

**MINUTES OF THE
BUSINESS, LABOR, AND ECONOMIC DEVELOPMENT INTERIM COMMITTEE**
July 21, 1999 - 9:00 a.m. - Room 403 State Capitol

Members Present:

Sen. Parley Hellewell, Chair
Rep. John William "Bill" Hickman, Chair
Sen. Gene Davis
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. Carl W. Duckworth
Rep. Ben C. Ferry
Rep. Wayne A. Harper
Rep. Brad King
Rep. Lowell A. Nelson
Rep. David L. Zolman

Members Excused

Rep. Don E. Bush

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 9:10 a.m.
2. **Committee Business** -

MOTION: Rep. Adair moved to approve the minutes of the June 16, 1999 meeting. The motion passed unanimously with Rep. Nelson absent for the vote.

3. **Overview of Utah's Current Economic Conditions** - Dr. Kelly K. Matthews, Executive Vice President and Chief Economist, First Security Bank Corporation, provided his interpretation of the overall business climate in Utah stating that increased competition and lack of pricing power may result in a slowing of the economy.

Mr. R. Thayne Robson, Director, Bureau of Economic and Business Research, University of Utah, discussed the Y2K issue explaining that he believes that it is not an issue that will have a major impact on economic forecasts for this year or for next year for the United States or Utah, however, the situation may be somewhat different in third-world countries and elsewhere around the world.

Mr. Robson explained that the next 24 months look very strong for Utah's economy. However, he explained that Utah has problems with respect to both pricing and capacity in a number of key industries, Utah will see some slowing tied to declining construction spending, and that the United

States trade deficit, if not offset by capital flows, may lead to a recession in the national economy sometime in the next five years. A national recession may further aggravate the problems in this region. A recession in both the national economy and the Utah economy could push Utah down into negative growth. However, he does not think Utah will see unless or until the United States economy itself faces a recession environment. He emphasized that Utah is doing well at the moment.

Mr. Jeff Thredgold, President, Thredgold Economic Associates and Economic Consultant, Zion's Bank, said he agrees with both gentlemen, but he is not as pessimistic as Mr. Robson is in terms of either the national economy or the Utah economy, believing that the economy is remarkably disease free at the United States level and that some resurgence in a global economy that will have positive implications for both United States producers and Utah producers of various products. Mr. Thredgold stated that the primary constraint on growth in the state is the labor shortage and highlighted the impacts of reduced domestic migration on the labor market.

Mr. Thredgold explained that the Y2K issue has developed into an issue of human emotion and global impacts which may lead to significant litigation.

Mr. Thredgold then discussed relative costs of living and doing business in this state versus our competitor states.

Committee discussion followed.

4. Unfair Public Competition - Sen. Howard Stephenson discussed the issue of unfair public competition in the private sector and recommended that if the committee were to adopt a committee bill that the legislation should not specifically prohibit the operation of retail pharmacies, environmental testing laboratories, or consulting. He suggested that a member of the committee draft legislation to create a "Private Enterprise Commission" to enforce existing laws, provide for public hearings regarding complaints of unfair competition, and report to the Legislature on potential areas where public competition could be restricted.

Mr. James Kesler, Chair, Privatization Policy Board ("Board"), said that unless the legislation creating a new committee with empowerment of cease and desist orders has funding, the Board has no new position. The Board has sent four recommendations to the Legislature during the past year and any action by the Legislature would be welcome.

Mr. Jim Olsen, President, Utah Food Industry Association, indicated that there needs to be a way for private businesses to file complaints with a panel or board that can evaluate situations to see if the government entity has used good judgment in getting involved in a particular business or service. If the panel determines that the government entity should not be competing with the private sector, then the panel should have some way to stop the government entity from this competition.

Mr. Ken Gardner, AFL-CIO, said his organization's concern with this issue is that there are two myths about privatization: 1) it saves money; and 2) it promotes competition. Mr. Gardner indicated that his experience is that it does not save money because when government services are contracted

out, those services are still being funded with tax dollars and the services are reduced. Mr. Gardner also indicated that he has some concern with the language in the bill that allows injunctive relief to citizens who believe they are being treated unfairly by the government.

Mr. Tom Bielen, Utah Public Employees Association (UPEA), stated that the current Board consists of two senators, two representatives, members from the private business community, and two representatives from UPEA. He believes that the Board allows for healthy debate and that the legislators who serve on the Board have the opportunity to take the knowledge they gain from serving on this Board to their various committees and craft relevant legislation. Mr. Bielen indicated that the Board is not broken and does not need to be fixed.

