

**MINUTES OF THE
SENATE BUSINESS AND LABOR STANDING COMMITTEE**
215 Senate Building, Utah State Capitol Complex
February 25, 2014

Members Present: Sen. Curtis S. Bramble, Chair
Sen. Gene Davis
Sen. Deidre Henderson
Sen. David P. Hinkins
Sen. Karen Mayne
Sen. John L. Valentine
Sen. Todd Weiler

Staff Present: Mr. Bryant Howe, Policy Analyst
Ms. Karen Allred, Committee Secretary

NOTE: A list of visitors and a copy of handouts are filed with the committee minutes.

Chair Bramble called the meeting to order at 4:14 p.m. and announced that **S.B. 226** will be moved to the end of the agenda and that **S.B. 72** will not be heard today.

S.B. 216 Municipal Formation Amendments (K. Mayne)

MOTION: Sen. Mayne moved to adopt **1st Sub. 216**. The motion passed unanimously with Sen. Henderson, Sen. Hinkins and Sen. Valentine absent for the vote.

Sen. Mayne and Salt Lake County Mayor Ben McAdams explained the bill to the committee.

Those wishing to participate in dialogue with Mayor McAdams reconvened in Room 220.

S.B. 153 Association Foreclosure Amendments (S. Urquhart)

MOTION: Sen. Weiler moved to adopt **2nd Sub. S.B. 153**. The motion passed unanimously with Sen. Henderson and Sen. Valentine absent for the vote.

Sen. Urquhart explained the bill to the committee.

Spoke to the bill: Howard Headlee, President, Utah Bankers Association

Spoke for the bill: Craig Moody, Lobbyist, Utah Community Associations

Spoke against the bill: Scott Lundberg, Attorney, Self

MOTION: Sen. Weiler moved to go to the next item on the agenda.

AMENDED MOTION: Sen. Davis moved to go to the next item but revisit the bill at a later date. Sen. Davis withdrew the motion.

MOTION: Sen. Henderson moved to pass the bill out favorably as substituted. The motion passed with Sen. Davis, Sen. Henderson, Sen. Hinkins and Sen. Mayne voting in favor of the bill and Sen. Bramble, Sen. Weiler and Sen. Valentine voting in opposition.

S.B. 197 Motor Vehicle Insurance (G. Davis)

Sen. Davis explained the bill to the committee.

Spoke for the bill: Phil Dyer, Attorney, Utah Association for Justice
Richard Burke, Attorney, Utah Association for Justice, Citizen
Roger Griffin, Attorney

Spoke against the bill: Chris Purcell, State Farm

MOTION: Sen. Mayne moved to pass the bill out favorably. The motion passed with Sen. Weiler voting in opposition and Sen. Henderson absent for the vote.

S.B. 226 Professional Licensing Amendments (J. Valentine)

Sen. Valentine explained the bill to the committee.

MOTION: Sen. Valentine moved to pass the bill out favorably. The motion passed unanimously with Sen. Henderson and Sen. Mayne absent for the vote.

S.B. 233 Utah Small Business Jobs Act (J. Valentine)

Sen. Valentine explained the bill to the committee.

MOTION: Sen. Valentine moved to amend the bill as follows:

I. Page 2, Lines 31 through 32:

31 Other Special Clauses:

32 This bill takes effect on ~~July 1~~ September 2, 2014.

1. Page 4, Lines 105 through 107:

105 (2) An entity may claim a nonrefundable tax credit against a tax liability under this

106 chapter in accordance with this section if the entity is issued a tax credit certificate by the office

107 under Subsection (11). The office shall issue a tax credit certificate to an entity that is allocated tax credits under Subsection 63M-1-3403(11)(e).

2. Page 4, Lines 114 through 116:

114 (5) An entity required to pay a retaliatory tax levied under this chapter for a reason
115 other than claiming the tax credit may claim the tax credit after the retaliatory tax amount is
116 calculated , and the tax credit may be used to offset retaliatory tax liability .

3. Page 8, Lines 223 through 227:

223 (4) "Credit allowance date" means with respect to a qualified equity investment:
224 ~~-(a) the January 1 immediately following the date on which the qualified equity~~
225 ~~investment is initially made; and~~
226 ~~(b) the January 1 immediately following each of the six anniversary dates of the date~~
227 ~~on which the qualified equity investment is initially made. }~~ (a) the date on which the qualified
equity investment is initially made; and
(b) each of the six anniversary dates of the date described in Subsection (4)(a).

