

ARIZONA STATE SENATE

51ST LEGISLATURE SECOND REGULAR SESSION

MINUTES OF COMMITTEE ON FINANCE

DATE: March 19, 2014 **TIME:** 2:00 p.m. **ROOM :** SHR 3

CHAIRMAN: Senator Steve Yarbrough **VICE-CHAIRMAN:** Senator Bob Worsley

ANALYST: Bill Ritz **INTERN:** Callie Flinn

ASSISTANT ANALYST: David Fernandez **COMMITTEE SECRETARY:** Toy Brown

ATTENDANCE

BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Cajero Bedford	X			HB 2018	DPA/SE
Senator Farley	X			HB 2058	DP
Senator Farnsworth	X			HB 2166	DPA
Senator Meza	X			HB 2264	DP
Senator Reagan	X			HB 2276	DP
Senator Worsley, Vice-Chairman	X			HB 2281	DP
Senator Yarbrough, Chairman	X			HB 2283	DP
				HB 2288	DP
				HB 2331	DP
				HB 2377	DP
				HB 2378	DP
				HB 2380	DPA/SE
				HB 2389	DPA
				HB 2487	DPA/SE
				HB 2526	DP
				HB 2560	DPA
				HB 2598	DP
				HB 2664	DPA
				HB 2674	DPA
				HB 2693	DP
				HB 2701	DP
				HCR 2022	DP

Chairman Yarbrough called the meeting to order at 3:24 p.m.

CONSIDERATION OF BILLS

HB 2693 – PSPRS; employer liability; death benefits – DO PASS

Carolyn Speroni, Appropriations Committee Analyst, explained HB 2693.

Senator Worsley moved HB 2693 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-0-1 (Attachment 1).

HB 2487 – insurance carriers; subcontractor audits – DO PASS AMENDED/STRIKE EVERYTHING

Callie Flinn, Finance Committee Intern, explained the 6-page Yarbrough strike everything amendment dated 3/17/14 at 1:34 p.m. (Attachment A) and the 2-line Yarbrough amendment dated 3/18/14 at 4:02 p.m. (Attachment B) to the strike everything amendment.

Representative Smith, bill sponsor further explained the Yarbrough strike everything amendment.

Spencer Kamps, Home Builders Association of Central AZ, testified in opposition to the strike everything amendment. Mr. Kamps supported the goal of the bill.

Barry Aarons, Construction Trades Coalition, testified in opposition to the strike everything amendment.

Lisa Prichard, Executive Director, Arizona Masonry and Contractors Association, Arizona Masonry Guild, testified in support of the Yarbrough strike everything.

John Jackson, representing himself, testified in support of the Yarbrough strike everything amendment.

Mike Sutter, Masonry Contractor, representing himself, testified in support of the Yarbrough strike everything amendment.

Senator Worsley moved HB 2487 be returned with a DO PASS recommendation.

Senator Worsley moved the 6-page Yarbrough strike everything amendment dated 3/17/14 at 1:34 p.m. (Attachment A).

Senator Worsley moved the 2-line Yarbrough amendment dated 3/18/14 at 4:02 p.m. (Attachment B) to the Yarbrough strike everything amendment be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved the 6-page Yarbrough strike everything amendment dated 3/17/14 at 1:34 p.m. AS AMENDED be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2487 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 5-1-1 (Attachment 2).

Senator Worsley explained his vote.

APPROVAL OF MINUTES

Senator Yarbrough stated without objection, the minutes of March 12, 2014 were approved.

HB 2331 – tax credit; just compensation (now: life care contracts; in-home care) – DO PASS

David Fernandez, Finance Committee Assistant Analyst, explained HB 2331.

Representative Livingston, bill sponsor, further explained HB 2331 and answered questions posed by the Committee.

Marc Osborn, Sun Health, introduced Sharon Grambow to address the Committee.

Sharon Grambow, Chief Operating Officer, Sun Health Living, further explained HB 2331 and answered questions posed by the Committee.

Senator Worsley moved HB 2331 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 6-0-1 (Attachment 3).

