



# INTERIM HIGHLIGHTS

Office of Legislative Research  
and General Counsel

Office of the Legislative  
Fiscal Analyst

Office of the Legislative  
Auditor General

## FIRST SPECIAL SESSION

Wednesday, May 21, 2003 at 12:00 noon

### Legislation Passed

H.B. 1001 fixed a statutory problem so that bonds authorized by the Legislature in the 2003 General Session can be issued. In the 2003 Session, the Legislature passed a State General Obligation Bond Act, which codified boilerplate language for the issuance of general obligation bonds that was formerly passed each year as part of the Bond Bill. The State General Obligation Bond Act requires that each Bond Bill include: the capital projects to be funded, the maximum amount of the bonds, and the latest maturity of the bonds. The Legislature included only two of the three requirements—the projects and amount, but not the maturity date—when they authorized the issuance of bonds in 2003. H.B. 1001 revised the master bond act by establishing a 15-year maturity on all bonds, unless otherwise specified by the Legislature.

**The House of Representatives adjourned the first Special Session until June 18, 2003. The Senate adjourned until reconvened by notice of the Speaker and the President.**

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## INTERIM COMMITTEE ACTIONS

### Business and Labor

#### STUDIES:

- Began a study of disclosure requirements of financial responsibility by commercial pest control businesses. The Committee also reviewed policy issues introduced by H.B. 259, "Disclosure of Commercial Pest Control Business Financial Responsibility," (2003 G.S.) which required pest control businesses to disclose in writing whether or not the business has a surety bond or liability insurance.
- Received information from staff, the public, and Department of Commerce representatives regarding construction contracting issues, including potential alternatives to the Residence Lien Recovery Fund. The Department indicated that it plans to report to the Committee this fall regarding its study of the viability of the Residence Lien Recovery Fund.

*Chairs: Sen. Parley Hellewell/Rep. Katherine M. Bryson  
Staff: Mary Catherine Perry (analyst)/Patricia Owen (attorney)/Sandra Wissa (secretary)*

### Education

#### STUDIES:

- Received a presentation from Rep. LaVar Christensen on the status of character education in public schools.
- Received a proposal from the State Superintendent of Public Instruction to eliminate or modify certain mandates in law.
- Initiated the study of defining public education.
- Received a report from the State Office of Education describing changes made to the core curriculum to emphasize the development of writing skills.

*Chairs: Sen. Howard A. Stephenson/Rep. Margaret Dayton  
Staff: Constance Steffen (analyst)/Dee Larsen (attorney)/Glenda Whitney (secretary)*

## Government Operations

### STUDIES:

- Discussed criteria for evaluating certain state boards and commissions for possible repeal.
- Discussed draft legislation, "Criminalizing the Sale, Gift, or Receipt of Personal Information from Government Records."

### ACTIONS:

- Recommended H.B. 1001, "Amendments to Master Bond Act." This bill amends provisions governing the maturity dates of bonds and provides that, in the absence of any maturity requirements established by the Legislature, bond maturity dates may not be later than 15 years after the date of delivery of the bonds.
- Conducted a sunset review of the Resource Development Coordinating Committee (RDCC). The Committee directed staff to draft legislation extending RDCC's sunset date by one year and directed RDCC to report in more detail to the Committee next year to justify authorization beyond the additional one year.

*Chairs: Sen. John W. Hickman/Rep. James A. Ferrin  
Staff: John Cannon (analyst)/John Fellows (attorney)/Cassandra Bauman (secretary)*

## Health and Human Services

**STUDY:** Reviewed the use and projected income of tobacco settlement agreement monies.

### REPORTS:

- Received a report from a Medicaid consultant on pharmaceutical spending and cost containment in Utah's Medicaid program.
- Received reports from representatives of Medicaid, low-income persons, the nursing profession, the health insurance industry, and the Department of Insurance on what is needed to ensure the success of Utah's health care system.

