

KEY ISSUES - 2006 GENERAL SESSION

*The Office of Legislative Research and General Counsel is pleased to provide this compilation of some of the key issues that the Utah State Legislature may address during the upcoming session.
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BUSINESS AND LABOR

Mechanics' Liens. Legislation will be introduced in the 2006 General Session to standardize lien waiver forms and clarify the timing of when a lien can be filed.

Minimum Wage. The minimum wage in Utah is set at the federal minimum wage, which is \$5.15 per hour. Legislation will be introduced to increase the state minimum wage to \$7.00 or alternatively, to ask for public opinion.

SCR (State Construction Registry). During the 2004 General Session, the Legislature amended the mechanics' lien law to create the SCR, an online statewide database of commercial and residential construction projects with the associated notices of commencement, preliminary notices, and notices of completion. The Business and Labor Interim Committee has monitored the implementation of the SCR and identified issues that may be resolved with legislation during the 2006 General Session.

Workforce Services. In 2004, the Legislature provided that working individuals who collect Social Security and then become unemployed would collect unemployment benefits offset by 50 percent of their Social Security benefit. Legislation will be introduced to extend the 50 percent offset for four years.

COMMUNITY AND ECONOMIC DEVELOPMENT

Economic Development Transition. In the 2005 General Session, the Legislature restructured the Department of Community and Economic Development by dividing it into the Governor's Office of Economic Development and the Department of Community and Culture. The legislation directed the Workforce Services and Community and Economic Development Interim Committee to determine what modifications, if any, may be needed in the office, the department, or both to further enhance the state's economic development and community and culture programs and policies. It has not yet been determined whether modifying legislation will be introduced during the 2006 General Session.

Motion Picture Funding. Of the \$3 million recommended for appropriation during the 2005 General Session to provide incentives for motion picture companies to produce films in Utah, only \$1 million was actually appropriated. The Tourism Task Force reviewed these funding levels and voted unanimously to urge that additional funding of at least \$3 million for the 2006 fiscal year be appropriated during the 2006 General Session.

Tourism Promotion. The Tourism Task Force has studied various methods used by state and local government to finance and fund the promotion of tourism. Task Force members are urging that additional funds be appropriated in the 2006 fiscal year to promote tourism. Legislation will also define the term "tourism promotion."

EDUCATION

Student Achievement. Students belonging to ethnic minority groups and from low income families perform significantly lower on statewide achievement tests than white students and those not from low income families. The Legislature may consider proposals to improve the academic performance of ethnic minority and low income students, including financial incentives for teachers working in schools with a high percentage of low income students.

Mathematics Instruction. Tests administered statewide to evaluate students' mastery of the core curriculum show that a significant percentage of students in grades four through six are not proficient in math. If students do not master math skills in those grades, they will have difficulty in grasping abstract mathematical concepts introduced in later years. The State Board of Education is recommending that the Legislature appropriate money to improve mathematics instruction in grades four through six.

Teacher Shortages. Utah public schools currently experience teacher shortages in a few fields, such as special education, speech pathology, and advanced mathematics. Teacher shortages are projected to become more widespread in the next decade as school enrollment sharply increases. The Legislature may consider various proposals to enhance teacher recruitment and retention,

including scholarships, mentoring programs, and higher pay.

UBSCT (Utah Basic Skills Competency Test). Beginning with the high school graduating class of 2006, a graduate will be required to pass the UBSCT to receive a regular high school diploma. Students have up to five opportunities to take and pass the UBSCT before graduation. To assist students who are at risk of not passing the UBSCT, the Legislature may consider appropriating money for remedial instruction for those students.

Currently, adult education students seeking a high school diploma are required to pass the UBSCT to receive their diploma. Since the UBSCT is only offered twice a year and during school hours, the scheduling of the test is not convenient for adult education students. Proposed legislation provides alternative testing requirements for adult education students.

GOVERNMENT OPERATIONS

Early Voting. Utah and 35 other states provide some form of early voting allowing voters to cast their ballots from seven to 30 days prior to election day. Early voting is used as a means to increase voter convenience and participation, reduce waiting for other voters on election day, and decrease the cost of purchasing additional voting machines required by federal law. During the 2004 presidential election approximately 20 percent of ballots were cast during the early voting period. Recommended legislation would expand early voting in Utah beginning 14 days prior to election day, alter certain voter registration deadlines, and affect election campaign administration and planning.

GRAMA (Government Records Access and Management Act). Fifteen years of implementation of GRAMA, numerous amendments since its enactment in 1991, and information and technology advances gave cause for the Legislature to create the GRAMA Task Force in the 2005 General Session. Data manipulation for specialized purposes requirements, privacy between a citizen and an elected official, personal communication not relevant to the conduct of public business, and harassment through multiple GRAMA requests are some of the issues still being discussed in preparation for a final report to the Legislature.

