

UTAH DEPARTMENT OF COMMERCE

BUSINESS, ECONOMIC DEVELOPMENT AND LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: ANDREA WILKO

BUDGET BRIEF

SUMMARY

The Utah Department of Commerce is the licensing and registration agency for Utah’s professional and corporate community. Business registrations, professional licensing, consumer protection and education, oversight of public utilities, and monitoring of real estate and securities industries are all department responsibilities.

ISSUES AND RECOMMENDATIONS

The subcommittee should consider the following items in its deliberations:

Base Budget Adoption

For the Utah Department of Commerce budget, the Fiscal Analyst recommends an FY 2013 budget of \$27,515,100 as shown in the budget detail on page 4.

Adoption of Fees

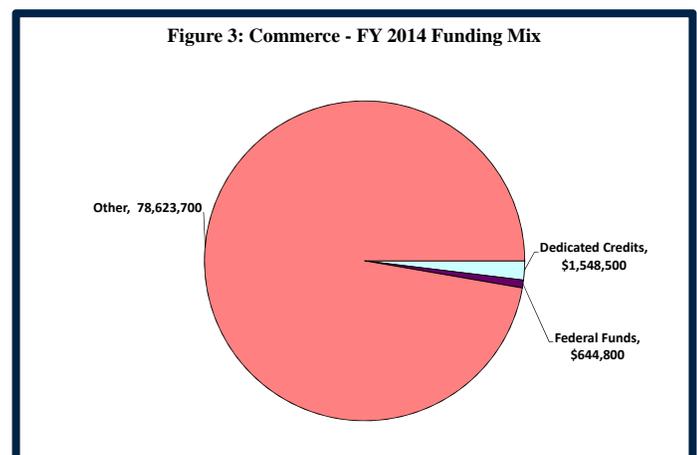
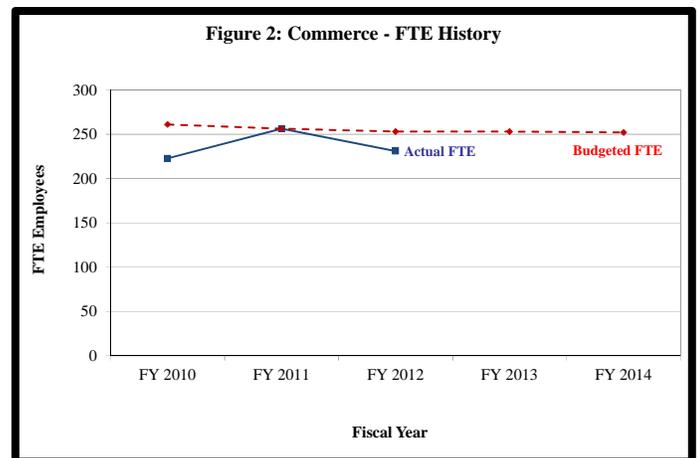
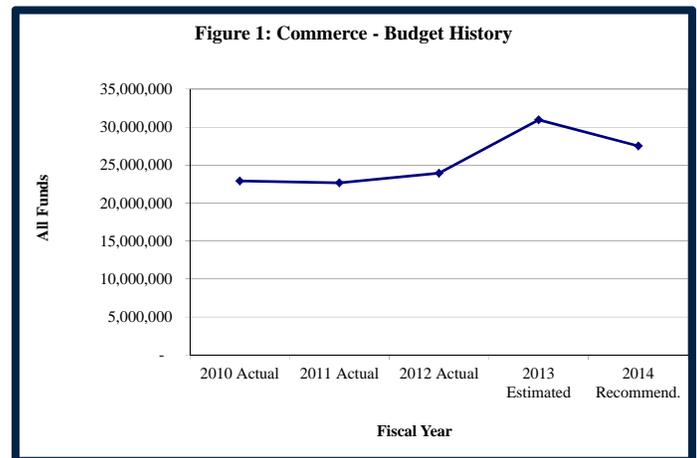
For the FY 2014 fee schedule for the Department of Commerce, please refer to the issue brief, *Department of Commerce: FY 2014 Fee Schedule*.

