ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – First Regular Session

COMMITTEE ON WAYS AND MEANS

Report of Regular Meeting
Monday, February 9, 2015
House Hearing Room 3 -- 2:00 p.m.

Convened 2:54 p.m.
Recessed
Reconvened
Adjourned 4:52 p.m.

Members Present
Mr. Cardenas
Mr. Mesnard
Mr. Olson
Mr. Sherwood
Mrs. Ugenti
Mr. Weninger
Mr. Wheeler
Mr. Kern, Vice-Chairman
Mr. Mitchell, Chairman

Members Absent

Request to Speak
Report – Attachment 1, 2

Presentations

Name	**Organization**	**Attachments** (Handouts)
None		

Committee Action

Bill	**Action**	**Vote**	**Attachments** (Summaries, Amendments, Roll Call)
HB2151	DP	9-0-0-0	3, 4, 5
HB2325	DP	7-0-0-2	6, 7
HB2337	DISCUSSED & HELD		8
HB2381	DPA	8-0-1-0	9, 10, 11
HB2383	DPA	9-0-0-0	12, 13, 14
HB2384	HELD		
HB2406	DISCUSSED & HELD		15, 16, 17, 18
HB2415	DP	5-4-0-0	19, 20
HB2538	DP	5-2-0-2	21, 22

Abby Selvey
Abby Selvey, Chairman Assistant
February 10, 2015

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

Information Registered on the Request to Speak System

House Ways and Means (2/9/2015)

HB2383, contracting; TPT; land value

Testified in support:

Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Support:

Helen Heiden, Arizona Chamber Of Commerce And Industry; Michael DiMaria, CENTURYLINK, INC; Kevin McCarthy, Arizona Tax Research Association; James Busby, representing self

Neutral:

Leonard Clark Clark, representing self

HB2406, fire district assistance tax; override

Testified in support:

John Flynn, Arizona Fire District Association; Mary Dalton, representing self; Michael Colletto, PROFESSIONAL FIRE FIGHTERS OF AZ

Testified as opposed:

Kevin McCarthy, Arizona Tax Research Association

Support:

Bryan Savage, representing self; Robert Biscoe, representing self

Oppose:

Terry Hill, representing self; Ann Heins, representing self; Joyce Hill, representing self; joy staveley, Chairman, Coconino County Republican Committee, representing self; Sandi Bartlett, representing self; Michael DiMaria, CENTURYLINK, INC; Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Scot Mussi, Arizona Free Enterprise Club

All Comments:

Mary Dalton, Self: Arizona Fire District Association, President

ATTACHMENT 1

HB2325, charitable tax credit; inflation indexing

Testified in support:

Marc Ashton, representing self; Ron Johnson, Arizona Catholic Conference; Shannon Clancy, representing self; David Martinez III, representing self

Support:

Josh Kredit, CENTER FOR ARIZONA POLICY; Christine Accurso, representing self; Sandi Bartlett, representing self

Neutral:

Sean Laux, AZ DEPT OF REVENUE

All Comments:

Marc Ashton, Self: Marc Ashton CEO, Foundation for Blind Children; Sandi Bartlett, Self: Just common sense. Vote yes.

HB2337, historic preservation tax credit

Testified in support:

John Glenn, representing self; Tom Capp, representing self; James McPherson, representing self; G.G. George, representing self

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Testified as opposed:

Scot Mussi, Arizona Free Enterprise Club

Support:

Janice Miano, representing self; Scott Butler, MESA, CITY OF; Valerie Iverson, EXECUTIVE DIRECTOR, Arizona Housing Alliance; Suzy Gershman, representing self; Brian Swanton, representing self; Opal Wagner, representing self

All Comments:

Janice Miano, Self: This an excellent source of funding to protect AZ's historic properties.; Valerie Iverson, Arizona Housing Alliance: An historic preservation tax credit has been an important financial tool used to rehabilitate historic structures and create needed affordable housing across the country, especially in rural areas and small towns.; Suzy Gershman, Self: Tucson Historic Preservation Foundation supports this bill

HB2381, TPT; use tax exemption; aircraft

Testified in support:

Eric Emmert, Aviation Coalition Of Arizona; Otto Shill, representing self; Matt Wright, representing self; Tom Dorn, Aviation Coalition Of Arizona

Testified as neutral:
Sean Laux, AZ DEPT OF REVENUE

HB2538, special districts; truth in taxation

Testified in support:
Jennifer Stielow, Vice President, Arizona Tax Research Association

Support:
Scot Mussi, Arizona Free Enterprise Club; Michael DiMaria, CENTURYLINK, INC

Neutral:
Michael Combrink, MARICOPA COUNTY

HB2151, DOR audits; three-year limit

Testified in support:
Farrell Quinlan, State Director, NATIONAL FEDERATION OF INDEPENDENT BUSINESS; Walter Dudley, representing self; Ken Buxton, representing self

Testified as neutral:
Sean Laux, AZ DEPT OF REVENUE

Support:
Scot Mussi, Arizona Free Enterprise Club; Helen Heiden, Arizona Chamber Of Commerce And Industry; Douglas Harter, representing self

HB2384, community facilities districts; formation

Support:
Ryan Harper, WALTON INTERNATIONAL GROUP (USA)

Neutral:
Leonard Clark Clark, representing self

Oppose:
George Diaz, Principal, BUCKEYE, TOWN OF

All Comments:
George Diaz, BUCKEYE, TOWN OF: Opposed to the strike-everything amendment.

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Historic Preservation

Committee on Ways & Means Bill Number HB2337

Mr. Chapman HPC

Date HB2337 ❑ Support ❑ Oppose ❑ Neutral

Name Tom Chapman Past Chair HPC Pres Need to Speak? ❑ Yes ☑ No

Representing HPC Are you a registered lobbyist? NO

Complete Address 102 W Maryland Ave Unit B2 85013

E-mail Address TNC-ggs@aol.net Phone Number 602-266-9738

Comments: am strongly in favor of this bill will be an asset to state

*****FIVE-MINUTE SPEAKING LIMIT*****

ATTACHMENT 2

HOUSE OF REPRESENTATIVES

HB 2151

DOR audits; three-year limit
Sponsor: Representative Weninger

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2151 reduces the time period for the Department of Revenue (DOR) to process audits not based on federal information from four years to three years.

HISTORY

Pursuant to Arizona Revised Statutes (A.R.S) § 42-1004, DOR has the authority to formulate policies and plans to provide tax administration and revenue collection systems for the state. A.R.S. § 21-1108 allows DOR to conduct audits by examining any return information, including books, papers, records or memoranda. DOR is required to provide taxpayers written notice of determined deficiencies, and such determinations are final 45 days after the notice is received unless an appeal is filed.

According to A.R.S. § 42-1104, tax deficiency notices must be prepared and mailed by DOR within four years after the tax is required to be filed or within four years after the tax is filed, whichever period expires later. After a deficiency has been completely determined for a particular tax, no additional audit may be conducted for that tax, except in certain circumstances. Such circumstances include: when a taxpayer files a claim for refund, a taxpayer is required to report changes or corrections, a taxpayer fails to disclose material or falsified books, a taxpayer completes a managed audit or a court ruling causes initially proposed taxes to increase.

PROVISIONS

1. Reduces the audit period for DOR audits not based on federal information from four years to three years.
2. Allows DOR to correct a previously completed audit if corrections are based on federal information.
3. Allows DOR to increase a proposed individual income tax assessment if the changes are based on federal information.
4. Contains a retroactivity clause beginning from and after December 31, 2014.
5. Makes technical and conforming changes.