HB 2598 – blanket disability insurance; special groups – DO PASS

David Fernandez, Finance Committee Assistant Analyst, explained HB 2598.

Representative Livingston, bill sponsor, further explained HB 2598.

J. Michael Low, Attorney, AIG, further explained HB 2598 and answered questions posed by the Committee.

Senator Worsley moved HB 2598 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 4).

HB 2058 – public pensions; limit on compensation – DO PASS

Carolyn Speroni, Appropriations Committee Analyst, explained HB 2058.

Representative Kavanagh, bill sponsor, further explained HB 2058.

Ms. Speroni explained the 8-line Farley amendment dated 3/18/14 at 4:21 p.m. (Attachment C).

Don Isaacson, Central Arizona Water Conservation District, testified in opposition to HB 2058 and answered questions posed by the Committee.

Patrick Klein, Arizona State Retirement System, testified as neutral to HB 2058. Mr. Klein distributed a handout entitled “HB 2058 Amends ASRS, PSPRS and CORP Statutes” (Attachment D) and answered questions posed by the Committee.

Senator Worsley moved HB 2058 be returned with a DO PASS recommendation.

Senator Farley moved the 8-line Farley amendment dated 3/18/14 at 4:21 p.m. (Attachment C) be ADOPTED. A division was called on the voice vote. The motion FAILED by a division of 3 noes and 4 ayes.

The motion for a DO PASS recommendation for HB 2058 CARRIED with a roll call vote of 4-3-0 (Attachment 5).

Senators Farley, Mesa, Reagan and Worsley explained their votes.

HB 2281 – leased religious property; class nine – DO PASS

Callie Flinn, Finance Committee Intern, explained HB 2281.

Senator Farley stated the Farley amendment would not be offered (Attachment E).

Representative Lesko, bill sponsor, distributed a letter to the Committee members from Ryan Nunez, Executive Pastor, Palm Valley Church regarding the church property (Attachment F). Representative Lesko further explained HB 2281.

Stephen Wyatt, Lead Pastor, Cross Road Church, Anthem Arizona, representing himself, testified in support of HB 2281.

Tory Anderson, Secular Coalition for Arizona, testified in opposition to HB 2281.

Senator Worsley moved HB 2281 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-2-0 (Attachment 6).

Senators Cajero Bedford and Farley explained their votes.

HB 2283 – TPT; postmark; filing by mail – DO PASS

Callie Flinn, Finance Committee Intern, explained HB 2283

Representative Lesko, bill sponsor, further explained HB 2283.

Senator Worsley moved HB 2283 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-0-1 (Attachment 7).

HB 2288 – sales tax; reduced reporting requirements – DO PASS

Callie Flinn, Finance Committee Intern, explained HB 2288.

Representative Lesko, bill sponsor, further explained HB 2288.

Senator Worsley moved HB 2288 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-0-1 (Attachment 8).

HB 2389 – technical correction; TPT (now: transaction privilege tax changes) – DO PASS AMENDED

Bill Ritz, Finance Committee Analyst, explained the bill and the 10-page Yarbrough amendment dated 3/12/14 at 11:24 a.m. (Attachment G).

Representative Lesko, bill sponsor, further explained HB 2389.

Rene Guillen, League of Arizona Cities and Towns, testified as neutral to HB 2389.

Kevin McCarthy, Arizona Tax Research Association, testified in support of HB 2389.

Senator Worsley moved HB 2389 be returned with a DO PASS recommendation.

Senator Worsley moved the 10-page Yarbrough amendment dated 3/12/14 at 11:24 a.m. (Attachment G) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2389 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 6-0-1 (Attachment 9).

HB 2560 – insurance; self-evaluative privilege – DO PASS AMENDED

Bill Ritz, Finance Committee Analyst, explained HB 2560 and the 7-line Yarbrough amendment dated 3/18/14 at 10:11 a.m. (Attachment H).

Representative Allen, bill sponsor, further explained HB 2560.

Don Isaacson, State Farm Insurance Companies, testified in support of HB 2560.

