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

STUDY: Received information from staff and several interest groups on check cashing and mortgage lending and discussed the need for legislative change in these areas.

ACTIONS:
• Voted to encourage a work group made up of Rep. McCartney, Sen. Mayne, industry representatives, consumer advocates, and the Department of Financial Institutions to conduct further study on issues raised during committee discussion and allow Rep. McCartney to bring proposed legislation, if necessary, back to the Committee for its consideration later in the interim.
• Voted to encourage Rep. Ray to bring draft legislation on mortgage lending to the Committee in September.

Staff: Mary Catherine Perry (analyst)/Thad LeVar (attorney)/Sandra Wissa (secretary)

Health and Human Services

STUDIES:
• Reviewed the Office of the Legislative Fiscal Analyst's proposal to study FACT (Families, Agencies, and Communities Together for Children and Youth at Risk).
• Viewed an NCCL video outlining the costs, causes, and effects of obesity and options to address the issue.
• Reviewed draft legislation that would require state entities and school districts to purchase calcium-fortified food under certain conditions.

ACTION: Directed staff to draft legislation to increase the availability of housing that is accessible to persons with a disability.

Staff: Mark Andrews (analyst)/Catherine Dupont (attorney)/Alicia Laughlin (secretary)

Education

STUDIES:
• Received a presentation on how charter schools are currently funded in Utah and received public comment on suggested changes to Utah’s charter school law.
• Received information from representatives of the Utah College of Applied Technology (UCAT) and high schools in the Salt Lake/Tooele region on the role of UCAT in serving high school students in the region.

Staff: Connie Steffen (analyst)/Dee Larsen (attorney)/Wendy Bangcenter (secretary)

Judiciary

STUDIES:
• Discussed issues related to the Judicial Conduct Commission, including whether a two-tier judicial disciplinary system should be adopted, the relationship between the Utah Supreme Court and the current constitutional framework provided for the Judicial Conduct Commission, what the proper definition of complaint should be, and what constitutes an investigation into an allegation of judicial misconduct.

Continued

Government Operations

STUDY: Discussed potential changes to Utah election laws and the possible impact of pending federal legislation on Utah election law and processes.

REPORT: Received a report indicating that the Division of Facilities Construction and Management renewed the lease agreement with the Rio Grande Café, which continues the need for the Division of State Archives to search for a facility.

Staff: John Cannon (analyst)/John Feltaes (attorney)/Cassandra Bauman (secretary)

IN THIS ISSUE:
Pages 1-3: Interim Committee Actions
Page 3: Schedule of Legislative Audits
Page 4: Legislative Management Committee 2002 Fourth Special Session
Judiciary – Continued

**ACTION:** Voted to not consider the possibility of allowing litigants who have successfully appealed a lower court ruling to have a different judge if the case is remanded back to the lower court.

**STUDIES:**
- Received information from staff on the current DUI laws and current state and national DUI statistics. The Committee also received information on current problems affecting the consistent application of DUI penalties in Utah, including the lack of automation in justice courts, as well as potential solutions.

**STUDIES:**
- Discussed special district bonding laws to assure conformity with the provisions of the Utah Municipal Bond Act.
- Discussed whether or not special districts should have the power to condemn culinary water.

**Natural Resources, Agriculture, and Environment**

**REPORTS:**
- Received a report from the Division of Water Resources on potential water development in Utah.
- Received a report from the Office of the Attorney General and the Department of Natural Resources on current laws regulating the interstate transportation of Utah water.

**REVENUE AND TAXATION**

**STUDIES:**
- Reviewed whether state government should disburse to local governments the interest that the State earns on local option sales and use taxes collected by the Utah State Tax Commission.
- Reviewed the Resort Community Local Option Sales and Use Taxes. The Committee discussed whether changes to state laws governing these taxes are necessary.

**ACTION:** Adopted a motion: (1) tabling proposed legislation for the 2002 Fourth Special Session regarding the State’s response to the federal special depreciation allowance for certain property; and (2) recommending that the Governor not place this item on the call for the 2002 Fourth Special Session.

