harper announced that HB 2574 would be HELD.

HB 2215 – tax assessment of retention basins – DO PASS

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Representative Biggs, bill sponsor, further explained the bill and answered questions posed by the Committee.

Keith Russell, Maricopa County Assessor, testified as neutral to the bill and answered questions posed by the Committee.

Senator Leff moved HB 2215 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 1).

HB 2586 – execution and attachment; exemptions – DO PASS AMENDED/STRIKE EVERYTHING

Katy Yanez, Research Analyst, Appropriations Committee, explained the 4-page Harper strike everything amendment dated 4/5/10 at 12:43 p.m. (Attachment A) and answered questions posed by the Committee.

Ms. Yanez explained the 13-line Harper amendment dated 4/5/10 at 2:53 p.m. (Attachment B) and answered questions posed by the Committee.

Senator Verschoor further explained the 4-page Harper strike everything amendment dated 4/5/10 at 12:43 p.m. (Attachment A) and the 13-line Harper amendment dated 4/5/10 at 2:53 p.m. (Attachment B) and answered questions posed by the Committee.

Senator Leff moved HB 2586 be returned with a DO PASS recommendation.

Senator Leff moved the 4-page Harper strike everything amendment dated 4/5/10 at 12:43 p.m. (Attachment A) be ADOPTED.

Senator Leff moved the 13-line Harper amendment dated 4/5/10 at 2:53 p.m. (Attachment B) be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved the 4-page Harper strike everything amendment dated 4/5/10 at 12:43 p.m. (Attachment A) AS AMENDED be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved HB 2586 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 5-3-0 (Attachment 2).

HB 2003 – technical correction; nonprofit corporations (now: revitalization districts) – DO PASS AMENDED

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Barzee explained the 9-line Harper amendment dated 4/6/10 at 10:45 a.m. (Attachment C) and answered questions posed by the Committee.

Representative Reagan, bill sponsor, distributed a hand-out “City mulls a creative fix” (Attachment D), further explained the bill and answered questions posed by the Committee.

David Richert, Acting City Manager, City of Scottsdale, testified in support of the bill and answered questions posed by the Committee.

Senator Leff moved HB 2003 be returned with a DO PASS recommendation.

Senator Leff moved the 9-line Harper amendment dated 4/6/10 at 10:45 a.m. (Attachment C) be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved HB 2003 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-1-0 (Attachment 3).

HB 2489 – bonding; net premiums – DO PASS AMENDED

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Barzee explained the 9-line Leff amendment dated 3/30/10 at 1:44 p.m. (Attachment E) and answered questions posed by the Committee.

Representative Yarbrough, bill sponsor, further explained the bill and answered questions posed by the Committee.

Senator moved HB 2489 be returned with a DO PASS recommendation.

Senator Leff moved the 9-line Leff amendment dated 3/30/10 at 1:44 p.m. (Attachment E) be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved HB 2489 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-1-0 (Attachment 4).

HB 2502 – taxation of solar energy property – DO PASS

Representative Murphy, bill sponsor, answered questions posed by the Committee.

Sean Laux, Legislative Liaison, Arizona Department of Revenue, testified as neutral to the bill and answered questions posed by the Committee.

Senator Leff moved HB 2502 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 4-3-1 (Attachment 5).

EXECUTIVE NOMINATION

Lauren Kingry, Superintendent, Arizona Department of Financial Institutions – CONFIRMATION RECOMMENDED

Mr. Kingry gave an overview of his resume and answered questions posed by the Committee.

Senator Leff moved the Committee on Finance recommend to the full Senate the CONFIRMATION of Lauren Kingry as Superintendent of the Arizona Department of Financial Institutions. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 6).

CONSIDERATION OF BILLS

HB 2394 – technical correction; expenditure limitation (now: expenditure limitation; Town of Superior) – DO PASS

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Representative McGuire, bill sponsor, deferred testimony to Michael Hing, Mayor of Superior.

Michael Hing, Mayor of Superior, testified in support of the bill and answered questions posed by the Committee.

Lou Digirolamo, Public Safety Director, representing himself, testified in support of the bill and answered questions posed by the Committee.

Representative Pratt testified in support of the bill and answered questions posed by the Committee.

Mayor Hing further answered questions posed by the Committee.

Senator Leff moved HB 2394 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-1-1 (Attachment 7).