Federal Funds

The committee should take action on the federal funds shown in the Issue Brief Business, Economic Development and Labor: Federal Funds. The aggregated federal fund totals for the Department of Commerce are shown in the budget detail table.

Commerce Growth Issues

The Department of Commerce budget staffing has been flat for several years. To absorb growth in demand the Department has focused on online and other technology initiatives. The most recent data provided by the Department show that online applications account for more than 99% of the Division of Securities license applications and renewals, 90% of the Division of Corporations and Commercial Code business renewals, and 89% of the professional license renewals within the Division of Occupational and Professional Licensing.



BACKGROUND AND ANALYSIS

The Department of Commerce budget history shows some fluctuations over the past few fiscal years. This is largely reflective of balances carrying across years, utilization of those balances and providing the necessary coverage for different costs.

The Department of Commerce does not have a General Fund appropriation and operates directly from the Commerce Service Fund and Public Utilities Regulatory Fee (PURF). There are other restricted accounts in the department budget that provide smaller portions of revenue sources including the following General Fund Restricted accounts, with accompanying FY 2014 proposed base appropriations: Factory Built Housing Fees (\$104,700), Geologist Education & Enforcement (\$10,000), Nurses Education & Enforcement (\$10,000), Pawnbroker Operations (\$129,000), and Utah Housing Opportunity Restricted Account (\$20,000).

COMMERCE SERVICE FUND AND PURF

Commerce Service Account – The Commerce Service Account, created in Utah Code 13-1-2 is the major funding source for the Department of Commerce operations, services, and administration. According to statute, “There is created a restricted account within the General Fund known as the Commerce Service Account. The restricted account...consists of fees collected by each division and by the department. At the end of each fiscal year, the director of the Division of Finance shall transfer into the General Fund any fee collections that are greater than the legislative appropriation from the Commerce Service Account for that year. The department may not charge or collect a fee or expend money from the restricted account without approval by the Legislature.”

