Administrative Rules Review Committee  
*July 14, 2014*

**Legislative Oversight of Local Governments’ Compliance with Statutory Directives**

*Action:* Directed committee staff to designate a previously opened bill file as a committee bill file to address legislative oversight of the implementation of state statutory directives by local governments. The motion also included drafting directions to committee staff regarding the scope of the legislation.

*Staff:* Art L. Hunsaker (Policy Analyst) / Christine R. Gilbert (Attorney) / Tracey Fredman (Secretary)

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Business and Labor

**Transfer of Retail Liquor Licenses**

Received information from the Department of Alcoholic Beverage Control and the Office of the Attorney General regarding implementation of *Utah Code Title 32B, Chapter 8a, Transfer of Retail Licenses Act*, which took effect on July 1, 2014. This act allows the holder of a retail liquor license issued by the department, if certain conditions are met, to transfer the license to another person.

**Fee Limits for Outside Counsel — Office of the Attorney General**

Received comments from a legislator and the Office of the Attorney General regarding a proposed administrative rule on the office’s procurement and appointment of outside counsel, including fee sharing arrangements and contingency fees. This administrative rule is required under *2014 General Session S.B. 264 "Retention of Outside Counsel, Expert Witnesses, and Litigation Support Counsel."

**Sunset Review — Auto and Homeowners Insurance Rates Comparison Tables**

*Action:* Adopted as a committee bill, *draft legislation "Insurance Comparison Tables,"* which modifies oversight programs to remove the insurance comparison tables requirements from the sunset act.

**Workplace Discrimination**

Received comments from a legislator and members of the public regarding *2014 General Session H.B. 359, “Workplace Discrimination,”* which did not pass. This bill would modify the remedies available in an administrative action based on prohibited employment practices, provide for certain civil actions, and remove language related to exclusive remedies and the effect of a commencement of an action under federal law.

*Staff:* Bryant R. Howe (Assistant Director) / Christine R. Gilbert (Attorney) / Patricia Owen (Attorney) / Kristen C. Ricks (Secretary)
Commission on Federalism  
July 01, 2014

Impacts of Federal Wildfire Policy
Received a presentation by the state forester regarding federal policies that govern wildfire prevention on federal lands and how that impacts the state.

Discussed the difference between mitigation and suppression and how dollars spent on mitigation and prevention result in significant cost avoidance in wildfire suppression.

Staff from the Department of Natural Resources discussed the state’s efforts to mitigate and prevent wildfires through the watershed restoration program.

Supreme Court Case Review
Received a presentation from committee staff regarding the U.S. Supreme Court ruling in National Federation of Independent Business v. Sebelius and the opinion expressed by Justice Roberts in that ruling.

Update on the 10th Circuit Marriage Cases
Received an update from the Attorney General’s Office regarding the 10th Circuit ruling on the recent marriage cases.

Update on the Assembly of State Legislatures
Received an update from a legislator regarding the June 12, 2014, meeting of the Assembly of State Legislatures and the topics discussed at that meeting, including the process and purpose for calling a convention of the states.

Economic Development and Workforce Services

Economic Development Incentives
Received a report from committee staff on Key State Economic Development Incentives and Programs. The Governor’s Office of Economic Development (GOED) administers incentives and other programs to encourage businesses to expand or locate in the state. The Office of the Legislative Fiscal Analyst provided information on costs and program budgets, and GOED explained the impact of the incentives on promoting business expansion, relocation, and retention in the state.

Tourism Marketing Performance Account
Received a report from the Office of Tourism, Film, and Global Branding and the David Eccles School of Business at the University of Utah regarding the Tourism Marketing Performance Account. 2014 General Session H.B. 34, “Tourism Marketing Performance Account Amendments,” extended to fiscal year 2019 the period that growth in tourism-oriented sales tax revenue is calculated as part of a formula to potentially increase annual funding for the Tourism Marketing Performance Account.

The report recommended updating the definition of “sales of tourist-oriented goods and services” and gathering more information on the extent to which the state benefits from the activities funded by the account. The account has received a portion of the state sales and use tax revenue since 2006.

Action: Directed committee staff to open a committee bill file to incorporate GOED’s recommended changes to statutory provisions of the Tourism Marketing Performance Account.

Update of Title 63M, Chapter 1, Governor’s Office of Economic Development
Received a presentation from committee staff and GOED on the need to update Utah Code Title 63M, Chapter 1, Governor’s Office of Economic Development. This chapter is the statutory basis for the administration of GOED and its programs and incentives.

Action: Directed staff to open a bill file and work with GOED on revisions to Utah Code Title 63M, Chapter 1, Governor’s Office of Economic Development.

