

**MINUTES OF THE
BUSINESS, LABOR, AND ECONOMIC DEVELOPMENT INTERIM COMMITTEE**
May 19, 1999 - 9:00 a.m. - Room 403 State Capitol

Members Present:

Sen. Parley Hellewell, Chair
Rep. John William "Bill" Hickman, Chair
Sen. Eddie "Ed" P. Mayne
Sen. Robert M. Muhlestein
Rep. Gerry A. Adair
Rep. Patrice M. Arent
Rep. Afton B. Bradshaw
Rep. Katherine M. Bryson
Rep. Don E. Bush
Rep. Carl W. Duckworth
Rep. Ben C. Ferry
Rep. Wayne A. Harper
Rep. Brad King
Rep. Lowell A. Nelson
Rep. David L. Zolman

Members Absent:

Sen. Gene Davis
Sen. John L. Valentine

Staff Present:

Ms. Mary Catherine Perry,
Research Analyst
Ms. Patricia Owen,
Associate General Counsel
Ms. Beverlee LeCheminant,
Committee Secretary

Note: Names of others present and copies of information distributed at the meeting are on file in the Office of Legislative Research and General Counsel.

1. **Call to Order** - Chair Hellewell called the meeting to order at 9:08 a.m.
2. **Committee Business** -

MOTION: Rep. Adair moved to approve the minutes of the April 21, 1998 meeting. The motion passed unanimously with Reps Arent, Bradshaw, Harper, and Zolman absent for the vote.

3. **Economic Development: Business Assistance, Retention, and Recruitment Programs** - Ms. Mary Catherine Perry, Research Analyst, reviewed with the committee its request for follow-up on: 1) product development; 2) redevelopment agencies; and 3) business loans from the Small Business Administration (SBA).

Ms. Perry indicated that Utah was guaranteed approximately \$113 million from the SBA in FY 1998. She explained that a statistical analysis of SBA dollars per 10,000 people in the state or by 100 companies indicates that Utah ranks in the top five states in use of key SBA programs.

Mr. Paul Blanchard, President, Utah Alliance for Economic Development ("Alliance"), distributed a handout titled "Product Development as a Challenge in Utah Economic Development" and suggested nine options for helping communities within the state improve product development: 1) developing regional hubs; 2) industrial site assessment programs; 3) creating virtual industrial parks; 4) aiding local initiative programs; 5) providing developmental consultants; 6) funding

assistance for site optioning, acquisition, and development; 7) focusing Local Economic Development Initiative funds by redirecting to infrastructure issues; 8) supporting existing programs; and 9) implementing cooperative speculative building programs. Mr. Blanchard said that some of the benefits of improved product development in the state are: 1) balanced statewide growth; 2) facilitated resettlement of rural Utah; 3) improved management of open space/land use; 4) coordination of other aspects of economic development; 5) improved preservation of agricultural lands; and 6) equitable address of Utah cities' needs.

Mr. Blanchard said the Alliance requests the opportunity to appear before the committee later in the interim with a comprehensive action plan to address product development and other economic development challenges.

Mr. Randy Sant, Executive Director, Weber Economic Development Corporation ("Corporation"), briefly explained changes made in 1993 to state law governing redevelopment agencies and discussed economic development tools that the state provides to new and existing employers. Mr. Sant explained how retail development in small communities can have significant economic impact. He further stated that differences between economic development in rural and urban Utah may suggest a need to allow small communities more effective tax increment financing to address economic development. Mr. Sant recommended recodifying the portion of the code that addresses redevelopment agencies to make it easier for the citizens of Utah to follow the process.

4. Economic Development: Contracting for Business Recruiting - Mr. David Winder, Director, Department of Community and Economic Development ("Department"), reviewed the Department's proposal to contract with the Economic Development Corporation of Utah (EDCU) for national business recruiting. He stated that the proposal is in a contract-negotiation phase and after that phase is completed and a contract is proposed, it will go into an approval phase. He indicated that the Department is trying to put together a contract that is responsive to the statutory guidelines and to make sure that all the protections and responses to the concerns that have been raised are addressed in the contract.

Rep. Hickman asked that the Department commit that the committee will be able to review the contract before it is signed by any parties. Mr. Winder explained that although it is not statutorily required, it would be appropriate and agreed to allow the committee to review the contract before it is signed.

Mr. Richard Bradford, Executive Director, Utah County Development Office, told the committee that in July of 1998, the county commission unanimously adopted a resolution opposing a merger of the Department and the EDCU. He also stated that he has received letters of opposition from several cities, counties, and Chambers of Commerce. He urged the committee to take action to stop the merger.

Mr. Darrell Hunsaker, Chair of the Tooele County Commission ("Commission"), indicated that

the Commission is not in favor of the merger.

Mr. Alan Ridlisbacker, Layton Construction, stated that he believes too much time has been spent arguing the issues of whether the merger is going to be successful or not and suggested that there be a cooling period before a consensus is reached.

MOTION: Rep. Adair moved that the committee go on record as opposing the merger of the Department's national business recruiting with EDCU.

SUBSTITUTE MOTION: Rep Nelson moved that the committee study this issue before final negotiations are made on the contract. The motion passed unanimously.

5. Motor Fuel Marketing Act - Ms. Patricia Owen, Associate General Counsel, gave an overview of the Motor Fuel Marketing Act ("Act"). She provided committee members with printed copies of her overview.

Mr. Ron Ockey, Consumer Rights Division, Attorney General's Office, stated that the Act could be amended to: 1) give better guidance to retail motor fuel marketers; and 2) give the enforcing agency the ability to deal with cases faster and with less cost. He indicated that the Attorney General's Office did a study of a case involving a motor fuel marketer that was alleged to be selling below cost. The primary conclusions rendered by the study were: 1) statutory clarification and adequate funding are required to permit practical, meaningful enforcement; and 2) clarification of what is the generally accepted accounting principles in determining the cost of doing business needs to be clarified.

Mr. Paul Ashton, Executive Director, Petroleum Retailers Association, urged the Attorney General's Office to enforce the law so small companies can remain in business.

Mr. Mike Call, Maverik Country Stores, encouraged the committee to resist special interest groups and support free market principles. He told the committee that Maverik would like to work with the Legislature and will make themselves available to discuss the Act. He provided committee members with printed copies of his presentation.

Mr. Barry Bergen, Vice President/General Counsel, Flying J, stated that predatory pricing requires pricing that runs someone else out of business and then gives the predator the opportunity to raise his price and make back the profit that he lost. He indicated that Utah's market is not susceptible to predatory pricing because: 1) when one company goes out of business, another company replaces it; and 2) big oil companies make their money at wholesale through jobbers who sell to retailers.

Mr. Gerry Richardson, Owner, Hone Oil, impressed upon the committee the need for legislation or enforcement or his oil company will be forced to close.

Minutes of the Business, Labor, and Economic
Development Interim Committee
May 19, 1999
Page 4

Ms. Francine Giani, Division of Consumer Protection, Department of Commerce, stated that the statute that is in place now is not working effectively and if the committee is concerned enough about this issue, changes need to be made.

Rep. Hickman stated that the committee should continue to study and refine this law during this interim period so that legislation can be prepared for the 2000 General Session. Committee members present unanimously expressed support for Rep. Hickman's statement.

6. Adjourn -

MOTION: Sen. Muhlestein moved to adjourn the meeting. The motion passed unanimously with Reps. Nelson and Mayne absent for the vote.

Chair Hellewell adjourned the meeting at 12:10 p.m.