*Chairs: Sen. David H. Steele/Rep. Mike Thompson  
Staff: Mark Andrews (analyst)/Catherine Dupont, Stacey Snyder (attorneys)/Joy Miller (secretary)*

## Judiciary

### REPORTS:

- Received a report regarding the effectiveness of premarital counseling programs which indicated that such programs are generally effective in producing immediate and short-term gains in interpersonal skills and overall relationship quality.
- Received a report on Utah's merit-based judicial selection process, with an emphasis on the standards for judicial performance which form the basis for the Judicial Council's judicial certification process.

**ACTION:** Created a subcommittee to evaluate minority advisory councils to ensure that these councils adequately serve the State's growing minority population.

*Chairs: Sen. David L. Gladwell/Rep. Ben C. Ferry  
Staff: Jerry Howe (analyst)/Esther Chelsea-McCarty (attorney)/Cassandra Bauman (secretary)*

## Law Enforcement and Criminal Justice

### STUDIES:

- Received a presentation from the State Office of Education regarding the benefits of prison education in rehabilitating inmates, reducing recidivism rates, and providing cost savings to the State.
- Received a presentation from the Department of Corrections regarding the presence of illegal drugs in prison. The Department indicated that it has a 1% positive test rate for illegal drug use compared to the national average of 3%. The Department discussed ways that illegal drugs are brought into the prison and the measures they take to effectively address the problem.

*Chairs: Sen. D. Chris Buttars/Rep. DeMar "Bud" Bowman  
Staff: Chyleen Arbon (analyst)/Susan Creager Allred (attorney)/Tracey Fredman (secretary)*

## Natural Resources, Agriculture, and Environment

**STUDY:** Discussed the development of a new Bureau of Land Resource Management Plan in Utah, which is a land use decision-making document that guides management decisions in specific areas.

### REPORTS:

- Received a report from the Natural Resources Conservation Service and the Division of Water Resources on current precipitation, snowpack, and runoff conditions in Utah.
- Received reports on the impact of drought on wildlife management plans, grazing permits, farmers and ranchers, and state parks.
- Received a report from the State Veterinarian on Department of Agriculture and Food testing of trichomoniasis, a venereally transmitted disease of cattle that results in varying degrees of reproductive inefficiency, usually early embryonic death.

*Chairs: Sen. Beverly Evans/Rep. Craig W. Buttars  
Staff: Brian Allred (analyst)/Jeanenne Larson (attorney)/Joy Miller (secretary)*

## Political Subdivisions

### STUDIES:

- Received comments on whether to repeal a section in the Utah Constitution that prohibits municipalities from selling or otherwise disposing of waterworks, water rights, or sources of water.
- Received comments on whether and under what conditions a county, municipality, or special district should have the power to condemn water rights.
- Received information on the recall or removal of elected officials.

*Chairs: Sen. Carlene M. Walker/Rep. Kory M. Holdaway  
Staff: Joseph Wade (analyst)/Robert Rees (attorney)/Wendy Bangerter (secretary)*

## Public Utilities and Technology

### REPORTS:

- Received an electronic presentation on how a law becomes a rule and how the Public Service Commission has implemented the Administrative Rulemaking Act.
- Received a report on the access to and rates of interstate rights of way by telecommunication providers and on the current laws and rules governing this process. The Committee also heard a report from the 2002 Competition in Telecommunication Industry Task Force on this issue.

*Chairs: Sen. Leonard M. Blackham/Rep. Stephen H. Urquhart  
Staff: Richard North (analyst)/Thad LeVar (attorney)/Jennifer Markham (secretary)*

## Revenue and Taxation

**REPORT:** Received a report from the Legislative Auditor General regarding a new management information system developed by the Utah State Tax Commission. This system, called "UTAX," was meant to improve the collection of delinquent taxes, improve the licensing and tax payment process for motor vehicles, and unify computer systems for various types of taxes.

### STUDIES:

- Reviewed a proposal for a tax expenditure budget. Under this proposal, the Utah State Tax Commission would bi-annually provide an estimate of the revenue effects of individual income tax and corporate franchise and income tax credits and deductions from federal taxable income.
- Reviewed a proposal from the Utah Association of Counties to place the property tax revenue from disputed property tax values in an escrow account.
- Reviewed the implementation of the age based uniform fee imposed on certain motor vehicles.