**Political Subdivisions**

**STUDIES:**
- Received a briefing on what needs to be done to complete the rewriting of Title 17A, Special Districts.
- Discussed special district bonding laws to assure conformity with the provisions of the Utah Municipal Bond Act.
- Discussed the claims filing process involving special districts by those injured as a result of special district activities.
- Discussed whether or not special districts should have the power to condemn culinary water.

**Public Utilities and Technology**

**STUDIES:**
- Received presentations regarding energy generation/consumption and business relationship issues. Topics included regulated and unregulated power providers as well as air pollution credits.

**REVENUE AND TAXATION**

**STUDIES:**
- Reviewed whether state government should disburse to local governments the interest that the State earns on local option sales and use taxes collected by the Utah State Tax Commission.
- Reviewed the Resort Community Local Option Sales and Use Taxes. The Committee discussed whether changes to state laws governing these taxes are necessary.

**ACTION:** Adopted a motion: (1) tabling proposed legislation for the 2002 Fourth Special Session regarding the State’s response to the federal special depreciation allowance for certain property; and (2) recommending that the Governor not place this item on the call for the 2002 Fourth Special Session.
Transportation

STUDY: Discussed motor fuel and special fuel tax rates and revenues as well as the eroding effect of inflation on fuel tax revenues. The committee also discussed the enforcement and administration of special clean fuel certificates.

ACTIONS:
- Requested that staff prepare legislation to allow the timeframe for acquisition of property for a future transportation corridor to be up to 30 years in advance instead of 20 years in advance.
- Requested that staff prepare legislation to provide exceptions to the $200 vehicle impound fee for DUI cases.

Workforce Services & Community and Economic Development

ACTIONS:
- Directed staff to draft legislation focusing on cooperative efforts to stretch state dollars for tourism promotion.
- Directed staff to open committee bill files for the Industrial Assistance Fund and the Office of Child Care.
- Created a High Technology Business Development Subcommittee to meet for a one-day forum on July 10, 2002.

Staff: Jami Momberger (analyst)/Jim Wilson (attorney)/Jennifer Markham (secretary)

SCHEDULE OF LEGISLATIVE AUDITS
Office of the Legislative Auditor General

Reports Recently Released

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Date Released</th>
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<tbody>
<tr>
<td>Hogle Zoo</td>
<td>April 2002</td>
</tr>
<tr>
<td>Health and Human Services Local Provider COLA</td>
<td>April 2002</td>
</tr>
<tr>
<td>University of Utah Medical School Admissions</td>
<td>January 2002</td>
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</table>

If you would like a full copy of recently released reports, please call (801) 538-1033, or visit our website at [www.le.state.ut.us/audit/olag.htm](http://www.le.state.ut.us/audit/olag.htm).

Current Audits

<table>
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<tr>
<th>Audits in Process</th>
<th>Estimated Completion Date*</th>
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<tr>
<td>School Land Trust Account Funds</td>
<td>May 2002</td>
</tr>
<tr>
<td>Foster Care Foundation</td>
<td>May 2002</td>
</tr>
<tr>
<td>Salary Survey for Professional Engineers</td>
<td>May 2002</td>
</tr>
<tr>
<td>Textbook Monitoring</td>
<td>July 2002</td>
</tr>
<tr>
<td>Retirement System Investments</td>
<td>Sept. 2002</td>
</tr>
<tr>
<td>Judicial Conduct Commission</td>
<td>Sept. 2002</td>
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<tr>
<td>Tax Commission Collections</td>
<td>Oct. 2002</td>
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<td>Local Mental Health System</td>
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Future Audits

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<tr>
<th>New Audits Approved</th>
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<tr>
<td>U-TAX Project</td>
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<tr>
<td>Legacy Highway</td>
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<tr>
<td>Public Employees Health Plan (PEHP)</td>
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<tr>
<td>Temporary Assistance for Needy Families (TANF) Grants</td>
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<td>Use of Technology in Education</td>
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<tr>
<td>School Closure Procedures</td>
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<tr>
<td>Alleged Intimidation of Task Force Witness</td>
</tr>
<tr>
<td>Property Tax Exemptions</td>
</tr>
<tr>
<td>Decentralization of State Office of Education</td>
</tr>
</tbody>
</table>

*The audit completion date is only tentative and may change based on the conditions incurred by the audit teams.

