



INTERIM HIGHLIGHTS

Office of Legislative Research and General Counsel
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LEGISLATIVE INTERIM MEETINGS

Meetings were held May 15, 2013, or as noted.

Business and Labor

Alcoholic Beverage Control

Received a presentation from committee staff on 2013 General Session alcohol-related legislation, license quotas, and selected operational and licensing requirements for retail licensees of the Department of Alcoholic Beverage Control. Also received presentations from legislators who sponsored alcohol-related bills during the 2013 General Session.

Discretionary Clauses in Insurance Contracts

Received presentations from the Insurance Department and a health insurance company regarding discretionary clauses in certain insurance plans. Also received public comment from insurance representatives, medical providers, and consumers.

Sunset Review — Utah Injured Worker

Reemployment Act

Received information from staff regarding the sunset review process and previous sunset reviews of the Utah Injured Worker Reemployment Act. Also received comment from the Utah Labor Commission regarding the act.

Action: *Adopted a motion to open a priority bill file under committee sponsorship regarding the Utah Injured Worker Reemployment Act and to make certain modifications.*

Chairs: Rep. James A. Dunnigan / Sen. Curtis S. Bramble

Staff: Bryant R. Howe (Assistant Director) / Christine R. Gilbert (Attorney) / Patricia Owen (Attorney) / Jennifer K. Christopherson (Secretary)

Economic Development Task Force

May 16, 2013

Key Drivers in Utah Economic Development

Discussed ideas for key economic development drivers and policies the state should emphasize to provide continued economic development success in Utah.

Chairs: Rep. Brad R. Wilson / Sen. Stuart C. Reid

Staff: Benjamin N. Christensen (Policy Analyst) / Peter Asplund (Attorney) / Jennifer K. Christopherson (Secretary)

Economic Development and Workforce Services

Department of Heritage and Arts

Received a presentation from the Department of Heritage and Arts describing the department's organization, mission, duties, goals, and concerns.

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Economic Development Task Force

Received an update on the work of the Economic Development Task Force, which was created by 2012 General Session H.B. 28, "Economic Development Task Force." The task force is beginning the second year of its two-year assignment.

Committee Subject Areas and Committee-related Bills that Passed

Received a presentation from committee staff on the subject areas to which the committee is assigned to provide legislative oversight. The subjects include statewide economic development, workforce services, housing and community development, and heritage and arts. Committee staff also provided an update on economic development and workforce services-related bills that were passed during the 2013 General Session.

Required Annual Agency Reports

Received a presentation from committee staff regarding required annual agency reports, including committee action to standardize reporting provisions for these reports. The committee considered ways to receive and review reports in the future.

Action: *Voted to direct the Department of Workforce Services, the Department of Heritage and Arts, and the Governor's Office of Economic Development to make recommendations and work with committee staff to develop a process to provide reports and other information to the committee and to the public.*

Chairs: Rep. Rebecca P. Edwards / Sen. Aaron Osmond

Staff: Benjamin N. Christensen (Policy Analyst) / Peter Asplund (Attorney) / Debra Hale (Secretary)

Education

Acquisition of New Products and Services

Received reports from the Utah State Board of Education and the Governor's Office of Economic Development describing how and when the respective agencies will acquire new education products and services that were funded in the 2013 General Session and make them available to public schools.

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The new products and services include:

- Math instructional technology for middle school students that will prepare them for college math courses;
- Interactive computer software for literacy instruction and assessment of students in kindergarten through third grade;
- College readiness assessments and an online test preparation program; and
- The deployment of whole school, one-to-one mobile technology.

Class Size Reduction

Received a report from the Utah State Board of Education on the implementation of 2013 General Session H.B. 318, "Classroom Size Revisions," which specifies the requirements for a school district or charter school to qualify for class size reduction money. H.B. 318 requires a plan for the expenditure of class size reduction money and a report on how the money was expended.

School Trust Lands

Received a report from the School Children's Trust, a section of the Utah State Office of Education, describing the revenues generated from and issues related to the management of school trust lands. A task force of the State Board of Education is studying options for the management of the permanent State School Fund.