ARIZONA FORM 140 — Resident Personal Income — 2007

FOR CALENDAR YEAR 2007 OR FISCAL YEAR BEGINNING M M D D Y Y Y Y AND ENDING M M D D Y Y Y Y | 66

YOUR FIRST NAME AND INITIAL 1	LAST NAME
IF A JOINT RETURN, SPOUSE'S FIRST NAME AND INITIAL 1	LAST NAME
PRESENT HOME ADDRESS - NUMBER AND STREET, RURAL ROUTE, APT NO 2	DAYTIME PHONE (with area code)
CITY, TOWN OR POST OFFICE 3 PHOENIX STATE AZ ZIP CODE	HOME PHONE (with area code) 94

Check this box if: 82F ☐ Filing under extension

FOR DOR USE ONLY

Filing Status

4 ☒ Married filing joint return
5 ☐ Head of household - *name of qualifying child or dependent* ▸
6 ☐ Married filing separate return. *Enter spouse's Social Security No. above and full name here* ▸
7 ☐ Single

Exemptions — Enter the number claimed. Do not put a check mark. | 88 | 81 | 80

8 ☒ Age 65 or over (you and/or spouse)
9 ☐ Blind (you and/or spouse)
10 ☐ Dependents. *From page 2, line A2 - do not include self or spouse.*
11 ☐ Qualifying parents and ancestors of your parents. *From page 2, line A5.*

Attach W-2 to back of last page of the return. If itemizing, attach your federal Schedule A and Arizona Schedule A if required.

12	Federal adjusted gross income (from your federal return)	12	103714 00
13	Additions to income *(from page 2, line B13)*	13	— 00
14	*Add lines 12 and 13*	14	103714 00
15	Subtractions from income *(from page 2, line C18 or line C30)*. *If applicable, enter the number from line C27a:* 151	15	46037 00
16	Arizona adjusted gross income. *Subtract line 15 from line 14*	16	57699 00
17	**Deductions.** ***Check box and enter amount.*** *See instructions, page 13.* 17I ☐ ITEMIZED 17S ☐ STANDARD	17	8745 00
18	Personal exemptions. *See page 13 of the instructions*	18	4200 00
19	Arizona taxable income. *Subtract lines 17 and 18 from line 16. If less than zero, enter zero*	19	44732 00
20	Compute the tax using amount on line 19 and Tax Rate Table X, Y or Optional Tax Rate Tables	20	1230 00
21	Tax from recapture of credits from Arizona Form 301, line 30	21	— 00
22	Subtotal of tax. *Add lines 20 and 21*	22	1230 00
23 - 24	Clean Elections Fund Tax Reduction. *See instructions, page 14.* 231 ☐ YOURSELF 232 ☐ SPOUSE	24	10 00
25	Reduced tax. *Subtract line 24 from line 22*	25	1220 00
26	Family income tax credit from worksheet on page 15 of instructions	26	240 00
27	Credits from Arizona Form 301, line 57, or Forms 310, 321, 322, and 323 if Form 301 is not required	27	200 00
28	Credit type. *Enter form number of each credit claimed:* 28 3 3 3 3	29	— 00
29	Clean Elections Fund Tax Credit. *From worksheet on page 17 of the instructions*	30	780 00
30	**Balance of tax:** *Subtract lines 26, 27 and 29 from line 25. If the sum of lines 26, 27 and 29 is more than line 25, enter zero*	31	— 00
31	Arizona income tax withheld during 2007	32	— 00
32	Arizona estimated tax payments for 2007	33	— 00
33	Amount paid with 2007 Arizona extension request (Form 204)	34	— 00
34	Increased Excise Tax Credit *from worksheet on page 17 of the instructions*	35	— 00
35	Property Tax Credit from Form 140PTC	36	— 00
36	**Total payments/refundable credits:** *Add lines 31 through 35*	37	780 00
37	**TAX DUE:** If line 30 is larger than line 36, *subtract line 36 from line 30 and enter amount of tax due. Skip lines 38, 39 and 40*	38	— 00
38	**OVERPAYMENT:** If line 36 is larger than line 30, *subtract line 30 from line 36 and enter amount of overpayment*	39	— 00
39	Amount of line 38 to be applied to 2008 estimated tax	40	780 00
40	Balance of overpayment. *Subtract line 39 from line 38*		

41 - 50 **Voluntary Gifts to:**

AID TO EDUCATION (entire refund only)	41	00	ARIZONA WILDLIFE	42	00
CITIZENS CLEAN ELECTIONS	43	00	CHILD ABUSE PREVENTION	44	00
DOMESTIC VIOLENCE SHELTER	45	00	NATIONAL GUARD RELIEF FUND	46	00
NEIGHBORS HELPING NEIGHBORS	47	00	SPECIAL OLYMPICS	48	00
VETERANS' DONATIONS FUND	49	00	POLITICAL GIFT	50	00

51 *Check only one* if making a political gift: 511 ☐ Democratic 512 ☐ Libertarian 513 ☐ Republican

52	Estimated payment penalty and MSA withdrawal penalty	52	00
53	*Check applicable boxes:* 531 ☐ Annualized/Other 532 ☐ Farmer or Fisherman 533 ☐ Form 221 attached 534 ☐ MSA Penalty		
54	Total of lines 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, and 52	54	00
55	Total of lines 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, and 52	55	00
56	**REFUND:** *Subtract line 54 from line 40. If less than zero, enter amount owed on line 56*	56	780 00

Direct Deposit of Refund: See instructions.
98 ROUTING NUMBER | ACCOUNT NUMBER | C ○ Checking or S ○ Savings

56 **AMOUNT OWED:** Add lines 37 and 54. ***Make check payable to Arizona Department of Revenue; include SSN on payment.***

☒ Payment enclosed. ***Check the box and attach payment. PLEASE DO NOT SEND CASH.***

ATTACH PAYMENT HERE.

e-file ✓ Fast • Safe • Secure

ATTACHMENT 4

PART A: Dependents and Qualifying Parents - do not list yourself or spouse

If completing Part A, also complete Part C, lines C16 and/or C17 and C18.

A1 *List children and other dependents.* If more space is needed, attach a separate sheet.

FIRST AND LAST NAME	SOCIAL SECURITY NO.	RELATIONSHIP	NO. OF MONTHS LIVED IN YOUR HOME IN 2007

A2 *Enter total number of persons listed in A1* here and on the front of this form, box 10. ***Also complete Part C below***..... TOTAL A2

A3 a Enter the names of the dependents listed above who do not qualify as your dependent on your federal return:

b Enter dependents listed above who were not claimed on your federal return due to education credits:

A4 *List qualifying parents and ancestors of your parents.* If more space is needed, attach a separate sheet.
You cannot list the same person here and also on line A1. For information on who is a qualifying parent or ancestor of your parents, *see page 6 of the Instructions.*

FIRST AND LAST NAME	SOCIAL SECURITY NO.	RELATIONSHIP	NO. OF MONTHS LIVED IN YOUR HOME IN 2007

A5 *Enter total number of persons listed in A4* here and on the front of this form, box 11 ..... TOTAL A5