Open and Public Meetings Act. A June 2005 report by the Legislative Auditor General titled "School Boards Closed Meetings Do Not Comply with Statute" highlighted the need for school boards to be better educated about and to have greater compliance with the state's "Open and Public Meetings" laws. Based on the findings and recommendations of the report, four pieces

of legislation will be introduced during the 2006 General Session. The legislation will clarify provisions and facilitate education and compliance, require all open and closed meetings to be recorded, require minutes for open meetings, and require a public body to adopt rules governing the use of electronic meetings prior to allowing them.

HEALTH AND HUMAN SERVICES

Child Welfare. As has been typical in recent years, the Legislature will likely consider numerous pieces of legislation dealing with child abuse and neglect.

Medicaid. Medicaid's average annual rate of growth for the past 5, 10, 15, and 20 years has been 10 percent or higher. This year, requests for funding to address caseload and inflation alone are expected to exceed 10 percent. Proposals to modify the resource test for certain eligibility groups and premium assistance for employer-based coverage are likely to be considered.

Tobacco. The Legislature may consider a proposal to extend the Indoor Clean Air Act prohibition on smoking to taverns, private clubs, buildings owned or operated by social and fraternal organizations, and certain nonpublic workplaces.

LAW ENFORCEMENT AND CRIMINAL JUSTICE

Drug Treatment. Although the number of methamphetamine labs found in Utah is decreasing, the use of meth and other drugs and criminal behavior caused by their use is increasing and making inroads into the lives of younger children. The Legislature may consider expanding education and treatment as tools in limiting the negative effects of this epidemic.

Growing Inmate Populations. The inmate population is currently growing at a rate of 224 offenders per year, and at this rate will exceed 95 percent of current prison capacity in a few months. These numbers affect the safety of staff and inmates and the effectiveness of programs currently in place. The Legislature may be looking at planning and funding the next phase of the Gunnison facility as the Legislature's lead time to plan, fund, and build facilities is approximately three years.

Registering, Rehabilitating, and Supervising Sex Offenders. There are currently 6,689 registered sex offenders in Utah. The UDC (Utah Department of Corrections) is responsible for maintaining this public registry and for keeping track of these offenders. Those offenders who complete a treatment program before being released into the community have a lower reoffense rate.

However, many sex offenders have limited success at rehabilitation, and not all sex offenders comply with address change notification requirements as required by law. In addition, the UDC has limited resources for treatment, supervision, and tracking of released offenders. As the number of sex offenders continues to grow, the Legislature may consider UDC's need for additional staff and funding for treating and supervising offenders.

Sentencing Reform. Criminal penalties and enhancements specified in Utah law have a direct effect on the need for prison beds and costs of other corrections-related programs. After considering an overview of criminal penalties and related issues, the Law Enforcement and Criminal Justice Committee asked the Utah Sentencing Commission to review all criminal penalties and enhancements to determine if they are consistent and appropriate, and to make recommendations to the Legislature.

State Dispatch Services. Dispatch services for the Utah Highway Patrol and other state agencies is provided in a few counties by contracting with local government dispatch services. The costs billed to the state for these services, in some cases, is more than it would cost the state to provide it. The Legislature may consider legislation to encourage the formation of special districts to fund dispatch services, to define a consistent basis for dispatch service charges, or to provide the service directly from the Salt Lake Communications Center.

NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENT

Disposal of Radioactive Waste. Envirocare of Utah, LLC, has requested that the Legislature and Governor approve an expansion of Class A low-level radioactive waste and mixed waste disposal onto land adjacent to its Clive, Utah site in Tooele County. The expansion would approximately double Envirocare's waste disposal capacity. Additional regulatory approvals from the Department of Environmental Quality are necessary before actual disposal could occur.

Water Development Financing. Future water needs, driven by population growth, will require additional conservation and large long-term water development projects. The Governor's Water Delivery Financing Task Force recommended that preliminary planning, environmental assessment, right-of-way acquisition, and engineering of the Lake Powell Pipeline and Bear River Development begin now. Recommended legislation provides funding sources from sales and use tax and budget surplus, and provides plans for preconstruction costs.

Water Rights. Legislation will be recommended in the 2006 General Session to allow reuse of water by a public agency, including water for which water rights are not owned by the agency but a reuse authorization contract exists. The legislation would also authorize the state engineer to create a groundwater management plan for any groundwater basin or aquifer.

PUBLIC UTILITIES AND TECHNOLOGY

Biotechnology. Utah has a growing biotechnology industry that needs workers with a bachelor's degree, training, and credential. The Utah Technology Commission considered this issue and requested that Utah's four-year institutions create a bachelor's degree program in biotechnology. The University of Utah, Utah State University, and Utah Valley State College have agreed to work with Salt Lake Community College, which has a two-year degree program in biotechnology. Those institutions are developing memorandums of understanding that include course requirements and increased institutional budgets, both of which will be presented to the Legislature.

