

ARIZONA STATE SENATE

52ND LEGISLATURE SECOND REGULAR SESSION

MINUTES OF COMMITTEE ON FINANCE

DATE: March 16, 2016

TIME: 9:00 A.M.

ROOM: SHR3

CHAIRMAN: Senator Debbie Lesko

VICE-CHAIRMAN: Senator Steve Yarbrough

ANALYST: Bill Ritz

ATTENDANCE

BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Farley	X			HB 2127	DPA/SE
Senator Pancrazi	X			HB 2159	DP
Senator Yee	X			HB 2239	DP
Senator Yarbrough, Vice-Chairman	X			HB 2256	DP
Senator Lesko, Chairman	X			HB 2387	DP
				HB 2403	DP
				HB 2480	DPA
				HB 2536	DP
				HB 2538	DP
				HB 2584	DPA
				HB 2594	DP
				HB 2622	DP
				HB 2643	DP
				HB 2666	DP
				HB 2676	DPA/SE

Chairman Lesko called the meeting to order at 9:07 a.m. and attendance was noted.

APPROVAL OF MINUTES

Senator Lesko stated that without objection, the minutes of March 9, 2016 were approved.

CONSIDERATION OF BILLS

HB 2256 - tax subtraction; uniformed services pay – DO PASS

Bill Ritz, Finance Committee Analyst, explained HB 2256 and answered questions posed by the Committee.

William Fischbach, representing himself, distributed a presentation entitled “HB 2256” (Attachment A) and testified in support of HB 2256. Mr. Fischbach answered questions posed by the Committee.

Senator Yarbrough moved HB 2256 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-0-0 (Attachment 1).

HB 2666 - governor's economic opportunity office; consolidation – DO PASS

Grant Hanna, Commerce and Workforce Development Committee Research Analyst, explained HB 2666 and the 3-line Pancrazi amendment dated 03/15/16 at 3:37 p.m. (Attachment B).

Senator Pancrazi stated she would not offer the 3-line Pancrazi amendment dated 03/15/16 at 3:37 p.m. (Attachment B).

Representative Fann, bill sponsor, further explained HB 2666 and answered questions posed by the Committee.

Lorenzo Romero, Director, Arizona Governor's Office of Strategic Planning and Budgeting, distributed an organizational chart (Attachment C) and testified in support of HB 2666. Mr. Romero answered questions posed by the Committee.

Barry Aarons, Arizona Municipal Water Users Association, testified in support of HB 2666.

Courtney Gilstrap LeVinus, Arizona Multihousing Association (AMA) & Industrial Development Authority of Maricopa County (MCIDA), testified in support of HB 2666.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2666 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-0-0 (Attachment 2).

HB 2239 - technical correction; insurance; uniform plans (now: premium tax credit; reciprocal insurer) – DO PASS

Tarren Villaverde, Finance Committee Intern, explained HB 2239.

Representative Fann, bill sponsor, further explained HB 2239.

Kerry L. Hayden, Government Affairs Officer, Farmers Insurance, testified in support of HB 2239.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

**Senator Yarbrough moved HB 2239 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 4-1-0 (Attachment 3).**

Senator Farley explained his vote.

HB 2622 - water; improvement districts; tax limit – DO PASS

Tarren Villaverde, Finance Committee Intern, explained HB 2622 and the 3-line Farley amendment dated 03/15/16 at 4:39 p.m. (Attachment E).

Representative Barton, bill sponsor, further explained HB 2622 and answered questions posed by the Committee.

Senator Farley stated that he would not offer the 3-line Farley amendment dated 03/15/16 at 4:39 p.m. (Attachment E).

**Senator Yarbrough moved HB 2622 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 5-0-0 (Attachment 4).**

HB 2403 - tax lien deeds; aggregate fees – DO PASS

Bill Ritz, Finance Committee Analyst, explained HB 2403.

Representative Leach, bill sponsor, further explained HB 2403 and answered questions posed by the Committee.

