

Conference Engrossed

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 289

HOUSE BILL 2178

AN ACT

AMENDING SECTION 41-1272, ARIZONA REVISED STATUTES; RELATING TO TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1272, Arizona Revised Statutes, is amended to
3 read:

4 41-1272. Powers and duties; finances

5 A. The joint legislative budget committee shall:

6 1. Ascertain facts and make recommendations to the legislature
7 relating to the state budget, revenues and expenditures of the state, future
8 fiscal needs, the organization and functions of state agencies or their
9 divisions and such other matters incident to the above functions as may be
10 provided for by rules of the joint legislative budget committee.

11 2. Implement a system of fiscal notes to apply to those bills
12 introduced in the legislature that have a fiscal impact. These fiscal notes
13 shall also reflect the fiscal impact of legislation on cities, counties and
14 all other political subdivisions of the state.

15 3. Implement a system of fiscal notes for any rule as defined by
16 section 41-1001 which has a fiscal impact.

17 4. ANALYZE THE STATE TAX STRUCTURE, TAX BURDENS ON INDIVIDUALS AND
18 BUSINESSES AND TAX INCENTIVES FOR EXISTING AND PROSPECTIVE BUSINESSES. THE
19 ANALYSES SHALL INCLUDE:

20 (a) PROJECTION OF THE IMPACT OF INDUSTRY SPECIFIC TAX INCENTIVE
21 PROPOSALS ON THE STATE REVENUE BASE.

22 (b) COMPARISON AMONG STATES OF RELATIVE TAX BURDENS ON EXISTING AND
23 PROSPECTIVE BUSINESSES.

24 (c) DETERMINATION OF RELIANCE AND INCIDENCE ASPECTS OF THE TAX
25 STRUCTURE OF THIS STATE.

26 5. IMPLEMENT A SYSTEM OF FISCAL ANALYSIS THAT APPLIES TO THOSE BILLS
27 INTRODUCED IN THE LEGISLATURE THAT INVOLVE ONE OR MORE PROPOSED CHANGES IN
28 THE TAX LAWS. UNLESS IT IS UNREASONABLE TO DO SO, THE FISCAL ANALYSIS SHALL
29 BE BASED ON ASSUMPTIONS THAT ESTIMATE THE PROBABLE BEHAVIORAL RESPONSE OF
30 TAXPAYERS, BUSINESSES AND OTHER CITIZENS AND SHALL INCLUDE WITHIN THE
31 ANALYSIS A STATEMENT IDENTIFYING THOSE ASSUMPTIONS.

32 ~~4.~~ 6. Adopt rules.

33 B. The joint legislative budget committee may:

34 1. Make studies, conduct inquiries and investigations and hold
35 hearings.

36 2. Meet and conduct its business any place within the state during the
37 sessions of the legislature or any recess of the legislature and in the
38 period when the legislature is not in session.

39 3. Establish subcommittees from the membership of the legislature and
40 assign to such subcommittee any study, inquiry, investigation or hearing with
41 the right to call witnesses which the joint legislative budget committee has
42 authority to undertake.

43 C. The joint legislative budget committee shall have the powers
44 conferred by law upon legislative committees.

1 D. Members of the joint legislative budget committee shall be
2 reimbursed by their respective houses in the same manner as is provided by
3 law for a member of the legislature who attends a duly called meeting of a
4 standing committee.

5 Sec. 2. Joint legislative budget committee; fiscal analysis
6 report

7 By October 31, 2002, the staff of the joint legislative budget
8 committee shall report on the progress of implementation of the fiscal
9 analysis prescribed by section 41-1272, subsection A, paragraph 5, Arizona
10 Revised Statutes, to the president of the senate, the speaker of the house
11 of representatives, the chairperson of the senate appropriations committee,
12 the chairperson of the senate finance committee, the chairperson of the house
13 of representatives appropriations committee and the chairperson of the house
14 of representatives ways and means committee.

15 Sec. 3. Tax reform for Arizona citizens committee; membership;
16 duties; initial report; final report

17 A. The tax reform for Arizona citizens committee is established
18 consisting of the following members:

19 1. Four members of the senate who are appointed by the president of
20 the senate, not more than two of whom are members of the same political
21 party, including the chairperson of the finance committee.

22 2. Four members of the house of representatives who are appointed by
23 the speaker of the house of representatives, not more than two of whom are
24 members of the same political party, including the chairperson of the ways
25 and means committee.

26 3. One person who represents incorporated cities or towns and who is
27 appointed by the president of the senate.

28 4. One person who represents counties and who is appointed by the
29 speaker of the house of representatives.

30 5. One person who represents school districts and who is appointed by
31 the president of the senate.

32 6. One person who represents a statewide taxpayer organization and who
33 is appointed by the president of the senate.

34 7. One person who represents the general public and who is appointed
35 by the speaker of the house of representatives.

36 8. Two people who represent the business community, one who is
37 appointed by the president of the senate and one who is appointed by the
38 speaker of the house of representatives.

