ARIZONA HOUSE OF REPRESENTATIVES
Fiftieth Legislature – First Regular Session

COMMITTEE ON WAYS AND MEANS

Minutes of Meeting
Monday, January 31, 2011
House Hearing Room 1 -- 2:00 p.m.

Chairman Harper called the meeting to order at 2:00 p.m. and attendance was noted by the secretary.

Members Present

Mr. Chabin	Mr. Gray R	Mr. Olson
Mr. Farley	Mrs. Lesko	Mr. Vogt, Vice-Chairman
Mr. Gallego	Mr. Mesnard	Mr. Harper, Chairman

Members Absent

None

Committee Action

HB2201 – DPA S/E (9-0-0-0)	HB2336 – DPA (9-0-0-0)
HB2207 – DISCUSSED AND HELD	HB2456 – DISCUSSED AND HELD
HB2236 – DPA (9-0-0-0)	HCR2006 – NOT ASSIGNED

CONSIDERATION OF BILLS

HB2201 – private taxpayer rulings; unclaimed property – DO PASS AMENDED S/E
S/E: same subject

Daniel Gonzalez-Plumhoff, Majority Research Analyst, stated that HB2201 allows taxpayers to request certain information rulings from the Arizona Department of Revenue (DOR) for unclaimed property tax issues (Attachment 1).

Mr. Gonzalez-Plumhoff explained that the proposed strike-everything amendment to HB2201 extends the anonymous ruling request process available to taxpayers requesting taxpayer information rulings from DOR to unclaimed property holders requesting holder information rulings (Attachment 2).

Chairman Harper announced the names of those who signed up in support of HB2201 but did not speak:
Kevin McCarthy, Arizona Tax Research Association
Penny Allee Taylor, Southwest Gas Corporation

Vice-Chairman Vogt moved that HB2201 do pass.

Vice-Chairman Vogt moved that the Harper four-page strike-everything amendment dated 1/27/11 (Attachment 2) be adopted. The motion carried.

Vice-Chairman Vogt moved that HB2201 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 3).

HB2207 – special health care districts; procurement – DISCUSSED AND HELD

Daniel Gonzalez-Plumhoff, Majority Research Analyst, stated that HB2207 requires certain services under contract with the Maricopa County Special Health Care District (District) to be procured by request for proposals and a ranking system rather than a process that limits competition or excludes certain bidders (Attachment 4).

Mr. Gonzalez-Plumhoff explained that the proposed amendment stipulates that the District must adopt either its own competitive procurement rules or those adopted by the county in which the district is located; whichever rules are more stringent (Attachment 5).

Chairman Harper announced that HB2207 would be held.

HB2236 – sharing revenue information; political subdivisions – DO PASS AMENDED

Daniel Gonzalez-Plumhoff, Majority Research Analyst, stated that HB2236 allows counties and incorporated cities and towns to utilize the liability setoff program within the Arizona Department of Revenue (DOR), and authorizes DOR to release an individual's reported income for the purpose of determining eligibility for a program or benefit where income level is a significant qualifying factor (Attachment 6).

Mr. Gonzalez-Plumhoff explained that the proposed amendment removes the allowance for an individual's reported income to be provided for determining eligibility for a program or benefit (Attachment 7).

Representative Doris Goodale, sponsor, stated that HB2236 is the result of a collaborative effort between the County Supervisors Association (CSA) and Mohave County.

Anabel Abarca, Research Analyst, County Supervisors Association, testified in support of HB2236, stating that the CSA represents all 15 counties across the state as well as 55 county supervisors. Ms. Abarca explained that, as a result of fiscal issues facing the CSA, it is requesting utilization of the liability setoff program, which would allow the counties to collect debts from taxpayers.

In response to a question from Mr. Olson, Ms. Abarca clarified that the purpose of the CSA joining the setoff program is to collect any debts owed to the CSA, mainly property taxes. Mr. Olson asked how joining the setoff program differs from the CSA's current methods of collecting property taxes. Ms. Abarca explained that for smaller debts, instead of placing a lien on the property and waiting for the property to be sold to collect those debts, this would expedite the collection process.

Sean Laux, Legislative Liaison, Department of Revenue, testified as neutral on HB2236.

Mrs. Lesko asked if the purpose for the amendment was that DOR would not have an individual's reported income readily available. Mr. Laux explained that the DOR would have the income reported by an individual for income tax purposes, but that number may or may not match the individual's income. He further explained that the DOR has W-2s, but that information is not in its system, so only paper copies are available.

Mr. Harper commented that there are federal forms that can be submitted to the Internal Revenue Service (IRS) to request electronic copies of the aforementioned documents. Mr. Laux stated that an individual's federal adjusted gross may not be indicative of their total income.

Mrs. Lesko asked if, when an individual pays Arizona State income taxes, the DOR has the amount of the taxable wages for that individual, and if that figure could be used in regards to HB2236. Mr. Laux responded in the affirmative, depending on what information the counties are looking for to qualify for the eligibility requirements for a program or benefit. Mr. Laux stated that regardless of statute, any information derived from federal tax information could not be disclosed for fear of jeopardizing DOR's information-sharing with the federal government.