Sunset Review — Utah Workforce Services Code
Received a presentation from committee staff on the July 1, 2015, sunset of Utah Code Title 35A, Utah Workforce Services Code, which is the statutory basis for the administration of the Department of Workforce Services, its divisions, and its programs. The department also recommended that the committee approve legislation to reauthorize Title 35A, Workforce Services Code.

Action: Directed staff to open bill files to:
1) Remove the sunset provision of Title 35A, Utah Workforce Services Code; and
2) Work with the Department of Workforce Services on revisions to Title 35A, Utah Workforce Services Code.

(Continued next column)
**Education**

**High-Demand Occupations Requiring Career and Technical Education**

Received comments from employers in the manufacturing sector about shortages of skilled workers. Representatives of public education, higher education, and the Utah College of Applied Technology briefed the committee on:

- The career and technical education programs available to students; and
- Efforts to increase awareness among students, parents, and counselors of high-demand jobs requiring technical education.

Career and technical education providers agreed that Utah needs to increase its number of skilled workers.

**Statewide Networks**

Received briefings from the Utah Education Network and the Department of Technology Services on infrastructure and security issues related to statewide networks, including the need for adequate funding for network security.

**Statewide Data Alliance and Utah Futures**

Received an update on the implementation of 2014 General Session S.B. 34, "Statewide Data Alliance and Utah Futures," from the Department of Workforce Services and from public and higher education partners in the Utah Data Alliance. In accordance with S.B. 34, a panel has convened to evaluate Utah Futures, which is a career planning program, and to determine whether any or all components of Utah Futures should be outsourced to a private provider. S.B. 34 funds the operation of a statewide longitudinal database of public education, higher education, and workforce data, which is used to evaluate the effectiveness of education programs.

**School Principals and School Leadership**

Received a presentation from task force staff on the empirical link between school principals and student achievement. The state superintendent of public instruction provided data on the education and experience of Utah school principals, which indicates that school districts tend to hire from within the district when employing school principals. Education Direction, an organization that provides consulting, professional development, and research services in education, identified barriers to effective principal leadership.

**Government Communications Task Force**

June 23, 2014

**Public Hearing in Richfield, Utah**

Received and discussed comments from individuals who use or are affected by radio communication systems, including

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officials from law enforcement, fire, emergency medical services, and 911 centers, regarding the needs, challenges, problems, and expectations of those officials in Central and Southern Utah.

**July 10, 2014**

**Public Hearing in Vernal, Utah**

Received comments from individuals who use or are affected by radio communications systems, including officials of law enforcement, fire, emergency medical services, and 911 centers, regarding the needs, challenges, problems, and expectations of those officials in Eastern Utah.

**Government Operations**

**Initiative and Referendum Petitions**

Received a presentation from the Office of the Lieutenant Governor on initiative and referendum issues.

**Legislative Audit Review**

Received a presentation from the Office of the Legislative Auditor General regarding an audit conducted on math textbook procurement. Discussed allegations of impropriety in the procurement process and possible legislative remedies.

**Regional Solicitations**

Received a statutorily required report from the director of the Division of Purchasing and General Services, who is the state’s chief procurement officer, on a plan for issuing regional solicitations in the state.

**Water Law — Forfeiture Exemptions**

**Action:** Approved as a committee bill, **draft legislation “Water Law — Forfeiture Exemptions,”** which modifies provisions relating to the abandonment or forfeiture of water.

**Sunset Review — Utah Digital Health Service Commission**

Conducted a sunset review of Utah Code Title 26, Chapter 9f, **Utah Digital Health Service Commission Act,** which is scheduled for repeal July 1, 2015. Received a report from the commission on its role and accomplishments, including advising the Legislature and the governor since 2000 on legislation facilitating the development and adoption of telehealth services, the exchange of clinical health data, and the electronic prescribing of pharmaceuticals.

**Action:** Directed committee staff to draft legislation to extend the sunset date to July 1, 2025, for Utah Code Title 26, Chapter 9f, **Utah Digital Health Service Commission Act.**

**Health and Human Services**

**Telehealth**

Reviewed the implementation of 2014 General Session H.B. 92, **“Utah Education and Telehealth Network Amendments,”** which combines the Utah Education Network and the Utah Telehealth Network within a single organizational structure to create efficiencies and reduce costs.

Received a presentation from the new Utah Education and Telehealth Network on issues related to the organizational transition, including:

- Governance;
- Branding;
- Staffing;
- Finances;
- Sustainability;
- Growth; and
- Contracting.

