

ARIZONA STATE LEGISLATURE

JOINT LEGISLATIVE INCOME TAX CREDIT REVIEW COMMITTEE

Minutes of the Meeting
December 19, 2019
3:00 p.m., Senate Hearing Room 1

Members Present:

Senator J.D. Mesnard, Co-Chair
Senator Lela Alston
Senator Sean Bowie
Senator David Livingston

Representative Ben Toma, Co-Chair
Representative Shawna Bolick
Representative Andres Cano
Representative Regina E. Cobb
Representative Pamela Powers Hannley

Members Excused:

Senator Vince Leach

Staff:

Molly Graver, Senate Research Analyst
Alanna Bendel, Senate Research Assistant Analyst
Vince Perez, House Research Staff

Co-Chair Mesnard called the meeting to order at 3:09 p.m. and attendance was noted.

Hans Olofsson, Joint Legislative Budget Committee (JLBC) staff, distributed an informational packet entitled "Joint Legislative Budget Committee Staff Memorandum" (Attachment A) and gave an overview of the charge of the Joint Legislative Income Tax Credit Review Committee. Mr. Olofsson answered questions posed by the Committee.

CONSIDERATION OF INCOME TAX CREDITS ON THE 2019 REVIEW SCHEDULE

A.R.S. §§ 43-1076 and 43-1162 - Employment Credit for Healthy Forest Enterprises

Henry Furtick, JLBC staff, explained the PowerPoint presentation included in the JLBC informational packet (Attachment A) and gave an overview of the Employment Credit for Healthy Forest Enterprises. Mr. Furtick answered questions posed by the Committee.

Mr. Olofsson answered additional questions posed by the Committee.

Mr. Furtick answered additional questions posed by the Committee.

A.R.S. §§ 43-1081.01 and 43-1170.01 - Credit for Agricultural Pollution Control Equipment

Mr. Furtick continued to explain the PowerPoint presentation included in the JLBC informational packet (Attachment A) and gave an overview of the Credit for Agricultural Pollution Control Equipment.

A.R.S. § 43-1084 - Credit for Agricultural Water Conservation System

Elliot Chau, JLBC staff, continued to explain the PowerPoint presentation included in the JLBC informational packet (Attachment A) and gave an overview of the Credit for Agricultural Water Conservation System. Mr. Chau answered questions posed by the Committee.

Mr. Olofsson answered additional questions posed by the Committee.

Mr. Chau answered additional questions posed by the Committee.

A.R.S. §§ 43-1083.03 and 43-1164.04 - Credit for Qualified Facilities

Elliot Chau continued to explain the PowerPoint presentation included in the JLBC informational packet (Attachment A) and gave an overview of the Credit for Qualified Facilities.

Mr. Olofsson answered additional questions posed by the Committee.

Mr. Chau answered questions posed by the Committee.

A.R.S. § 43-1164.05 - Credit for Renewable Energy Investment and Production for Self-Consumption by International Operations Centers

Mr. Olofsson continued to explain the PowerPoint presentation included in the JLBC informational packet (Attachment A) and gave an overview of the Credit for Renewable Energy Investment and Production for Self-Consumption by International Operations Centers. Mr. Olofsson answered questions posed by the Committee.

A.R.S. § 43-1184 - Credit for Contributions to School Tuition Organizations for Displaced/Disabled Students

Patrick Moran, JLBC staff, continued to explain the PowerPoint presentation included in the JLBC informational packet (Attachment A) and gave an overview of the Credit for Contributions to School Tuition Organizations for Displaced/Disabled Students. Mr. Moran answered questions posed by the Committee.

Grant Nülle, Deputy Director, Arizona Department of Revenue (ADOR), answered questions posed by the Committee.

Ernest Powell, Tax Policy, ADOR, answered questions posed by the Committee.

Mr. Nülle answered additional questions posed by the Committee.

Mr. Olofsson answered additional questions posed by the Committee.

Matt Contorelli, Arizona Commerce Authority, answered questions posed by the Committee.

Ken Burns, Chief Financial Officer, Arizona Commerce Authority, answered questions posed by the Committee.

Mr. Olofsson answered additional questions posed by the Committee.

Mr. Burns answered additional questions posed by the Committee.

Mr. Contorelli answered additional questions posed by the Committee.

Senator Mesnard offered comments.

PUBLIC TESTIMONY

David Lujan, The Arizona Center for Economic Progress, testified regarding a follow up on the recommendations from this Committee and answered questions posed by the Committee.

Paul Roetto, representing himself, testified in opposition to the tax credits being reviewed by the Committee and answered questions posed by the Committee.

Bas Aja, Arizona Cattle Feeders' Association, answered questions posed by the Committee.

Mr. Olofsson answered additional questions posed by the Committee.

DISCUSSION AND RECOMMENDATIONS BY THE COMMITTEE

The Committee discussed the items on the agenda.

Representative Toma moved that the Joint Legislative Income Tax Credit Review Committee make the recommendation that the Credit for Healthy Forest Enterprises be repealed. The motion CARRIED by voice vote.

Representative Toma moved that the Joint Legislative Income Tax Credit Review Committee make the recommendation that the Credit for Agricultural Pollution Control Equipment be repealed. The motion CARRIED by voice vote.

The Committee discussed the next recommendation.

Representative Toma moved that the Joint Legislative Income Tax Credit Review Committee make the recommendation that the Credit for Agricultural Water Conservation System be returned to the income tax credit review schedule for 2024 and amended as follows, amended to include performance measures that these two suggestions include the requirement to report on reduction of water usage as a result of the installation of a qualified water conservation system and a report on the number of states where taxpayers receive a comparable credit. The motion CARRIED by voice vote.

The Committee discussed the next recommendation.

Representative Toma moved that the Joint Legislative Income Tax Credit Review Committee make the recommendation that the Credit for Qualified Facilities be amended and returned to the income tax credit review schedule for 2024 and amended to include the following performance measures: one, number of employees hired, and two, total capital expenditures invested as a result of this tax credit. The motion CARRIED by voice vote.

The Committee discussed the next recommendation.

Representative Toma moved that the Joint Legislative Income Tax Credit Committee make the recommendation that the Credit for Renewable Energy Investment and Production for Self-Consumption by International Operations Centers be retained and returned to the income tax review schedule for 2024. The motion CARRIED by voice vote.

The Committee discussed the next recommendation.

Representative Toma moved that the Joint Legislative Income Tax Credit Review Committee make the recommendation that the Credit for Contributions to School Tuition Organizations for Displaced/Disabled Students be retained and returned to the income tax credit review schedule for 2024. The motion CARRIED by voice vote.

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

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment C).

There being no further business, the meeting was adjourned at 5:37 p.m.

Respectfully submitted,

Shelley Ponce
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at <http://www.azleg.gov>)