Chairs: Rep. Francis D. Gibson / Sen. Stuart C. Reid

Staff: Allison M. Nicholson (Policy Analyst) / Constance C. Steffen (Policy Analyst) / Angela Oakes Stallings (Attorney) / Debra Hale (Secretary)

Federal Funds Commission

May 14, 2013

Committee Business

Action: *Approved a motion to appoint Senator Deidre M. Henderson as commission chair and Representative Ken Ivory as commission vice chair.*

Action: *Approved a motion to adopt legislative interim rules except as otherwise specified in the bill creating the commission, 2013 General Session S.B. 70, "Commission Relating to Federal Issues."*

Economic, Energy, and Environmental Trends

Received a presentation on possible future trends for the economy, energy, and the environment.

Discussed ways households and businesses can prepare for the future, such as reducing debt and becoming more self-sufficient.

Staff: Phillip V. Dean (Policy Analyst) / Shannon C. Halverson (Attorney) / Sara J. Thomas (Secretary)

Government Operations

Appointment or Election of Attorney General

Discussed whether the Utah attorney general should be appointed rather than elected.

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Evaluating and Adjudicating Election Complaints

Received presentations from committee staff, the Lieutenant Governor's Office, and the Office of the Attorney General regarding the current process for evaluating and adjudicating election complaints.

Presenters suggested areas of the process that could be clarified or amended, including:

- The process for deciding whether to bring a proceeding to determine if an election violation occurred;
- The level of involvement in a proceeding by the government and the petitioner; and
- Responsibilities for costs and fees relating to a proceeding.

Action: *Approved a motion that committee staff, the Lieutenant Governor's Office, and the Office of the Attorney General meet and discuss how to improve the process for evaluating and adjudicating election complaints.*

State Fleet Issues

Discussed whether Utah should reduce the size of its fleet of vehicles and rely on a state rental contract to handle the overflow and whether the state's fleet car sales should be privatized.

Received presentations from the Department of Administrative Services, Department of Workforce Services, and University of Utah on their fleet management.

Received presentations from the private sector regarding ways to increase fleet efficiency and revenue from the sale of fleet vehicles.

Chairs: Rep. Jack R. Draxler / Sen. Margaret Dayton

Staff: Leif G. Elder (Policy Analyst) / Thomas R. Vaughn (Attorney) / Anna M. Allen (Secretary)

Health and Human Services

Community Health Workers

Received presentations from a legislator, the University of Utah, and the American Heart Association on the roles and funding of community health workers and how augmenting the professional skills of workers could qualify their services for reimbursement under Medicaid.

Controlled Substance Database — Interstate Data Sharing

Received a presentation from the Division of Occupational and Professional Licensing on its effort to finalize a memorandum of understanding with the National Association of Boards of Pharmacy to participate in the board's PMPInterconnect program. The program facilitates the sharing of information in the controlled substance database among states. The division expects the interstate sharing arrangement to be available to prescribers by June 30, 2013.

Controlled Substance Database — Prescriber Alerts

Discussed whether the Division of Occupational and Professional Licensing should notify physicians when a patient receives prescription drugs from more than one prescriber.

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The division reported that it intends to expand existing notification practices when it next receives a federal grant for the state's controlled substance database.

Electronic Cigarettes

Discussed issues associated with electronic cigarettes, including the lack of regulation.

Long-term Care Insurance

Received a presentation from an insurance provider on how the state could create a long-term care insurance partnership. This partnership would allow purchasers of long-term care insurance to receive an offset for the value of the insurance if they seek long-term care services under Medicaid.

State and Federal Health Care Reform

Received a presentation from committee staff on the federal government's approval of the state's proposal to operate one of the two health insurance exchanges required under the federal Patient Protection and Affordable Care Act. The state's existing Avenue H health insurance exchange will perform the functions of the act's small employer exchange.

Chairs: Rep. Paul Ray / Sen. Evan J. Vickers

Staff: Mark D. Andrews (Policy Analyst) / Cathy J. Dupont (Attorney) / Lee A. Killian (Attorney) / Lori R. Rammell (Secretarial Supervisor)

Health System Reform Task Force

May 16, 2013

Responding to the Federal Patient Protection and Affordable Care Act

Received reports from a legislator, task force staff, the Insurance Department, the Utah Department of Health, the Department of Workforce Services, and Avenue H (Office of Consumer Health Services) on the state's implementation of the federal Patient Protection and Affordable Care Act.

Received a report from Federal HIPUtah that the United States Department of Health and Human Services has told states operating a preexisting condition insurance plan (such as Federal HIPUtah) that they must either assume risk for enrollee claims incurred during the remainder of the year or transfer the program to the department. The state proposed to Health and Human Services that the risk be transferred to a third party and control of the program remain with the state. Shortly after the task force's meeting, the state was notified that its proposal was rejected.