Also received recommendations from the network on addressing barriers to telehealth.

Received a report from the Division of Occupational and Professional Licensing on a **study** it recently conducted to help the division evaluate whether and how professional licensing in Utah should be changed to address telehealth.

Also received reports from the Utah Medical Association and the Utah Psychological Association on telehealth issues affecting their respective professions.

**Health Reform Task Force**

**July 17, 2014**

**Medicaid Expansion — Update on Healthy Utah Plan**

Received information from the Department of Health on Governor Gary R. Herbert’s **negotiations** with the U.S. Department of Health and Human Services regarding his **Healthy Utah Plan.** The plan would expand eligibility for Medicaid-funded health insurance to individuals with household incomes up to 138% of the federal poverty level.

**Optional Medicaid Eligibility Expansion**

Received a report from the Utah Department of Health on options for funding an optional Medicaid eligibility expansion, the use of triggers to repeal an optional expansion, and the impact accountable care organizations and employer-sponsored insurance could have on the cost of an optional expansion. (See **letter** addressed to task force.)
Received a report from a University of Utah professor on the demographic characteristics of two classes of individuals: those with household incomes between 0% and 100% of the federal poverty level, and those with household incomes between 101% and 138% of the federal poverty level.

Viewed a locally produced movie featuring the stories of several individuals currently ineligible for Medicaid.

Received comments from a mother, a local religious leader, and a University of Utah Health Care official describing their positions in favor of expanding Medicaid eligibility.

Small Employer Health Insurance Exchange — Employer Eligibility

Received reports from the Utah Insurance Department and Avenue H, the state’s small employer health insurance exchange, on the feasibility of expanding eligibility for Avenue H to include employers with 51 to 100 employees beginning in 2015, rather than waiting until the expansion is required by the federal Affordable Care Act in 2016. Both the department and Avenue H spoke in opposition to expanding eligibility in 2015, but Avenue H suggested that a limited pilot program expanding eligibility in 2015 could be considered.

Federal Health Insurance Marketplace Implementation

**Action:** Approved for the signature of the task force’s chairs a letter to the U.S. Department of Health and Human Services requesting that the department address federal Health Insurance Marketplace implementation issues identified by insurers who attended the task force’s June meeting.

Staff: Mark D. Andrews (Policy Analyst) / Cathy J. Dupont (Attorney) / Lori Ramnall (Secretarial Supervisor)

Judiciary

Jury Duty Amendments

**Action:** Approved as a committee bill, draft legislation “Jury Duty Amendments,” which amends provisions related to the Jury and Witness Act to address jury service requirements for specific counties.

Sentencing Discussion

Examined the current sentencing structure in Utah, taking into consideration preliminary findings that have been released by the Justice Reinvestment Initiative study regarding prison commitments and factors that contribute to incarceration rates. Various agencies and organizations commented on the study, including the Pew Charitable Trusts, Commission on Criminal and Juvenile Justice, and Utah Sentencing Commission.

Received information from a member of the public regarding Dual Mode Sentencing as an alternative sentencing structure.

Staff: Melinda Boulter (Policy Analyst) / Esther Chelsea-McCarty (Attorney) / Kristen C. Ricks (Secretary)

Law Enforcement and Criminal Justice

Inmate Identification Report

Received a report from the Department of Corrections regarding its efforts to ensure that inmates have state-issued identification prior being released from prison. Department staff reported that inmates are evaluated at the beginning of their incarceration to ensure that they have the necessary identification or the required documents to obtain state-issued identification prior to release. The department noted that it works with offenders to secure identification, but some offenders have more difficulties arranging for the necessary documents prior to release.

Jail Reimbursement Amendments

**Action:** Approved as a committee bill, draft legislation “Jail Reimbursement Amendments,” which modifies the reporting requirement regarding jail reimbursements for housing state inmates in county jails.

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This bill transfers the reporting requirement from the Department of Corrections to the Commission on Criminal and Juvenile Justice, to be consistent with the current administration of the program.

Juvenile Justice Overview
Received a presentation from the Division of Juvenile Justice Services regarding the programs it provides to youthful offenders and the effectiveness of these programs in reducing recidivism. The department reports that:

- Detention admissions dropped from 9,763 in 2012 to 8,484 in 2013;
- The number of youthful offenders treated while remaining at home increased; and
- The number of volunteer hours provided increased from approximately 45,000 to 56,000 hours.

Motorcycle Gangs in Utah
Received a presentation from a representative of a law enforcement agency regarding the growing presence of motorcycle gangs in Utah and the gangs’ illegal activities. The representative told the committee that outlaw motorcycle gangs have increased by over 300% over the past five years in Utah. He also said that motorcycle gangs commit insurance fraud and forgery to support their activities and many have ties to Mexican drug cartels.