PART B: Additions to Income

B6	Non-Arizona municipal interest	B6	00
B7	Early withdrawal of Arizona Retirement System contributions not included on your federal return	B7	00
B8	Ordinary income portion of lump-sum distributions excluded on your federal return	B8	00
B9	Total federal depreciation	B9	00
B10	Medical savings account (MSA) distributions. *See page 7 of the Instructions*	B10	00
B11	I.R.C. §179 expense in excess of allowable amount. *See page 7 of the instructions*	B11	00
B12	Other additions to income. *See instructions and attach your own schedule*	B12	00
B13	**Total.** *Add lines B6 through B12. Enter here and on the front of this form, line 13*	B13	– 00

PART C: Subtractions from Income

C14	Exemption: Age 65 or over. *Multiply the number in box 8, page 1, by $2,100*	C14	4200 00
C15	Exemption: Blind. *Multiply the number in box 9, page 1, by $1,500*	C15	– 00
C16	Exemption: Dependents. *Multiply the number in box 10, page 1, by $2,300*	C16	– 00
C17	Exemption: Qualifying parents and ancestors of your parents. *Multiply the number in box 11, page 1, by $10,000*	C17	– 00
C18	Total exemptions: *Add lines C14 through C17.* **If you have no other subtractions from income, skip lines C19 through C30 and enter the amount on line C18 on Form 140, Page 1, line 15.**	C18	4200 00
C19	Interest on U.S. obligations such as U.S. savings bonds and treasury bills	C19	14478 00
C20	Exclusion for federal, Arizona state or local government pensions (up to $2,500 per taxpayer)	C20	00
C21	Arizona state lottery winnings included as income on your federal return (up to $5,000 only)	C21	00
C22	U.S. Social Security or Railroad Retirement Act benefits included as income on your federal return (the taxable amount)	C22	26231 00
C23	Recalculated Arizona depreciation	C23	00
C24	Certain wages of American Indians	C24	00
C25	Income tax refund from other states. *See instructions*	C25	00
C26	Deposits and employer contributions into MSAs. *See page 11 of the instructions*	C26	1128 00
C27	Construction of an energy efficient residence. *See page 11 of the instructions. Enter number:* C27a [ ], *then amount*	C27	00
C28	Compensation received for active service as a member of the reserves, national guard or the U.S. armed forces	C28	00
C29	Other subtractions from income. *See instructions and attach your own schedule*	C29	00
C30	Total: *Add lines C18 through C28. Enter here and on the front of this form, line 15*	C30	46037 00

Part D: Last Name(s) Used in Prior Years if different from name(s) used in current year

D31

PLEASE SIGN HERE

I have read this return and any attachments with it. Under penalties of perjury, I declare that to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

YOUR SIGNATURE — DATE — OCCUPATION: RETIRED

SPOUSE'S SIGNATURE — DATE — SPOUSE'S OCCUPATION: RETIRED

PAID PREPARER'S SIGNATURE — FIRM'S NAME (PREPARER'S IF SELF-EMPLOYED)

PAID PREPARER'S TIN — DATE — PAID PREPARER'S ADDRESS

If you are sending a payment with this return, mail to Arizona Department of Revenue, PO Box 52016, Phoenix, AZ, 85072-2016.

If you are expecting a refund or owe no tax, or owe tax but are not sending a payment, mail to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ, 85072-2138

AR ONA DEPARTMENT OF REVENUE
INDIVIDUAL INCOME TAX AUDIT
1600 W. MONROE STREET
PHOENIX, AZ. 85007-2650

STATE OF ARIZONA
Department of Revenue

Tom Johnson
Assistant Director
Steve M. Wilkins, Sr.
Administrator

)

UTI : !

GLENDALE AZ

TAX YEAR: 2007
DATE: 02/23/12

RE: NOTICE OF PROPOSED ASSESSMENT

PROTEST DUE DATE: 05/23/12

Dear

I determined that you underpaid your tax liability for the tax year shown above.

Under authorization of Federal Law, Internal Revenue Code section 6103(d)(1), I obtained information from the Internal Revenue Service. I audited your return for the year listed above and adjusted your tax liability pursuant to Arizona Revised Statutes, Titles 42 and 43. I have made this proposed assessment as authorized by A.R.S. Section 42-1108.

To protect your rights and ensure your understanding of this proposed assessment, I have provided detailed explanations of my proposed adjustments. This envelope contains:

(1) Notice of Proposed Assessment
(2) Explanation of Adjustments
(3) Taxpayer Response Form
(4) Payment Form
(5) Taxpayer Survey Form
(6) Return envelope

Please review all of the enclosed documents carefully before making any decisions about this proposed assessment. Do not hesitate to call me if you have any questions.

Please complete and return the Taxpayer Response Form to me before the Protest Due Date shown above. A return envelope is enclosed for your convenience. If the Taxpayer Response Form is not submitted by the Protest Due Date, the proposed assessment becomes final and collection activity will begin. If the Protest Due Date expires, you must first pay the total assessment (line M) plus additional accrued interest and then file a claim for refund to reinstate your appeal rights.

If your protest is received or postmarked before the Protest Due Date, you may choose to either discuss your questions with me in an informal conference or present your evidence to a Hearing Officer in a formal hearing. Most disagreements are resolved through informal conferences. If you choose an informal conference now, you may still request a formal hearing at a later date if we cannot resolve your protest. Interest continues to accrue on any unpaid balance. To avoid additional interest charges, you may pay the total amount due with your response. Any over-payment will be refunded, with interest, after your protest is resolved.

If you send a payment, be sure to complete and return the Payment Form with your check or money order. Any amounts received without a Payment Form may be applied to other debts you owe, if any, instead of this audit.

If you agree with the proposed assessment but are unable to pay the entire amount due, you can use the Payment Form to request a payment plan. Interest will continue to accrue on any unpaid balance, even if you have an approved payment plan.

The Department can accommodate requests from persons with disabilities providing a 72 hours notice is given. Please contact me if you have any questions, need special accommodations or wish to arrange an informal conference. Please write your Social Security Number on all correspondence.

Sincerely,
HAZEL SAND
(602) 716-6490

ARIZONA DEPARTMENT OF REVENUE
INDIVIDUAL INCOME TAX AUDIT SECTION
TAXPAYER'S RECORD OF PAYMENT AND INSTRUCTIONS

Date Paid:		Tax Due:	240.00	Assessment Date:	02/23/12
Check Number:		Penalty Due:	0.00	Tax Year:	2007
Check Amount:		Interest Due:	41.67	AR Record:	000120009353
Tax Paid:		Total Due:	281.67	UTI:	

INTEREST THROUGH: 03/08/12 DAILY INTEREST AMOUNT IF NOT PAID ON THAT DATE: $0.02

IMPORTANT INFORMATION ABOUT INTEREST

Interest required by law will continue to accrue from the due date of the original return on any unpaid balance. This is true even if you file a protest or receive approval for an installment plan. The interest due amount is calculated through the date shown above. If your payment is postmarked after this due date, add the daily interest amount shown above for each day the payment is late. If your payment is postmarked before this date, subtract the daily interest amount for each day your payment is early.

REQUESTING AN INSTALLMENT PAYMENT PLAN

Arizona statutes require agreed amounts to be paid in full. Installment payment plans are available for taxpayers who agree with the proposed assessment but are unable to pay the entire amount due.

If you agree with this proposed assessment and want an installment agreement, complete Part A and Part B on the front of this form. Be sure to provide all of the information. Please note that the minimum monthly payment amount must be the largest amount you can afford to pay. Interest continues to accrue on the unpaid balance even if a payment plan is approved.