4. Page 8, Lines 236 through 238:

236 ~~-(7) "Pass-through entity" is as defined in Section 59-10-1402.~~
237 ~~(8) "Pass-through entity taxpayer" is as defined in Section 59-10-1402. }~~
238 ~~-(9)~~ (7) "Purchase price" means the amount paid to the qualified community development

5. Page 8, Line 242:

242 ~~-(10)~~ (8) (a) "Qualified active low-income community business" is as defined in Section

6. Page 9, Line 247:

247 (b) Notwithstanding Subsection ~~-(10)~~ (8) (a), "qualified active low-income community

7. Page 9, Line 260:

260 ~~-(11)~~ (9) (a) "Qualified community development entity" is as defined in Section 45D.

8. Page 9, Line 270:

270 ~~-(12)~~ (10) (a) "Qualified equity investment" means an equity investment in, or long-term

9. Page 9, Lines 272 through 273:

272 (i) is acquired on or after ~~{July 1,}~~ **September 2,** 2014, at its original issuance solely in exchange
for
273 cash;

10. Page 10, Lines 280 through 282:

280 (b) Notwithstanding Subsection ~~{(12)}~~ **(10)** (a), "qualified equity investment" includes a
281 qualified equity investment that does not meet the provisions of Subsection ~~{(12)}~~ **(10)** (a) if the
282 investment was a qualified equity investment in the hands of a prior holder.

11. Page 10, Line 283:

283 ~~{(13)}~~ **(11)** "Qualified low-income community investment" means a capital or equity

12. Page 10, Line 292:

292 ~~{(14)}~~ **(12)** "Tax credit certificate" is a certificate issued by the office under Subsection

13. Page 10, Lines 302 through 306:

302 (1) A qualified community development entity that seeks to have an equity investment
303 or long-term debt security certified as a qualified equity investment and as eligible for tax
304 credits under Section shall apply to the office. The office shall begin accepting
305 applications on ~~{July 1}~~ **September 2**, 2014. The qualified community development entity shall
include the
306 following in the qualified community development entity's application:

14. Page 11, Lines 311 through 315:

311 ~~{(c) a certificate executed by an executive officer of the applicant attesting that:~~
312 ~~(i) the allocation agreement remains in effect and has not been revoked or cancelled by~~
313 ~~the Community Development Financial Institutions Fund; and~~
314 ~~(ii) the applicant is not subject to, or controlled by an entity subject to the requirements~~
315 ~~of 12 U.S.C. Sec. 2901 et seq.;~~ **(c) a certificate executed by an executive officer of the applicant**
attesting that the allocation agreement remains in effect and has not been revoked or cancelled by the
Community Development Financial Institutions Fund.

15. Page 11, Lines 328 through 329:

328 (g) a nonrefundable application fee of \$5,000 paid to the office for each application
329 submitted a, ~~which is deposited into the General Fund and \$2,500 of which is a dedicated credit for the~~
office to cover the administrative costs related to this part ; and

16. Page 12, Lines 346 through 356:

346 (3) (a) ~~{Subject to Subsection (3)(b), if}~~ If the application is complete, the office shall
347 certify the proposed equity investment or long-term debt security as a qualified equity
348 investment, subject to the limitations contained in Subsection (6).
349 ~~{(b) The office may not certify qualified equity investments for an applicant, on a~~
350 ~~combined basis with all of its affiliates, in excess of \$50,000,000 unless the applicant has:~~
351 ~~(i) already had qualified equity investments certified under this section;~~
352 ~~(ii) satisfied the requirements of Subsection (8) with respect to the qualified equity~~
353 ~~investments that have been certified; and~~
354 ~~(iii) filed a new application after satisfying the requirements of Subsections (3)(b)(i)~~
355 ~~and (ii).~~
356 ~~{(e)}~~ (b) The office shall provide written notice of the certification to the qualified

17. Page 13, Lines 376 through 379:

376 (6) (a) The office shall certify ~~-\$100,000,000~~ \$50,000,000 in qualified equity investments pursuant
to
377 this section. If a pending request cannot be fully certified due to this limit, the office shall
378 certify the portion that may be certified unless the qualified community development entity
379 elects to withdraw its request rather than receive partial certification.

18. Page 15, Lines 439 through 440:

439 (b) For each calendar year ~~beginning with calendar year 2016~~ an entity is eligible for a tax credit under
this section and
440 Section , the office shall issue to the entity a tax credit certificate for use after ~~January 1, 2017 and~~
provide the State Tax Commission a copy of the tax credit certificate .

