

**MINUTES OF THE
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR
APPROPRIATIONS SUBCOMMITTEE**

Room 210, Senate Building

January 31, 2012

Members Present: Sen. Jerry Stevenson, Senate Chairman
Rep. Todd Kiser, House Chairman
Rep. Ryan Wilcox, House Vice Chair
Sen. Casey Anderson
Sen. Curtis S. Bramble
Sen. Gene Davis
Sen. Ralph Okerlund
Sen. Stuart C. Reid
Sen. Stephen H. Urquhart
Rep. Stewart E. Barlow
Rep. Brian Doughty
Rep. James A. Dunnigan
Rep. Jeremy Peterson
Rep. Val Peterson
Rep. V. Lowry Snow

Members Absent: Rep. Brian King

Staff Present: Dr. Andrea Wilko, Chief Economist
Mr. Zackery King, Fiscal Analyst
Ms. Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts will be filed with committee minutes.

Rep. Kiser called the meeting to order at 8:06 a.m.

Dr. Wilko referenced a handout comparing FY 2013 Base Budget to FY 2012 Estimated Budget as it is found in S.B. 4. Most of the items are on-going funds from last year, and reductions reflect one-time funding that has dropped out. There are many new requests for funding which the committee will need to prioritize.

The chairs discussed the budgeting process and the fact that the agencies are starting out not having to make cuts of 7% as they did last year.

Department of Commerce

Dr. Wilko reviewed the Budget Brief and pointed out that the Department of Commerce is essentially the licensing and registration agency for Utah's professional and corporate community. The agency requests that the committee adopt the FY 2013 base budget as found in

SB 4 and the fees which are the source of operating funds. Details of the budget, intent language, and a request for \$95,000 to restore funds swept in previous sessions may be found using the hyperlink on the agenda.

Francine Gianni, Executive Director, distributed the 2011 Annual Report of the department and reiterated the department's request to restore the \$95,000 which was never intended to be on-going and the request for intent language. The \$95,000 came from the Pawn Brokers Operations Fund and Factory-Built Housing Funds. There was a discussion of the self regulation of Pawn Brokers and that there has not been an increase in the number of pawn brokers with the downturn of the economy. Public service announcements to protect seniors have been made in the past. The scammers have moved more to the internet.

Department of Alcoholic Beverage Control

Dr. Wilko pointed out that Utah is one of 18 liquor control states and one of two totally state-run systems. The analyst proposes that the individual line items be reallocated to better reflect where the expenditures are occurring. The bottom line does not change. Details may be found in the Budget Brief on line. The DABC has presented a schedule of fees that have been charged historically but haven't shown up in the fee schedule.

Francine Gianni, Acting Director, expressed support of the Analyst's recommendation to realign DABC's budget. Through internal efficiencies since August 2011 the department has been able to save between \$700,000 and \$800,000 for the current fiscal year which makes it possible to delay the scheduled Feb 1, 2012 closings and reductions in operating hours of liquor stores and packaging agencies. On-going budget savings of approximately \$500,000 have also been effected. The department asks the committee to endorse the Governor's recommendation of \$1,800,000 from the Liquor Control Fund for liquor stores.

Sen. Stevenson complimented the Director on the good work since the department was "dropped" on her a few months ago. Bills concerning the running of DABC will be forthcoming as the session continues. The warehouse is smoothly run, as are the liquor stores. The current audit is available by a link on the legislative web page. An audit matrix has been put together which goes back to 2002. Analysis of audits going back to the late 1970's shows that mismanagement has gone on for many years.

DABC Finance Director, Benjamin Buys, explained that the executive director's primary responsibility has to do with verifying compliance to the law. There was a discussion of the hours that liquor stores are open. There is no plan to reopen the Main Street store. All stores are profitable.

The Acting Director endorses the Governor's recommendation to keep stores open. The money that comes in to the General Fund is used for good things such as school lunch programs. A hired consultant made some good recommendations which the chairs will try to make available to the committee. There was discussion as to the ineffectiveness of a part-time commission who are really only there two to three hours a month. Store employees are paid low wages with no benefits; therefore prime employees are not attracted. The Acting Director expressed a personal opinion that the "ship has been righted" and that privatization is not the answer.

The Acting Director was asked what the costs would be to make the clerks merit employees, but the numbers have not been run. At the current pay scale the DABC is competing with the fast food industry for workers. Convenience for the customer has to be balanced with the cost of providing that convenience.

MOTION: Rep. Wilcox moved to adjourn. The motion passed unanimously with Sen. Urquhart absent for the vote.

Rep. Kiser adjourned the meeting at 9:12 a.m.

Sen. Jerry Stevenson, Chair

Rep. Todd Kiser, Chair