

STATE OF ARIZONA

Joint Legislative Budget Committee

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AMANDA AGUIRRE
JORGE LUIS GARCIA
JACK W. HARPER
THAYER VERSCHOOR
JIM WARING

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

December 19, 2008

The Chairman called the meeting to order at 9:35 a.m., Thursday, December 19, 2008, in Senate Appropriations Room 109. The following were present:

Members:	Senator Burns, Chairman	Representative Pearce, Vice-Chairman
	Senator Garcia	Representative Biggs
	Senator Harper	Representative Cajero Bedford
	Senator Waring	Representative Lopez
		Representative Rios
		Representative Yarbrough
Absent:	Senator Aboud	Representative Adams
	Senator Aguirre	Representative Boone
	Senator Verschoor	

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of November 13 2008, Chairman Burns stated that the minutes would be approved.

DIRECTOR'S REPORT

Mr. Richard Stavneak, Director, JLBC, reported that the Strategic Program Area Reviews (SPARS) would not be assigned in the upcoming year.

ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan.

Mr. Dan Hunting, JLBC Staff, stated that this item is a review of the expenditures in the Emergency Telecommunication Services Revolving Fund. This fund received revenue from a monthly tax on wired and wireless telephone accounts of 20¢ per month. The Committee has at least 2 options: 1) a favorable review of the \$7.5 million wireless portion of the fund, or 2) an unfavorable review.

Mr. Paul Shannon, Assistant Director, Budget and Resource Planning, ADOA, responded to member questions.

The Committee requested ADOA forward a copy of the RFI for the state's employee health plan.

Chairman Burns stated that this item will be held due to the serious budget situation.

(Continued)

DEPARTMENT OF COMMERCE - Review of Memorandum of Understanding for the Arizona 21st Century Fund.

Mr. Eric Billings, JLBC Staff, stated that this item is a review of the Memorandum of Understanding (MOU) between the Department of Commerce and Science Foundation Arizona (SFAz) to use the monies in the Arizona 21st Century Competitive Initiative Fund. The Committee has at least the following 2 options: 1) a favorable review since SFAz's proposal generally meets the statutory guidelines for the 21st Century Fund, or 2) an unfavorable review.

Mr. Grant Nulle, Director of Finance and Policy Research, Science Foundation Arizona, responded to member questions.

Dr. William Harris, President and CEO, Science Foundation Arizona, responded to member questions.

The Committee requested the Science Foundation Arizona report back to the Committee with a breakdown of the contracts SFAz enters into in terms of how the intellectual property is divided between state institutions and private industry.

Chairman Burns stated that this item will be held due to the serious budget situation.

DEPARTMENT OF REVENUE

A. Review of FY 2009 Data Center Expenditure Plan.

Mr. Juan Beltran, JLBC Staff, stated that this item is a review of Department of Revenue's (DOR) FY 2009 Data Center Expenditure Plan. The department may utilize up to \$1.6 million of General Fund revenues in FY 2009 with expenses associated with the operation and relocation of a new data center. The Committee will have at least the following 2 options: 1) a favorable review of the proposed \$1.2 million expenditure plan, or 2) an unfavorable review.

Representative Pearce moved that the Committee give a favorable review to the \$1.2 million expenditure plan. The motion carried.

The Committee also recommended that if the funding for this program is retained in the FY 2010 budget, that the program be funded by a direct appropriation rather than through the diversion of General Fund revenue.

B. Review of FY 2009 General Fund Revenue Enforcement Goals.

Mr. Beltran stated that this item is a review of DOR's FY 2009 General Fund Revenue Enforcement Goals. The department's goal for FY 2009 is \$361.3 million, which is \$(29.4) million below their FY 2008 actual collections. The Committee has at least the following 2 options: 1) a favorable review of the department's goals for FY 2009, or 2) an unfavorable review.

Ms. Kristine Ward, Deputy Director, Department of Revenue, responded to member questions.

Representative Pearce moved that the Committee give a favorable review to DOR's General Fund revenue enforcement goals for FY 2009. In addition, the Committee requested that DOR continue to report license compliance and transaction privilege tax as separate items for FY 2010, since each program produces a significant dollar amount of audit revenue. The motion carried.

DEPARTMENT OF ENVIRONMENTAL QUALITY - Review of Water Quality Permit Processing Times.

Mr. Dan Hunting, JLBC Staff, stated that the 2008 General Appropriation Act contains a footnote that requires the Department of Environmental Quality (DEQ) to submit for JLBC review a report on water quality permit processing times and costs. For FY 2008, DEQ met the licensing timeframe targets for 43 out of 45 permit types. The Committee has at least the following 2 options: 1) a favorable review, or 2) an unfavorable review.

Ms. Joan Card, Director of Water Quality Division, Department of Environmental Quality, responded to member questions.

The Chairman asked DEQ to supply the Committee with information on the number and status of rulemaking proposals in place.

Representative Pearce moved that the Committee give a favorable review to DEQ's water quality permit processing time and costs. The motion carried.

EXECUTIVE SESSION

Representative Pearce moved that the Committee go into Executive Session. The motion carried.

At 10:40 a.m. the Joint Legislative Budget Committee went into Executive Session.

Representative Pearce moved that the Committee reconvene into open session. The motion carried.

At 11:02 a.m. the Committee reconvened into open session.

Arizona Department of Administration - Risk Management Services - Consideration of Proposed Settlements under Rule 14.

Representative Pearce moved that the Committee approve the recommended settlement proposal by the Attorney General's Office in the case of Dora Delgado et al. vs. Holy Cross Hospital, et al. The motion carried.

Senator Garcia was excused from the vote.

Representative Pearce moved that the Committee approve the recommended settlement proposal by the Attorney General's Office in the case of J.K. v. Arizona State University, et al. The motion carried.

A. Arizona Department of Administration - Risk Management Annual Report.

This item was for information only and no Committee action was required.

B. Annual Performance Review of JLBC Staff Director.

This item was for information only and no Committee action was required.

Without objection, the meeting adjourned at 11:05 a.m.

Respectfully submitted:

Sandy Schumacher, Secretary

Richard Stavneak, Director

Senator Bob Burns, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.