

**MINUTES OF THE
BUSINESS, LABOR, AND ECONOMIC DEVELOPMENT INTERIM COMMITTEE**

November 17, 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
Sen. John L. Valentine
Rep. Gerry A. Adair
Rep. Patrice M. Arent
Rep. Afton B. Bradshaw
Rep. Katherine M. Bryson
Rep. Don E. Bush
Rep. Ben C. Ferry
Rep. Wayne A. Harper
Rep. Brad King

Rep. Lowell A. Nelson
Rep. David L. Zolman

Members Absent:

Rep. Carl W. Duckworth

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 Hickman called the meeting to order at 9:10 a.m.

2. Committee Business -

MOTION: Rep. Adair moved to approve the minutes of the October 20, 1999 meeting. The motion passed unanimously with Sens. Mayne and Valentine and Reps. Bradshaw, Ferry, and Nelson absent for the vote.

3. Consumer Credit Education - Mr. Ed Leary, Commissioner, Department of Financial Institutions ("Department"), provided the committee with a summary of the Department's primary initiatives regarding consumer credit education. He distributed copies of the summary to committee members.

4. "Reauthorization of the Recycling Market Development Zone Act" - Ms. Patricia Owen, Associate General Counsel, discussed the legislation "Reauthorization of the Recycling Market Development Zone Act" explaining that in addition to extending the repeal date by four years in accordance with the committee's previous motion, the legislation included technical language clarifying how the repeal would affect tax credits.

Rep. Ben Ferry discussed efforts to increase awareness of the Recycling Market Development zone tax credits and urged the committee to support this legislation.

MOTION: Sen. Davis moved that the committee approve draft legislation, "Reauthorization

of the Recycling Market Development Zone Act." The motion passed unanimously with Reps. Arent and Nelson absent for the vote.

5. Regulation of Mortgage Lenders - Ms. Patricia Owen, Associate General Counsel, provided an overview of the Regulation of Mortgage Lenders legislation as it is currently being drafted. She indicated that key features of the legislation include: 1) licensing; 2) incorporating federal law into state law; 3) prohibiting certain conduct; and 4) creating enforcement mechanisms.

Mr. Rich Bailey, Utah Lenders Mortgage Association ("ULMA"), spoke in support of the potential legislation because it gives the ULMA a means of tracking individuals who are committing fraud in the area of mortgage lending.

Mr. Ralph Petty, attorney in private practice, spoke in support of the potential legislation. He suggested two additions to the bill: 1) a bonding requirement; and 2) provisions to allow civil enforcement of the Real Estate Settlement Procedures Act (RESPA) within the state.

Mr. Howard Headlee, President, Utah Banker's Association ("UBA"), stated that there is an existing regulatory structure for banks and credit unions to deal with these issues and the UBA will be looking at ways to enhance the existing structure before adding another layer of regulatory structure to insured depository institutions.

Mr. Jeffrey Morrow, Associate Broker, Salt Lake Board of Realtors, urged the committee to take action regarding the fraud that is taking place in the mortgage industry.

Rep. Adair stated that the legislation needs some more modification and he will continue to work with industry representatives to make sure that it stops the harm that is being done to the public but does not harm the mortgage industry or the economy of the state.

Chair Hickman turned the chair to Senator Hellewell.

6. Motor Fuel Marketing Act

A. "Motor Fuel Marketing Amendments" - Sen. Parley Hellewell stated that the Motor Fuel Marketing Amendments bill modifies the definition of cost; adds definitions; modifies language dealing with disclosure of transfer price; requires disclosure of posted rack prices upon request; modifies language dealing with what constitutes an unlawful sale by persons engaged in commerce; prohibits discriminatory allocation of fuel; changes statutory language of shifting the burden of proof to establish a rebuttal presumption; and addresses administrative actions available to the Division of Consumer Protection.

B. "Repeal of Motor Fuel Marketing Act" - Rep. Katherine Bryson indicated that existing federal and state antitrust laws prohibit predatory pricing so there is not a need for special legislation

to establish a minimum price for motor fuel.

Rep. Zolman gave an overview of the motor fuel consumption in Utah since 1980 and information about Montana's repeal of its Motor Fuel Marketing Act. He provided printed copies of his overviews to committee members.

Mr. Paul Ashton, Executive Director, Petroleum Retailer's Organization, asked for the committee's support of Sen. Hellewell's "Motor Fuel Marketing Amendments" legislation.

Mr. Doug Hyer, President, Utah Petroleum Marketers Association, urged the committee to support Sen. Hellewell's "Motor Fuel Marketing Amendments" legislation.

Mr. Brad Call, Maverick Stores, urged the committee not to support the "Motor Fuel Marketing Amendments" legislation.