Discussed the task force's duties and determined that four workgroups, consisting of task force members and other interested persons, will be created to assist the task force. The workgroups include the Charity Care System Team, the Risk Adjustment and Reinsurance Team, the Avenue H and Insurance Market Team, and the Mental Health Team.

Chairs: Rep. James A. Dunnigan / Sen. Allen M. Christensen

Staff: Mark D. Andrews (Policy Analyst) / Cathy J. Dupont (Attorney) / Lori R. Rammell (Secretarial Supervisor)

Judiciary

Administrative Subpoenas

Discussed a priority study item assigned to the committee by the Legislative Management Committee regarding the use of administrative subpoenas to obtain electronic communication records in certain criminal investigations.

Received a presentation from committee staff on key provisions of Utah Code Section 77-22-2.5, including the process to obtain an administrative subpoena and the history of the code section.

Overview of the 2013 Interim and Master Study Items

Received a presentation from committee staff on 2013 General Session bills that relate to the committee, statutorily required reports, and sunset provisions assigned for committee review. Legislators who requested study items for the 2013 Interim addressed the committee regarding their respective items.

Chairs: Rep. Kay L. McCliff / Sen. Mark B. Madsen

Staff: Chelsea B. Lloyd (Policy Analyst) / Esther Chelsea-McCarty (Attorney) / Jennifer K. Christopherson (Secretary)

Law Enforcement and Criminal Justice

Commission on Criminal and Juvenile Justice

Overview

Received a report from the Commission on Criminal and Juvenile Justice regarding the duties and responsibilities of the commission and study items that the commission plans to review and analyze over the coming year.

Department of Public Safety Overview

Received a report from the Department of Public Safety regarding the implementation of the multijurisdiction Palantir database, the status of the implementation of recently authorized personnel increases, and an overview of the work performed by the State Crime Lab over the past year.

Domestic Violence Report

Received a statutorily required report from the Bureau of Criminal Identification regarding statewide law enforcement responses to complaints of domestic violence.

Action: *Directed staff to research the original intent of the statutory requirement to collect certain domestic violence data.*

Chairs: Rep. Curtis Oda / Sen. Todd Weiler

Staff: Nathan W. Brady (Policy Analyst) / Susan Creager Allred (Attorney) / Lori R. Rammell (Secretarial Supervisor)

Legislative Management Committee

May 14, 2013

Action: *Approved a new legislative policy for the disposal of information technology surplus property.*

Action: *Assigned the Government Operations Interim Committee to examine the issue of providing automobiles to the state's constitutional officers and to seek the input of the Executive and Judicial Compensation Commission.*

*Chair & Vice Chair: Speaker Rebecca D. Lockhart / President Wayne L. Niederhauser
Staff: Michael E. Christensen (Director) / John L. Fellows (General Counsel) / Phalin L. Flowers (Administrative Assistant)*

Natural Resources, Agriculture, and Environment

Remediation Waste Fees

Received a statutorily required report from the Utah Division of Solid and Hazardous Waste regarding the collection of remediation waste fees.

Utah School Trust Lands — Beneficiary Report

Received a report from the State Office of Education on the management of Utah school trust lands and the historical performance of the permanent state school fund.

State Waters — Reduction of Nutrient Pollution

Discussed ways to reduce pollution caused by excessive nutrients (phosphorus and nitrogen) in Utah's lakes, rivers, streams, and reservoirs, including mechanisms to help the agriculture industry and other nonpoint sources reduce nutrient pollution.

Chairs: Rep. Michael E. Noel / Sen. Scott K. Jenkins

Staff: J Brian Allred (Policy Analyst) / RuthAnne Frost (Attorney) / Anna M. Allen (Secretary)

Political Subdivisions

Conservation Easements

Discussed a potential change to the approval process of conservation easements, as proposed by H.B. 162, "Conservation Easement Revisions," introduced in the 2013 General Session.

Eminent Domain

Discussed issues relating to eminent domain, including:

- Ways in which eminent domain may be used;
- Negotiation and disclosure requirements before filing an eminent domain action;
- The acquisition of or compensation for certain structures on acquired real property;
- Whether a condemning entity should be prohibited from occupying private real property for a public purpose unless certain requirements are met;
- Whether to require a condemning entity to reimburse an owner for certain expenses; and

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- Whether to prohibit a person acting on behalf of a condemning entity from acquiring real property unless the person holds a current real estate license, as proposed by H.B. 111, "Eminent Domain Amendments," introduced in the 2013 General Session.