Barry Aarons, Arizona Trial Lawyers Association, introduced Mr. Richard Langerman to address the Committee members.

Richard Langerman, Arizona Trial Lawyers Association, testified in support of the Yarbrough amendment.

Senator Worsley moved HB 2560 be returned with a DO PASS recommendation.

Senator Worsley moved the 7-line Yarbrough amendment dated 3/18/14 at 10:11 a.m. (Attachment H) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2560 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 10).

HB 2377 – income tax brackets; inflation index – DO PASS

David Fernandez, Finance Committee Assistant Analyst, explained HB 2377.

Representative Olson, bill sponsor, further explained HB 2377.

Senator Worsley moved HB 2377 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 11).

HB 2378 – municipal taxes and fees; prohibition – DO PASS

David Fernandez, Finance Committee Assistant Analyst, explained HB 2378.

Representative Olson, bill sponsor, further explained HB 2378.

Kevin McCarthy, Arizona Tax Research Association, testified in support of HB 2378.

Douglas Cole, Town of Paradise Valley, testified in support of HB 2378.

Senator Worsley moved HB 2378 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 12).

HB 2701 – TPT; health sciences institutions; exemption – DO PASS

David Fernandez, Finance Committee Assistant Analyst, explained HB 2701.

Representative Olson, bill sponsor, further explained HB 2701.

Kelsey Lundy, Lobbyist, Midwestern University, testified in support of HB 2701.

Senator Worsley moved HB 2701 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 13).

HB 2380 – tax liens; priority – DO PASS AMENDED/STRIKE EVERYTHING

Bill Ritz, Finance Committee Analyst, explained the 3-page Yarbrough strike everything amendment dated 3/17/14 at 4:54 p.m. (Attachment I).

Representative Olson, bill sponsor, explained the 3-page Yarbrough strike everything amendment.

Senator Barto, bill sponsor, further explained the Yarbrough strike everything amendment and answered questions posed by the Committee.

Norman Moore, Attorney, Arizona Optometric Association, testified in support of the Yarbrough strike everything amendment.

Trish Hart, Arizona Ophthalmological Society, distributed a handout entitled “Arizona Ophthalmological Society” (Attachment J) testified in opposition to the Yarbrough strike everything amendment.

Don Isaacson, Arizona Optometric Association, testified in support of the strike everything amendment and answered questions posed by the Committee

Dr. Pamela Potter, Chair, Pharmacology, Northwestern University, testified in support of the Yarbrough strike everything amendment.

Dr. Robert Spurny, Ophthalmologist, Patient Advocate, testified in opposition to the Yarbrough strike everything amendment.

Dr. Jim Meador, Ophthalmologist, testified in opposition to the Yarbrough strike everything amendment and answered questions posed by the Committee.

Dr. Mike Kozlowski, Optometrist, representing himself, testified in support of the Yarbrough strike everything amendment and answered questions posed by the Committee.

Senator Worsley moved HB 2380 be returned with a DO PASS recommendation.

Senator Worsley moved the 3 page Yarbrough strike everything amendment dated 3/17/14 at 4:54 p.m. (Attachment I) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2380 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 4-3-0 (Attachment 14).

Senators Meza and Reagan explained their votes.

HB 2664 – income tax revisions – DO PASS AMENDED

Bill Ritz, Finance Committee Analyst, explained HB 2664 and the 3-page Yarbrough amendment dated 3/18/14 at 12:35 p.m. (Attachment K).

Representative Mesnard, bill sponsor, further explained HB 2664.

Sean Laux, Chief Legislative Liaison, Arizona Department of Revenue, testified as neutral to HB 2664.

Senator Worsley moved HB 2664 be returned with a DO PASS recommendation.

Senator Worsley moved the 3-page Yarbrough amendment dated 3/18/14 at 12:35 p.m. (Attachment K) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2664 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 15).

Senator Farley explained his vote.

HCR 2022 – personal property tax; exemption – DO PASS

Callie Flinn, Finance Committee Intern, explained HCR 2022.

Representative Mesnard, bill sponsor, further explained HCR 2022 and answered questions posed by the Committee.