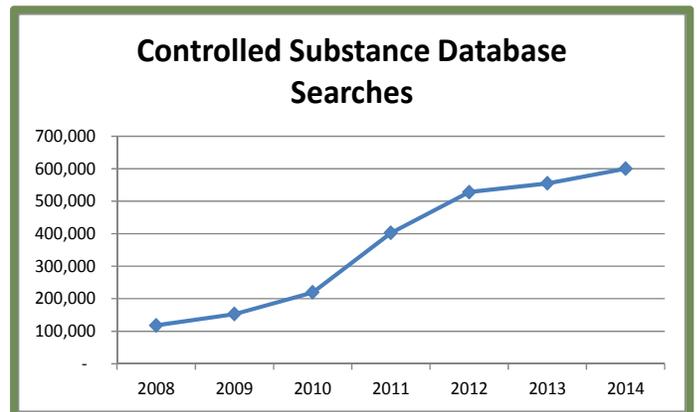
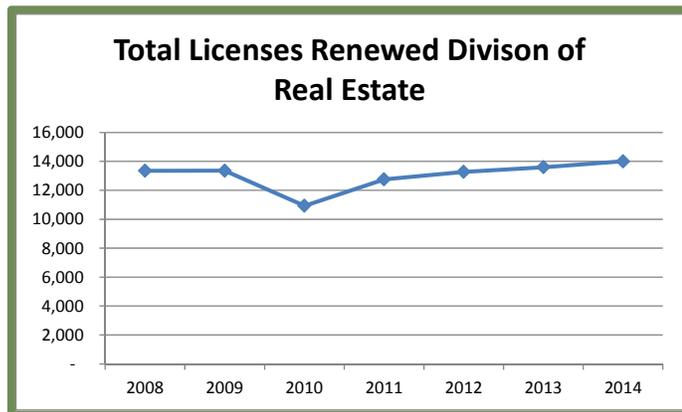
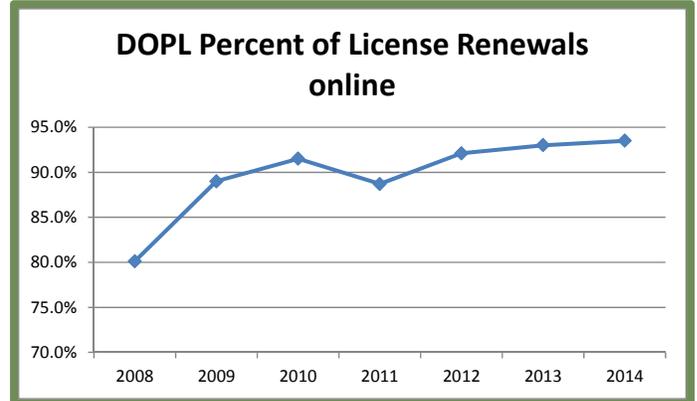
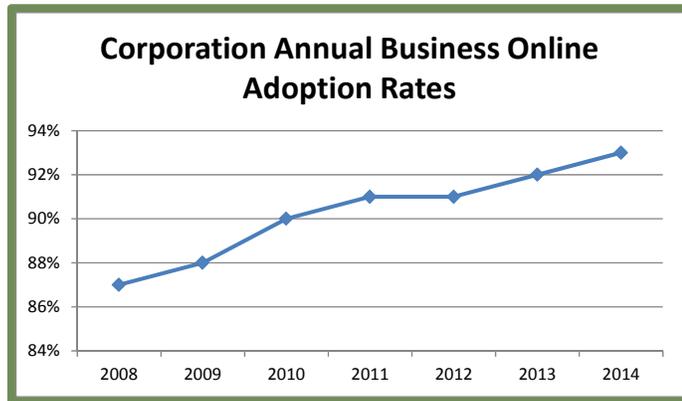
Below are the amounts from the Commerce Service Fund that have been transferred over the past five years.

	Commerce Service Fund Revenue	Transfer to the General Fund
FY 2007	32,053,176	8,319,676
FY 2008	37,038,749	11,846,849
FY 2009	32,246,288	6,571,688
FY 2010	38,162,344	9,415,944
FY 2011	35,653,690	9,893,790
FY 2012	41,385,110	15,288,810

Public Utilities Regulatory Fee – is a special fee to defray the cost of regulation imposed upon all public utilities. The fee is assessed as a uniform percentage of the gross operating revenue from the preceding calendar year derived from each public utility’s business and operations during that period. These fees provide funding to the Division of Public Utilities within the Department of Commerce, as well as the Public Service Commission.

ACCOUNTABILITY DETAIL

Streamlined renewal processes help Commerce meet its goal of timeliness in licensing. To measure this, the department tracks the percent online renewals for the various programs. The department also tracks the number of complaints to the Division of Public Utilities to measure effectiveness. Charts for these measures are shown below.



BUDGET DETAIL

The following tables show the budget history for the Department of Commerce line items in addition to a statewide summary.