Jeff DeWitt, Arizona State Treasurer, testified in opposition to HB 2403 and answered questions posed by the Committee.

Trey Williams, Senior Legislative Associate, Arizona Association of Counties, testified in opposition to HB 2403 and answered questions posed by the Committee.

Dolores “Dodie” Doolittle, Pinal County Treasurer, testified in opposition to HB 2403 and answered questions posed by the Committee.

Scot Mussi, Arizona Free Enterprise Club, testified in support of HB 2403 and answered questions posed by the Committee.

**Senator Yarbrough moved HB 2403 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 3-2-0 (Attachment 5).**

Senators Pancrazi and Yarbrough explained their votes.

HB 2480 - regents; officers; technical correction (now: additional state aid; maximum amount)
- DO PASS AMENDED

Bill Ritz, Finance Committee Analyst, explained HB 2480 and the 5-line Lesko amendment dated 03/15/16 at 11:44 a.m. (Attachment F).

Representative Olson, bill sponsor, further explained HB 2480 and answered questions posed by the Committee.

Mark Barnes, Pinal County Board of Supervisors, distributed a handout entitled "Pinal County Primary Tax Rates---Now and Then" (Attachment G) and testified in opposition to HB 2480. Mr. Barnes answered questions posed by the Committee.

Charles Essigs, Director of Government Relations, Arizona Association of School Business Officials, testified in opposition to HB 2480.

Michael Racy, Cochise College, Navajo County Community College District, Pima County, testified in opposition to HB 2480.

Kevin McCarthy, President, Arizona Tax Research Association, testified in support of HB 2480.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2480 be returned with a DO PASS recommendation.

Senator Yarbrough moved the 5-line Lesko amendment dated 03/15/16 at 11:44 a.m. (Attachment F) be ADOPTED. The motion CARRIED by voice vote.

Senator Yarbrough moved HB 2480 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 3-2-0 (Attachment 6).

Senators Farley, Pancrazi and Yarbrough explained their votes.

HB 2643 - PSPRS; CORP; EORP; administration changes - DO PASS

Carolyn Speroni, Appropriations Committee Analyst, explained HB 2643.

Representative Olson, bill sponsor, further explained HB 2643.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2643 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 4-0-1 (Attachment 7).

Senator Farley explained his vote.

HB 2676 - tax credit; title I schools - DO PASS AMENDED/STRIKE EVERYTHING

Bill Ritz, Finance Committee Analyst, explained the 33-page Lesko strike everything amendment dated 03/14/16 at 4:35 p.m. (Attachment H).

Dan Bogert, County Supervisors Association of Arizona, testified in opposition to the strike everything amendment.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2676 be returned with a DO PASS recommendation.

Senator Yarbrough moved the 33-page Lesko strike everything amendment dated 03/14/16 at 4:35 p.m. (Attachment H) be ADOPTED. The motion CARRIED by voice vote.

Senator Yarbrough moved HB 2676 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 4-1-0 (Attachment 8).

Senator Farley explained his vote.

HB 2127 - small property tax balance delinquency – DO PASS AMENDED/STRIKE EVERYTHING

Kaitlyn Neff, Transportation Committee Analyst, explained the 18-page Yarbrough strike everything amendment dated 03/14/16 at 3:35 p.m. (Attachment I).

Michael Preston Green, GREY2K USA, testified in support of the strike everything amendment.

Edward Braunger, American Greyhound Racing, testified in opposition to the strike everything amendment.

Joe Romack, representing himself, testified in support of the strike everything amendment.

Michael Racy, Tucson Greyhound Park, testified in support of the strike everything amendment and answered questions posed by the Committee.

Senator Steve Pierce distributed a copy of his testimony (Attachment J) and testified in opposition to the strike everything amendment. Senator Pierce answered questions posed by the Committee.

Rory Goree, Chairman, Racing Commission, representing himself, testified in opposition to the strike everything amendment.

Bill Rice, Arizona Greyhound Association, testified in opposition to the strike everything amendment.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2127 be returned with a DO PASS recommendation.