You must send a check or money order equal to your first proposed installment with your request for an installment agreement. After your payment is processed, you will be mailed a statement showing the remaining balance due on your account. If you do not receive an installment agreement letter from the Collections Section within 30 days, send your second payment with the payment form attached to the balance statement.

The Collections Section will review your request for an installment agreement and a Revenue Officer will contact you if any additional information is needed. The Collections Section will send a letter informing you whether your installment agreement is approved within 60 days after you return your signed response. The letter will contain the due dates and terms of your installment.

If you have any questions about installment payment plans, call Collections at (602) 542-5551 in Phoenix, or (520) 628-6442 in Tucson.

INSTRUCTIONS FOR COMPLETING THE PAYMENT FORM

If you do not return the payment form with your check or money order, your payments will be applied to the oldest receivable first, whether that receivable is related to this audit or not. Payments are applied to tax first, then penalty, and then interest unless other instructions are provided. You must return the form with your check or money order to ensure your payment is correctly applied.

If you agree with this assessment and wish to pay the total due in full, detach and mail Part B with your check or money order payable to the Arizona Department of Revenue. The total amount currently due is shown above. For your convenience we have provided a space for you to record your date of payment, check number, and amount at the top portion of this page. Your payment will be processed as shown in the AMOUNT DUE column of the payment form.

If you send a partial payment and want to control how the payment is applied, you must complete the AMOUNT PAID column of the payment form. If this column is left blank, your payment will be applied to this proposed assessment in the order of tax first, then penalty, and then interest. Please call your auditor if you need assistance in calculating these amounts or have any questions. If your auditor is unavailable when you call, please ask for the Auditor of the Day. Please write your Social Security Number on all correspondence.

7072

ARIZONA DEPARTMENT OF REVENUE
INDIVIDUAL INCOME TAX AUDIT SECTION

(1) NOTICE OF PROPOSED ASSESSMENT FOR 2007

UTI:

DATE: 02/23/12

AUDITOR: HAZEL SAND

GLENDALE , AZ

FILING STATUS: MARRIED

PHONE: (602) 716-6490

OFFICE: PHOENIX

EXPL CODE	INCOME & DEDUCTION ITEMS ADJUSTED (See the following pages for details)	SHOWN ON RETURN	CORRECTED AMOUNT	ADJUSTMENT (+/-)

A. TOTAL ADJUSTMENTS TO INCOME AND/OR DEDUCTIONS	0.00
B. TAXABLE INCOME AS SHOWN ON RETURN OR PREVIOUSLY ADJUSTED	44,732.00
C. CORRECTED TAXABLE INCOME (Line A plus line B)	44,732.00
D. CORRECTED TAX	1,230.28
E. TAX AS SHOWN ON RETURN OR AS PREVIOUSLY ADJUSTED	1,230.28
F. BALANCE OF TAX (Line D minus line E)	0.00

EXPL CODE	ADJUSTMENTS TO TAX CREDITS, WITHHOLDING, ESTIMATED PAYMENTS AND EXTENSION PAYMENTS			
5802	1998-2008 FAMILY INCOME TAX CREDIT	240.00	0.00	240.00

G. TOTAL ADJUSTMENTS TO CREDITS	240.00
H. BALANCE OF TAX (Total of line F and line G)	240.00

EXPL CODE	ASSESSMENT OF PENALTIES			
9907	INTEREST IS MANDATED BY LAW			

I. TOTAL PENALTIES	0.00
J. INTEREST THROUGH 03/08/12 *Interest is assessed from the original due date of the return and continues to accrue until all tax and compound interest is paid. Interest is compounded annually.*	41.67
K. SUBTOTAL (Lines H through J)	281.67
L. PAYMENTS AND OTHER OFFSETS APPLIED	0.00
M. TOTAL *This amount does not include any amounts currently due from an original filing or previous audit.*	281.67

ARIZONA DEPARTMENT OF REVENUE
INDIVIDUAL INCOME TAX AUDIT SECTION

(2) EXPLANATION OF ADJUSTMENT 2007 PAGE 1 OF 1

UTI:

DATE: 02/23/12

CODE	DESCRIPTION	AMOUNT
5802	1998-2008 FAMILY INCOME TAX CREDIT	
	Shown on return or as previously adjusted	240.00
	Corrected amount	0.00
	Adjustment	240.00

I HAVE ADJUSTED YOUR FAMILY INCOME TAX CREDIT BASED ON THE QUALIFICATIONS EXPLAINED BELOW. 43-1073.

1. THE INCOME THRESHOLD IS $10,000 FOR SINGLE OR MARRIED FILING SEPARATE FILING STATUS OR
2. THE INCOME THRESHOLD FOR MARRIED OR HEAD OF HOUSEHOLD BASED ON THE TOTAL NUMBER OF DEPENDENTS IS AS FOLLOWS:

#DEPENDENTS	MARRIED INCOME THRESHOLD	H/H INCOME THRESHOLD
0 TO 1	$20,000	$20,000
2	$23,600	$20,195
3	$27,300	$23,800
4	$31,000	$25,200
5 OR MORE	$31,000	$26,575

INTEREST IS MANDATED BY LAW
ARIZONA LAW REQUIRES THAT INTEREST SHALL BE CHARGED ON TAXES THAT ARE NOT PAID BY THE PRESCRIBED DUE DATE. BASED ON YOUR CIRCUMSTANCES, THE SECTION DOES NOT HAVE THE AUTHORITY TO ABATE INTEREST. A.R.S. 42-1123.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2151

DATE February 9, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood		✓			
Mrs. Ugenti		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		9	0	0	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 5

HOUSE OF REPRESENTATIVES

HB 2325

charitable tax credit; inflation indexing
Sponsor: Representative Mesnard

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2325 requires annually adjusting the maximum tax credit amount individuals may claim for donations to qualifying charities in accordance with the Metropolitan Phoenix Consumer Price Index (CPI).

HISTORY

Arizona Revised Statue (A.R.S.) § 43-1088 allows individuals to claim tax credits for contributions to qualifying charitable organizations. A single individual or head of household may not claim tax credits exceeding $200 for donations to a qualified charitable organization, or $400 for donations to qualifying foster care organization. Married couples filing joint returns may not claim tax credits exceeding $400 for donations to a qualified charitable organization, or $800 for donations to a qualifying foster care organization.

A.R.S. § 43-1088 requires qualified organizations to submit to the Department of Revenue a signed affidavit verifying:

- The organization has 501(c)(3) status or that the organization is a designated community action agency.
- Financial information regarding the budget amount spent on services for needy families, low-income residents, chronically ill persons or physically disabled children.
- The organization plans to continue using at least 50% of its budget for services to the above mentioned groups.
- The organization does not provide or pay for abortions or support another entity that provides or pays for abortions.

PROVISIONS

1. Adjusts the maximum tax credit amount individuals may claim for donations to qualified charitable and foster care organizations in accordance with the CPI.
2. Prohibits the maximum tax credit amount from being adjusted below the amount allowed in the prior taxable year.
3. Makes technical and conforming changes.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2325

DATE February 9, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas					✓
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood		✓			
Mrs. Ugenti		✓			✓
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		7	0	0	2

Abby Delvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 7

HOUSE OF REPRESENTATIVES

HB 2337

historic preservation tax credit
Sponsor: Representative Fann

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2337 creates a tax credit for the preservation of a historic structure.