HB 2445 – mining transaction privilege tax; application – DO PASS

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Representative Pratt, bill sponsor, further explained the bill and answered questions posed by the Committee.

Don Garrett, Partner, OMYA, testified in support of the bill and answered questions posed by the Committee.

Senator Leff moved HB 2445 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-1-1 (Attachment 8).

HB 2287 – accommodation schools: levy limit recalculation – DO PASS

Kristin Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Representative Pratt, bill sponsor, further explained the bill and answered questions posed by the Committee.

Kevin McCarthy, President, Arizona Tax Research Association, testified in support of the bill and answered questions posed by the Committee.

Senator Leff moved HB 2287 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 9).

HB 2257 – municipal taxation and fees; notice (now: municipalities; counties; taxes; fees; notice) – DO PASS AMENDED

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Kuhl explained the 21-line Harper amendment dated 4/6/10 at 10:56 a.m. (Attachment F) and answered questions posed by the Committee.

Senator Antenori, bill sponsor, further explained the bill and answered questions posed by the Committee.

Kevin McCarthy, President, Arizona Tax Research Association, testified in support of the bill and answered questions posed by the Committee.

Senator Leff moved HB 2257 be returned with a DO PASS recommendation.

Senator Leff moved the 21-line amendment dated 4/6/10 at 10:56 a.m. (Attachment F) be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved HB 2257 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 10).

HB 2160 – tax credit review committee recommendations – DO PASS AMENDED

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Kuhl explained the 2-line Harper amendment dated 4/5/10 at 8:17 a.m. (Attachment G) and answered questions posed by the Committee.

Representative Murphy, bill sponsor, further explained the bill and answered questions posed by the Committee.

Senator Leff moved HB 2160 be returned with a DO PASS recommendation.

Senator Leff moved the 2-line Harper amendment dated 4/5/10 at 8:17 a.m. (Attachment G) be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved HB 2160 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-0 (Attachment 11).

HB 2503 – taxation; biogas facilities – DO PASS AMENDED/STRIKE EVERYTHING

Amber O'Dell, Research Analyst, Public Safety and Human Services Committee, explained the 7-page Harper strike everything amendment dated 4/5/10 at 1:57 p.m. (Attachment H) and answered questions posed by the Committee.

Bev Herman, Arizona Association of Providers for People with Disabilities, testified in support of the bill and answered questions posed by the Committee.

Kay S. Moore, Chief Operations Officer, MARC Center of Mesa Inc; testified in support of the bill and answered questions posed by the Committee.

Ms. O'Dell further answered questions posed by the Committee

Senator Pearce moved HB 2503 be returned with a DO PASS recommendation.

Senator Pearce moved the 7-page Harper strike everything amendment dated 4/5/10 at 1:57 p.m. (Attachment H) be ADOPTED. The motion CARRIED by a voice vote.

Senator Pearce moved HB 2503 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 12).

HB 2504 – GPLET; lease records and reporting – DO PASS AMENDED

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Barzee explained the 11-line Chevront amendment dated 4/6/10 at 1:54 p.m. (Attachment I) and answered questions posed by the Committee.

Ms. Barzee explained the 10-line Chevront amendment dated 4/6/10 at 1:57 p.m. (Attachment J) and answered questions posed by the Committee.

Ms. Barzee explained the 2-line Chevront amendment dated 4/6/10 at 1:59 p.m. (Attachment K) and answered questions posed by the Committee.

Representative Murphy, bill sponsor, further explained the bill and answered questions posed by the Committee.

Jennifer Sweeney, Government Affairs Director, Arizona Association of Counties, testified as neutral to the bill and answered questions posed by the Committee.

Senator Leff moved HB 2504 be returned with a DO PASS recommendation.

Senator Chevront moved the 11-line Chevront amendment dated 4/6/10 at 1:54 p.m. (Attachment I) be ADOPTED. The motion CARRIED with a voice vote.

Senator Chevront stated that he would not offer the 10-line Chevront amendment dated 4/6/10 at 1:57 p.m. (Attachment J).

Senator Chevront moved the 2-line Chevront amendment dated 4/6/10 at 1:59 p.m. (Attachment K) be ADOPTED. The motion CARRIED with a voice vote.

Senator Leff moved HB 2504 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 6-2-0 (Attachment 13).

HB 2508 – property valuation; equalization calendar – FAILED (continued)

Barbara Barzee, Research Analyst, Finance Committee, explained the 2-page Harper strike everything amendment dated 4/2/10 at 10:34 a.m. (Attachment L) and answered questions posed by the Committee.

