

**MINUTES OF THE
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR
APPROPRIATIONS SUBCOMMITTEE
Room 25, House Building**

January 26, 2016

Members Present: Sen. Brian E. Shiozawa, Senate Chairman
Rep. Dixon M. Pitcher, House Chairman
Rep. Stewart E. Barlow, House Vice Chair
Sen. Curtis S. Bramble
Sen. Gene Davis
Sen. Wayne A. Harper
Sen. Ann Millner
Sen. Evan Vickers
Rep. Patrice M. Arent
Rep. Jeremy A. Peterson
Rep. Val L. Peterson
Rep. John R. Westwood
Rep. Mark Wheatley

Members Absent: Sen. Jerry W. Stevenson
Rep. Johnny Anderson
Rep. James A. Dunnigan
Rep. Brad R. Wilson

Staff Present: Dr. Andrea Wilko, Chief Economist
Ms. Clare Tobin Lence, Fiscal Analyst
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.

Chair Shiozawa called the meeting to order at 8:02 a.m and invited the committee members and staff to introduce themselves..

Budget and Appropriations Subcommittee Overview

Chief Economist Wilko reviewed the budget tools available on line by demonstrating them on the monitor, pointing out the tutorial and links to the base budget bill, and explaining the organization and use of the COBI. Requests for appropriations can be filled out on line. The on-line form and process were explained. All materials for this meeting can be found on the legislature website under this subcommittee.

Commerce Analyst Presentation and Agency Response Base Budget

Dr. Wilko reviewed the Department of Commerce base budget, addressing the line items and pointing out that expendable revenue funds have caps beyond which the excess funds go to the

General Fund and that performance measures and other items can be found in the COBI. Proposed fee changes can be found on line.

Francine Giani, Executive Director, Department of Commerce, accompanied by Peter Anjewierden, Budget Director, reported that the agency is not requesting any changes in funding but they are requesting non-lapsing intent language for PURF funds. Division of Professional Licensing (DOPL) covers virtually all medical professionals; licensed contractors; securities brokers and agents; real estate agents, brokers, and appraisers; and 222,000 registered corporations. The source for the department's budget is licensing fees collected into the Commerce Service Fund. Routinely \$10 to \$15 million is returned to the General Fund annually. In FY 2015 the amount was \$16.8 million. The department hopes that a stand-alone expendable revenue fund will be established statutorily.

Rep. Arent praised the department for their good work. There was discussion as to regulatory fees concerning Uber and Lyft.

Public Service Commission Analyst Presentation and Agency Response Base Budget

Analyst Lence explained the purposes of the PSC and reviewed the base budget bill on line, and reported that no new funding is requested but non-lapsing authority is.

Thad LeVar, Chair, Public Service Commission, accompanied by Gary Widerburg, Director of Finance, explained that the commission has three basic responsibilities: 1) Regulation of monopoly utilities, balancing just and reasonable rates, safe and reliable service, and financial health of the utilities; 2) Managing the Utah Universal Service Fund which provides subsidies to rural telecommunications companies and is experiencing upward pressures which may ultimately require fee increases; and 3) Managing the Relay Utah Fund, which provides telecommunications access and equipment to deaf, hard of hearing, and speech challenged. The surcharge which funds Relay Utah has been reduced from .10 to .02 per line in recent years. No budget or fee changes are being requested, but non-lapsing intent language for PURF is requested. Utah has the second smallest Public Service Commission among the states and handles about 400 dockets a year. There was discussion as to whether the PSC has adequate resources and staff to handle its work load. The commission also oversees telecommunications in rural areas and some private water companies.

An issue of concern at the present time is the impact of federal regulations from the Environmental Protection Agency on power companies. Sen. Davis requested that the chairs reschedule a discussion of the Strategic Transportation and Energy Program.

Tax Commission Analyst Presentation and Agency Response Base Budget

Analyst Lence, using the base budget bill on line, reviewed the Tax Commission budget line items. The restricted account appropriations requests and fee changes can be found on line.

Commissioner John Valentine reported that the computer system upgrade is complete and is now making it possible to combat fraud much more effectively. The amount of \$5 million was turned back to the legislature as money that was not needed to complete the computer upgrade.

Executive Director Barry Conover explained the license plate fee increase and where the funds go. The commission is not asking for budget increase but is asking for non-lapsing authority. The mission of the Utah State Tax Commission is to collect revenue for the state and local governments and to equitably administer tax and assigned motor vehicle laws. In FY2015 \$8.3787 billion was collected and distributed which is about 56 percent of the state budget. The commission has streamlined its organization. The computer system is constantly being updated, and version 10 is coming online soon.

The recent fraud problem was discussed including the fact that it was picked up by Utah's new Fraud Manager computer system. Utah is trying to catch the fraud up front and was able to stop the loss of \$11 million through attempted fraud and only actually lost about \$19,000. Other states lost amounts in the millions. Security of information is taken very seriously, and new verification processes are helping with fraud protection. Information was exchanged with other states. Chairman Valentine was asked to testify before the Senate Finance Committee which resulted in some changes on the federal level. The problems of reloadable debit cards and preloaded loans from tax preparers were discussed. The value of SB 250 as a tool for catching fraud is great. SB 250 requires employers to submit employee wage information electronically by January 31. This information includes all W-2's, required 1099R's, and TC-941R. Acceptance of paper forms from employers is prohibited. The penalties for failure to file were discussed, and it was pointed out that the penalties are to push compliance, not to raise money.

Sen. Bramble, the author of the bill, explained the necessity of the penalties; and Sen. Harper praised the tax commission's leadership among the states.

MOTION: Rep. Val Peterson moved to adjourn. The motion passed unanimously with Sen. Davis, Sen. Milner, and Sen. Vickers absent for the vote.

Sen. Shiozawa adjourned the meeting at 9:53 a.m.