Local Land Use Revisions

Discussed issues relating to the land development authority of a municipal or county land use authority and a legislative body, as proposed by H.B. 349, "Local Land Use Revisions," introduced in the 2013 General Session.

Assessment Areas

Discussed the requirements that must be met in order to protest the creation of an assessment area.

RSS Feed for Local Government Meetings

Discussed a potential expansion of the use of the RSS feed to include political subdivisions regarding public meetings.

Wrongful Documents

Discussed issues relating to the problem of unauthorized documents being submitted to county recorders, as addressed by H.B. 20, "Wrongful Documents," introduced in the 2013 General Session.

Chairs: Rep. R. Curt Webb / Sen. Daniel W. Thatcher

Staff: Joseph T. Wade (Policy Analyst) / Victoria Ashby (Attorney) / Samantha Coombs (Secretary)

Public Utilities and Technology

Competitive Utility Rates in Rural Utah

Received presentations from legislators, business providers and contractors, and a natural gas utility company about negotiations for providing natural gas at competitive utility rates when the provider is using certified local contractors. Discussion included pricing, upfront costs, timing, and developing an expanded pool of certified local contractors.

Utah's Public Utilities — Regulatory Process

Received presentations from the Public Service Commission, the Division of Public Utilities, the Office of Consumer Services, and regulated electric and gas utilities about their roles in the regulatory process.

Each entity discussed how it interacts with other regulatory agencies and utilities, including how rates are set, the hearing process, renewable energy programs, integrated resource planning, and how each entity's actions affect utility ratepayers.

Chairs: Rep. Roger E. Barrus / Sen. David P. Hinkins

Staff: Richard C. North (Policy Analyst) / Rebecca L. Rockwell (Attorney) / Tracey Fredman (Secretary)

Retirement and Independent Entities

May 8, 2013

Postretirement Employment Restrictions

Received a presentation from committee staff and Utah Retirement Systems (URS) on stricter postretirement reemployment restrictions that were implemented as part of the 2010 retirement reforms.

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The concept behind the restrictions is to discourage early retirement, or at least eliminate incentives to retire earlier than normal. The retirement fund is adversely affected by early retirement because it decreases the pay-in period to the fund and extends the payout period.

Action: *Approved a motion to ask URS to work with staff to develop a list of possible options for easing postretirement employment restrictions, including cost estimates of each option.*

Public Access to URS Records and Meetings

Received a presentation regarding a February 2013 state audit recommendation that URS increase public access to its records and meetings. URS has developed a website, <https://www.urs.org/highlights>, to provide the public with access to reports, studies, rates, statistics, and highlights that may be of interest to the public. URS is also examining other records to develop future recommendations that are responsive to the audit.

Public Employees Health Program (PEHP)

Received a presentation from PEHP, which provided an overview of the program, discussed assigned risk pools, and demonstrated new consumer tools available to employees.

Retirement Systems Overview and 2013 Legislative Update

Received a presentation from committee staff on URS, which provides retirement systems for all Utah public employees, excluding federal employees. At the end of 2012, the retirement system had a funded ratio of 76.5%. An update was also given on retirement and independent entities-related bills passed during the 2013 General Session.

Tier II Utah Retirement Systems Reform

Received a presentation from URS on the retirement reforms enacted during the 2010 General Session. Public employees who initially began employment on or after July 1, 2011, are under the new "Tier II" retirement systems, which has a lower cost to employers and reduced benefit levels to employees. As of April 1, 2013, there are 12,640 active Tier II employees. In 2012, changing to the Tier II retirement system saved employers \$10.4 million due to lower contributions.

URS — Rate of Return

Received a presentation from URS on how actuarial science is used to assess risk and calculate employer contribution rates and assumed rate of return.

The URS assumed rate of return on investments is 7.5% annually. In 2012, the return was 13.1%, the five-year average return was 2.96%, the ten-year average was 8.38%, and the 20-year average was 8.17%.

URS — Investment Performance and Processes

Received a presentation from URS on investment revenues, which are the primary method of funding retirement systems.

URS employs 16 investment professionals who oversee the trust fund portfolio, provide recommendations, implement investment committee decisions, monitor external managers and markets, and manage risk in order to compound returns over the long term.