HISTORY

Arizona Revised Statutes (A.R.S.) § 41-881 governs the Historic Property Rehabilitation Program (Program). The Program is administered by the Arizona State Parks Board (Board) through the State Historic Preservation Officer (SHPO). All decisions related to the Program are made by the SHPO and are subject to approval by the Board. Program appropriations may be allocated for special project priorities established annually by the SHPO. Monies appropriated from the program must be used for the rehabilitation of buildings, structures, archaeological sites and objects, all or part of which are publicly owned or owned by a nonprofit. The property must also be listed on the Arizona or national register of historical places.

PROVISIONS

1. Establishes a tax credit for the historic preservation of structures.
2. Requires the Board to receive, evaluate and certify applications for the rehabilitation of a certified historic structure (Structure) for the purpose of receiving an income tax credit.
3. States that the Board:
   a. Is required to establish and adopt a schedule for receiving, evaluating and approving applications twice annually.
      i. Stipulates that 60% of the annual aggregate tax credit amount is reserved for the first application period, for cities and towns with a population less than 150,000.
      ii. The remainder of the annual aggregate tax credit amount may be certified in the second application period for projects statewide.
   b. May issue an initial certification before the Structure is placed in service if specified requirements are met.
   c. May issue a final certification for a tax credit for a rehabilitation that received an initial certification if, after the completion of the rehabilitation work, the rehabilitation of the Structure was the subject of the initial certification and the following requirements are met:
      i. The Project is consistent with the standards for rehabilitation of the Secretary of the United States Department of the Interior as determined by the Board.
      ii. Produces a positive economic impact for the state or the local municipality under the cost-benefit analysis required under this section.
      iii. Achieves the minimum number of points necessary under the rehabilitation grading system established by the Board.

iv. The owner of the Structure grants a restrictive covenant to the Board for the holding period and agrees that alterations may not be made to the Structure during the holding period that are not specified in by this Act.

4. States that the owner of the Structure is subject to the application for certification under this Act must grant a restrictive convent to the Board for the holding period and agree that alterations may not be made during the holding period that:
   a. Are inconsistent with the standards for rehabilitation of the Secretary of the United States Department of the Interior as determined by the Board.
   b. Without the Boards approval.
5. Requires the Board to:
   a. Include the final certification the tax credit amount that the rehabilitation qualifies for.
   b. Issue a written determination within 90 days of the application being received.
   c. Establish a point system for grading applications, points must be awarded based on; positive job growth, significant positive economic impact and community support for the rehabilitation proposal.
   d. Charge a fee of 2.25% of the qualified rehabilitation project for each application.
   e. Provide DOR information requested to determine a claimant's eligibility for a tax credit.
6. Outlines provisions relating to the application form for both the initial and final certification.
7. Permits the Board to deny any application or revoke a current certification if the Board becomes aware of any information that is inconsistent with information provided in the application.
8. Requires the Arizona Commerce Authority (Authority) to conduct a cost-benefit analysis on the rehabilitation project that is subject to an application.
9. Stipulates that a Board may not issue a final certification unless the Authority determines that the project will produce a positive economic impact for the state or local municipality.
10. Stipulates that Board monies received from application fees must be utilized for the application and administration of this Act and specifies that fees received do not revert to the state General Fund.
11. States that the Board may certify tax credits under this Act in a combined annual aggregate amount of $15 million for taxable years beginning from and after December 31, 2015.
12. States for taxable years beginning from and after December 31, 2025 with a favorable review by the Joint Legislative Budget Committee, the Board may certify an additional annual aggregate amount of no more than $15 million.
13. Instructs the Joint Legislative Tax Credit Review Committee to review the tax credit during years ending in zero and five.

Income and Corporate Tax Credit

14. Permits an individual and corporate tax credit for the historic preservation of structures for taxable years beginning from and after December 31, 2015 to December 31, 2035.
15. States that the amount of the credit is equal to 20% of the qualified rehabilitation project.
16. States that the credit is allowable for the TY that the Structure is placed in service.
17. Outlines the requirements for an applicant to receive the credit.
18. States that a rehabilitation project that is exempt from real property is ineligible for the tax credit prescribed in this Act.
19. Permits the tax credit to be carried forward 10 consecutive years if the allowable tax credit exceeds income taxes due.
20. Permits co-owners of a business, including partners in a partnership and shareholders of an S-corporation to claim a pro rata share of the credit.
21. Permits an applicant who does not claim the credits allowed under this Act to, in whole or in part, assign, transfer or sell the tax credit to any person.
22. Outlines provisions relating to the sale of the tax credit.
23. Sates that the purpose of this Act is to create economic incentives for the purpose of stimulating the redevelopment and reuse of historic structures in the state.
24. Defines various terms.
25. Makes technical corrections.

HOUSE OF REPRESENTATIVES

HB 2381

TPT; use tax exemption; aircraft
Sponsor: Representative Olson

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2381 exempts aircraft and aircraft equipment transferred to persons intending to sell or utilize the aircraft or equipment for transporting people or property from Transaction Privilege Tax (TPT) and use tax.

HISTORY

Pursuant to Arizona Revised Statues (A.R.S.) § 42-5061 businesses in the retail classification for TPT purposes engage in selling tangible personal property at the retail level. The TPT base for retail classifications is the gross sale proceeds or gross income from sales transactions. This statue further prescribes certain sale items that are exempt from TPT. Examples of exempt items include: medical oxygen, medical eye glasses, insulin, university required text books, commercial agriculture seeds, groundwater measuring devices, machinery and equipment necessary for livestock milk production and more.

Use tax is assessed on items purchased in other states and brought into Arizona for storage, use, or consumption, and for which no tax or lesser tax has been paid in another state. The use tax serves to protect Arizona retailers from out-of-state competition by attempting to ensure that in-state and out-of-state purchases are taxed at an equal rate. A.R.S. § 42-5159 provides for use tax exemptions.

Aircraft, navigational and communication instruments, and aircraft accessories (aircraft equipment) are exempt from TPT and use tax if sold to persons holding a federal certificate of public convenience and necessity or a supplemental air carrier certificate, and the purchase is to be used in transporting persons or property. Aircraft and aircraft equipment are also exempt from TPT and use tax if sold to foreign governments or persons out of state.

PROVISIONS

1. Exempts aircraft and aircraft equipment from TPT and use tax if sold, leased or transferred:
   a) To persons certificated or licensed under federal aviation regulations using the aircraft or equipment to transport persons or property in intrastate, interstate or foreign commerce.
   b) To persons acquiring the aircraft or equipment for purposes of selling or leasing to a person described in the above section.
   c) With the objective of placing the aircraft or aircraft equipment under the control of persons described in the above sections.

Fifty-second Legislature
First Regular Session

WM
H.B. 2381

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2381

(Reference to printed bill)

Page 31, after line 7, insert:

"Sec. 3. Retroactivity; refunds

A. Section 42-5061, subsection B, paragraph 7 and section 42-5159, subsection B, paragraph 7, Arizona Revised Statutes, as amended by this act, apply retroactively to taxable periods beginning from and after May 31, 1998.

B. Any claim for refund of transaction privilege or use tax based on the retroactive application of section 42-5061, subsection B, paragraph 7 or section 42-5159, subsection B, paragraph 7, Arizona Revised Statutes, as amended by this act, shall be submitted to the department of revenue on or before December 31, 2015, pursuant to section 42-1118, Arizona Revised Statutes. A failure to file a claim on or before December 31, 2015 constitutes a waiver of the claim for refund under this section.