The Legislative Audit Subcommittee has prioritized the audits listed above which will be assigned as staff become available.
INTERIM HIGHLIGHTS  •  MAY 2002

LEGISLATIVE MANAGEMENT COMMITTEE

REPORTS:
• Received a report explaining that the Office of Legislative Research and General Counsel will be able to provide a live Internet broadcast of the 2003 General Session even with increased demand.
• Received a report from the director of the Capitol Preservation Board on how he is addressing the parking shortage at the Utah State Capitol. The report indicated that underground parking will be available by November-December, additional parking is being studied along East Capitol Boulevard and Fifth North, and a long-term agreement has been established with the Fair Grounds for parking. What was left unanswered is how parking will be improved during the interim period.

ACTIONS:
• Discussed possible dates of the special session in June to deal with the FY 2003 budget with the most likely dates for the session being after the primary election (June 25) and before the end of the month.
• Recommended to Riverton City Mayor Evans, who asked the Legislative Management Committee (LMC) to create a high tech task force, that he meet with the Workforce Services and Economic Development Interim Committee (WSED) which will be studying Master Study Resolution #119, "Attracting Technology to Utah." LMC suggested that the Mayor discuss with WSED the possibility of creating a subcommittee that could address his concerns and those indicated in the Master Study Resolution.
• Approved, with a few exceptions, the study item requests made by the interim committees. The exceptions have been communicated directly to the interim committees by the Office of Legislative Research and General Counsel.
• Approved the recommendation of Legislative General Counsel to file an amicus brief regarding the Supreme Court's authority to entertain an interlocutory appeal from the Judicial Conduct Commission.

2002 FOURTH SPECIAL SESSION

BILLS PASSED

H.B. 4001  Supplemental Appropriations Act III
(J. Alexander)

This act funds appropriations and reductions for the support of state government for the fiscal year beginning July 1, 2001 and ending June 30, 2002. This act provides budget increases and decreases for the use and support of certain state departments and agencies of state government and for other purposes as provided in this act. The act states intent language governing expenditures and provides an effective date.

S.B. 4001  2002 Bonding for Capital Projects
(B. Evans)

This act modifies the Bonding Code by authorizing the issuance and sale of additional general obligation bonds by the State Bonding Commission for additional capital facilities and by adopting intent language. This act takes effect immediately.

S.B. 4002  Industrial Electric Infrastructure Act
(C. Bramble)

This act modifies the Public Utilities title to enact the Industrial Electric Infrastructure Act including the definition of terms. The act establishes what is a covered expense of an electrical corporation for new industrial electric infrastructure and how customers become eligible to participate in infrastructure agreements. The act provides the requirements for infrastructure agreements. The act provides that covered expenses will be recovered by the electrical corporation from its customers in Utah. The act provides for the accounting treatment of covered expenses. This act provides direction regarding how recovery of covered expenses are to be apportioned amongst customers should an eligible customer fail to pay amounts owed under an infrastructure agreement. The act takes effect on July 22, 2002.
Agenda Item: Revenue Estimates
Summary:
Total tax revenue is projected down an additional $138 million in F.Y. 2002 and $173 million in F.Y. 2003.

General Fund: Sales tax revenue is down an additional $18,300,000 in F.Y. 2002, but will be partially offset for a net decline of $10,550,000 in that year. Further sales tax declines of $28,035,000, combined with investment losses and offset by insurance premiums will result in a net deficit of $28,780,000 in F.Y. 2003.

Uniform School Fund: An individual income tax slump will lead school funds to a $127,321,000 deficit in F.Y. 2002. Declining revenues will continue into next fiscal year, with a $144,328,000 deficit expected in F.Y. 2003.

