

(Draft - Awaiting Formal Approval)
**MINUTES OF THE
BUSINESS, ECONOMIC DEVELOPMENT, AND LABOR
APPROPRIATIONS SUBCOMMITTEE
State Tax Commission and Room 210 Senate Building
September 18, 2014**

Members Present: Sen. Brian E. Shiozawa, Senate Chair
Rep. Jim Bird, House Chair
Rep. Stewart E. Barlow, House Vice Chair
Sen. Gene Davis
Rep. James A. Dunnigan
Sen. Wayne A. Harper
Sen. Scott K. Jenkins
Sen. Stuart C. Reid
Rep. Patrice M. Arent
Rep. Angela Romero
Rep. V. Lowry Snow
Rep. Brad R. Wilson

Members Absent: Sen. Curtis S. Bramble
Sen. Jerry W. Stevenson
Rep. Jeremy A. Peterson
Rep. Val L. Peterson
Rep. Dixon M. Pitcher

Staff Present: Dr. Andrea Wilko, Chief Economist
Ms. Rosemary Young, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Morning Session at State Tax Commission Offices

Chair Shiozawa called the meeting to order at 8:29 a.m and explained the order of business for the morning.

State Tax Commission

Commissioner D'Arcy Dixon welcomed the committee, introduced commission people, and explained the organization of the commission and the appeals process. Barry Conover, Executive Director, pointed out the fact that the Tax Commission affects every person's life in the state. He referred to the two major areas of concern which are data security and resources. The Tax Commission has been in a technology wave for the past 10 years with new system roll outs, one purpose of which is more on-line access to records by citizens. Taxes processed last year amounted to \$7.9 billion. Imaging capability was rolled out in 2007 and allows the Tax Commission employee and the person calling in to look at the same document at the same time.

Committee and staff, with security badges, were taken on a tour of the facility including secure areas. Following the tour, Executive Director Conover distributed a handout which gave a breakdown of how the \$7.9 billion is distributed as well as an organization chart and a time line, which shows tax and motor vehicle system development and implementation. The Commission is audited every year and welcomes these audits. Directors of the six divisions were introduced. There is a total of about 750 FTE's in the six divisions. The Motor Vehicle division generates \$80 million in sales taxes. The problem of turnover of employees in the DMV was discussed. The job requires security clearance, is demanding and stressful, and the pay is low.

The three issues which are of greatest concern to the Commission as it comes before the Legislature are: (1) the requirement by January 1 to be able to process PCI 3 credit cards, (2) nonlapsing language to carry on with the system development and implementation, and (3) the high employee turnover in the DMV.

Fund of Funds

Copies of the legislative audit of the Utah Fund of Funds were distributed. Rep. Bird explained his reasoning in bringing forward H.B. 243, which was passed during the 2014 General Session and which addressed the need for legislative oversight of this Fund and concern about the debt, which the State of Utah is responsible for. Sen. Jenkins, who had co-sponsored the bill to create the Fund in 2002, explained the background of the origination of the Fund, which was to address the lack of venture capital in Utah.

Brian Dean and Darin Underwood, auditors, Office of the Legislative Auditor General, reviewed the audit through a slide presentation. Jake Dinsdale explained the process of the audit.

Bret Jepson, managing director of the Utah Fund of Funds, Richard Pugmire and Scott Peterson, volunteer board members, responded to the audit and acknowledged that there is a need to have legislative input in the program. The new management of the Fund is more experienced in the field and expects to have better results than in the past.

The meeting was recessed at 12:15 p.m.

House Vice Chair Barlow called the meeting to order at 1:22 p.m in Senate Building, Room 210.

Governors Office of Economic Development

Val Hale, Executive Director of GOED, and Theresa Foxley, Director of Corporate Recruitment, gave a slide presentation explaining the tools in the GOED "tool box". Mentioned were: Economic Development Tax Increment Financing, Industrial Assistance Fund, Business Expansion and Retention, and Economic Opportunities.

Utah Museum Association

At the request of Sen. Davis, Jayceen Walker, Utah Museum Association, and Donald Hague, former director of the Utah Natural History Museum, discussed the need for trained curators to handle the artifacts held in the 280 museums found all over the state. Sen. Davis stressed the importance of preserving our history. There once was a curator who could help the many small local museums properly care for their artifacts but not recently.

MOTION: Rep. Wilson moved to adjourn. The motion passed unanimously.

House Vice Chair Barlow adjourned the meeting at 2:58 p.m.