Mr. Lee Peacock, President, Utah Petroleum Association, raised concerns with the language of the "Motor Fuel Marketing Amendments" legislation which requires disclosure of price at the request of any person. He urged removal of any requirement to disclose price to persons other than the appropriate state agencies.

Mr. Neil Draper raised concerns about whether current market activity creates fair competition.

Committee discussion followed.

Chair Hickman resumed the chair.

Sen. Hellewell said he would consider removing the language in Subsection 13-16-3(2) and would ask for the committee's approval of the "Motor Fuel Marketing Amendments" legislation.

Rep. Zolman stated that the market in Utah is healthy and has the ability to compete and he believes that the Motor Fuel Marketing Act prohibits having an even healthier competitive playing field and increases costs to the consumers. He urged the committee's support of the "Repeal of the Motor Fuel Marketing Act" legislation.

MOTION: Sen. Valentine moved that the committee go on to the next item on the agenda. The motion passed unanimously with Rep. King absent for the vote.

7. "Amendments to Department of Community and Economic Development" - Rep. Harper gave an overview of the "Amendments to Department of Community and Economic Development" legislation.

Mr. David Winder, Director, Department of Community and Economic Development ("Department"), said the bill, as presently drafted, puts the direction of the Department in the hands of the Board of Business and Economic Development ("Board") and takes it out of the hands of the

governor. The Department, the Board, and the Governor's Office would like it clarified in the bill that the board is advisory in nature. Mr. Winder indicated that the Department also has some concern with the wording in the legislation regarding making funds and programs equally available throughout the state because the Department needs to have some flexibility to address special needs. The Department also has some concern with the wording that makes expansion and retention of existing businesses a priority of the Division because it may detract from some of the Division's other activities.

Ms. Debra Tandy, Board member, said that the Board's role is to represent various businesses and she feels that it is appropriate for the Board to have an advisory role but not a policymaking role.

Committee discussion followed.

MOTION: Rep. Ferry moved to go on to the next item on the agenda. The motion passed unanimously with Rep. Zolman absent for the vote.

8. "Liquor Package Agency Contracts" - Rep. Michael Styler told the committee that the primary difference between the version of the "Liquor Package Agency Contracts" before the committee and the version mailed out prior to the meeting appears on page 4, line 119, where it states that "as appropriated by the Legislature, the commission shall annually adjust in an amount calculated" Rep. Styler stated that if the Legislature does not appropriate the money, the package agencies will not receive a compensation adjustment.

Mr. Bill Greer, Fiscal Analyst's Office, said that this language would mandate that the Legislature at least consider the increase and would have to determine whether the appropriation should be made based on available funds.

Ms. Lynn Ward, Governor's Office of Planning and Budget, indicated that her concern with this language is that there is no other language in the Utah Code that ties a funding increase to the Consumer Price Index to virtually guarantee funding. She indicated that this may open that door for other groups that might want the same language.

MOTION: Rep. Zolman moved to pass the bill out favorably. The motion passed unanimously with Rep. Bryson absent for the vote.

9. "Workers' Compensation Fund Amendments" - Rep. John Swallow told the committee that the "Workers' Compensation Fund Amendments" legislation: 1) clarifies the Workers' Compensation Fund of Utah's authority to do occasional liability insurance claims management on a fee-for-service basis in association with its regular business; and 2) gives the Workers' Compensation Fund's Board of Directors authority to choose a specific name for the entity and, consequently, creates a standard reference to the Workers' Compensation Fund of Utah through the Utah Code.

Mr. Larry Bunkall, President, Utah Manufacturers Association, urged the committee that as it

reviews this issue to consider keeping the name of the entity as the "Workers' Compensation Fund" with the acronym of "WCF."

Mr. Dennis Lloyd, General Counsel, Workers' Compensation Fund, said the logical name of the entity would be WCF Mutual Insurance Company, but there has not been any action by the board of directors in response to the bill at this time.

MOTION: Rep. Adair moved to go on to the next item on the agenda.

SUBSTITUTE MOTION: Sen. Davis moved to pass the bill out favorably. The motion failed with Sens. Davis and Mayne and Reps. Arent, Harper, and King voting in the affirmative and Sen. Hellewell absent for the vote.

The original motion passed unanimously with Sen. Hellewell absent for the vote.

10. "Privatization Policy Board Amendments" - Rep. John Swallow presented the "Privatization Policy Board Amendments" bill and indicated that he would like some guidance from the committee regarding this bill.

Rep. Hickman indicated that because of time constraints this item will be rescheduled to be heard during the 2000 General Session.

11. Adjourn -

MOTION: Sen. Muhlestein moved to adjourn the meeting. The motion passed unanimously with Sen. Hellewell absent for the vote.

Chair Hickman adjourned the meeting at 11:55 a.m.

