



# INTERIM HIGHLIGHTS

Office of Legislative Research  
and General Counsel

Office of the Legislative  
Fiscal Analyst

Office of the Legislative  
Auditor General

## FIFTH SPECIAL SESSION

Wednesday, June 26, 2002 at 8:30 a.m.

### On The Call:

- Fund the Fiscal Year 2003 budget and consider amendments to the budget reserve account.
- Reconsider H.B. 25, "Adult Protective Services Amendments," passed in the 2002 General Session for the purpose of making technical corrections.
- Reconsider the timing of county canvassing, as amended by S.B. 36, "Provisional Ballot," in the 2002 General Session.
- Consider amending the law on the collection, maintenance, and reporting of data by the courts with respect to driving under the influence cases.
- Consider approving the proposed 2002 federal-Utah state trust lands consolidation agreement.
- Consider authorizing a local political subdivision to call a local special election for determining voter approval of a change in Utah's legal boundaries.

## INTERIM COMMITTEE ACTIONS

### Business and Labor

**STUDY:** Received background information from staff on viatical and life settlements, received information from several interest groups, and discussed the need for legislation in this area. Rep. Parker indicated he would study the issue and possibly bring legislation to the Committee for its consideration later in the year.

**ACTION:** Recommended the following sunset extensions: State Olympic Coordination Act (1 year); Section 31A-2-217, Coordination With Other States (10 years); Architects Licensing Act (10 years); Physical Therapist Practice Act (10 years); and Hearing Instrument Specialist Act (10 years). The Committee recommended that the Utah Sports Authority Act sunset on its scheduled date of July 1, 2003.

*Chairs: Sen. Dan R. Eastman/Rep. Katherine M. Bryson  
Staff: Mary Catherine Perry (analyst)/Thad LeVar (attorney)/Sandra Wissa (secretary)*

### Education

**REPORTS:** Received statutorily required reports on: 1) a pilot program for refurbishing computers for schools; 2) the transfer of information technology equipment to schools; and 3) teacher quality. Representatives of the Utah State Board of Education and Utah Correctional Industries testified that school districts are not interested in acquiring refurbished computers through Utah Correctional Industries.

### STUDIES:

- Reviewed a study outline of FACT (Families, Agencies, and Communities Together and Youth at Risk Program) presented by the Office of the Legislative Fiscal Analyst. The Committee received comments urging the Legislature to restore funding for FACT.
- Received from school district representatives a description of programs for students who do not speak English as a primary language. The school districts urged the Legislature to create a categorical spending item for Alternative Language Services.

*Chairs: Sen. Howard A. Stephenson/Rep. Marda Dillree  
Staff: Connie Steffen (analyst)/Dee Larsen (attorney)/Wendy Bangertner (secretary)*

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## Government Operations

**REPORT:** Received a report regarding the publication of state organization charts.

### ACTIONS:

- Directed staff to draft legislation repealing certain sections of Title 39 and requiring consultation between the State Armory Board and the Legislature prior to certain transactions.
- Directed staff to draft legislation to recodify the structure and duties of the Governor's Office of Planning and Budget.
- Recommended draft legislation "Local Special Election Amendments" for the 5th Special Session.
- Recommended draft legislation "Canvass for Provisional Ballot" for the 5th Special Session.

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

## Health and Human Services

**STUDY:** Considered a proposal by the Utah Oral Health Coalition to improve the oral health status of Medicaid clients by establishing a program for early intervention and education, implementing a case management program, and increasing reimbursement to providers.

**REPORT:** Received a report from the Department of Health on the implementation of the new Primary Care Network Medicaid waiver approved earlier this year. The waiver will provide primary and preventive health care coverage for approximately 25,000 uninsured individuals, including 9,000 persons currently served by the Utah Medical Assistance Program.

*Chairs: Sen. Terry R. Spencer/Rep. Carl R. Saunders*  
*Staff: Mark Andrews (analyst)/Catherine Dupont (attorney)/Alicia Laughlin (secretary)*

## Judiciary

### REPORTS:

- Received a report from the Administrative Office of the Courts regarding the collection and maintenance of DUI related data elements.
- Received a progress report from the Utah Supreme Court's committee on the unauthorized practice of law and received information from the Utah State Bar and Rep. Steve Urquhart regarding the practice of law without a license.

*Chairs: Sen. David L. Gladwell/Rep. Glenn L. Way*  
*Staff: Jerry Howe (analyst)/Esther Chelsea-McCarty (attorney)/Glenda Whitney (secretary)*

## Law Enforcement and Criminal Justice

**STUDY:** Received information from the Department of Public Safety, the FBI, and the Ogden City Police Department regarding the currently identified domestic and international terrorist groups, the improved coordination between state and federal law enforcement agencies, and suggested legislative action to assist these agencies in preventing and responding to acts of terrorism.

