



# INTERIM HIGHLIGHTS

Office of Legislative Research  
and General Counsel

Office of the Legislative  
Fiscal Analyst

Office of the Legislative  
Auditor General

## INTERIM COMMITTEE ACTIONS

### Business and Labor

#### STUDIES:

- Began a study of whether or not to require notaries public to maintain journals. Potential legislation may be considered at the Committee's November meeting.
- Continued the Committee's study of the potential privatization of the Workers' Compensation Fund. The Committee received comments from the public, private insurers, out-of-state insurers, executive branch representatives including the Governor's office, private sector consultants, and the Workers' Compensation Fund. Sen. Bramble presented draft legislation to repeal the enabling provisions of the Workers' Compensation Fund and authorize the insurance commissioner to designate and enter into a contract with a residual market carrier.

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

### Education

**REPORT:** Received reports on the Engineering and Computer Science Initiative and the State School Fund.

#### STUDIES:

- Continued a study comparing the cost to the state of educating students in charter schools versus providing tuition tax credits for the students' education.
- Examined legal and fiscal issues relating to school fees and fee waivers.
- Received recommendations from the American Indian Task Force on the education of American Indians.
- Received recommendations from UREAD (Utah Residents Empowered to Address Dyslexia) on the education of children with dyslexia.

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

### Government Operations

**REPORT:** Received a report from the Lieutenant Governor regarding efforts of the State Plan Committee on Election Reform to implement the Help America Vote Act.

#### STUDIES:

- Discussed state boards and commissions and heard the results of a survey evaluating certain boards and commissions.
- Discussed draft legislation "Absentee Ballot Amendments" and possible additions and changes to the legislation.
- Discussed draft legislation "Local Referendum Amendments."

**ACTION:** Received a report concerning the Cost Savings Suggestion Pilot Program and directed staff to draft legislation repealing the program.

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

### Health and Human Services

**REPORT:** Reviewed the Insurance Department's annual evaluation of the health insurance market and biennial adjustment of the adoption indemnity benefit.

**ACTION:** Recommended reauthorization of the Detection of Public Health Emergencies Act for five years and the Utah Health Data Authority Act for 10 years.

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

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## Judiciary

### REPORTS:

- Received statutorily required reports from the Third Judicial District Co-parenting Mediation Program, Child Welfare Legislative Oversight Panel, and the Foster Care Citizens Review Board.
- Received a report and recommendations from the Utah State Bar ad hoc committee on Divorce, Child Custody, and Visitation.

**ACTION:** Recommended draft legislation "Marriage Preparation Requirements," which modifies marriage counseling provisions by requiring a reduction in marriage license fees for couples who undergo marriage education.

*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:

- Discussed draft legislation to implement a fee on wireless and land-based telephones to fund a statewide emergency 911 system capable of geographically locating a wireless telephone user's location.
- Discussed draft legislation to create an Automobile Crime Prevention Authority by imposing a \$1.00 fee on each vehicle registered in Utah.

**REPORT:** Received an annual report from the Department of Corrections on the status of housing prison inmates in county jails, including jail contracting and jail reimbursement.

*Chairs: Sen. D. Chris Buttars/Rep. DeMar "Bud" Bowman*

*Staff: Jami Momberger (analyst)/Susan Creager Allred (attorney)/Tracey Fredman (secretary)*

## Natural Resources, Agriculture, and Environment

**STUDY:** Studied ways that local governments and other parties influence Wild and Scenic Rivers designations under the Federal Wild and Scenic Rivers Act.

### REPORTS:

- Received a report from the State Engineer on the management of ground water aquifers that have experienced a significant decline in water levels and on the regulation of water rights in those aquifers.
- Received a report on the environmental management system certification presented to Circle Four Farms located in Milford, Utah.
- Received a report from the State Veterinarian on Chronic Wasting Disease.

*Chairs: Sen. Beverly Evans/Rep. Craig W. Buttars*

*Staff: Brian Allred (analyst)/Jeanenne Larson (attorney)/Joy Miller (secretary)*

## Political Subdivisions

### STUDIES:

- Continued its study and discussion of the condemnation of water rights by governmental entities and the Utah Constitution provision prohibiting municipalities from disposing of water rights.
- Continued its study and discussion of ways to prevent and resolve conflicts between governmental entities in the siting of critical regional facilities.

### ACTIONS:

- Provided direction on draft legislation relating to eminent domain and requested affected parties to continue to try to work out a solution to current differences.
- Decided to continue studying next interim a recommendation to amend the Utah Code to formalize the roles of Utah's seven Associations of Governments as government service providers.