URS — Mission, Organization, and Trustee Role

Received a presentation from URS on the mission, organization, and trustee role of URS. The Utah State Retirement Office, the Utah State Retirement Investment Fund, and the Utah State Retirement Board are established in statute. The assets of the URS Investment Fund are for the exclusive benefit of the members and may not be diverted for any other purpose.

Chairs: Rep. Craig Powell / Sen. Todd Weiler

Staff: Benjamin N. Christensen (Policy Analyst) / Peter Asplund (Attorney) / Shannon C. Halverson (Attorney) / Linda Error (Secretary) / Anna M. Allen (Secretary)

Revenue and Taxation

Public Education Funding

Received a presentation from committee staff on how public education is funded in Utah. The study reviewed income taxes, property taxes, and how those revenue sources interact in the school minimum basic program.

Tax Burden of Utah Households

Received a presentation from committee staff on the tax burden of Utah households. The study indicated that the economic effect of all taxes is ultimately borne by households. The study found that the total tax burden imposed directly on Utah households is generally progressive, largely due to the federal individual income tax.

The state and local tax burden imposed directly on Utah households is proportional through most middle income ranges, but regressive at higher and lower income levels.

Committee staff also distributed a briefing paper on this topic.

Chairs: Rep. Ryan D. Wilcox / Sen. Deidre M. Henderson

Staff: Phillip V. Dean (Policy Analyst) / Bryant R. Howe (Assistant Director) / Rebecca L. Rockwell (Attorney) / Samantha Coombs (Secretary)

State Water Development Commission

May 14, 2013

Change Application Procedures

Discussed recent judicial decisions that have affected who can file for a change application and the role of the state engineer in change application procedures.

Snake Valley Water Sharing Agreement

Discussed the proposed Snake Valley water sharing agreement between Utah and Nevada and the governor's decision to not sign the agreement.

Action: *Approved a motion to send a letter to Governor Herbert asking him to reconsider his decision regarding the proposed Snake Valley water sharing agreement.*

Chairs: Rep. Keith Grover / Sen. Margaret Dayton

Staff: J Brian Allred (Policy Analyst) / RuthAnne Frost (Attorney) / Anna M. Allen (Secretary)

Transportation

State Highway System Modifications

Received a report from the Utah Department of Transportation regarding additions to or deletions from the state highway system.

Transportation Funding in Utah

Received a presentation from committee staff on Utah's transportation funding, including the sources of funding and the programs and projects that receive the funding.

Transportation Roles and Responsibilities

Received a presentation from committee staff that addressed Utah groups charged with administering transportation services and their unique roles and responsibilities as established by state and federal law.

Chairs: Rep. Johnny Anderson / Sen. Kevin T. Van Tassell

Staff: Art L. Hunsaker (Policy Analyst) / Shannon C. Halverson (Attorney) / Tracey Fredman (Secretary)

Utah International Relations and Trade Commission

May 14, 2013

Intellectual Property and Trade Secrets

Received a presentation from committee staff regarding trade secrets, the growing theft of trade secrets both domestically and internationally, and state and federal laws governing trade secrets.

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Discussed policies the state should consider in addressing the theft of trade secrets.

International Trade Report

Received a report from the Governor's Office of International Trade and Diplomacy regarding Utah's international trade relationships and exports. The report was divided into geographic trade regions for Utah exports.

Utah exports in the Americas are primarily to Mexico and Brazil, with exports to each of these countries exceeding \$100 million in 2012.

European trade efforts included the recent governor-led mission to Israel and the United Kingdom, which is Utah's largest trade partner with over \$6 billion in Utah exports.

Asian trade efforts are focused upon raising awareness and partnerships between Utah and Asian-based companies, with China being Utah's biggest partner in that region at \$5 billion in Utah exports.

Utah World Trade Center Report

Received a report from the Utah World Trade Center about notable export dollar amounts and jobs. Currently, exports provide over 96,000 Utah jobs, and Utah exports contribute approximately \$13 billion to the economy. The United States Chamber of Commerce reported that Utah, under the chamber's four leading trade categories, ranks third in the United States in international trade exports.

Chairs: Rep. Eric K. Hutchings / Sen. Mark B. Madsen

Staff: Richard C. North (Policy Analyst) / Robert H. Rees (Attorney) / Debra Hale (Secretary)

Next Interim Day—June 19, 2013

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