BUDGET DETAIL TABLES

Commerce						
	FY 2012	FY 2013		FY 2013		FY 2014*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Recommended
Federal Funds	417,200	644,800	0	644,800	0	644,800
Dedicated Credits Revenue	831,500	1,548,500	0	1,548,500	0	1,548,500
GFR - Commerce Service	19,021,200	19,206,000	20,400	19,226,400	(20,400)	19,206,000
GFR - Commerce Service, One-time	0	400	(400)	0	0	0
GFR - CSF - PURF	5,083,400	5,159,000	0	5,159,000	0	5,159,000
GFR - Factory Built Housing Fees	104,700	104,700	0	104,700	0	104,700
GFR - Geologist Ed. & Enf.	10,000	10,000	0	10,000	0	10,000
GFR - Nurses Ed & Enf Account	10,000	10,000	0	10,000	0	10,000
GFR - Pawnbroker Operations	129,000	129,000	0	129,000	0	129,000
GFR - Utah Housing Opportunity	20,000	20,000	(20,000)	0	20,000	20,000
Transfers	500,700	0	0	0	0	0
Transfers - Within Agency	(500,700)	0	0	0	0	0
Pass-through	4,500	50,000	0	50,000	0	50,000
Beginning Nonlapsing	4,233,900	650,100	4,287,200	4,937,300	(3,804,100)	1,133,200
Closing Nonlapsing	(5,212,700)	0	(1,133,200)	(1,133,200)	633,100	(500,100)
Lapsing Balance	(720,100)	0	0	0	0	0
Beginning Fund Balances - CSF	0	0	275,400	275,400	(275,400)	0
Total	\$23,932,600	\$27,532,500	\$3,429,400	\$30,961,900	(\$3,446,800)	\$27,515,100
Line Items						
Commerce General Regulation	22,892,800	25,972,300	306,200	26,278,500	(306,600)	25,971,900
Building Inspector Training	239,000	260,000	295,800	555,800	187,300	743,100
Public Utilities Prof & Tech Svc	381,200	300,000	2,076,300	2,376,300	(2,076,300)	300,000
Consumer Svc Prof and Tech Svc	419,600	1,000,200	751,100	1,751,300	(1,251,200)	500,100
Total	\$23,932,600	\$27,532,500	\$3,429,400	\$30,961,900	(\$3,446,800)	\$27,515,100
Categories of Expenditure						
Personnel Services	16,952,700	19,185,900	(853,800)	18,332,100	0	18,332,100
In-state Travel	68,500	93,000	(62,500)	30,500	0	30,500
Out-of-state Travel	42,900	185,500	(133,000)	52,500	4,700	57,200
Current Expense	4,718,600	6,422,100	5,000,300	11,422,400	(3,504,600)	7,917,800
DP Current Expense	1,596,500	1,177,800	(123,400)	1,054,400	53,100	1,107,500
DP Capital Outlay	484,200	398,200	(398,200)	0	0	0
Capital Outlay	27,000	0	0	0	0	0
Other Charges/Pass Thru	42,200	70,000	0	70,000	0	70,000
Total	\$23,932,600	\$27,532,500	\$3,429,400	\$30,961,900	(\$3,446,800)	\$27,515,100
Other Data						
Budgeted FTE	253	257	(4)	253	(1)	252
Actual FTE	231	0	0	0	0	0
Vehicles	34	34	0	34	2	36