*Chairs: Sen. Curtis S. Bramble/Rep. Wayne A. Harper  
Staff: Bryant Howe (analyst)/Rebecca Rockwell (attorney)/Sandra Wissa (secretary)*

## Transportation

### STUDIES:

- Received an update on the Legacy Parkway and 11400 South/I-15 Interchange. A Supplemental Environmental Impact Statement is expected to be completed in the spring of 2004, and UDOT will rebid the Legacy Parkway project when all federal approvals are received.
- Received a presentation on UDOT's recommendations to update the Utah Traffic Code with changes that have been implemented in the Manual on Uniform Traffic Control Devices of Streets and Highways, which is the accepted nationwide standard, and considered draft legislation to make the changes.
- Received a presentation on driver license requirements and whether legal presence should be added to those requirements.

*Chairs: Sen. Dan R. Eastman/Rep. Joseph G. Murray  
Staff: Benjamin Christensen (analyst)/Shannon Halverson (attorney)/Jennifer Markham (secretary)*

## Workforce Services & Community and Economic Development

### STUDIES:

- Received information on unemployment insurance benefits for self-employed individuals and the possibility of exempting corporate officers from unemployment insurance taxes.
- Received an overview of the Family Employment Program administered by the Department of Workforce Services.
- Received a proposal to increase funding for Utah tourism promotion.

**ACTION:** Directed staff to open a committee bill file for Temporary Assistance for Needy Families reauthorization.

*Chairs: Sen. Scott Jenkins/Rep. David N. Cox  
Staff: Jami Momberger (analyst)/Jim Wilson (attorney)/Glenda Whitney (secretary)*



## AMERICA'S LEGISLATORS BACK TO SCHOOL WEEK September 22 - 26, 2003



*Get ready!* America's Legislators Back to School Week, part of NCSL's Trust for Representative Democracy, is designed to help students understand the pressures and conflicts legislators face and to help legislators understand how students feel about issues that affect their lives. To meet these objectives, legislators and students interact in informal discussions, participate in mock sessions or simulated public hearings, and even draft bills together during this annual event.

Utah ranked #1 in the nation last year with 92% of the Legislature participating (as noted in the March 2003 issue of State Legislatures magazine). Legislators reached 5,500 students in 90 Utah schools.

The Legislature passed S.C.R. 3, "Resolution Designating Legislators Back to School Week," in the 2003 General Session, which encourages all legislators to participate in this event

Information, materials, and lesson plans are available at [www.ncsl.org/public/backsch.htm](http://www.ncsl.org/public/backsch.htm). Legislators will receive more detailed information this summer. Questions? Contact:

Shelley Day  
State Coordinator  
America's Legislators Back to School Week  
Office of Legislative Research and General Counsel  
(801) 538-1032  
[shelleyday@utah.gov](mailto:shelleyday@utah.gov)

## LEGISLATIVE MANAGEMENT COMMITTEE

### REPORTS:

- Received a report from the Executive Director of the State Fair Park Authority discussing the need for additional funds in order to effectively operate the park.
- Received a report that during the 2003 General Session, the Legislature extended the sunset date for the Office of the Court Administrator from July 1, 2003 to July 1, 2008 and changed the sunset date for the Commission on Criminal and Juvenile Justice from July 1, 2012 to July 1, 2004.

### ACTIONS:

- Authorized Legislative General Counsel to represent Sen. William Hickman and Rep. Steven Urquhart, who are named as defendants in the *Ivie v. State* case.
- Recommended that the Division of Facilities Construction and Management (DFCM) approve the \$1,000,000 settlement agreement on the University of Utah Housing Project on behalf of Design West, with \$300,000 coming from the DPIC Insurance, \$350,000 coming from DFCM and \$350,000 coming from Risk Management.
- Moved that the Natural Resources, Agriculture and Energy Interim Committee study the financial needs of the State Fair Park and report back to LMC as to whether this should be dealt with in a special session or the next general session.
- Approved changes in Legislative Management Policies entitled "Handling Records Requests."
- Approved recommendations from the Subcommittee on Oversight relative to the Pay Plan for legislative staff directors.
- Approved, disapproved, modified, or requested additional information on interim committee study item requests from the interim committees, commissions, and appropriation subcommittees.