Chairman Harper announced the names of those who signed up in support of HB2236 but did not speak:
Dana Hlavac, Deputy County Manager, Mohave County
Richard Bohan, Maricopa County Board of Supervisors
Shirley Gunther, City of Avondale
Buster Johnson, Mohave County Supervisor District III, representing self

Vice-Chairman Vogt moved that HB2236 do pass.

Vice-Chairman Vogt moved that the Harper three-line amendment dated 1/27/11 (Attachment 7) be adopted. The motion carried.

Vice-Chairman Vogt moved that HB2236 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 8).

HB2336 – city tax code; official copy – DO PASS AMENDED

Alexander Blount, Majority Intern, explained that HB2336 requires the Arizona Department of Revenue (DOR) to maintain an official and up-to-date copy of the Model City Tax Code (MCTC) (Attachment 9).

Mr. Blount explained that the proposed amendment reinserts the portion of the original statutory definition of the code struck by HB2336, and clarifies that the official copy be maintained by the DOR, beginning July 1, 2012 (Attachment 10).

Mr. Olson, sponsor, explained that the purpose of the bill is to provide an official location where taxpayers can view the MCTC and receive some assurance of its accuracy. He further explained

that the League of Arizona Cities and Towns (League) is a private organization and should not be held liable for the information it disseminates as a service for its members.

Kevin McCarthy, President, Arizona Tax Research Association, stated the Arizona Tax Research Association's support of HB2336.

Rene Guillen, League of Arizona Cities and Towns, testified as neutral on HB2336 due to the League's concerns with a possible time frame issue. Mr. Guillen further stated that the League is confident that these concerns can be resolved. Mr. Guillen stated that the League does provide the MCTC on its website (www.modelcitytaxcode.org), and that HB2336 does nothing to prohibit it from maintaining the website.

Chairman Harper announced the names of those who signed up in support of HB2336 but did not speak:
Farrell Quinlan, National Federation of Independent Business
Courtney Gilstrap LeVinus, Arizona Multihousing Association
Gretchen Kitchel, APS
Penny Allee Taylor, Southwest Gas Corporation

Chairman Harper announced the names of those who signed up as neutral on HB2336 but did not speak:
Sean Laux, Department of Revenue

Chairman Harper announced the names of those who signed up in opposition to HB2336 but did not speak:
Michael Celaya, City of Surprise
Mike Williams, Town of Queen Creek

Vice-Chairman Vogt moved that HB2336 do pass.

Vice-Chairman Vogt moved that the Olson six-line amendment dated 1/27/11 (Attachment 10) be adopted. The motion carried.

Vice-Chairman Vogt moved that HB2336 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 11).

HCR2006 – personal property tax exemption amount – NOT ASSIGNED

Chairman Harper announced that HCR2006 has not yet been assigned to the Committee.

HB2456 – property tax appeals; new owners – DISCUSSED AND HELD

Alexander Blount, Majority Intern, stated that HB2456 allows new homeowners to judicially appeal the valuation of their property, regardless of whether the former owner of the property previously appealed the same Notice of Valuation (Attachment 12).

Jennifer Sweeney, Government Affairs Director, Arizona Association of Counties, testified in opposition to HB2456, stating that due process is given to the current owner on record but

HB2456 allows new owners to continually appeal valuations. She stated that because there may be multiple owners in one calendar year, multiple appeals could potentially be filed on the same property, increasing the burden on the assessor's office, especially for larger counties like Maricopa. Ms. Sweeney stated that it is likely that the only new information provided in the appeal is the sales price, which was not a factor in determining valuation of that property a year ago, so it is already excluded.

Mrs. Lesko asked if valuation for a property is based on information recorded for that property from 18 months prior. Ms. Sweeney answered in the affirmative. Mrs. Lesko stated that if valuation was decided based on that information from 18 months prior, and the owner has already appealed that valuation, a new owner appealing within that same calendar year would not get a different result. Ms. Sweeney stated that she agrees with Mrs. Lesko's assessment; discussion ensued.

Representative Vic Williams, sponsor, stated that HB2456 addresses the need for a process for homeowners to obtain relief from the effects of the current housing market conditions in Arizona. He explained that there are a number of houses being obtained through the foreclosure process, some, multiple times within a calendar year. Representative Williams requested that HB2456 be moved forward.

Mrs. Lesko asked for clarification regarding the intent of HB2456. Representative Williams deferred further questions regarding the technical provisions of HB2456 to the primary stakeholder. Mr. Chabin requested that the bill be held to allow time for testimony and clarification from the stakeholder.

Chairman Harper announced that the meeting would have to be cut short and that HB2456 would be held.

Without objection, the meeting adjourned at 2:35 p.m.

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Charly Laube, Committee Secretary
February 1, 2011

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