Senator Yarbrough moved the 18-page Yarbrough strike everything amendment dated 03/14/16 at 3:35 p.m. (Attachment I) be ADOPTED. The motion CARRIED by voice vote.

Senator Yarbrough moved HB 2127 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 5-0-0 (Attachment 9).

Senators Farley, Pancrazi and Lesko explained their votes.

HB 2387 - racing; hardship tax credit; elimination – DO PASS

Tarren Villaverde, Finance Committee Intern, explained HB 2387.

Michael Racy, Tucson Greyhound Park, testified in support of HB 2387 and answered questions posed by the Committee.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2387 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-0-0 (Attachment 10).

HB 2536 - fine art; TPT exemption – DO PASS

Tarren Villaverde, Finance Committee Intern, explained HB 2536 and the 6-page Farley amendment dated 03/15/16 at 2:22 p.m. (Attachment K).

Brad Richardson, representing himself, testified in support of HB 2536.

Dan Bogert, County Supervisors Association of Arizona, testified in opposition to HB 2536.

Robert Dalager, Scottsdale Art Auction, testified in support of HB 2536.

Sean Laux, Arizona Department of Revenue, answered questions posed by the Committee.

Mr. Dalager answered questions posed by the Committee.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2536 be returned with a DO PASS recommendation.

Senator Farley moved the 6-page Farley amendment dated 03/15/16 at 2:22 p.m. (Attachment K) be ADOPTED. The motion FAILED by voice vote.

Senator Lesko called for a roll call vote on the motion to return HB 2536 with a DO PASS recommendation. The motion CARRIED with a roll call vote of 4-1-0 (Attachment 11).

Senator Farley explained his vote.

HB 2584 - data center tax relief; qualification – DO PASS AMENDED

Grant Hanna, Commerce and Workforce Development Committee Research Analyst, explained HB 2584 and the 7-line Lesko amendment dated 03/15/16 at 12:06 p.m. (Attachment L).

Russell Smoldon, Arizona Data Center Coalition (ADCC), testified in support of HB 2584.

Sean Laux, Arizona Department of Revenue, testified as neutral on HB 2584 and spoke to problems with the amendment.

Senator Yarbrough moved HB 2584 be returned with a DO PASS recommendation.

Senator Yarbrough moved the 7-line Lesko amendment dated 03/15/16 at 12:06 p.m. (Attachment L) be ADOPTED. The motion CARRIED by voice vote.

Senator Yarbrough moved HB 2584 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 5-0-0 (Attachment 12).

Senator Farley explained his vote.

HB 2538 - municipal bonds; tax levy – DO PASS

Bill Ritz, Finance Committee Analyst, explained HB 2538.

Heather Wilkey, Town of Gilbert, testified in support of HB 2538.

Kevin McCarthy, President, Arizona Tax Research Association, testified in opposition to HB 2538.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2538 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 4-1-0 (Attachment 13).

Senator Yarbrough explained his vote.

HB 2594 - tobacco master settlement; sales data – DO PASS

Tarren Villaverde, Finance Committee Intern, explained HB 2594.

Courtney McKinstry, Legislative Liaison, Arizona Attorney General's Office, testified in support of HB 2594.

Brian Hummell, American Cancer Society Cancer Action Network, testified as neutral on HB 2594.

Senator Lesko noted the individuals who registered their position on the bill (Attachment D).

Senator Yarbrough moved HB 2594 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 5-0-0 (Attachment 14).

HB 2159 - ASRS; rulemaking exemption – DO PASS

Carolyn Speroni, Appropriations Committee Analyst, explained HB 2159.

Nicholas Ponder, Arizona State Retirement System, testified in support of HB 2159.

**Senator Yarbrough moved HB 2159 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 5-0-0 (Attachment 15).**

Attached is a list noting the individuals who registered their position on the bills (Attachment D).

There being no further business, the meeting was adjourned at 12:31 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>)