Representative Murphy, bill sponsor, further explained the bill and answered questions posed by the Committee.

Kevin McCarthy, President, Arizona Tax Research Association, distributed a hand-out “Response to HB 2512 Questions” (language of HB 2508 is language from 2512) (Attachment M), testified in support of the bill and answered questions posed by the Committee.

Farrell Quinlan, State Director, NFIB, testified in support of the bill and answered questions posed by the Committee.

Representative McLain, representing herself, testified in opposition to the bill and answered questions posed by the Committee.

Jack Hakim, Mayor, City of Bullhead, testified in opposition to the bill and answered questions posed by the Committee.

Senator Harper announced that the Committee would continue to HB 2156.

HB 2156 – internal revenue code conformity – DO PASS

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Representative Murphy, bill sponsor, further explained the bill and answered questions posed by the Committee.

Walter F. Dudley, Accountant, representing himself, testified in opposition to the bill and answered questions posed by the Committee.

Kevin B. DeMenna, Arizona Society of CPAs, testified in support of the bill and answered questions posed by the Committee.

Senator Leff moved HB 2156 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-1-0 (Attachment 15).

HB 2508 – property valuation; equalization calendar – FAILED (continued)

Michael Conner, President/CEO, Bullhead Area Chamber of Commerce, testified in opposition to the bill and answered questions posed by the Committee.

Sean Laux, Legislative Liaison, Arizona Department of Revenue, testified as neutral to the bill and answered questions posed by the Committee.

Representative Murphy further spoke on the bill and answered questions posed by the Committee.

Representative McLain, further spoke on the bill and answered questions posed by the Committee.

Senator Leff moved HB 2508 be returned with a DO PASS recommendation.

Senator Leff moved the 2-page Harper strike everything amendment dated 4/2/10 at 10:34 a.m. (Attachment L) be ADOPTED. The motion FAILED by a division of 4-4-0.

The motion that HB 2508 be given an AS AMENDED, DO PASS recommendation FAILED by a roll call vote of 2-6-0 (Attachment 14).

HB 2377 – state treasurer; quarterly meetings – DO PASS

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Senator Chevront moved HB 2377 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-0-2 (Attachment 16).

HB 2606 – state treasurer; investments – DO PASS

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Senator Chevront moved HB 2606 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 17).

HB 2114 – provisional community college districts; bonding – DO PASS AMENDED

Stacy Morley, Research Analyst, Education Accountability and Reform Committee, explained the bill and answered questions posed by the Committee.

Ms. Morley explained the 10-line Harper amendment dated 4/1/10 at 11:36 a.m. (Attachment N) and answered questions posed by the Committee.

Senator Harper further explained the Harper amendment dated 4/1/10 at 11:36 a.m.

Ms. Morley explained the 7-page Harper amendment dated 4/6/10 at 12:44 p.m. (Attachment O) and answered questions posed by the Committee.

Senator Sylvia Allen testified in support of the bill and answered questions posed by the Committee.

Ryan Harper, Triadvocates LLC, Gila Community College, testified in support of the bill and answered questions posed by the Committee.

Mike Gardner, Eastern Arizona College, testified in support of the bill and answered questions posed by the Committee.

Don Isaacson, Independent Colleges and Universities of Arizona, testified in opposition to the bill and answered questions posed by the Committee.

Senator Pearce moved HB 2114 be returned with a DO PASS recommendation.

Senator Harper stated that the 7-page Harper amendment dated 4/6/10 at 12:44 p.m. (Attachment O) would not be offered.

Senator Pearce moved the 10-line Harper amendment dated 4/1/10 at 11:36 a.m. (Attachment N) be ADOPTED. The motion CARRIED with a voice vote.

Senator Pearce moved HB 2114 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 6-1-1 (Attachment 18).

HB 2432 – fire districts; boundaries; merger; consolidation – DO PASS AMENDED

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Barzee explained the 16-line Harper amendment dated 3/26/10 at 3:58 p.m. (Attachment P) and answered questions posed by the Committee.

Ms Barzee explained the 14-line Harper amendment dated 4/1/10 at 12:23 p.m. (Attachment Q) and answered questions posed by the Committee.

Senator Harper further explained the 16-line Harper amendment dated 3/26/10 at 3:58 p.m. (Attachment P).