*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 a report on the stability of Utah's power and transmission grid. This report also included power reliability interrelationships with the other thirteen western states and the two western provinces of Canada.
- Received a report regarding PacifiCorp's 2003 Integrated Resource Plan and an update on the development of 4000 MW of new power generation capacity. This new capacity is described as a diversified energy portfolio which includes 1400 MW of alternative power generation capacity. Multiple requests for proposal were issued beginning in January 2003 to continue through January 2004 to implement the proposed diversified energy portfolio.
- Received a preliminary report on the multi-state process for determining the allocation of assets, revenues, and expenses between Utah and other PacifiCorp jurisdictions relating to generating, transmitting, and distributing electric power. This issue will be continued in the October interim meeting.

*Chairs: Sen. Leonard M. Blackham/Rep. Stephen H. Urquhart*

*Staff: Richard North (analyst)/Thad LeVar (attorney)/Clay Hatch (secretary)*

## Revenue and Taxation

### STUDIES:

- Reviewed how the Utah individual income tax system links with the federal individual income tax system and how this linkage might be modified.
- Reviewed the imposition of liens by the Utah State Tax Commission. The Committee compared state and federal tax collection processes with regard to liens, which are generally used as a collection tool by the Commission.
- Reviewed the business income apportionment formulas under the state corporate income tax. The Committee reviewed a proposal to change the current system of weighting all three factors (sales, property, income) equally to a system where the sales factor is given more weight.
- Reviewed the implementation of SB 213, "Amendments to Sales and Use Tax," 2003 General Session. This bill expanded the sales and use tax base to include satellite and cable television services.

**ACTION:** The Committee passed a motion to ask certain committee members to review the issue of implementing the sales and use tax on satellite and cable television services and report back at a future meeting.

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

## Transportation

### STUDIES:

- Received updates on the 2030 Long Range Transportation Plans.
- Received a presentation on the Scenic Byway Designation Process and considered draft legislation to create the Utah State Scenic Byway Committee.
- Received a presentation on street-legal ATVs and street quads and considered draft legislation to allow certain ATVs on the highway.

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

## Workforce Services & Community and Economic Development

### STUDIES:

- Discussed a partnership approach to economic development between Utah and private enterprise.
- Received an update from the Department of Workforce Services regarding federal re-authorization of various programs set to expire at the end of September 2003.

**REPORT:** Received a report from the Office of Child Care outlining efforts to simplify child care services in Utah.

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

## National Conference of State Legislatures Utah Host Committee

At its September 15, 2003 meeting, the NCSL Utah Host Committee made several important decisions regarding the 2004 Annual Meeting in Salt Lake City (July 19-23). The Committee selected Conference Direct/Eventiv Inc. as Utah's "Events Coordinator" for the 2004 Annual Meeting after interviewing the top four of nine applicants for the position. Staff will now prepare a contract with Conference Direct/Eventiv Inc. for the Committee's approval.

The Committee also confirmed that the Mormon Tabernacle Choir and Orchestra at Temple Square will present a concert in the Salt Lake Tabernacle for the opening social event of the 2004 NCSL Annual Meeting.

The Legislature's next major responsibility for the 2004 Annual Meeting is fund raising. The Legislature must raise approximately \$1 million to fund the Annual Meeting. The Committee received presentations from Nancy Rhyme, NCSL's fund raiser, and Linda Worrell, NCSL's Director of Meetings and Seminars, who shared ideas and strategies that the Utah Legislature could use to raise the necessary funds. Gay Taylor and John Massey reported on the tax status of the NCSL Utah Host Committee and provided an update on Committee Finances.

The Committee also reviewed Utah's activities at NCSL's 2003 Annual Meeting in San Francisco which included a buffet breakfast, Utah videos, travel literature, prize drawings, and gifts at the Utah Booth. The Committee continued to discuss ways to improve plans for the 2004 NCSL Annual Meeting.



The Committee selected this logo to promote the 2004 NCSL Annual Meeting in Salt Lake City.

## LEGISLATIVE MANAGEMENT COMMITTEE

### REPORT:

- Viewed the legislative Web page showing the new additions and improvements that make the page more user-friendly while providing substantially more information.
- Received a report from legislative General Counsel, Gay Taylor, that the office has filed a Reply Memorandum in support of the Motion to Dismiss on behalf of two legislators being sued in the case of *Ivie v. State of Utah*.
- Received a report from General Counsel Gay Taylor that she has not been able to find an adequate solution to addressing the issue of removing the criminal penalties for making known the existence of records that are not public or for closing a meeting of a public body to discuss those types of records. The negative ripple of unintended consequences from any solution is substantial. Therefore, no legislation is recommended.
- Postponed until the next meeting acting on a request by the Judiciary Interim Committee to approve a Minority Affairs Subcommittee, including per diem and expenses.