19. Page 15, Lines 445 through 453:

445 ~~{ (d) The tax credit amount is equal to an amount calculated by the office as follows, the~~
446 ~~office shall:~~
447 ~~(i) multiply the applicable percentage for the credit allowance date by the purchase~~
448 ~~price paid to the qualified community development entity for the qualified equity investment;~~
449 ~~and~~
450 ~~(ii) if the entity that makes a qualified equity investment is a pass-through entity,~~
451 ~~allocate the amount calculated under Subsection (11)(d)(i) to the pass-through entity taxpayers~~
452 ~~in accordance with the agreement among the pass-through entity taxpayers as provided in~~
453 ~~Subsection (11)(e);~~ The office shall calculate the tax credit amount and the tax credit amount shall be
equal to the applicable percentage for the credit allowance date multiplied by the purchase price paid to
the qualified community development entity for the qualified equity investment.

20. Page 15, Lines 454 through 456:

454 ~~-(e) A tax credit claimed by a pass-through entity shall be allocated to a pass-through~~
455 ~~entity taxpayer in accordance with the agreement among the pass-through entity taxpayers. An~~
456 ~~allocation under this Subsection (11)(e) is not considered a violation of Subsection (11)(f).} (e) A~~
tax credit earned by a partnership, limited liability company, or S-corporation may be allocated to the
partners, members, or shareholders of the partnership, limited liability company, or S-corporation for the
partners', members', or shareholders' direct use in accordance with the provisions of any agreement among
the partners, members, or shareholders.

21. Page 15, Line 457:

457 (f) An entity may not sell a tax credit allowed under this section on the open market.
(12)(a) An entity that claims a tax credit under Section 59-9-107 and this section shall provide
the office with a document that expressly directs and authorizes the State Tax Commission to
disclose the entity's tax returns and other information concerning the entity that are required by
the office and that would otherwise be subject to confidentiality under Section 59-1-403 or
Section 6103, Internal Revenue Code, to the office.
(b) The office shall submit the document described in Subsection (12)(a) to the State Tax
Commission.
(c) Upon receipt of the document described in Subsection (12)(a), the State Tax
Commission shall provide the office with the information requested by the office that the entity
authorized the State Tax Commission to provide to the office in the document described in

Subsection (12)(a).

22. Page 16, Line 492:

492 (d) If a qualified community development entity ~~engages in~~ makes a distribution or debt

23. Page 18, Lines 550 through 553:

550 ~~{(3) The office may not require a deposit from an applicant that:~~
551 ~~(a) has had proposed qualified equity investments certified under Section ;~~
552 ~~and~~
553 ~~(b) has not forfeited a deposit made under this section. }~~

24. Page 22, Lines 651 through 654:

651 63M-1-3411. Scope of part.
652 This part applies only to a return or report originally due on or after ~~{July 1}~~
September 2, 2014.
653 Section 16. Effective date.
654 This bill takes effect on ~~{July 1}~~ September 2, 2014.

The motion passed unanimously with Sen. Davis, Sen. Henderson and Sen. Mayne absent for the vote.

Spoke for the bill: Ryan Dressler, Advantage Capital Investors

MOTION: Sen. Valentine moved to pass the bill out favorably as amended. The motion passed unanimously with Sen. Mayne absent for the vote.

S.B. 230 Insurance Modifications (J. Stevenson)

MOTION: Sen. Weiler moved to amend the bill as follows:

I. Page 7, Lines 192 through 196:

192 (1) "Limited lines travel insurance producer" means one of the following designated by
193 an insurer as the travel insurance supervising entity as provided in Subsection (4):
194 ~~{(a) a licensed managing general underwriter; }~~

195 ~~-(b)~~ (a) a licensed managing general agent or third party administrator; or
196 ~~-(c)~~ (b) a licensed insurance producer, including a limited lines producer.

Sen. Stevenson explained the bill to the committee.

The motion passed unanimously with Sen. Mayne absent for the vote.

MOTION: Sen. Henderson moved to pass the bill out favorably as amended. The motion passed unanimously with Sen. Mayne and Sen. Weiler absent for the vote.

MOTION: Sen. Valentine moved to place the bill on the Consent Calendar. The motion passed unanimously with Sen. Mayne and Sen. Weiler absent for the vote.

S.B. 72 Uninsured Motorist Provisions (*L. Hillyard*)

The bill was not heard.

MOTION: Sen. Henderson moved to adjourn. The motion passed unanimously with Sen. Mayne and Sen. Weiler absent for the vote.

Chair Bramble adjourned the meeting at 5:50 p.m.

Sen. Curtis S. Bramble, Chair