C. The burden is on the taxpayer to establish by competent evidence the amount of tax paid for all taxable periods and the amount, if any, qualifying for a deduction under the amendment to section 42-5061, Arizona Revised Statutes, or an exemption under the amendment to section 42-5159, Arizona Revised Statutes, as provided by this act. The department of revenue shall:

1. Review all timely filed claims.

2. Determine, on audit if necessary, the correct amount of each claim.

3. Notify the taxpayer of its determination. The notice is final unless a taxpayer appeals in the manner provided in section 42-1251, Arizona Revised Statutes.

D. If a refundable amount is not determined or paid until after June 30, 2016, interest accrues after that date under section 42-1123, Arizona Revised Statutes."

Amend title to conform

JUSTIN OLSON

2381jo1
02/06/2015
09:40 AM
C: dmt

Adopted ✓ # of Verbals ____
Failed ____ Withdrawn ____
Not Offered ____ Analysts Initials ____

ATTACHMENT 10

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2381

DATE February 9, 2015 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood				✓	
Mrs. Ugenti		✓		✓	
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	1	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 11

HOUSE OF REPRESENTATIVES

HB 2383

contracting; TPT; land value
Sponsor: Representative Olson

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2383 alters language regarding the sale price of land when calculating deductions to the prime contracting classification.

HISTORY

Transaction Privilege Tax (TPT) is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. Business activities subject to TPT include, but are not limited to: retail, restaurants and bars, transient lodging (hotel/motel), commercial leasing, advertising, amusements, personal property rentals, real property rentals, construction contracting, owner/builders, manufactured building, severance (mining, timbering), transportation, printing, publishing, utilities, communications, air/railroad, and private cars/pipelines.

PROVISIONS

1. Replaces the *sales price of land* with *the value of any land included in the sales price* when calculating deductions from the prime contracting tax base.
2. Replaces *dealership of manufactured buildings* with *manufactured building dealer*.
3. Includes various provisions regarding refund claim requirements, deadlines and specifies that the aggregate amount of refunds may not exceed $10,000.
4. Applies retroactively to taxable periods beginning from and after May 31, 2002.
5. Makes technical corrections.

Fifty-second Legislature
First Regular Session

WM
H.B. 2383

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2383

(Reference to printed bill)

Page 1, strike lines 17 and 18, insert:

"1. THE PORTION OF THE SALES PRICE OF REAL PROPERTY THAT REPRESENTS LAND, NOT TO EXCEED THE FAIR MARKET VALUE OF THE LAND. FOR THE PURPOSES OF THIS PARAGRAPH, THE DEPARTMENT MAY NOT CONDITION THE ALLOWANCE OF THIS DEDUCTION FOR LAND ON THE SEPARATE STATEMENT OF A PRICE FOR LAND IN A TRANSACTION IN WHICH THE LAND IS NOT BEING SOLD SEPARATELY FROM THE IMPROVEMENTS TO THE LAND UNDER THE TERMS OF THE SALES CONTRACT."

Amend title to conform

DARIN MITCHELL

2383dm1
02/06/2015
10:59 AM
C: dmt

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

ATTACHMENT 13

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2383

DATE February 9, 2015 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood		✓			
Mrs. Ugenti		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		9	0	0	0

Abby Delvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 14

HOUSE OF REPRESENTATIVES

HB 2406

fire district assistance tax; override
Sponsor: Representative Stevens

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2406 modifies valuation requirements, the override duration and payment methods for fire districts.

HISTORY

Fire districts are political subdivisions of the state that are responsible for providing fire services within a specific area and are formed by residents who would not have such services without the district. A fire district's primary source of funding is the secondary property tax, known as the Fire District Assistance Tax.

Arizona Revised Statutes (A.R.S.) § 48-807 authorizes an override to be made if approved by the voters. The fire district board may levy a tax exceeding the maximum allowable levy limit under one of the following options:

- a permanent override to allow annual levies not to exceed $3.25 per $100 of assessed valuation by eliminating the limitation based on the amount levied in the preceding tax year multiplied by 1.08; or
- a temporary override for five consecutive tax years to allow levies not to exceed the amount levied in the preceding tax year multiplied by 1.05 but eliminating the $3.25 per $100 of assessed valuation

If a temporary override is authorized, after the fifth year the maximum allowable levy limit will not exceed the amount levied in the year preceding the override multiplied by 1.08 for each year through the current tax year. The levy shall not exceed $3.25 per $100 of assessed valuation. This option is only available if the net assessed valuation of all property in the fire district declines by a combined total of 20% or more over two consecutive valuation years.

PROVISIONS

1. Removes language requiring the net assessed value of the district property to decline 20% or more over a period of two consecutive valuation years for a temporary override.
2. Extends an authorized temporary override from five years to eight years.
3. Removes the annual levy limit of the preceding tax year levy multiplied by 1.05 for temporary overrides.
4. Allows counsel fees, financial fees and printing costs to be paid with the authorized override amount or with district operating monies.
5. Requires expenses from an override election to be paid with district operating monies.
6. Makes technical and conforming changes.

HB 2406: fire district assistance tax; override (Rep. Stevens)

Figure #1 - Statewide Aggregate

Arizona Fire Districts

	Statewide FD Property Value		Statewide Avg. FD Tax Rate		Statewide FD Tax Levy	
2008	$13,071,796,602		$2.0260		$267,426,504	
2013	7,148,583,977	-55%	2.6107	29%	193,334,910	-38%
5 Year Change	**($5,923,212,625)**				**($74,091,594)**	

(Data source: Property Tax Oversight Commission - Az DOR)

* In 2008 there were 6 fire districts statewide at the 3.25 tax rate cap

* In 2014 there are 41 fire districts statewide at the 3.25 tax rate cap

Figure #2 - Representative Example

Sun City Fire District

	Local FD Property Value		FD Tax Rate		Local FD Tax Levy	
2008	$507,939,524		2.1681		$11,005,691	
2014	274,402,897	-46%	3.2500		8,918,094	-19%
5 Year Change	**($233,536,627)**				**($2,087,597)**	

(Data source: Property Tax Oversight Commission - Az DOR)