Staff Contact: Andrea Wilko

Agenda Item: Jail Contracting Distribution
Summary:
The Department of Corrections reported to the Executive Appropriations Committee and requested guidance regarding the distribution of an additional $755,000 for Jail Contracting included in H.B. 319, 2002 General Session.

Corrections Executive Director, Mike Chabries stated that the Department is considering two approaches to the distribution of Jail Contracting funds. The first approach would distribute funds and associated inmates only to those counties that bonded to build correctional facilities to house state inmates. The second approach would distribute new funds to all jails currently contracting with the State based upon a pro-rata share of existing contracted inmate placements.

Action Taken:
The Committee expressed its support for the Department’s distribution of these funds on a pro-rata basis to all current jail contractors.

Staff Contact: William Greer

Fiscal Highlights

The 54th Legislature convened a Fourth Special Session at the Governor’s request on May 22 at 5:00 pm. Among other items, Legislators addressed new budget deficits in fiscal year 2002. The Legislature passed “Supplemental Appropriations Act III” (H.B. 4001) and “2002 Bonding for Capital Projects” (S.B. 4001).

As noted above, since adjournment of the 2002 General Session, state tax revenue projections have declined by an additional $138 million. More than 90 percent of the shortfall is expected in tax collections earmarked for education.

To fill this new gap between revenue and appropriations, Legislators voted to increase bonding for capital facilities by $70,054,400, and transfer to the Uniform School Fund an additional $68,000,000 from the Budget Reserve Account (“Rainy Day Fund”).

As well as addressing the new deficit, lawmakers transferred from the Rainy Day Fund $45,291,000 approved during the General Session but not included in the Supplemental Appropriations Act II.

In total, the Legislature moved more than $113 million from the Budget Reserve Account to the Uniform School Fund to finance education initiatives. It left $10 million in the Rainy Day Fund, but gave state accountants authority to tap that balance should revenue collections warrant.

Lawmakers also shifted $47 million of sales tax revenue into higher education, supplanting spending from declining income tax collections. As a result, public education’s share of income tax collections will exceed 90 percent in F.Y. 2002. The remaining 10 percent is divided among higher education, educational facilities, debt service, and income tax administration costs.

Summary:
Fiscal Analyst Spencer Pratt presented an update of last month’s Federal Funds report to the May Executive Appropriations Committee. During the April meeting, the Committee requested a list of any federal grant applications that the Governor’s Office of Planning and Budget (GOPB) had denied. Mr. Pratt included in his May report a list of ten applications that had been denied.


The GOPB indicated that no grants were denied during the past year, due at least in part to agencies being more careful and thorough in their submissions.

The Committee also requested in April that those grant applications potentially requiring state funds once the federal funding was terminated, and/or those requiring new state full time equivalents (FTEs), be highlighted in the Federal Funds report.

The updated report highlighted one grant where continuation funding would be requested, six grants that added new FTE positions, and four grants where both continuation funding would be requested and new FTEs would be added.

Action Taken:
The Committee voted to approve the format presented by the Analyst for future federal fund reports.

Staff Contact: Spencer Pratt
**Report: “Follow-up on Parks and Recreation - Park Closures”**

**Summary:**
In the April meeting of the Executive Appropriations Committee, the Division of Parks and Recreation, as required by intent language, recommended parks for closure/alternative management. The Committee voted not to accept the division’s recommendations at that time, but rather to have the division return in May with a revised analysis to include fees and other revenue possibilities. The division returned to the Committee’s May meeting to report its expanded analysis.

The division reported that local governments have expressed a strong interest in assuming management of each of the three parks recommended for removal from the state system. These parks are Jordan River (and golf course), Fort Buenaventura, and Minersville. Removal of these parks by July 1, 2002 would directly help the division manage its F.Y. 2003 budget reductions.

