

ARIZONA STATE LEGISLATURE

Joint Legislative Income Tax Credit Review Committee

**Minutes of the Meeting
Tuesday, December 9, 2008
9:30 a.m. Senate Hearing Room 1**

Members Present:

Senator Jim Waring, Cochairman	Representative Steven Yarbrough, Cochairman
Senator Robert Burns	Representative Jack Brown
Senator Ken Cheuvront	Representative Tom Chabin
Senator Ron Gould	Representative Rick Murphy
	Representative Michele Reagan

Members Absent:

Senator Jorge Garcia

Staff:

Justin Weaver, Senate Assistant Analyst
Kitty Decker, House Ways & Means Research Analyst
Barbara Barzee, House Appropriations Assistant Analyst

Cochairman Waring called the meeting to order at 9:35 a.m. and attendance was noted.

PRESENTATION BY THE JOINT LEGISLATIVE BUDGET COMMITTEE ON INCOME TAX CREDITS FOR THE 2008 REVIEW SCHEDULE:

Tim Everill, Assistant Director, Joint Legislative Budget Committee, explained the role of the Committee and the evaluation standards, provided by statute, for income tax credits, referring to a PowerPoint presentation entitled "2008 Income Tax Credit Review, Joint Legislative Income Tax Credit Review Committee, December 9, 2008" (Attachment A).

ARS 43-1074.01 and 43-1168 – Credit for Increased Research Activities

Hans Olofsson, Fiscal Analyst, Joint Legislative Budget Committee, provided an overview of the credit for increased research activities, referring to a PowerPoint presentation entitled "2008 Income Tax Credit Review, Joint Legislative Income Tax Credit Review Committee, December 9, 2008" (Attachment A). Mr. Olofsson also answered questions posed by the Committee members.

ARS 43-1170 and 43-1081 – Credit for Pollution Control Equipment

Eric Billings, Fiscal Analyst, Joint Legislative Budget Committee, provided an overview of the credit for pollution control equipment, referring to a PowerPoint presentation entitled “2008 Income Tax Credit Review, Joint Legislative Income Tax Credit Review Committee, December 9, 2008” (Attachment A). Mr. Billings also answered questions posed by the Committee members.

ARS 43-1178 – Credit for Taxes with Respect to Coal Consumed in Generating Electrical Power

Juan Beltran, Fiscal Analyst, Joint Legislative Budget Committee, provided an overview of the credit taxes for coal consumed in generating electrical power, referring to a PowerPoint presentation entitled “2008 Income Tax Credit Review, Joint Legislative Income Tax Credit Review Committee, December 9, 2008” (Attachment A). Mr. Beltran also answered questions posed by the Committee members.

PUBLIC TESTIMONY

Steve Zylstra, President and CEO, Arizona Technology Council, testified in support of continuing research and development tax credits. Mr. Zylstra also read a letter from **D. Jason Bagley, Government Affairs Manager, Intel**, in support of continuing research and development tax credits (Attachment B).

Howard Stewart, President and CEO, AGM Container Controls, Inc., testified in support of continuing research and development tax credits.

RECOMMENDATIONS

Representative Yarbrough moved that the Joint Legislative Income Tax Credit Review Committee continue and place the research and development credits on the Income Credit Review Schedule for 2013 and that performance measures be enhanced.

The motion CARRIED by voice vote.

Representative Yarbrough moved that the Joint Legislative Income Tax Credit Review Committee continue and place the pollution control equipment credits on the Income Credit Review Schedule for 2013 and that performance measures be enhanced.

The motion CARRIED by voice vote.

Representative Yarbrough moved that the Joint Legislative Income Tax Credit Review Committee continue and place the coal consumed in generating electrical power credits on the Income Credit Review Schedule for 2013 and that performance measures be enhanced.

Representative Chabin offered a substitute motion to Representative Yarbrough's original motion that the coal consumed in generating electrical power credit be repealed.

The substitute motion FAILED by voice vote.

The original motion CARRIED by voice vote.

There being no further business, the meeting was adjourned at 10:39 a.m.

Respectfully submitted,

Bill Ritz
Committee Secretary

(Audio recordings and attachments on file in the Secretary of Senate's Office/Resource Center, Room 115).