39 B. The chairperson of the ways and means committee in the house of
40 representatives shall call the first meeting and the members of the committee
41 shall choose a chairperson from the committee membership.

42 C. The committee shall:

43 1. Study and make recommendations on the fiscal policy and laws of
44 this state, including specific consideration of expansion of state resources
45 and economic development strategies.

1 2. Study and make recommendations on the tax policies of this state
2 and local jurisdictions, including counties, municipalities, school districts
3 and special taxing districts, to assure that the policies are adequate,
4 equitable, competitive and consistent with economic development strategies.

5 3. Develop a comprehensive report and recommendations, including
6 recommendations concerning the appropriate tax structure for this state and
7 local jurisdictions and a strategy for transition to the appropriate tax
8 structure.

9 D. Members of the committee are not eligible to receive compensation
10 or reimbursement of expenses. The committee chairperson may appoint advisory
11 committees as necessary. The governor's office of strategic planning and
12 budgeting, the department of revenue, the joint legislative budget committee
13 and the legislative council shall provide technical assistance to the
14 committee.

15 E. The committee shall submit a status report to the president of the
16 senate, the speaker of the house of representatives and the governor by
17 December 31, 2002. The committee shall provide a copy of the report to the
18 director of the Arizona state library, archives and public records.

19 F. The committee shall make a report of its final findings and
20 recommendations to the president of the senate, the speaker of the house of
21 representatives and the governor by September 15, 2003. The committee shall
22 provide a copy of this report to the secretary of state and the director of
23 the Arizona state library, archives and public records.

24 Sec. 4. Arizona fiscal accountability committee; membership;
25 duties; initial report; final report

26 A. The Arizona fiscal accountability committee is established
27 consisting of the following members:

28 1. Four members of the senate who are appointed by the president of
29 the senate, not more than two of whom are members of the same political
30 party, including the chairperson of the appropriations committee.

31 2. Four members of the house of representatives who are appointed by
32 the speaker of the house of representatives, not more than two of whom are
33 members of the same political party, including the chairperson of the
34 appropriations committee.

35 3. One person who represents school districts and who is appointed by
36 the president of the senate.

37 4. One person who represents community colleges and who is appointed
38 by the speaker of the house of representatives.

39 5. One person who represents a major state agency and who is appointed
40 by the president of the senate.

41 6. One person who represents a statewide taxpayer organization and who
42 is appointed by the president of the senate.

43 7. One person who represents the general public and who is appointed
44 by the speaker of the house of representatives.

1 8. Two people who represent the business community, one who is
2 appointed by the president of the senate and one who is appointed by the
3 speaker of the house of representatives.

4 B. The chairperson of the appropriations committee in the senate shall
5 call the first meeting and the members of the committee shall choose a
6 chairperson from the committee membership.

7 C. The committee shall:

8 1. Study and make recommendations on the expenditure policies of this
9 state, including specific consideration to integrating services and
10 eliminating duplicative programs.

11 2. Study and make recommendations on the expenditure policies of this
12 state and local jurisdictions, including counties, municipalities and school
13 districts to ensure that government services are provided in an efficient and
14 effective manner. This study shall explore whether savings can be achieved
15 through the privatization of services, the realigning of services between
16 state and political subdivisions and the elimination or streamlining of
17 duplicative programs at the state level.

18 3. Develop a comprehensive report and recommendations, including
19 recommendations concerning the appropriate policy adjustments related to
20 state expenditures for this state and a strategy for implementation.

21 D. Members of the committee are not eligible for compensation or
22 reimbursement of expenses. The committee chairperson may appoint advisory
23 committees as necessary. The governor's office of strategic planning and
24 budgeting, the auditor general, the joint legislative budget committee and
25 the legislative council shall provide technical assistance to the committee.

26 E. The committee shall submit a status report to the president of the
27 senate, the speaker of the house of representatives and the governor by
28 December 31, 2002. The committee shall provide a copy of the report to the
29 director of the Arizona state library, archives and public records.

30 F. The committee shall make a report of its final findings and
31 recommendations to the president of the senate, the speaker of the house of
32 representatives and the governor by September 15, 2003. The committee shall
33 provide a copy of this report to the secretary of state and the director of
34 the Arizona state library, archives and public records.

35 Sec. 5. Participation in multistate discussions; definitions

36 A. Delegates appointed pursuant to subsection B shall enter into
37 multistate discussions on behalf of this state to consider whether this state
38 should enter into an agreement with one or more other states to:

39 1. Simplify and modernize tax administration in order to substantially
40 reduce the burden of tax compliance for sellers and for all types of
41 commerce.

42 2. Establish standards for tax compliance software and service
43 providers.

44 3. Establish performance standards for multistate sellers.

1 B. For the purposes of this section, delegates shall be appointed as
2 follows:

3 1. One delegate shall be a member of the house of representatives who
4 is appointed by the speaker of the house of representatives.