Lee Miller, Lobbyist, Arizona Fire District Association, testified in support of the bill and answered questions posed by the Committee.

Senator Pearce moved HB 2432 be returned with a DO PASS recommendation.

Senator Pearce moved the 14-line Harper amendment dated 4/1/10 at 12:23 p.m. (Attachment Q) be ADOPTED. The motion CARRIED with a voice vote.

Senator Pearce moved the 16-line Harper amendment dated 3/26/10 at 3:58 p.m (Attachment P) be ADOPTED. The motion CARRIED with a voice vote.

Senator Pearce moved HB 2432 be returned with an AS AMENDED DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 19).

HB 2511 – municipal taxes; real estate foreclosures – DO PASS AMENDED/STRIKE EVERYTHING

Megan Selvey, Intern, Government Institutions Committee, explained the 38-page Pearce strike everything amendment dated 4/2/10 at 10:28 a.m. (Attachment R) and answered questions posed by the Committee.

Ed Neidkowski, President, Arizona State Capitol Police Association, testified in support of the bill and answered questions posed by the Committee.

Senator Pearce moved HB 2511 be returned with a DO PASS recommendation.

Senator Pearce moved the 38-page Pearce strike everything amendment dated 4/2/10 at 10:28 a.m. (Attachment R) be ADOPTED. The motion CARRIED with a voice vote.

Senator Pearce moved HB 2511 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 20).

HB 2510 – city sales tax; corporate leases – DO PASS

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Jay Kaprosy, Senior Government Relations Advisor, USAA, testified in support of the bill and answered questions posed by the Committee.

Ellen Poole, Executive Director, SW Region Government Relations USAA, testified in support of the bill and answered questions posed by the Committee.

Senator Pearce moved HB 2510 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-1 (Attachment 21).

HB 2515 – confidential tax information; utilities (now: prime contracting; sales tax – FAILED

Barbara Barzee, Research Analyst, Finance Committee, explained the bill and answered questions posed by the Committee.

Ms. Barzee explained the 3-line Harper amendment dated 4/5/10 at 8:15 a.m. (Attachment S) and answered questions posed by the Committee.

Representative Murphy, bill sponsor, further explained the bill and answered questions posed by the Committee.

Sean Laux, Legislative Liaison, Arizona Department of Revenue, testified as neutral to the bill and answered questions posed by the Committee.

Senator Pearce moved HB 2515 be returned with a DO PASS recommendation.

Senator Pearce moved the 3-line Harper amendment dated 4/5/10 at 8:15 a.m. (Attachment S) be ADOPTED. The motion CARRIED with a voice vote.

Senator Pearce moved HB 2515 be returned with an AS AMENDED, DO PASS recommendation. The motion FAILED with a roll call vote of 1-6-1 (Attachment 22).

HB 2509 – property tax liens; redemption; foreclosure – HELD

Barbara Barzee, Research Analyst, Finance Committee, explained the 4-page Harper strike everything amendment dated 4/5/10 at 10:45 a.m. (Attachment T) and answered questions posed by the Committee.

Ms. Barzee explained the 2-page Harper amendment dated 4/6/10 at 4:36 p.m. (Attachment U) and answered questions posed by the Committee.

Representative Murphy, bill sponsor, further explained the bill and answered questions posed by the Committee.

Matt Beckler, Vice President Tax at Apollo Group, testified in support of the bill and answered questions posed by the Committee.

Keith Russell, Maricopa County Assessor, testified as neutral to the bill and answered questions posed by the Committee.

Ms. Barzee further answered questions posed by the Committee.

Allison Bell, Arizona Chamber of Commerce and Industry, testified in opposition to the bill and answered questions posed by the Committee.

Mitch Menlove, Grand Canyon University, testified in support of the bill and answered questions posed by the Committee.

Susan Anable, Manager, Government Relations, Cox Communications, testified in opposition to the bill and answered questions posed by the Committee.

Senator Harper announced that HB 2509 would be **HELD**.

HB 2001 – taxpayer voluntary contribution; fund – DO PASS

Kristen Kuhl, Intern, Finance Committee, explained the bill and answered questions posed by the Committee.

Senator Pearce moved HB 2001 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 4-2-2 (Attachment 23).

Attached is a list noting the individuals who registered their position on the nomination (Attachment V).

There being no further business, the meeting was adjourned at 7:01 p.m.

Respectfully submitted,

Toy Brown
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>)