*Continued*

## Law Enforcement and Criminal Justice -- Continued

**REPORT:** Received a report from the Department of Corrections regarding the reduction in recidivism and the cost savings resulting from the new Re-entry Initiative program, which helps prison inmates successfully transition back into the community.

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

## Natural Resources, Agriculture, and Environment

### STUDIES:

- Received a report from the Division of Water Rights on its statutory responsibilities to provide public notice regarding water rights. The Committee discussed ways to minimize advertising costs while providing adequate notice. The Committee requested that legislation be presented at a future meeting.
- Considered a change to Subsection 23-19-1(2)(a) which prohibits certificates of registration issued by the Board of Wildlife Resources and held by the owner of a controlled or prohibited animal from being assigned or transferred upon the death of the certificate holder.
- Received a report from Governor Leavitt and the School and Institutional Trust Lands Administration (SITLA) on a proposed exchange of land and mineral interests between SITLA and the federal government. The Committee reviewed a House Joint Resolution, "Resolution Approving Federal-Utah State Trust Lands Consolidation Agreement," which provides legislative approval for the proposed land exchange.

### REPORTS:

- Received a report from the Utah Department of Agriculture and Food and the U.S. Department of Agriculture on drought conditions in Utah and potential federal drought assistance.
- Received a report from the Department of Agriculture and Food on the efforts of the state and federal governments to manage the cricket and grasshopper infestation in Utah.

*Chairs: Sen. Parley G. Hellewell/Rep. Bradley T. Johnson*  
*Staff: Brian Allred (analyst)/Jeanenne Larson (attorney)/Joy Miller (secretary)*

## Political Subdivisions

**STUDY:** Received information from stakeholders about whether to change the scope of moderate income housing plan requirements imposed on cities.

### ACTIONS:

- Voted to recreate the Special Districts Subcommittee to continue efforts to rewrite Title 17A relating to special districts.
- Requested the Department of Environmental Quality to meet with interested parties and bring back recommendations to the Committee in October regarding local planning for source protection of drinking water and surface waters. The Committee requested that the workgroup focus on solutions of a voluntary nature rather than a regulatory nature.

*Chairs: Sen. Carlene M. Walker/Rep. David L. Hogue*  
*Staff: Joseph Wade (analyst)/Robert Rees (attorney)/Joy Miller (secretary)*

## Public Utilities and Technology

### STUDIES:

- Received a brief status report regarding meetings between the municipalities and rural electric providers on the use of condemnation powers in electric service cooperative territories.
- Received a presentation regarding the multi-state process involving PacifiCorp inter-jurisdictional issues. Topics included allocation of costs, restructuring and reorganization, mergers, and the multi-state process.

*Chairs: Sen. Leonard M. Blackham/Rep. John E. Swallow  
Staff: Richard North (analyst)/Patricia Owen (attorney)/Junie Anderson (secretary)*

## Revenue and Taxation

### STUDIES:

- Received an update from the Utah League of Cities and Towns and representatives from the telecommunications industry regarding efforts to simplify telecommunications taxes.
- Reviewed several aspects of the property tax appeal process at the county level. The Committee considered the policy of presuming that the value established by a county assessor is correct in an appeal proceeding. The Committee also considered whether persons who are not licensed should be able to, for a fee, assist a taxpayer in a property tax appeal proceeding.
- Reviewed legislative proposals and received public comment regarding extending the property tax exemption for primary residences to secondary residences.

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

## Transportation

### REPORTS:

- Received a report from the Utah Transit Authority on the light rail and commuter rail progress. The light rail extension to the University Medical Center is expected to be completed by late 2004. Environmental studies are underway on light rail extensions to West Valley City and West Jordan. Purchase of the commuter rail corridor is expected to be finalized by the end of this summer, and the first commuter rail between Salt Lake and Ogden is expected to be in place by the summer of 2007.
- Received a report from the Administrative Office of the Courts on the data collection of DUI related data elements needed for sentencing enhancement decisions made by prosecutors and judges.

**ACTION:** Requested that staff work with Rep. Hogue and the Tax Commission to prepare legislation to consolidate the process for the approval and issuance of special group license plates.

*Chairs: Sen. David H. Steele/Rep. Joseph G. Murray  
Staff: Benjamin Christensen (analyst)/Keith Woodwell (attorney)/Junie Anderson (secretary)*

## Workforce Services & Community and Economic Development

### STUDIES:

- Discussed federal TANF (Temporary Assistance for Needy Families) regulations in relation to Utah's FEP (Family Employment Plan) which distributes TANF monies.
- Received a presentation on unemployment insurance and an update on Utah's \$61.1 million portion of the Reed Act Distribution.