Senator Worsley moved HCR 2022 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-2-0 (Attachment 16).

HB 2018 – ASRS; in-service distributions – DO PASS AMENDED/ STRIKE EVERYTHING

Bill Ritz, Finance Committee Analyst, explained the 5-page Yarbrough strike everything amendment dated 3/17/14 at 3:45 p.m. (Attachment L).

Jay Kaprosy, Arizona Bankers Association, testified in support of the Yarbrough strike everything amendment.

Senator Worsley moved HB 2018 be returned with a DO PASS recommendation.

Senator Worsley moved the 5-page strike everything amendment dated 3/17/14 at 3:45 p.m. (Attachment L) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2018 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 17).

HB 2166 – PSPRS contributions; county employers – DO PASS AMENDED

Carolyn Speroni, Appropriations Committee Analyst, explained HB 2166 and the 12-line Yarbrough amendment dated 3/14/14 at 6:45 p.m. (Attachment M).

Michael Racy, Lobbyist, Pima County, testified in support of HB 2166.

Senator Worsley moved HB 2166 be returned with a DO PASS recommendation.

Senator Worsley moved the 12-line Yarbrough amendment dated 3/14/14 at 6:45 p.m. (Attachment M) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2166 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 18).

Senator Worsley explained his vote.

HB 2276 – premium tax reduction – DO PASS

Callie Flinn, Finance Committee Intern, explained HB 2276.

Representative Livingston, bill sponsor, further explained HB 2276.

Garrick Taylor, Arizona Chamber of Commerce and Industry, testified in support of HB 2276 and answered questions posed by the Committee.

J. Michael Low, Attorney, ACLI, Prudential, testified in support of HB 2276 and answered questions posed by the Committee.

Senator Worsley moved HB 2276 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-1-0 (Attachment 19).

Senator Farley explained his vote.

HB 2264 – Arizona job finance bonds (now: Arizona jobs bonds; finance) - DO PASS

Bill Ritz, Finance Committee Analyst, explained HB 2264.

Marc Osborn, Phoenix Industrial Development Authority, testified in support of HB 2264.

Senator Worsley moved HB 2264 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 6-1-0 (Attachment 20).

Senator Farnsworth explained his vote.

HB 2674 – tobacco settlement agreement – DO PASS AMENDED

Bill Ritz, Finance Committee Analyst, explained HB 2674.

Representative Shope, bill sponsor, further explained HB 2674.

Mr. Ritz explained the 4-page Yarbrough amendment dated 3/18/14 at 3:29 p.m. (Attachment N).

Andy Swann, Arizona Attorney General’s Office, further explained HB 2674.

Senator Worsley moved HB 2674 be returned with a DO PASS recommendation.

Senator Worsley moved the 4-page Yarbrough amendment dated 3/18/14 at 3:29 p.m. (Attachment N) be ADOPTED. The motion CARRIED by voice vote.

Senator Worsley moved HB 2674 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-0-0 (Attachment 20).

HB 2526 – consumer lender loans – DO PASS

David Fernandez, Finance Committee Assistant Analyst, explained HB 2526.

Representative Shope, bill sponsor, further explained HB 2526.

Kelsy Lundy, R & R Partners, Springleaf General Services, answered questions posed by the Committee and further explained HB 2526.

Cynthia Zwick, Executive Director, Arizona Community Action Association, testified in opposition to HB 2526 and answered questions posed by the Committee.

Kelly Griffith, Southwest Center for Economic Integrity, testified in opposition to HB 2526 and answered questions posed by the Committee.

Virginia Brant, AARP Arizona, testified in opposition to HB 2526.

James Norton, Springleaf General Services, testified in support of HB 2526.

**Senator Worsley moved HB 2526 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 4-3-0 (Attachment 22).**

Senators Cajero Bedford, Farley, Farnsworth, Reagan, Worsley and Yarbrough explained their votes.

Attached is a list noting the individuals who registered their position on the agenda items (Attachment O).

There being no further business, the meeting was adjourned at 7:18 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>)