

**MINUTES OF THE  
HIGH TECH BUSINESS DEVELOPMENT SUBCOMMITTEE**  
Wednesday, July 17, 2002 – 9:00 a.m. – Room 403 State Capitol

**Members Present:**

Rep. Richard M. Siddoway, House Chair  
Sen. Scott Jenkins  
Rep. Jeff Alexander  
Rep. Sheryl L. Allen  
Rep. Cindy Beshear  
Rep. Brent Goodfellow  
Rep. J. Morgan Philpot  
Rep. Peggy Wallace

Sen. Steve Poulton

Rep. Afton Bradshaw  
Rep. Carl Duckworth  
Rep. David Litvack  
Rep. Merlynn T. Newbold  
Rep. Carl R. Saunders  
Speaker Martin R. Stephens  
Rep. Bradley A. Winn

**Members Absent:**

Sen. Beverly A. Evans, Senate Chair  
Sen. Paula Julander  
President Al Mansell

**Staff Present:**

Ms. Jami Momberger, Research Analyst  
Mr. James L. Wilson, Associate General Counsel  
Ms. Jennifer Markham, Legislative Secretary

**Note:** A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the committee secretary, Jennifer Markham, at 538-1032.

**1. Committee Business**

Chair Siddoway called the meeting to order at 9:06 a.m.

**2. Business Climate in Utah**

Mr. Doug MacDonald, Chief Economist, Utah Tax Commission, discussed Utah's current and future business climate and provided subcommittee members a copy of his presentation "2002 Utah Business Climate."

**3. Utah's Labor Force**

Mr. Mark Knold, Senior Economist, Division of Workforce Services, summarized Utah's economy and provided a definition of high technology. He distributed a copy of his presentation, "High-Technology Summary."

**4. Attracting High Tech Businesses to Utah**

Mr. Rod Linton, Executive Director, Utah Technology Alliance, provided an overview of the Utah Technology Alliance and distributed a copy of his presentation "Utah Technology Alliance" and a brochure "Five Reasons to Grow Your Business in Utah."

Mr. John Homer, Manager, Industrial Assistance Fund, DCED (Department of Community and Economic Development), described the Industrial Assistance Fund and how it is related to the Utah Technology Alliance. He emphasized that the fund is used as a recruitment tool, not to fund start up companies. A copy of his presentation was included in "Utah Technology Alliance."

## **5. High Tech Development within the Private Sector**

Mr. Richard Nelson, President and Chief Executive Officer, UITA (Utah Information Technology Association), discussed the importance of high tech companies in Utah and investment issues. He distributed a copy of his presentation "Increasing Early Stage Capital to Utah High Tech Businesses" and "Utah Information Technology Industry."

Mr. Todd Stevens, Managing Director, Wasatch Venture Fund, provided background information on the Wasatch Venture Fund. He outlined the Contingent Tax Credit Venture Fund and recommended it as an option for Utah, which would require new legislation.

Mr. Glenn Mella, President and Chief Executive Officer, Found, Inc., explained the methods used by Found in obtaining venture capital. He emphasized the continued need for investment capital.

Mr. Tom Lewis, Chairman and Chief Executive Officer, Campus Pipeline, Inc., stated he would not have come to Utah if venture capital funding wasn't in place because of the known difficulty in raising funds within the State. He outlined the growth of Campus Pipeline.

Ms. Nicole Toomey Davis, Former Chief Executive Officer and Co-Founder, DoBox, Inc., outlined the funding issues for a start up company and described some of the obstacles she encountered in obtaining venture capital. She expressed support for the contingent tax credit.

Mr. Mella read comments from Mr. Richard Hanks, President and Chief Executive Officer, Bluestep, Inc., which expressed concern about the shortage of investment capital for small technology companies in Utah.

Mr. Dane Goodfellow, Vice-President and Founder, Ceristar, discussed Utah's leadership in economic innovation and distributed a copy of his presentation "State of Utah Economic Development Initiative."

## **6. Lunch**

The subcommittee adjourned for lunch at 11:55 am

Chair Siddoway called the meeting to order at 1:05 p.m.

## **7. Committee Discussion**

Mr. Michael Murff, Research Assistant, Office of Legislative Research and General Counsel, discussed the benefits of attracting and growing high technology industries and described what other states are doing to encourage technology development. He distributed a copy of his presentation "Utah Technology Development."

Mr. Jerry Oldroyd, Information Technology Commission member, explained that the contingent tax credit fund is set up to leverage those funds with other available funds. He stated this could be used with the Small Business Association funds or Small Business Investment Companies program with reduced risk to venture capitalists. He suggested reviewing the legislation in Iowa and Oklahoma, and how it may be adapted to Utah's needs.

Mr. Linton explained that one of the issues raised by out-of-state venture capitalists is that Utah's venture capitalists have invested more in out-of-state ventures as opposed to in-state and this is perceived as a lack of faith in Utah's economy. He emphasized that the Contingent Tax Credit Venture Capital Fund minimizes the risk for investors.

Mr. Mark Renda, Associate Director, Utah Technology Alliance, stated that the models and experts that have successfully used the Contingent Tax Credit in other states are available to assist in conducting detailed meetings. He stated that the Attorney General's Office in Iowa had issued an opinion on the legality of the tax credit.

Subcommittee discussion with the Information Technology Commission.

The Subcommittee formed a working group consisting of members of the Workforce Services and Community and Economic Development and the Information Technology Commission. The members will be Sen. Jenkins, Rep. Beshear, Rep. Wallace, Mr. Hood, and Mr. Oldroyd. The working group will meet August 6 at 2:00 and it will focus on the Contingent Tax Credit.

Mr. Mont Evans, Mayor, City of Riverton, cited issues of development of work force, financing of high tech companies, role of universities and colleges, impact on local government, development of broadband infrastructure, and development of redundant electrical power. He emphasized the interaction between local, state, and federal governments. He recommended including more people in the discussion.

Ms. Suzanne Winters, Battelle Memorial Institute, stated that several groups are talking about the same issues. She stated that the State stands to lose the intellectual property that is being taken out-of-state, assets including university professors and businesses that have grown to a successful size. She emphasized the need for a comprehensive plan that includes all factors impinging on the high tech business climate. She urged the Subcommittee to develop a strategic vision for the State.

Subcommittee discussion followed.

Ms. Sheryl Hohle, Consultant, Biolatalogia, described business incubators and their advantages.

Ms. Winters suggested federal funds may be available to match state funding for incubators.

Chair Siddoway stated contingent tax credits will be studied by the working group, business incubators by the Workforce Services and Community and Economic Development Interim Committee, and the infrastructure issue by the Information Technology Commission.

## **8. Adjourn**

The Chair adjourned the meeting at 2:45 p.m.