

(Draft - Awaiting Formal Approval)

**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY
APPROPRIATIONS SUBCOMMITTEE**

Room 210 Senate Building
September 22, 2016

Members Present: Sen. David P. Hinkins, Co-Chair
Rep. Mike McKell, Co-Chair
Rep. Kay J. Christofferson, House Vice Chair
Sen. Scott K. Jenkins
Sen. Peter C. Knudson
Sen. Ralph Okerlund
Sen. Kevin T. Van Tassell
Rep. Scott Chew
Rep. Susan Duckworth
Rep. Brian M. Greene
Rep. Stephen G. Handy
Rep. Timothy Hawkes
Rep. Lynn N. Hemingway
Rep. Michael E. Noel
Rep. Lee B. Perry
Rep. Marc K. Roberts

Members Absent: Sen. Jim Dabakis
Sen. Margaret Dayton
Rep. Ken Ivory

Staff: Mr. Ivan D. Djambov, Fiscal Analyst
Mr. Brian Wikle, Fiscal Analyst
Ms. Linda Service, Committee Secretary

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

Chair McKell called the meeting to order at 8:10 a.m.

1. State Fairpark: Update and Plans for Sustainability

Mr. Brian Wikle, Fiscal Analyst, provided an update on the changes to the Fairpark Board and the approval of the arena. At this time there are no plans to bond the arena facility. There has been a discussion as to the location of the new administrative building for the Department of Agriculture - near their current site or at the Fairpark.

Mr. Larry Mullenax, Executive Director, Utah State Fairpark, reported the attendance at the 2016 State Fair was up five percent over the prior year, parking and carnival set an all-time revenue record, and the Fairpark improved on last year's numbers by approximately \$250,000.

2. Dairy Commission

Mr. Ivan Djambov, Fiscal Analyst, commented on the follow-up of the "Review of 'Off- Budget' Funds and Operations Report." The 2013 report addressed concerns regarding oversight of the Dairy Commission and the number of board members.

The Analyst discussed the Issue Brief, "Utah Dairy Commission Funding." He reaffirmed the recommendations in the 2013 report and recommends the Legislature consider the following options: (1) increase the oversight of the Dairy Commission or, (2) consider striking the enabling clause of the Utah Dairy Commission, along with the requirement for the assessments.

Mr. John Dougall, State Auditor, stated that processes have been put in place to provide a consistent and efficient operation and a reasonable assurance that public funds will be properly safeguarded. The Office of the Utah State Auditor is concerned about separation of duties; making sure to separate certain responsibilities so that no one person has the ability to improperly use money without detection.

Mr. Dougall discussed two different audits - one dealing with transparency issues and the other dealing with financial matters. In looking at transparency of the Dairy Commission, he found significant noncompliance with the Open Public Meetings Act. With regard to financial matters, the organization lacks written policies and procedures, including appropriate documentation to justify expenditures. In addition, there is a lack of adequate supervisory approvals and excessive issuance of credit cards with insufficient training in their use.

Response:

Ms. Jenn Harrison, Chief Executive Officer, Utah Dairy Commission, addressed the fifteen cent assessment of Utah licensed dairy producers which funds the commission, along with reviewing issues brought out in the state audit. She commented on the open and public meetings policy, the financial review, and answered questions.

Mr. Jeff Hardy, Chairman, Utah Dairy Commission Board, expressed his intent to improve transparency and oversight.

3. Approval of Minutes

MOTION: Sen. Van Tassell moved to approve the minutes of the June 16, 2016 meeting. The motion passed unanimously.

4. Follow-up on Previously Funded Increases

Mr. Wikle, reported on "Fiscal Note and Budget Item Follow-Up Report" addressing funding items from the previous session or multiple sessions ago. This year's report has items from the 2014 and 2015 General Sessions. The report focuses on implementation, accuracy, and performance. Mr. Wikle reviewed selected items for clarification purposes.

5. Conservation Commission Employees: Plans, Performance, and Goals

Mr. Djambov introduced "New Resource Conservation Employees, Update" and provided background information concerning the Utah Department of Agriculture and Food's (UDAF) hiring of 38 FTEs of the Utah Association of Conservation Districts (UACD) in FY 2016.

Ms. LuAnn Adams, Commissioner, UDAF, commented on the transition of the 38 additional employees from UACD. The employees provide additional capacity to plan and implement projects that are funded through the U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS) program.

