

**MINUTES OF THE
WORKFORCE SERVICES & COMMUNITY
& ECONOMIC DEVELOPMENT INTERIM COMMITTEE**
Wednesday, October 23, 2002 – 9:00 a.m. – Room 223 State Capitol

Members Present:

Sen. Beverly A. Evans, Senate Chair
Rep. Richard M. Siddoway, House Chair
Sen. Scott Jenkins
Sen. Paula Julander
Rep. Sheryl L. Allen
Rep. Cindy Beshear
Rep. Afton Bradshaw
Rep. Carl Duckworth
Rep. Brent Goodfellow
Rep. David Litvack
Rep. Merlynn T. Newbold
Rep. Carl R. Saunders
Rep. Peggy Wallace
Rep. Bradley A. Winn

Members Absent:

President Al Mansell
Sen. Steve Poulton
Rep. Jeff Alexander
Rep. J. Morgan Philpot
Speaker Martin R. Stephens

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 Evans called the meeting to order at 9:15 a.m.

MOTION: Rep. Saunders moved to approve the minutes of September 18, 2002. The motion passed unanimously, with Sen. Julander, Rep. Allen, Rep. Bradshaw, and Rep. Duckworth absent for the vote.

2. Workforce Services

Ms. Sarah Brenna, Legislative Liaison, Department of Workforce Services, indicated that the only change in the status of the TANF reauthorization was a continuing resolution that authorized TANF through December 31, 2002. She stated there is support for a three-year reauthorization instead of a five-year reauthorization.

Ms. Brenna outlined the changes in draft legislation "Child Care Amendments" and distributed "Child Care Amendments 2003."

Ms. Lynn Rasmussen, Director, Office of Child Care, outlined the statewide child care needs identified by the advisory council.

Ms. Brenna outlined proposed changes in the "Workforce Services Amendments" draft legislation that was included in the mailing packet and distributed "Workforce Services Amendments October 18, 2002."

Mr. George Holling, Consultant, expressed concern that elimination of the \$140 wage threshold in the "Workforce Services Amendments" would create an undue burden on very small, home-based businesses.

Mr. Don Avery, Chief of Contributions, Department of Workforce Services, stated that the legislation does not apply to independent contractors or subcontractors.

Ms. Brenna provided an overview of the draft legislation "Employment Security Act" that was included in the mailing packet. She also distributed "Employment Security Act Modifications Alternate Base Period."

Mr. Jim Finch, Deputy Director, Department of Workforce Services, explained that the Reed Act Distribution was a one-time distribution of federal funds to all states. He stated that the money must be used for employment security programs. He emphasized that premiums would only increase if the Legislature extended the benefits provided in the "Employment Security Act" beyond 2006.

Mr. Jim Olsen, President, Utah Food Industry Association, stated that he was a member of the Employment Advisory Council that reviewed the funding options of the Reed Act. He stated that part of the Reed Act money was appropriated during the Special Session for administrative purposes. He stressed that part of the money will be used for benefits with the remaining money used for this alternative-based proposal. He emphasized that the expiration date was included as a protection against increased premiums.

Ms. Gina Cornia, Executive Director, Utahns Against Hunger, spoke in favor of the proposed legislation and emphasized that people not qualifying for unemployment insurance will need to apply for food stamps and TANF benefits. She indicated they will also need the emergency food pantries. She stated that unemployment insurance is a safety net for families.

Mr. Tim Shultz, Policy Analyst, Utah Issues, indicated that the alternate-based period is designed to address an inequity in the unemployment insurance program. He indicated that Utah's measure of a base earnings requirement automatically treats lower-wage workers differently than higher-wage workers because lower-wage workers need to work more hours to reach the qualifying threshold, and they need their most recent earnings to count in order to qualify for unemployment insurance.

Mr. Holling expressed concern that the percentage qualifying for benefits may be higher and not covered by available funds. He also expressed concern about the impact at the end of 2006 and felt that funding would need to come from employer contributions at that time.

Mr. Wilson outlined minor changes in the Draft Legislation "Child Care Amendments."

MOTION: Rep. Saunders moved to delete lines 220 and 221. The motion passed with Sen. Julander, Rep. Duckworth, and Rep. Beshear voting in opposition to the motion. Rep. Allen and Rep. Goodfellow were absent for the vote.

MOTION: Rep. Beshear moved to delete line 234. The motion passed unanimously, with Rep. Allen and Rep. Goodfellow absent for the vote .

MOTION: Rep. Beshear moved to amend line 177 to delete the words "expendable trust." The motion passed unanimously, with Rep. Allen and Rep. Goodfellow absent for the vote.

MOTION: Rep. Bradshaw moved to recommend the draft legislation "Child Care Amendments" as amended as a committee bill. The motion passed unanimously, with Rep. Allen and Rep. Goodfellow absent for the vote.

Mr. Wilson summarized draft legislation "Workforce Services Amendments."

MOTION: Rep. Beshear moved to recommend the draft legislation "Workforce Services Amendments" as a committee bill. The motion passed unanimously, with Rep. Allen and Rep. Goodfellow absent for the vote.

Mr. Wilson summarized draft legislation "Employment Security Act Modifications."

MOTION: Rep Saunders moved to recommend the draft legislation "Employment Security Act Modifications" as a committee bill. The motion passed unanimously, with Rep. Allen and Rep. Goodfellow absent for the vote.

Mr. Wilson distributed draft legislation "Tourism Promotion Programs" and "Industrial Assistance Fund Amendments." He explained that he did not anticipate any changes by the next meeting in the "Industrial Assistance Fund," but there may be some changes to the "Tourism Promotion Programs." He stated these will be presented in the November meeting for consideration by the Committee as committee bills.

3. High Tech Development: Contingent Tax Credit Workgroup Update

Ms. Momberger distributed and discussed "Contingent Tax Credit Workgroup Overview."

Mr. Jerry Oldroyd, Attorney, Ballard Spahr Andrews and Ingersoll, stated that the workgroup had identified the major policy issues related to venture capital and a contingent tax credit. He noted that the workgroup suggested the Department of Community and Economic Development could provide the function of the Investment Board. He indicated that the workgroup recommended using any surplus from the Fund of Funds for the Rainy Day Fund, the Uniform School Fund, or a sinking/suspense account to cover tax credits. He stated that the Legislature would need to decide how much of the investments the contingent tax credit would cover.

MOTION: Sen. Jenkins moved to draft legislation for discussion on the concept of a contingent tax credit.

SUBSTITUTE MOTION: Rep. Goodfellow moved to include Sen. Jenkins' motion and additionally to provide the Information Technology Commission a copy of the draft legislation. The motion passed unanimously, with Sen. Julander absent for the vote.

Mr. Todd Stevens, Managing Director, Wasatch Venture Fund, stressed the urgent need of the technology companies for this legislation.

4. Other Items/Adjourn

MOTION: Rep. Siddoway moved to adjourn the meeting at 11:00 a.m. The motion passed unanimously, with Sen. Julander and Rep. Saunders absent for the vote.