- Assigned the following study items to the following interim committees:
  - "clue scoring" of homeowners' policies and public relations created by the Department of Insurance to the Business and Labor Interim Committee;
  - insuring of children separated by divorce who are living in another state to the Health and Human Services Interim Committee;
  - the coordinating (through cross-referencing and consistency in the Utah Code) of the State's statute of limitations laws; the rights of parentage; and the need for coordination of the Uniform Trust Act and the Uniform Principal and Income Act (S.B. 150 and H.B. 299 respectively from last session) to the Judiciary Interim Committee; and
  - whistle blower protection for employees to the Government Operations Interim Committee.
- Moved that LMC send a letter to the Judiciary Interim Committee to study the effectiveness of the Minority Affairs Office.
- Moved that the NCSL Planning Committee be authorized to pay legislative members for up to 11 meetings through July of 2004.
- Moved that H.B. 105, "Internet Privacy and Security Act," be referred to the Information Technology Commission and the Public Utilities and Technology Interim Committee.



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For more information about legislative activities, contact one of the legislative offices or access our website at: [www.leg.utah.gov](http://www.leg.utah.gov)

*Editors: Chyleen A. Arbon and Mary Catherine Perry*



# FISCAL HIGHLIGHTS

JOHN E. MASSEY, DIRECTOR

## EXECUTIVE APPROPRIATIONS

CO-CHAIRS:

SENATOR LEONARD BLACKHAM - REPRESENTATIVE RON BIGELOW

### FY 2003 Revenue and Budget discussion

Lynne Ward, Director of the Governor's Office of Planning and Budget, presented a proposal to deal with any projected revenue shortfalls in FY 2003 and subsequent fiscal years. In particular, she requested that legislation be passed in the May 21, 2003 special session to allow the Division of Finance to make certain transfers between funds to balance the budget when there is a deficit at the end of a fiscal year. According to Ms. Ward, this legislation would accommodate the Governor's plans to balance fiscal year FY 2003 without a need for a special session. John Fellows from Legislative Research and General Counsel explained how the process would work, the committee took no specific action.

## REPORTS

### Report: Progress Report on the Health Benefits Study

**Summary:** The preliminary report addressed the strategy for completing the Health Benefits Study. The study will examine cost reduction methods, including common benefit packages, standardization of co-pays, prescription drug "carve out" contracts, etc. The proposed strategy for the study will include:

- Gathering & analyzing data from state funded agencies.
- Review current contracts for services, administrative charges, and provider network discounts.
- Report on the current benefits offered and costs of benefits provided to employees.
- Determine whether the State's annual expenses per member compare to those of other large private sector employers.

Recommendations for cost saving strategies will be provided, including, increased economies of scale, lower administrative costs, medical expense management, effective negotiated provider contracts, drug pricing, and comparability of costs and benefits across all State agencies

**Committee Action:** The committee approved the continuation of the health and dental benefits study, and approved the issuance of an RFP to aid in the completion of the report.

**Staff Contacts:** Boyd Garriott, Spencer Pratt, Mike Kjar, Ben Leishman

### Report: Progress Report on the Prison Medical Services Study

**Summary:** The Analyst presented a preliminary report to offer information on the cost of providing medical services within the Utah Department of Corrections (UDC). The report found the following:

- The total cost of providing inmate health care rises and falls in relation to total inmate counts. Personnel expenses, outside medical care, and pharmaceuticals, drive inmate health care costs.
- The UDC Bureau of Clinical Services significantly reduced liability, spending only \$13,400 last year to successfully defend claims.
- Both UDC clinic operations (Draper and Gunnison) hold certification from the National Commission on Correctional Health Care

Overall, the Analyst found that the Bureau of Clinical Services operates efficiently but recommended that the Legislature seek outside counsel to verify potential areas for cost savings.