Rep. Nora Stephens told the committee that she is a member of the Board and that the Board meets monthly to hear testimony about government functions versus privatization. She indicated that the Board is responsible to hold these hearings to hear complaints and then make recommendations to the governor and the Legislature. She stated that the Board could be strengthened, but cautioned the committee that if rulemaking power is given to the Board, legislators can no longer serve on it and she feels that the legislators make an important contribution.

Rep. Snow said that if there is a need to proceed with unfair public competition legislation, it should not be retroactive.

Ms. Ruth Ann Hamilton, Salt Lake Area Chamber of Commerce ("Chamber"), said unfair government competition is an issue for many of the Chamber's members and she urged the committee to examine legislative options that may provide a better process to resolve concerns of whether certain services or products should be offered by the government.

Mr. Lee Eaton, Utah Independent Laboratory Association ("Association"), said that it is difficult for the Association to stay in business in the private sector and he encouraged the committee to draft legislation to help the Association's industries to resume being growth industries in the state.

Mr. Milt Shathoff, Utah Seniors Legislature, said that there may be problems with quality and access if government is restricted from providing services that could be provided by the private sector. This may be particularly true with services to seniors.

Mr. Steven Peterson, Utah School Board Association and Utah Superintendents Association, said that local boards of education are elected by the local people, and he recommends that the local boards be allowed to continue to take bids for local services because the local boards are accountable to the local electors.

Sen. Stephenson explained that the bill which was debated in the last session clearly stated that any activity that is specifically authorized by statute cannot be a reason for that cause of action and school programs are already provided for in statute.

Mr. Gary Thorup, Holme, Roberts, and Owen, stated that two years ago S.B. 44 failed in the House and he does not feel that the options in the S.B. 49 (1999 General Session) are good alternatives.

5. Plumbing Code Provisions - Mr. Robert Bergman, Executive Director, Utah Mechanical Contractors Association, distributed copies of the "Utah's Plumbing Code - July 1999". He focused his remarks on issues that are affecting the plumbing industry and indicated his support of reinstating the Uniform Plumbing Code in Utah.

Mr. Greg Allen, President, American Institute of Architects, Utah Society, indicated that for many years the National American Institution of Architects has encouraged the adoption of the International Plumbing Code because it would help to reduce barriers for architects to practice in multiple states. The International Plumbing Code places an emphasis on performance-based measures and the general consensus of mechanical engineers is that the costs associated with implementing the International Plumbing Code may be less.

Mr. Dave Levanger, Carbon County, Planning and Building Department, spoke in support of S.B. 118 (1999 General Session), Plumbing Code Amendments, and the reorganization of the Uniform Building Codes Commission. He provided committee members with printed copies of his presentation.

Mr. Gary Bowen, Director, Division of Occupational and Professional Licensing, Department of Commerce, spoke in support of the International Plumbing Code. He provided committee members with copies of a report on 1997 International Plumbing Code Training.

Mr. Phil Hancock, Professional Citizen Advisor for the Division of Occupational and Professional Licensing, urged the committee to support the recommendations and decisions of the Uniform Building Code Commission.

Mr. Kent Bishop, Governor's Office of Planning and Budget, told the committee that the Governor's office supports continued use of the International Plumbing Code. He provided committee members with printed copies of his presentation.

Mr. Ronald T. Halverson, spoke in support of S.B. 118 (1999 General Session), Plumbing Code Amendments, which ensures a fair and equitable bid market and protects the public interest. He provided committee members with printed copies of his presentation.

Mr. Rich Byfield, Director, Division of Facilities, Construction, and Management, spoke in support of the International Plumbing Code.

Mr. Mark Kendall, Vice-President, Kendall Contracting Firm, said that as a contractor, he has experienced the difficulties of working from jurisdiction to jurisdiction and having trouble with

Minutes of the Business, Labor, and Economic
Development Interim Committee
July 21, 1999
Page 5

inspections is real. He indicated that the costs that have been discussed at the meeting do not reflect the contractor's expenses to deal with retraining and reinspections.

6. Adjourn

MOTION: Sen. Mayne moved to adjourn. The motion passed unanimously with Sens. Muhlestein and Davis and Reps. Arent, Bradshaw, Bryson, Harper, and Nelson absent for the vote.

Chair Hellewell adjourned the meeting at 12:05 p.m.