5 2. One delegate shall be a member of the senate who is appointed by
6 the president of the senate.

7 3. Two delegates shall be appointed by the governor, one of whom shall
8 be the director or a deputy or assistant director of the department of
9 revenue and one of whom shall be a voting member of the municipal tax code
10 commission.

11 C. After meeting with similar delegations from other states, the
12 delegates shall make recommendations to the legislature regarding the issues
13 the delegates are required to consider under subsection A and any other issue
14 the legislature may require the delegates to consider.

15 D. If the delegates determine that this state should enter into an
16 agreement with one or more other states, the delegates shall recommend the
17 preparation of legislation to bring this state into substantial compliance
18 with the agreement as a result of the multistate discussions required by this
19 section.

20 E. In this section, unless the context otherwise requires:

21 1. "Agreement" means an interstate agreement for simplification and
22 uniformity of taxation among member states in order to reduce the burden of
23 tax compliance for sellers and for all types of commerce.

24 2. "Seller" means an individual, trust, estate, fiduciary,
25 partnership, limited liability company, limited liability partnership,
26 corporation or any other similar legal entity that sells, leases or rents
27 tangible personal property or a service.

28 3. "State" means a state of the United States and the District of
29 Columbia.

30 4. "Tax" or "taxes" means transaction privilege and use taxes imposed
31 pursuant to title 42, chapter 5, Arizona Revised Statutes, or a similar tax
32 imposed by a political subdivision of this state.

33 Sec. 6. Delayed repeal

34 A. The following are repealed from and after December 31, 2003:

35 1. Section 2 of this act, relating to the joint legislative budget
36 committee fiscal analysis report.

37 2. Section 3 of this act, relating to the tax reform for Arizona
38 citizens committee.

39 3. Section 4 of this act, relating to the Arizona fiscal
40 accountability committee.

41 B. Section 5 of this act, relating to participation in multistate
42 discussions, is repealed from and after June 30, 2004.

~~APPROVED BY THE GOVERNOR MAY 22, 2002.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 23, 2002.~~

Passed the House March 18, 2002,

by the following vote: 52 Ayes,

0 Nays, 8 Not Voting

with emergency

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

Passed the Senate April 24, 2002

by the following vote: 16 Ayes,

13 Nays, 1 Not Voting

without emergency

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

H.B. 2178

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

HOUSE FINAL PASSAGE
as per Joint Conference

SENATE FINAL PASSAGE
as per Joint Conference

Passed the House May 15, 2002,

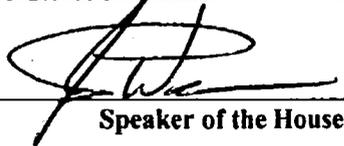
Passed the Senate May 16, 2002,

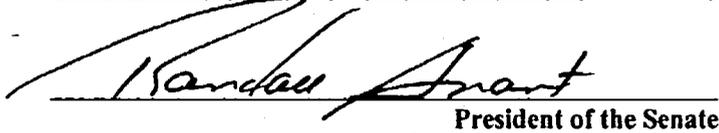
by the following vote: 41 Ayes,

by the following vote: 22 Ayes,

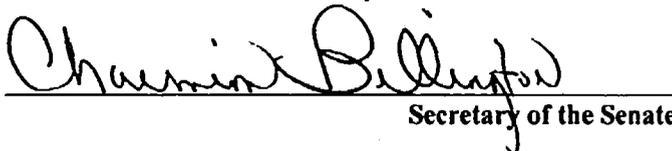
14 Nays, 5 Not Voting

5 Nays, 3 Not Voting


Speaker of the House


President of the Senate


Chief Clerk of the House

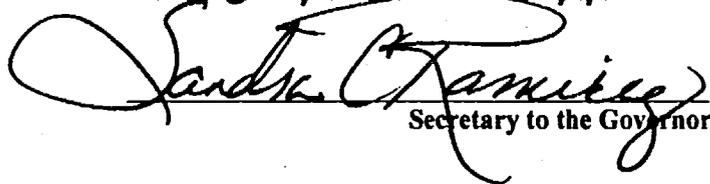

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 17 day of May, 2002

at 8:45 o'clock A M.


Secretary to the Governor

Approved this 22nd day of

May, 2002,

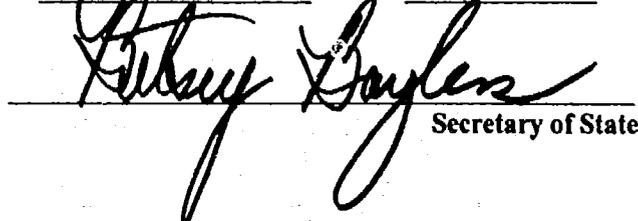
at 4:51 o'clock P M.


Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE
This Bill was received by the Secretary of State

this 23 day of May, 2002

at 3:23 o'clock P M.


Secretary of State

H.B. 2178