### ACTION:

- Approved a request from the Request for Proposal Committee (authorized by the Education Interim Committee) to hold an additional meeting tentatively set for October 9, 2003. The Request for Proposal Committee will evaluate preliminary proposals to stretch educational dollars and improve student performance and make recommendations to the Education Interim Committee for funding of up to three complete proposals.
- Moved to adopt as a committee bill, "Authorization to Close a Meeting" for the 2004 General Session. This allows the Records Committee of the executive, legislative, or judicial branch to close a meeting for the limited purpose of determining if a record is properly classified as not public; and if it is properly classified, whether the public interest favoring access outweighs the interest in restricting access.
- Moved to have the Political Subdivisions Interim Committee review the possibility of having the Association of Governments created in statute.



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*Editors: Mary Catherine Perry and Jami Momberger*





# FISCAL HIGHLIGHTS

JOHN E. MASSEY, DIRECTOR

## EXECUTIVE APPROPRIATIONS COMMITTEE

CO-CHAIRS:

SENATOR LEONARD BLACKHAM - REPRESENTATIVE RON BIGELOW

### Report: Federal Funds Update

**Summary:** Staff reviewed 52 applications for federal funds from various state agencies. The total amount applied for is \$95.7 million. This figure represents one-, two-, and three-year grants. Six of the grant applications indicate that 8.8 FTEs will be added if the federal funding is approved. None of the grants indicated that state funding would be requested to replace the federal funds when the grants expire.

The Federal Grants Tracking document, prepared by the Governor's Office of Planning and Budget was reviewed by the committee. The document updates the federal grant applications which have previously been presented to the Committee. The information details whether or not the grant was approved and received and any major changes in the amount awarded.

**Committee Action:** The Committee asked questions and requested more information on Oregon's law which allows for interim Legislative rejection of federal grants.

**Staff Contact:** Spencer Pratt

### Report: Balancing the Structural Deficit

**Summary:** Staff introduced a proposed tool for addressing short-term structural deficits. The report suggests that appropriators match one-time revenue with one-time projects whereby reducing or eliminating any structural deficit.

In the past, Utah has used ongoing appropriations to fund capital projects like the Centennial Highway Fund, capital facilities, the School Building Program, and state agency capital acquisition. At the same time, the state has reflected in its budget a short-term structural deficit (ongoing costs funded with one-time revenue). Fiscal staff suggest that by shifting ongoing resources from discrete capital projects to continuous costs like personnel, and in-turn replacing such ongoing appropriations with one-time revenue, the Legislature can balance a structural deficit.

**Committee Action:** Chairman Leonard Blackham asked the Analyst to prepare a follow-up to this report showing what the structural surplus would have been for the past five years had one-time projects been funded with one-time appropriations.

**Staff Contact:** Jonathan Ball - Report Lead, John Massey, Michael Kjar, Mark Bleazard, and Kevin Walthers.

**Report:** Review of Draft Legislation on Internal Service Fund – Capital Outlay Authority (Follow-Up From July 15, 2003 Meeting)

**Summary:** In July the committee voted to prepare a bill amending the Budgetary Procedures Act to clarify that:

1. Unless explicitly granted by the Legislature, ISFs do not have authority to carry over Authorized Capital Outlay;
2. The ISF must have legislative approval in the appropriations act for items to be acquired using Carry Over Authorized Capital Outlay. This would be similar to the way the Legislature currently grants non-lapsing status for specific purposes in appropriated agencies.

In August the committee reviewed and discussed the draft legislation.

**Committee Action:** A motion to accept the draft legislation as a committee bill did not pass. The committee indicated a willingness to reconsider the bill after some editing.

**Staff Contact:** Steve Allred

### Report: Department of Health - Medicaid Benefit Amendments

**Summary:** During the 2003 General Session, HB 126, Medicaid Benefits Amendments passed, which authorizes the Department of Health to study the Medicaid drug program and report its findings to the Executive Appropriations Committee. The language states that the EAC and the Legislative Management Committee review the proposal and may: (A) recommend that the department implement the drug program; (B) recommend that the department modify the drug program; (C) recommend that the department terminate the drug program; or (D) recommend to the governor that he call a special session of the Legislature to review and approve the drug program.

Michael Deily, Medicaid Director, presented the study and the results of the Medicaid Drug Program. Medicaid prescription drug costs have doubled since 1999, due to increased utilization and manufacturer price increases. Mr. Deily reviewed the cost-saving methods implemented over the past few years. The department proposes using evidence-based clinical and financial reviews for two therapeutic drug classes: proton pump inhibitors (for ulcers), and statins (for cholesterol). Estimated savings from these two drug classes is \$2.825 million.

**Committee Action:** The Committee scheduled to continue discussion of this item during the October meeting in order to hear public comment.