The division further stated that fee increases would help its budget more slowly, but have potential long-term benefits. The Board of Parks and Recreation increased fees by approximately 13 percent effective January 1, 2002. The division stated that an additional $2 increase at Wasatch Front/Back boating parks, a $2 statewide camping increase, and a $.50 increase per 9-holes of golf at Wasatch Mountain could generate around $330,000 in F.Y. 2003 and more in following years.

The division also recommended a serious review of the Special Fun Tag program for senior citizens. Currently the division loses $526,000 per year in uncollected revenues from Fun Tag holders, and the population growth rate for Utahns aged 60 and older will be approximately double the overall population growth rate in the next 15 years. It was stated that surrounding states provide discounted passes or charge an administrative fee, both of which are options for Utah. The Fun Tag is established in the Utah Code and would require legislation to change.

**Action Taken:**
The Executive Appropriations Committee voted to accept the division’s recommendation to transfer three parks to alternative management. However, if negotiations fail, the division should report back to the Committee before closing a park.

Members of the Committee also suggested that the Natural Resources Appropriations Subcommittee review and consider during the 2002 Interim the division’s fees presentation.

**Staff Contact:** Steven Allred

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**Report: “Archives Rio Grande Options”**

**Summary:**
Recent attention on a proposal to move the Archives into the Rio Grande Depot generated significant concern with the equity of not renewing the lease of a long time state tenant. This is the latest chapter in a multi-year effort to relocate Archives Administration from its current Capitol Hill location.

The Archives building on Capitol Hill is an aging and inefficient building that the Building Board slated for replacement as early as 1998. Replacement was seen as the best option because the building’s asbestos made it impossible to consider any type of remodeling or upgrade. A lack of consensus on where to place the new facility continues to create confusion and delay, impeding progress toward a solution. However, with the Capitol Hill expansion project under way, time is growing short to find an alternative location for the Archives.

The Utah Division of Facilities Construction and Management (DFCM) is currently evaluating options for a new location that can be brought before the Building Board in June or July. In anticipation of DFCM’s proposal, Fiscal Analyst Kevin Walthers provided the Legislature with information in three specific areas:

1. History of Archives Planning;
2. Options associated with the project; and,
3. Evaluation of parameters set by the new planning working group.

Mr. Walthers also noted that an issue of immediate concern, earlier refusal by the Division of Facilities Construction and Management to renew the lease of Rio Grande Café, had been resolved. He reported that the Governor had signed a new lease with the Café earlier that day.

Mr. Joe Jenkins, Director of the Division of Facilities Construction and Management, addressed the Committee. He explained that he believed the Archives can cost effectively co-locate with State Arts and State History at the Rio Grande Depot. He noted that space to be vacated by AMTRAK, combined with new construction in an adjacent parking lot, could accommodate State Archives at a cost similar to that of other suggested sites.

Mr. Walthers suggested that size and functionality of potential sites must be equivalent in any cost comparison.

**Analyst Recommendations:**
Mr. Walthers stated that he did not have enough information to make a conclusive recommendation regarding the future location of the State Archives. However, he suggested that the policy decision should take a look at long term goals, options for co-location and potential benefit to state agencies. He stated that there is a synergy between State Arts, State History and the Archives. He concluded, however, that a downtown location for Archives is not essential for the State of Utah. Since the planning process is not yet completed, he recommended that the Executive Appropriation Committee provide guidance to DFCM in the May meeting to facilitate final discussions during the 2003 General Session.

**Action Taken:**
Members of the Committee informally expressed a preference that the Division of Facilities Construction and Management thoroughly consider all options for the future home of State Archives.

**Staff Contact:** Kevin Walthers

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**SUBCOMMITTEE MEETINGS**

In its May 21 meeting, the Legislative Management Committee restated its approval for one meeting per appropriations subcommittee during the 2002 Interim—likely to be held in August.

The Committee declined a request by the Economic Development and Human Resources Subcommittee to have an additional meeting to discuss issues related to the Hogle Zoo.

The Management Committee also declined to authorize Subcommittee meetings prior to an anticipated fifth special session in June.