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Commerce - Commerce General Regulation						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
Federal Funds	417,200	644,800	0	644,800	0	644,800
Dedicated Credits Revenue	584,000	1,288,500	0	1,288,500	0	1,288,500
GFR - Commerce Service	19,021,200	19,206,000	20,400	19,226,400	(20,400)	19,206,000
GFR - Commerce Service, One-time	0	400	(400)	0	0	0
GFR - CSF - PURF	4,433,300	4,508,900	0	4,508,900	0	4,508,900
GFR - Factory Built Housing Fees	104,700	104,700	0	104,700	0	104,700
GFR - Geologist Ed. & Enf.	10,000	10,000	0	10,000	0	10,000
GFR - Nurses Ed & Enf Account	10,000	10,000	0	10,000	0	10,000
GFR - Pawnbroker Operations	129,000	129,000	0	129,000	0	129,000
GFR - Utah Housing Opportunity Re	20,000	20,000	(20,000)	0	20,000	20,000
Transfers	500,700	0	(1,086,200)	(1,086,200)	1,086,200	0
Transfers - Within Agency	(500,700)	0	0	0	0	0
Pass-through	4,500	50,000	0	50,000	0	50,000
Beginning Nonlapsing	271,400	0	1,117,000	1,117,000	(1,117,000)	0
Closing Nonlapsing	(1,392,400)	0	0	0	0	0
Lapsing Balance	(720,100)	0	0	0	0	0
Beginning Fund Balances - CSF	0	0	275,400	275,400	(275,400)	0
Total	\$22,892,800	\$25,972,300	\$306,200	\$26,278,500	(\$306,600)	\$25,971,900
Programs						
Administration	4,413,500	3,059,300	0	3,059,300	0	3,059,300
Occupational & Prof Licensing	7,669,200	9,395,500	306,200	9,701,700	(306,600)	9,395,100
Securities	1,684,600	2,047,900	0	2,047,900	0	2,047,900
Consumer Protection	1,490,300	1,817,800	0	1,817,800	0	1,817,800
Corporations and Commercial	1,988,800	2,347,300	0	2,347,300	0	2,347,300
Real Estate	1,934,700	2,216,400	0	2,216,400	0	2,216,400
Public Utilities	2,745,100	3,803,500	0	3,803,500	0	3,803,500
Office of Consumer Services	688,900	1,012,000	0	1,012,000	0	1,012,000
Building Operations & Maintanance	277,700	272,600	0	272,600	0	272,600
Total	\$22,892,800	\$25,972,300	\$306,200	\$26,278,500	(\$306,600)	\$25,971,900
Categories of Expenditure						
Personnel Services	16,898,100	19,131,100	(854,800)	18,276,300	0	18,276,300
In-state Travel	68,400	93,000	(62,500)	30,500	0	30,500
Out-of-state Travel	40,300	85,500	(33,000)	52,500	4,700	57,200
Current Expense	3,736,100	5,016,700	1,778,100	6,794,800	(364,400)	6,430,400
DP Current Expense	1,596,500	1,177,800	(123,400)	1,054,400	53,100	1,107,500
DP Capital Outlay	484,200	398,200	(398,200)	0	0	0
Capital Outlay	27,000	0	0	0	0	0
Other Charges/Pass Thru	42,200	70,000	0	70,000	0	70,000
Total	\$22,892,800	\$25,972,300	\$306,200	\$26,278,500	(\$306,600)	\$25,971,900
Other Data						
Budgeted FTE	252	256	(4)	252	0	252
Actual FTE	230	0	0	0	0	0
Vehicles	34	34	0	34	2	36

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Commerce - Building Inspector Training

Sources of Finance	FY 2012	FY 2013	Changes	FY 2013	Changes	FY 2014*
	Actual	Appropriated		Revised		Recommended
Dedicated Credits Revenue	247,500	260,000	0	260,000	0	260,000
Beginning Nonlapsing	770,400	0	778,900	778,900	(295,800)	483,100
Closing Nonlapsing	(778,900)	0	(483,100)	(483,100)	483,100	0
Total	\$239,000	\$260,000	\$295,800	\$555,800	\$187,300	\$743,100
Programs						
Building Inspector Training	239,000	260,000	295,800	555,800	187,300	743,100
Total	\$239,000	\$260,000	\$295,800	\$555,800	\$187,300	\$743,100
Categories of Expenditure						
Personnel Services	54,600	54,800	1,000	55,800	0	55,800
In-state Travel	100	0	0	0	0	0
Current Expense	184,300	205,200	294,800	500,000	187,300	687,300
Total	\$239,000	\$260,000	\$295,800	\$555,800	\$187,300	\$743,100
Other Data						
Budgeted FTE	1	1	0	1	(1)	0
Actual FTE	1	0	0	0	0	0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Commerce - Public Utilities Professional & Technical Services

Sources of Finance	FY 2012	FY 2013	Changes	FY 2013	Changes	FY 2014*
	Actual	Appropriated		Revised		Recommended
GFR - CSF - PURF	150,000	150,000	0	150,000	0	150,000
Transfers	0	0	810,800	810,800	(810,800)	0
Beginning Nonlapsing	1,796,700	150,000	1,415,500	1,565,500	(1,415,500)	150,000
Closing Nonlapsing	(1,565,500)	0	(150,000)	(150,000)	150,000	0
Total	\$381,200	\$300,000	\$2,076,300	\$2,376,300	(\$2,076,300)	\$300,000
Programs						
Professional & Technical Services	381,200	300,000	2,076,300	2,376,300	(2,076,300)	300,000
Total	\$381,200	\$300,000	\$2,076,300	\$2,376,300	(\$2,076,300)	\$300,000
Categories of Expenditure						
Out-of-state Travel	(1,700)	50,000	(50,000)	0	0	0
Current Expense	382,900	250,000	2,126,300	2,376,300	(2,076,300)	300,000
Total	\$381,200	\$300,000	\$2,076,300	\$2,376,300	(\$2,076,300)	\$300,000