**Committee Action:** An RFP for consulting services will be issued to finalize the report.

**Staff Contacts:** Kevin Walthers, Gary Ricks, Jonathan Ball, Tyson Vandenakker

**REPORTS - CONTINUED**

**Report: Federal Funds and Tobacco Funds Update**

**Summary:** Spencer Pratt distributed two sheets showing the historical distribution of the funds received from the Master Settlement Agreement (MSA) with the major tobacco manufacturers. The information also includes anticipated revenue through FY 2012. To date, the State has received nearly \$120 million from the settlement funds. Of this amount, \$60 million has gone into the Permanent Trust Fund. During the past year, this fund has provided some of the needed one-time funding to help resolve the budget difficulties. Appropriations were made from the fund in the July 2002 Special Session, the December 2002 Special Session, and the 2003 General Session, totaling \$44.4 million.

The remaining \$60 million has been deposited into the Tobacco Settlement Restricted Account. This account funds the following programs:

- Children's Health Insurance Program (CHIP) at \$5.5 million through FY 2003, but increasing to \$7 million in FY 2004;
- The Department of Health's programs for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs at \$4.0 million, plus an additional \$2.0 million approved for core public health programs;
- The Drug Court and Drug Board program, administered by the Department of Human Services, the Department of Corrections, the Board of

Pardons, and the Administrative Office of the Courts at \$2.0 million; and

- The Health Sciences Center at the University of Utah at \$4.0 million.

Mr. Pratt showed that because the authorized funding for these programs is greater than the anticipated revenue, beginning in FY 2005, there would not be enough revenue to fully cover all of the entities. This situation worsens until FY 2008, when additional revenue from "Strategic Payments" will somewhat alleviate the problem, but still not fully cover all of the authorized funding.

**Staff Contact:** Spencer Pratt

**Report: Medicaid Costs**

**Summary:** Mary Kay Owens, a consultant from Southeastern Consultants, Inc. addressed the Committee regarding increasing medical costs, particularly in the area of Medicaid. She explained that the most expensive user groups as well as the largest drug consumers in the Medicaid arena are the elderly, blind/disabled, and Medically Needy. These are also the groups where drug expenditures are increasing most significantly. States find it very difficult, if not impossible, to limit pharmaceutical costs for these groups. Given this premise, states are finding Preferred Drug Lists (PDLs) have limited cost effectiveness. Ms. Owens further indicated that administration costs and the difficulties in rejecting drugs not on the PDL need to be considered.

**APPROPRIATIONS SUBCOMMITTEES  
OFF-HILL INTERIM MEETINGS**

The Legislative Management Committee approved the following off-hill meetings for the Appropriations Subcommittees. The off-hill meetings will be conducted during the interim. Please contact the appropriate Analyst for further information on the off-hill visits or other interim meetings planned by the subcommittees.

**Commerce and Revenue - Staff: Stan Eckersley**

Management approved two meetings. The first on August 19th will be held at the Department of Alcoholic Beverage Control. The second will be held on October 21st at the Salt Lake office of the Department of Workforce Services.

**Executive Offices & Criminal Justice - Staff: Gary Ricks**

The subcommittee will meet on August 28th and will visit the Central Utah Correctional Facility in Gunnison and hold a town meeting that evening.

**Economic Development & Human Resources - Staff: Andrea Wilko**

A site visit of an Olene Walker Housing Project and a visit of a Manufacturer Extension Partnership in the Salt Lake Valley was approved. The date of this meeting is not yet determined.

**Health and Human Services - Staff: Spencer Pratt and Thor Nilsen**

The subcommittee will visit the Fourth Street Homeless Clinic and discuss the health services available to homeless and low income individuals as well as other budget related issues. The date is not yet determined.

**Higher Education - Staff: Boyd Garriott and Debbie Headden**

Management approved a one day interim meeting for Higher Education. The date and location will be determined.

**Natural Resources - Staff: Steve Allred**

The subcommittee will meet on August 20th at the Department of Natural Resources. Budget briefings will be presented by the departments. The subcommittee will study the fire season, drought, insect infestation and other budgetary challenges.