Energy Policy. Energy demand and consumption increases every year with Utah's growing population and business needs. The Public Utilities and Technology Interim Committee created an Energy Policy Work Group to study energy, development, efficiency and consumption, and transmission and transportation. The work group developed a set of guidelines and other recommendations including the creation of a state Office of Energy for consideration in the 2006 General Session.

International Trade. The Utah Legislature's ability to regulate, similar to legislatures across the nation, is being affected by treaties ratified by the United States Senate and signed by the president. Recommended legislation would create a legislative commission on international trade. The commission would make policy recommendations guiding the state's response to international trade opportunities and guarding the legislature's right to regulate in trade areas such as power, water, education, and gambling.

Municipal Power Plant Revenue Transfer Disclosure. The Legislature may consider the issue of municipal power plant revenues, the transfer of those monies to other municipal funds, and how those transfers are disclosed. Legislation will be proposed in the 2006 General Session that provides guidelines for how municipalities must disclose any revenue transferred from a municipal power plant fund to other municipal funds.

REVENUE AND TAXATION

Aligning Revenue Sources With Services. The Legislature may consider a proposal that more closely aligns revenue sources with the types of services being provided. It emphasizes the property tax as a source of revenue for municipal services to property and strengthens the state role in financing public education. Under this proposal, a new statewide uniform sales and use tax rate of 6.35 percent would be established. This rate includes a 5.85 percent state rate, a .25 percent county rate, and a .25 percent local transportation rate. Revenue from a 1 percent state sales and use tax would be allocated to the Uniform School Fund to be distributed to school districts under the minimum school program. School districts would reduce the property taxes they impose. Municipalities and counties would increase property taxes to compensate for the revenue that they previously received from the local option sales and use tax.

Amendments to the State Individual Income Tax. Four options to change the state individual income tax may be considered by the Legislature in the 2006 General Session:

Option A - Start at federal Adjusted Gross Income (AGI), (1) provide certain exemptions that phase out as income increases, (2) apply a tax rate of 5.00%, and (3) allow a credit for charitable contributions.

Option B - Same as Option A, except for (1) a personal exemption (i.e., family size) cap is eliminated, and (2) provide a mortgage interest credit.

Option C - Retain existing tax structure and reduce top rate from 7.00% to 6.85%.

Option D - Start at AGI and apply a flat 4.00% rate. Provide a sales tax refund that varies with income. Increase state sales and use tax rate to 5.50%.

Corporate Franchise and Income Tax - Electable Single Sales Factor Apportionment. Corporations that conduct business in several states are required to apportion their income among those states. Proposed legislation will allow a corporation to choose between a three-factor apportionment methodology and a single sales factor methodology that benefits corporations with proportionately high share of property and payroll in the state relative to sales.

Exempt Certain Business Inputs from the Sales and Use Tax. The Legislature may consider a proposal that would exempt certain business inputs from the sales and use tax, and exempt certain telecommunications machinery, equipment, and software.

Income Tax Treatment of Trusts and Estates. Legislation will be proposed that clarifies tax provisions

for trusts and estates, and updates outdated and inconsistent provisions.

TRANSPORTATION

Driving Under the Influence. Alcohol-impaired drivers kill or injure many people on Utah's roadways each year. Legislation will be introduced that would renew the plea in abeyance program for persons guilty of driving under the influence and increase the use of ignition interlock devices.

Federal REAL ID Act of 2005: Implications for Utah. During 2005, Congress passed the REAL ID Act. It is a response to complaints by the 9-11 Commission that terrorists were able to obtain state identification much too easily. Utah has three years to implement the changes required by the Act, and legislation may be considered during the 2006 General Session.

Highway Jurisdictional Transfer Process. Public roads in Utah can be owned by the State, local governments, or the federal government. Jurisdictional control of the road may need to change as road use changes over time. Legislation will be introduced to modify the process for considering transfers between governmental jurisdictions.

Masking Convictions for Commercial Driver License Holders. Federal law requires that states not "mask" or defer imposition of judgment on commercial drivers who have violated state and local traffic laws. Failure to comply with the provision will result in a loss of federal transportation funds. Legislation will be introduced to address the problem.

Public/Private Partnerships in Funding Transportation Needs. Because transportation needs outstrip current funding for transportation, states are looking for innovative methods to finance the needs. One recent method is to acquire financing from private investors to pay for all or a portion of a highway, and then allow the investors to recover their investment with interest through the use of tolls. Legislation may be introduced that creates the framework for future partnerships in Utah.

Transportation Funding Strategies. Transportation needs far outstrip revenue available through traditional funding mechanisms, such as the gas tax and registration fees. Legislation may be introduced to allocate more revenues to transportation needs.