Pew Justice Reinvestment Initiative
Received a presentation from the Pew Charitable Trusts. Pew staff members are working with the Commission on Criminal and Juvenile Justice to evaluate the criminal justice process in Utah and identify areas that can be improved to reduce inmate recidivism.

The purpose of this project is to:

- Help the state advance fiscally sound, data-driven sentencing and corrections policies that protect public safety;
- Hold offenders accountable; and
- Control the increasing costs of corrections.

According to the study, the prison population in Utah has increased by approximately 22% over the past decade, compared to a slight decline in prison populations nationally. The Pew staff projects a roughly 37% growth in prison population for Utah over the next 20 years, based on existing trends. Pew staff also reported that parole and probation revocations account for almost two-thirds of Utah inmate admissions and that property crimes account for six of the top eight offenses for which offenders are sentenced to prison in Utah.

Legislative Management Committee
Action: Approved the meeting requests and proposed agendas of the following appropriation subcommittees:

- Business, Economic Development, and Labor – to hold two committee meetings “on or around September 18, 2014” and “on or around October 16, 2014.”
Approved the request of the Prison Relocation Commission to allow legislators to receive per diem for attending the commission working group to which they have been assigned.

The three working groups are: 1) Site Selection; 2) Plan of Financing; and 3) Criminal Justice System Reform and Programming.

Chair & Vice Chair: Rep. Rebecca D. Lockhart / Sen. Wayne L. Niederhauser
Staff: Michael E. Christensen (Director) / John L. Fellows (General Counsel) / Phalin L. Flowers (Administrative Assistant)

Natural Resources, Agriculture, and Environment

Air Quality
Received a report from the Division of Air Quality on immediate and long-term strategies for improving air quality. The committee also considered the impact of Utah’s geography, weather patterns, and growth projections on air quality. The committee also discussed the effect of wood burning stoves on air quality.

Aquatic Invasive Species
Received a report from the Division of Wildlife Resources on efforts to mitigate aquatic invasive species infestations, including Quagga Mussels, in Utah waters.

Air Quality Revisions
Considered draft legislation authorizing the Division of Air Quality to create rules that are more stringent than corresponding federal regulations if additional rules will provide added protections to public health and the environment.

Public Lands Policy Coordination Office
The Public Lands Policy Coordination Office reported on its activities and expenditures, including efforts to identify R.S. 2477 roads, sage grouse habitat protection, and efforts to effectuate the transfer of public lands to state ownership.

R.S. 2477 Report
Received a report from the Public Lands Policy Coordinating Office on the R.S. 2477 plan adopted by the Constitutional Defense Council that was established for the purpose of asserting, defending, and litigating state and local government rights and claims regarding the federal R.S. 2477 roads.

Remediation Waste Fees
Received a report from the Department of Environmental Quality on remediation waste fees. On July 1, 2014, hazardous waste management companies began paying a flat fee based on the cost of its waste management rather than a fee on each ton of waste.

Utah State Parks
Received a report from the Division of State Parks and Recreation on park conditions, operation, construction and maintenance, usage, fee structure, fee use, and potential golf course privatization.

Utah-Specific Data from Nevada Public Land Management Task Force
The Public Lands Policy Coordination Office reported that Utah-specific data from the Nevada Public Land Management Task Force report was available at no cost and that the $20,000 appropriated to secure the data was not needed.

Political Subdivisions

County Governance
Discussed ways to improve the governance and internal audit controls in Utah county governments.

Municipal Business Licensing
Discussed whether to exempt certain small businesses from municipal licensure.

New Development Impact on School Enrollment
Action: Voted to create an informal workgroup to explore ways municipalities, counties, land developers, and school officials might coordinate planning to anticipate the impact of new housing developments on school enrollment and the placement of schools.

Public Utilities and Technology

Electric Energy Transmission
Received presentations from both interstate and intrastate electric energy generators, transmission companies, and utility regulators. All presenters responded to an electric energy and transmission questionnaire that is designed to provide committee members with an understanding of electric energy generation and transmission capabilities, as Utah’s population is projected to double by 2050.

Revenue and Taxation

Appropriations Limit Formula Amendments
Action: Approved as a committee bill, draft legislation “Appropriations Limit Formula Amendments,” which
recodifies and clarifies the state appropriations limit formula by providing definitions and mathematical formulas.

New Growth and Utah’s Property Tax System
Received a presentation from the Office of the Utah State Auditor’s on a study the office conducted on new growth within Utah’s property tax system.