*Chairs: Sen. Bevery Evans/Rep. Richard M. Siddoway  
Staff: Jami Momberger (analyst)/Jim Wilson (attorney)/Jennifer Markham (secretary)*

## AMERICA'S LEGISLATORS BACK TO SCHOOL WEEK September 16 - 20, 2002

*Coming Soon!* America's Legislators Back to School Week is designed to teach students what it is like to be a state legislator—to put them in the shoes of a legislator. By visiting local schools, legislators can help students understand the pressures, conflicts, and difficulties legislators face when trying to address public issues. Legislators can also learn first hand what young people are thinking and how they feel about issues that affect their lives.

While legislators can answer questions and share students' input with other legislators, students can gain valuable insight into the legislative process and come away with a greater understanding of the legislator's role in a representative democracy as well as their own role as tomorrow's voters.

In July, more information about this event will be distributed to legislators. Materials will be available in hard copy and electronic format.

If you have questions contact:

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or visit the NCSL website:  
<http://www.ncsl.org/public/backsch.htm>



# FISCAL HIGHLIGHTS

• FULL REPORTS AVAILABLE ONLINE AT: [www.le.state.ut.us/lfa/reports/lfareports.htm](http://www.le.state.ut.us/lfa/reports/lfareports.htm)

JOHN E. MASSEY, DIRECTOR

BEN LEISHMAN, EDITOR

## EXECUTIVE APPROPRIATIONS

CO-CHAIRS:

SENATOR LEONARD BLACKHAM - REPRESENTATIVE JEFF ALEXANDER

### Report: Optimum Size for a Rainy Day Fund

**Summary:** The Budgetary Reserve Account was established by the Legislature in 1986. Up to 25% of a General Fund (GF) surplus may be transferred into the fund. The amount in the account may not exceed 8% of the GF appropriation for the fiscal year in which the surplus occurred.

Reserve funds have been used twice prior to FY 2002. In 1989, \$20 million covered an operating deficit and in 1993, \$30 million settled a class action lawsuit filed by federal retirees. In FY 2002, \$113.3 million funded revenue shortfalls leaving approximately \$10 million in the fund.

The optimum size of a reserve account is dependent on a states' economy. A 5% reserve is a common "rule of thumb" and is generally supported by rating agencies.

**Recommendation:** The Analyst recommends any calculation of reserve funds should be done using the combined GF/USF totals. Because the GF is projected to grow more slowly than the USF, the State will probably never get to the recommended 5% reserve level without the inclusion of the USF in the transfer equation.

**Staff Contact:** John Massey

### Report: Solvency of State Surplus Property

**Summary:** The Dept. of Administrative Services (DAS) provided an analysis of options to address long-term issues within Federal Surplus Property and the Utah State Agency for Surplus Property. Concerns about continued operating losses in the programs led to the report request.

Several measures were provided that could be used to gauge performance in setting the FY 2004 budget. The Analyst will include these measures in the annual budget recommendations to be provided during the 2003 General Session. Major issues include the cost of debt service for the building housing surplus property and the Operating Profit/Loss margin.

**Recommendation:** Surplus Property reports profitability since 1994, but the Analyst is concerned with the recent trend of significant losses, especially in the Federal Program. The new rate structure adopted by the Legislature will provide the opportunity to make progress toward operational profitability over the next three years.

**Staff Contact:** Kevin Walthers

### Report: Utah System of Higher Education (USHE) Tuition Waivers & Tuition Increases

**Summary:** The Commissioner of Higher Education submitted reports on Tuition Waivers and the 2002-2003 Second-tier Tuition Proposal. Reports are summarized below.

**Tuition Waivers:** Based on statute, a president may waive all or part of the tuition in an amount not exceeding 10% of the total tuition that would have been collected by the institution. In FY 2001, the amount waived was \$22 million, which represents 10% of the \$217 million gross tuition collections. The total number of students impacted by the tuition waivers was approximately 18,000.

**2002-2003 Second-tier Tuition Proposal:** Before the Legislative session, the Board of Regents approved a 3.5% tuition increase for the USHE. In March of 2002, the Board of Regents approved a second-tier tuition increase to be determined by each president to offset the budget reductions. The total increase in tuition varies from \$63 for lower division students attending Dixie State College to \$865 for lower division non-resident students at Utah Valley State College. The projected revenue generated by the 3.5% increase and the second-tier tuition increase is about \$13.8 million.

**Staff Contact:** Boyd Garriott & Debbie Headden



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