Figure #3 - Representative Example

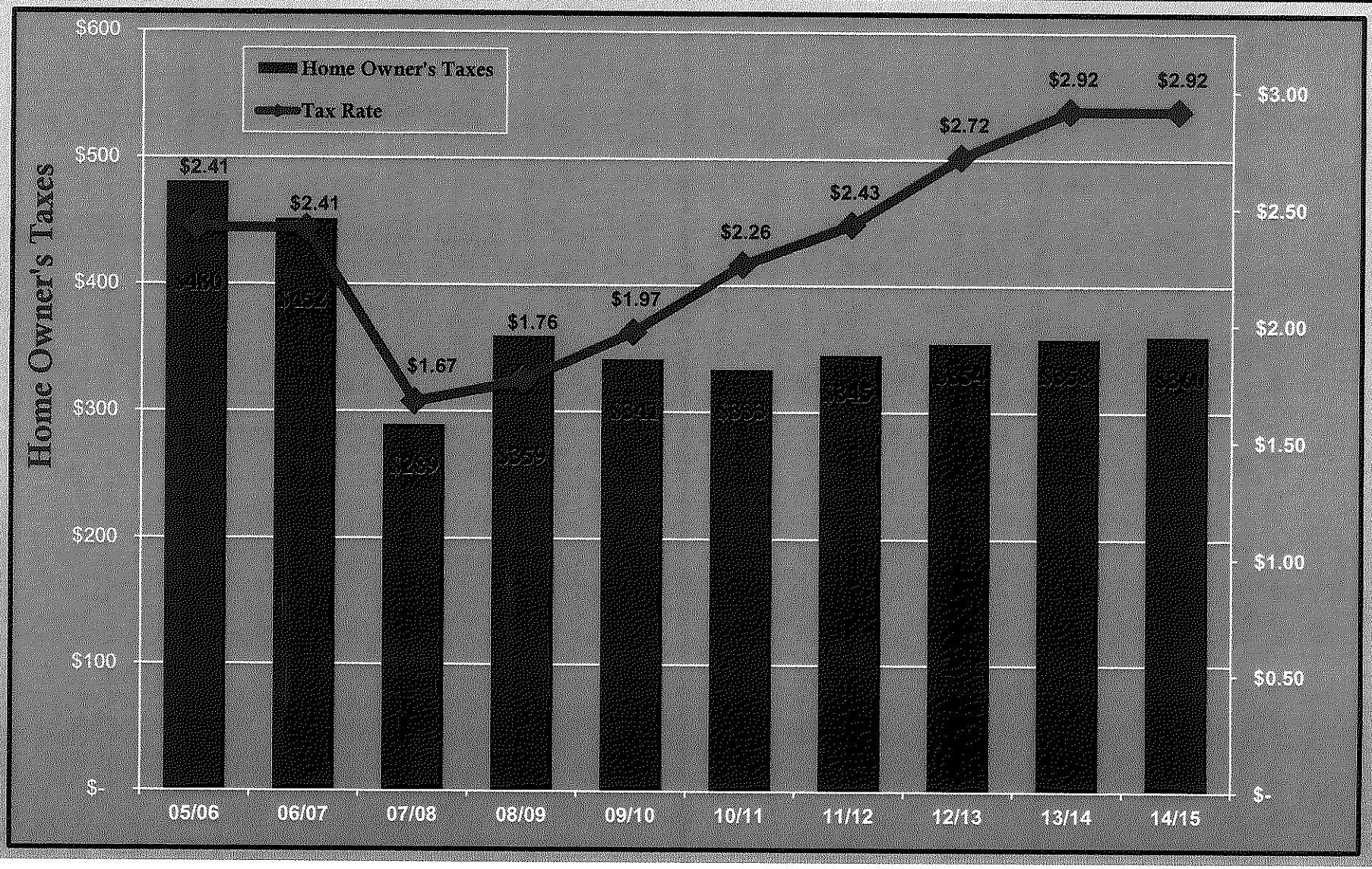
Lake Mohave Ranchos Fire District

	Local FD Property Value		FD Tax Rate		Local FD Tax Levy	
2008	$37,575,052		2.8500		$1,070,891	
2014	19,300,102	-55%	3.2500		627,253	-41%
5 Year Change	**($18,274,950)**				**($443,638)**	

(Data source: Property Tax Oversight Commission - Az DOR)

ATTACHMENT 16

FIRE DISTRICT FUNDING



ATTACHMENT 17

The taxpayer's watchdog for over 75 years

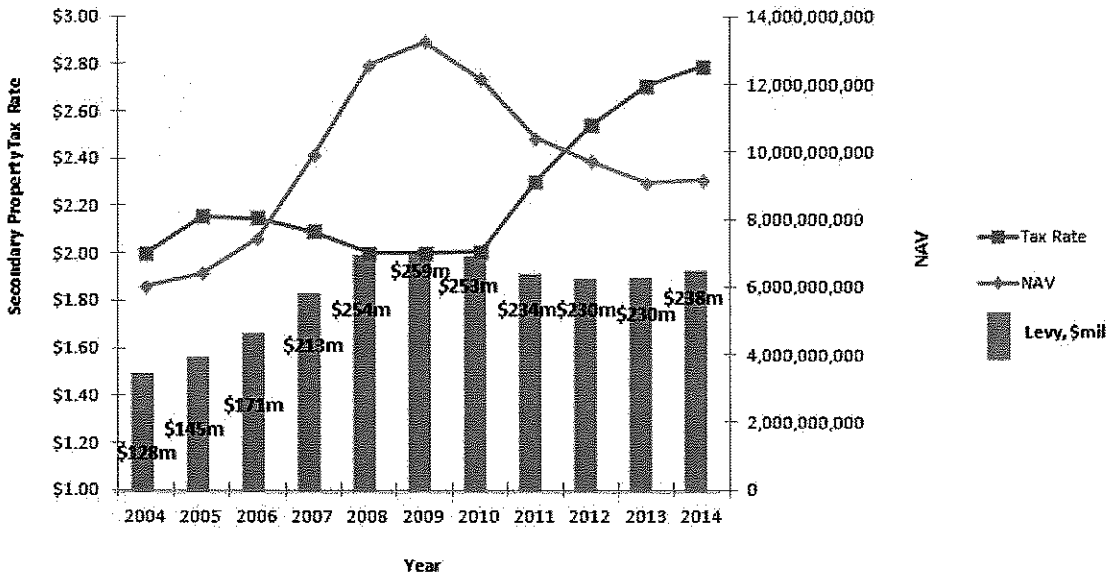
ARIZONA TAX RESEARCH ASSOCIATION

ATRA OPPOSES HB2406

The Great Recession had devastating impacts on state and local governments. State government in particular had enormous challenges in coping with revenue losses of 34%. The recession also ravaged Arizona's private economy resulting in major job losses. From a taxpayer standpoint, Arizona property taxpayers were clearly the most negatively impacted. For five straight years, the state average property tax rate has increased. The statewide average tax rate has climbed 38% over that time period. For many property taxpayers their effective tax rate has climbed 30%.

While the state budget hemorrhaged red ink in the recession, many local governments that sustain their operations primarily through property taxes faired much better. As the data below reflects, in relative terms, fire districts (FD) survived the economic storm virtually unscathed. In fact, over the last 10 fiscal years, FD operating levies climbed $110 million or 86%. During the real estate boom between 2004 and 2009 many FDs rode soaring property values to record increases in levies by leaving the tax rate same. In those five short years FD levies more than doubled statewide. Following the peak in 2009 and through 2014, although property values fell 33%, FD levies dropped only 7.9% as a result of the FDs increasing their tax rates. In fact, the median tax rate of all the FDs increased 39%, from $2.00 in 2009 to a median rate of $2.79 in 2014. As a result, the number of FDs that have reached the statutory $3.25 rate cap has risen dramatically over the last couple of years.