The office found that ambiguous policies and calculation errors relating to new growth have led to lower certified tax rates and less certified property tax revenue.

**Action:** Directed staff to open a committee bill file to clarify the definition of new growth and improve the collection of data regarding redevelopment projects.

State and Local Sales and Use Tax System
Received a presentation from committee staff on earmarks of state sales and use tax and General Fund set asides and transfers. Roughly 20% of state sales and use tax revenue is earmarked. If there is surplus revenue in the General Fund at the end of a fiscal year, statute provides that a portion of the surplus be placed into certain accounts. Revenue is transferred from the General Fund to offset income tax credits and property tax relief, as well as to certain accounts used to encourage economic development.

Staff: Bryant R. Howe (Assistant Director) / Leif G. Elder (Policy Analyst) / Rebecca L. Rockwell (Attorney) / Sara J. Thomas (Secretary)

State Water Development Commission
July 15, 2014

Groundwater Resource Management
Discussed a proposed United States Forest Service directive for groundwater resource management. The commission received comments from the United States Forest Service, affected state executive branch agencies, the ski industry, the Utah Farm Bureau Federation, and other interested parties.

**Action:** Voted to ask the commission chairs to write a letter to the United States Forest Service outlining the commission’s concerns with the proposed groundwater management directive and asking that the directive be withdrawn.

Staff: J Brian Allred (Policy Analyst) / RuthAnne Frost (Attorney) / Anna M. Allen (Secretary)

Transportation

Transportation Funding Options
Received updates from committee members regarding their review of potential transportation funding options as assigned by the committee chairs.

Sales Tax Earmarks
Received reports from committee staff and staff of the Office of the Legislative Fiscal Analyst addressing:

- The various sales tax earmarks;
- The statutory restrictions on how the funds generated by the earmarks can be used, and
- Current historical sales tax earmarking fund levels.

Sunset Review — Awarding Contracts for Design-Build Transportation Projects
Conducted a sunset review of Utah Code Subsection 63G-6a-1402(7), which authorizes certain transportation agencies to award a contract for a design-build transportation project in certain circumstances.

(Continued next page)
Action: Recommended that the Legislature allow Utah Code Subsection 63G-6a-1402(7) to sunset July 1, 2015.

Transportation Funding — Pennsylvania General Assembly’s Approach
Discussed the funding mechanisms and process behind Pennsylvania’s investment in state and local transportation systems that was included in major, multimodal, comprehensive transportation funding legislation passed by the Pennsylvania Assembly in 2013.

Staff: Art L. Hunsaker (Policy Analyst) / Shannon C. Halverson (Attorney) / Timothy J. Barber (Secretary)

Utah International Relations and Trade Commission
July 17, 2014

Peru International Trade Mission Report
Received presentations about the 2013 legislative trade mission to Peru from legislators and the Utah Honorary Consul for Peru. The presentations included information about trade contacts, economic development opportunities, and the challenges of international trade in Utah.

Swiss International Trade Mission Report
Received presentations from legislators and the Swiss Honorary Consul about the Spring 2014 legislative trade mission. The presentations included information about economic development opportunities involving rail transportation, banking, and heavy manufacturing. The commission discussion focused on encouraging Swiss business entities to visit Utah this year and meet with business and government leaders for the purpose of economic development.

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Action: Voted to direct staff to draft a letter from the commission officially inviting Mr. Peter Spuhler and other Swiss business leaders to Utah for economic development meetings later this year.

Staff: Richard C. North (Policy Analyst) / Robert H. Rees (Associate General Counsel) / Debra Hale (Legislative Secretary)

Veterans’ and Military Affairs Commission
June 26, 2014

Hill Air Logistics Complex Report
Received the "Team Hill" presentation from the commander of Ogden Air Logistics Complex/Hill Air Force Base about base logistics; functions, including heavy maintenance of all U.S. military fighter jets except the F-15; and robotics. The base also provides heavy maintenance for all U.S. ICBM missiles. The presentation also included information about the P4 Program of Public-Public and Public-Private partnerships, for building community relations and social service support for personnel.

Utah Code Definition of a Veteran
Received a staff presentation about the six different definitions of the term “veteran” that currently exist in the Utah Code. Since the definition of the term is critical in determining and awarding benefits to veterans, the report highlights the need to establish uniformity.

Action: Directed staff to draft legislation creating a uniform definition of the term "veteran."

Staff: Richard C. North (Policy Analyst) / Esther Chelsea-McCarty (Attorney) / Tracey Fredman (Secretary)