Mr. Stephen Ogilvie, Finance Director, UDAF, responded to a question from the committee regarding cost savings with respect to the decrease in FTEs.

Dr. Chris Kane, Executive Director, UACD, answered questions from the committee with regard to surplus money and her vision for the use of those funds, along with how the money they receive from UDAF is spent.

6. In-depth Review of Fees

Mr. Djambov presented an overview of the Issue Brief, "Review of Subcommittee Fees." The brief attempts to answer the following questions:

- What are the statutory requirements for fees?
- What fees are generating the revenues?
- Do fees cover the costs of services provided?
- What are the 10 fees with the largest revenues?
- What are the 10 highest fees?
- What fees charge \$0?
- When were the fees changed?

Department of Agriculture and Food

Division of Regulatory Services - Mr. Travis Waller, Director, Division of Regulatory Services, provided a slide presentation showing fees required in the individual program areas within his division: Food Safety, Retail and Manufactured Food, Weights and Measures, Bedding, Upholstered Furniture, and Quilted Clothing, and Dairy.

Testimony from the public:

Ms. Laura Dykman, Harmons Grocery

Division of Plant Industry and Conservation - Mr. Robert Hougaard, Director, Plant Industry and Conservation, discussed Grain Inspection and Apiary program fees.

Division of Animal Industry - Mr. Cody James, Director, Animal Industry Division, reported that they are experiencing increased expenses in their animal health program due to their electronic record keeping program. They propose to increase the fee for their health certificate book to cover the cost of the book and help with the increased cost of hiring a data entry person to enter the information sent to them by practitioners using the certificate book. It is hoped that increasing the fee might encourage those using the book to move to filing electronically which would save the cost of the book and a data entry person.

Mr. James explained that the domestic elk program has steadily grown over the years since it has been regulated by the Division of Animal Industry. It has become apparent that the available funds are not adequate and their inspectors do not necessarily have the knowledge, knowhow, or time to serve wildlife. He has been talking with the elk industry to see if they would be willing to put in place a hunting permit - a fee for those coming into their facility. The fee would enable the division to pay for a designated person to work for the program that has the necessary knowledge of the needs of wildlife.

MOTION: Rep. Christofferson moved to require all agencies that come before this committee in the next session to prepare a spreadsheet with additional columns providing an estimate of the cost of

administering each fee and an explanation. The motion passed unanimously with Sen. Hinkins, Rep. Duckworth, Rep. Greene, and Rep. Roberts absent for the vote.

7. In-depth Review of Fees: Forestry, Fire, and State Lands

Mr. Brian Cottam, State Forester and Director, Division of Forestry, Fire, and State Lands, introduced Ms. Laura Ault, Sovereign Lands Program Manager, who provided a slide presentation showing the current fee schedule, proposed fee schedule changes, and fee schedule comparison.

Testimony from the public:

Mr. Dan Tuttle, Manager of Government Affairs, U. S. Magnesium

8. In-depth Review of Fees: Wildlife Resources

Mr. Mike Canning, Assistant Director, Division of Wildlife Resources (DWR), explained that DWR is funded primarily by hunters and anglers. The money they receive is used to improve Utah hunting and fishing and cover expenses. While providing recreational opportunities, it is their philosophy to have reasonable fees. Mr. Canning commented on types of fees, common fees, fee change process, and proposed fee changes for 2017.

Mr. Kenny Johnson, Administrative Services Chief, noted the importance of getting more people and youth interested in wildlife. Recent changes to give price rates to youth seem to have stimulated growth.

Testimony from the public:

Mr. Miles Moretti, CEO, Mule Deer Foundation

Mr. Don Leonard, CEO, Great Salt Lake Brine Shrimp Cooperative

Mr. Bill Christensen, Rocky Mountain Elk Foundation

Mr. Paul Raymond, Angler Coalition

Mr. Chris Carling, public

Mr. Troy Justesen, outfitting company

At the request of the committee, Mr. Kenny Johnson and Mr. Mike Hanning, DRW, reported on the guide industry and the Cooperative Wildlife Management Units (CWMU) programs.

Testimony from the public:

Mr. Dave Davis, President, Utah Food Industry Association/Utah Retail Merchants.

MOTION: Rep. Christofferson moved to adjourn. The motion passed unanimously. Chair McKell adjourned the meeting at 12:10 p.m.