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Commerce - Office of Consumer Services Professional and Technical Services						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
GFR - CSF - PURF	500,100	500,100	0	500,100	0	500,100
Transfers	0	0	275,400	275,400	(275,400)	0
Beginning Nonlapsing	1,395,400	500,100	975,800	1,475,900	(975,800)	500,100
Closing Nonlapsing	(1,475,900)	0	(500,100)	(500,100)	0	(500,100)
Total	\$419,600	\$1,000,200	\$751,100	\$1,751,300	(\$1,251,200)	\$500,100
Programs						
Professional & Technical Services	419,600	1,000,200	751,100	1,751,300	(1,251,200)	500,100
Total	\$419,600	\$1,000,200	\$751,100	\$1,751,300	(\$1,251,200)	\$500,100
Categories of Expenditure						
Out-of-state Travel	4,300	50,000	(50,000)	0	0	0
Current Expense	415,300	950,200	801,100	1,751,300	(1,251,200)	500,100
Total	\$419,600	\$1,000,200	\$751,100	\$1,751,300	(\$1,251,200)	\$500,100

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

APPENDIX A

The Department of Commerce has asked that the intent language included below be considered by the subcommittee with regard to the PURF and the Uniform Building Code.

Public Utilities Regulatory Fee

PURF are paid every month by every utility ratepayer in Utah. The fees are paid for utility rate regulation, and historically have been exclusively reserved for those purposes.

As reported by the Department of Commerce, rate cases are cyclical, with workload varying greatly from month-to-month. Rather than keep a much larger staff that would have significant down-time throughout the year, the Professional and Technical funds are maintained to allow hiring outside consultants to provide expert testimony on rate cases. Over the past few years rate cases have increased in both frequency and complexity.

The language below is intended to address this issue:

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Office of Consumer Services in Item 26, Chapter 10, Laws of Utah 2012 lapse to the Offices Professional and Technical Services Fund at the close of Fiscal Year 2013.

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Department of Commerce, Office of Consumer Services in Item 26, Chapter 10, Laws of Utah 2012, lapse to the Offices Professional and Technical Services Fund at the close of Fiscal Year 2013.

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Professional and Technical Services Fund of the Office of Consumer Services in Item 29 of Chapter 10, Laws of Utah 2012, shall not lapse at the close of Fiscal Year 2013.

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Division of Public Utilities in Item 28 of Chapter 10, Laws of Utah 2012 lapse to the Divisions Professional and Technical Services Fund at the close of Fiscal Year 2013.

Uniform Building Code

UCA Section 58-56-9 creates a fund based on a surcharge from all building permit fees paid throughout the state. Those funds are used to give grants to providers of continuing education on state building codes.

Historically those funds have been statutorily nonlapsing. In House Bill 253 (2010 General Session), the Legislature removed the statutory nonlapsing authority for those funds. As reported by the Department of Commerce, this presents some issues for the construction industry in terms of providing consistency for continuing education. The continuing education on building codes is cyclical through the two-year license renewal period with one year (renewal year) including numerous continuing education offerings, and the following year with fewer. Providing nonlapsing authority to the account creates some continuity for education funds in the Uniform Building Code.

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Building Codes Education Funds received by the Division of Occupational and Professional Licensing under the authority of Section 15A-1-209-5 of the Utah Code and Item 27 of Chapter 10, Laws of Utah 2012, shall not lapse at the close of Fiscal Year 2013.