Fire District NAV vs Tax Rate

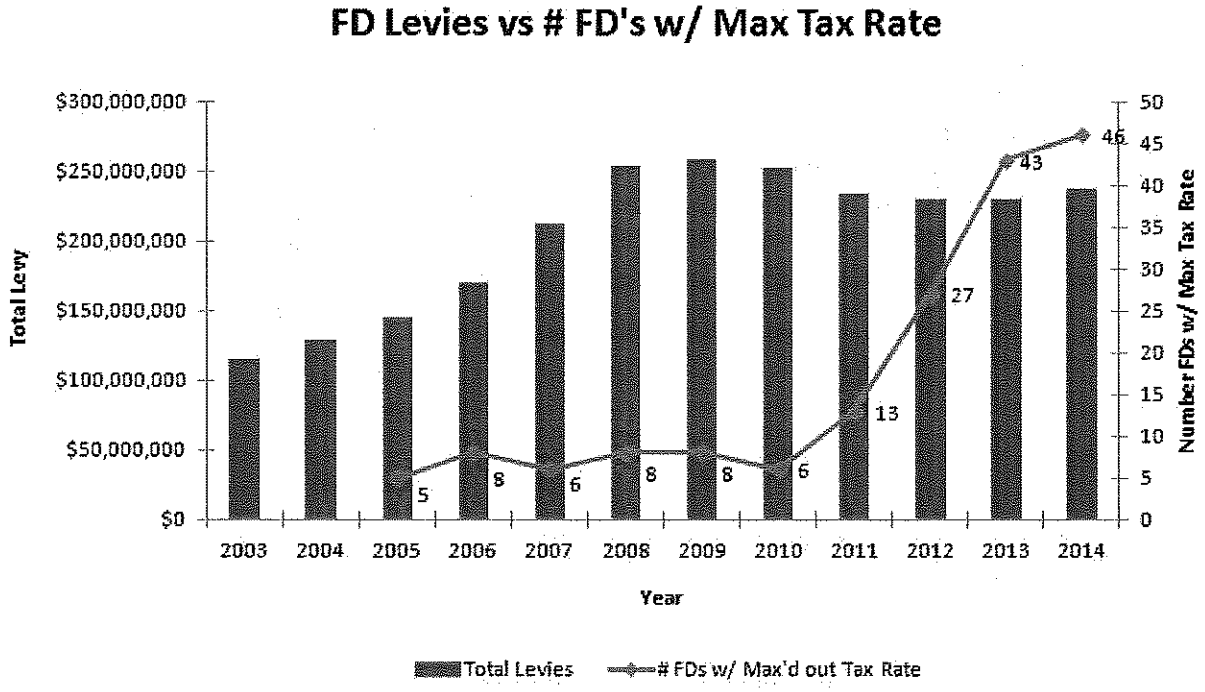


The FDs solution to the problem is to go back to the property taxpayers for additional revenue. ATRA worked with the FDs a few years ago to draft legislation that would allow FDs to seek voter approval for a temporary 5-year override that would allow FDs that experienced at least a 20% decline in property values over two consecutive years to exceed the $3.25 tax rate cap but remain subject to a 5% levy limit. HB2406 will allow all FDs to utilize the override provision without regard to a reduced tax base, extends the override to 8 years, **and removes any limit to the annual levy**.

ATTACHMENT 18

Arizona has 156 FDs and the skyrocketing property tax rates for many of them demonstrates that they should be looking aggressively at options other than to simply continue increasing tax rates. Clearly, the cost structures for some of these districts, particularly those that participate in the Public Safety Personnel Retirement System (PSPRS), are no longer sustainable with a small property tax base. Even city governments, with a variety of revenue sources, are struggling to cover PSPRS costs.

Finally, it should be noted that ATRA has worked many times in the past with FDs to allow increases in their tax capacity. In 2005, the maximum rate was increased from $3.00 to $3.25. In 1992, the max rate was increased from $2.60 to $3.00. ATRA also worked with the FDs to reform the fire district assistance tax and opposed efforts to eliminate that subsidy that is provided to districts.



ATRA ASKS FOR LAWMAKERS TO VOTE NO ON HB2406!

HOUSE OF REPRESENTATIVES

HB 2415

sanitary districts; bids; contractor
Sponsor: Representative Stevens

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2415 increases the amount of time a sanitary district board (Board) has to order a contract not be entered into and instead elect to perform the work itself.

HISTORY

Arizona Revised Statutes (A.R.S.) § 48-2001 allows a sanitary district to be formed for the purpose of regulating, purchasing, establishing, constructing and operating a sewerage or garbage disposal system.

A.R.S. §§ 48-2049 and 48-2052 allows a Board to propose improvements and open a bidding process for contracts to carry out improvement. After a Board has proposed an improvement, the Board must publish a notice regarding the improvements and invite sealed bids from persons interested in constructing the improvement. The notice must be published at least twice in a daily newspaper circulating the sanitary district, or once in a weekly publication. Additionally, the notice must be posted near the door where the board meets and state the time when the bids must be filed, which must be at least 10 days after the notice is first published.

A.R.S. § 48-2053 allows a Board 10 days after the time fixed for opening bids to elect, by two-thirds vote, to not enter into a contract and instead perform the work itself. If it is ordered that the Board perform work itself, it may not assess a cost that exceeds the amount proposed by the lowest responsible bidder or in excess of the estimate amount.

PROVISIONS

1. Increases the number of days a sanitary district board has to elect to perform contractual work itself from 10 days to 30 days after the bidding period.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2415

DATE February 9, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas	✓		✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood			✓		
Mrs. Ugenti			✓		
Mr. Weninger		✓			
Mr. Wheeler			✓		
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	4	0	0

Abby Selvey
COMMITTEE SECRETARY

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

ATTACHMENT 20

HOUSE OF REPRESENTATIVES

HB 2538

special districts; truth in taxation
Sponsor: Representative Mitchell

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2538 requires county flood control, county free library, county jail, and public health service districts that wish to increase tax levies to provide notice and hold a Truth in Taxation hearing where the governing body must utilize a roll call vote to approve the tax levy.

HISTORY

Arizona Revised Statues (A.R.S.) § 42-17107 requires governing bodies (Body) of counties, cities, or towns increasing primary property tax levies to provide notice and hold a Truth in Taxation hearing. The Body must publish notice twice in a general circulation newspaper at least 14 but not more than 20 days before the hearing date. The notice cannot be located in the classified or legal advertising section and must be at least one-fourth the page in size and be surrounded by a black border at least one-eighth inch wide. Alternatively, the notice may be mailed to all registered voters in the county, city or town.

The notice must follow specific statutory guidelines prescribing the notice's form and content, including the amount the property tax levy will to increase in dollars and percentages. The Body must consider motions to increase property tax levies by a roll call vote. Within three days after the Truth in Taxation hearing, the Body must mail a publication indicating the result of the Body's vote.

PROVISIONS

1. Requires county flood control, county free library, county jail, and public health service districts increasing secondary property tax levies, excluding increases attributable to new construction, provide notice of and hold a Truth in Taxation hearing.
2. Requires the Board to issue a press release prior to the Truth in Taxation hearing.
3. Requires the Truth in Taxation notice to either:
   a. Be published twice in a general circulating newspaper; the first at least 14 but not more than 20 days before the hearing, and the second at least 7 but not more than 10 days before the hearing. Or,
   b. Be mailed at least 10 but not more than 20 days before the hearing.
4. Requires truth in taxation notices:
   a. Be published in sections other than legal or classified ads.
   b. Be at least one-fourth the page in size.
   c. Have a black border with at least one-eight inch width.
   d. Indicate the amount property tax is going to increase in dollar and percent amounts.
   e. Follow prescribed content and form.

5. Stipulates that Bodies may only consider increasing tax levies with a roll call vote.
6. Defines *amounts attributable to new construction.*
7. Contain an effective date from and after December 31, 2015.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2538

DATE February 9, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Cardenas			✓		
Mr. Mesnard		✓			
Mr. Olson		✓			
Mr. Sherwood			✓		
Mrs. Ugenti					✓
Mr. Weninger		✓			
Mr. Wheeler					✓
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		5	2	0	2

APPROVED:

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

Abby Delvey
COMMITTEE SECRETARY

ATTACHMENT 22