**Staff Contact:** Spencer Pratt

## EXECUTIVE APPROPRIATIONS - CONTINUED

**Report:** Statewide Vehicle Report

**Summary:** In response to concerns expressed during the 2003 General Session staff presented a report on efforts to reduce the state fleet by five percent and to certify a final count of fleet vehicles.

Although the five percent reduction may not have met the spirit of legislative intent language, staff found that the letter of the requirement was met. In all 232 vehicles were removed from the fleet as part of this effort.

The “certified count” enables legislative auditors, state auditors and Administrative Services internal auditors to consistently monitor the size and composition of the state fleet. Only three state agencies failed to report their final numbers on time as required by the

intent language.

In the future if the Legislature wants to enforce fleet reduction, staff believes this could be better accomplished through budgetary means than through strict vehicle counts. To spend a great deal of effort determining if a vehicle meets or doesn't meet the requirements for reduction seems to be wasted effort. If future reductions target actual fleet expenditures by agency it will ensure that every agency shares equally in the reduction. An agency that receives a five percent reduction in its fleet budget will have to make reductions across the board and likely will need to restructure their fleet composition. This should lead to a smaller statewide fleet and a more efficient use of resources in individual agencies

**Staff Contact:** Kevin Walthers

## APPROPRIATIONS SUBCOMMITTEES INTERIM MEETING HIGHLIGHTS

**Commerce and Revenue**

**Summary:** The subcommittee met on August 19th at the Department of Alcoholic Beverage Control (ABC) in Salt Lake. They heard a report from ABC management on the implementation of liquor laws passed in the last session, a progress report from the Insurance Department on funding options for HIPUtah, and toured the new ABC automated warehouse.

**Staff Contact:** Stan Eckersley

**Natural Resources**

**Summary:** On August 20, 2003 the subcommittee met at the Department of Natural Resources and heard reports from the Department of Natural Resources, the Department of Agriculture and Food, the School and Institutional Trust Lands Administration, and the State Fair Corporation. Each department reported on their FY03 year-end budget situations, and their anticipated needs for FY04 and FY05.

Highlights include:

- The Division of Forestry reported that in spite of a severe fire season, the state avoided major fires on its lands. If our luck continues, there may not be a need for an FY04 supplemental appropriation. The FY03 supplemental appropriation was \$11.5 million.
- The drought negatively affected the budgets and programs of almost every agency overseen by the subcommittee.
- The State Fair Corporation reported that even with good attendance at the 2003 Fair, it would be unable to sign contracts in preparation for the 2004 Fair without additional support from the state.

**Staff Contact:** Steve Allred

**Executive Offices and Criminal Justice**

**Summary:** Committee members met on August 28, 2003 at the Central Utah Correctional Facility in Gunnison and the Central Utah Youth Center in Richfield. Legislators toured both facilities and received information regarding the Medical Services Program and Utah Correctional Industries Program. At the youth center, committee members had an interactive dinner with some youth housed at the facility.

**Staff Contact:** Gary Ricks

**Public Education**

**Summary:** On August 11, 2003 the subcommittee met in accordance with Senate Bill 154. The committee heard the recommendation of the State Board of Education detailed in the reports “*Performance Plus: Tuning Up Utah's Great Education Engine*” and “*Performance Plus: Investing in Educational Performance*.”

The subcommittee passed the following directive to be submitted as the initial report to the Governor's office required by the subcommittee in Senate Bill 154: “. . . The committee does not embrace nor reject the reports' recommendations as submitted by the Utah State Board of Education. However, if the recommendations were enacted, they could require funding in excess of \$200 million. It was noted that the options for [funding] consideration include, but are not limited to : 1) revenue enhancements such as income tax, property tax, soda pop tax, and reductions or elimination of child tax credits; 2) prioritize the recommendations of the Utah State Board of Education, and/or phase them in; 3) reductions in spending elsewhere in the state budget; 4) reprioritize the existing public education budget; 5) repeal Senate Bill 154.

**Staff Contacts:** Mike Kjar and Ben Leishman

**Higher Education**

**Summary:** The subcommittee held a meeting at Utah Valley State College on August 22, 2003. Significant issues discussed include:

- The Legislative Auditor General's Office report on the Medical School's admission policies, interview process and the ranking and selection of applicants.
- As a result of changes made in the 2003 Legislative session, additional federal matching funds will allow 10 more students to enter the dental education program. This doubles the number of students supported by the state without increasing funding.
- Other issues discussed include, the growth and funding of distance learning, roles and mission of the USHE and UCAT institutions, and the moratorium on new programs to ensure that only good programs are in place on USHE campuses.

**Staff Contacts:** Boyd Garriott and Debbie Headden