

**MINUTES OF THE  
SENATE TRANSPORTATION & PUBLIC UTILITIES & TECHNOLOGY  
STANDING COMMITTEE  
WEDNESDAY, FEBRUARY 25, 2004, 4:00 P.M.  
ROOM 403, STATE CAPITOL**

Members Present: Sen. Sheldon Killpack, Chair  
Sen. Dan Eastman  
Sen. Karen Hale  
Sen. Ed P. Mayne  
Sen. Howard A. Stephenson  
Sen. Carlene M. Walker

Members Excused: Sen. Bill Hickman  
Sen. Peter C. Knudson

Staff Present: Stewart E Smith, Policy Analyst  
Karen Allred, Secretary

Public Speakers Present: Michael Hales, Director, CHIP, Utah Department of Health  
Karen Crompton, Executive Director, Voices for Utah Children  
Pamela Silberman, Utah Issues  
Judi Hilman, Research Director, Utah Issues  
Kris Fausen, Co-director, Legislative Coalition for People with Disabilities  
Jack Tanner, Executive Director, Healthcare Network  
Kiric Olsen, CEO, Molina Healthcare

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Chair Killpack called the meeting to order at 4:45 p.m.

**MOTION:** Sen. Eastman moved to approve the minutes of February 20, 2004.

The motion passed unanimously with Sens. Stephenson and Hale absent for the vote.

**1. S.B. 235 Retirement for Airport Police (R. Allen)**

Sen. Allen explained the bill.

**MOTION:** Sen. Mayne moved to pass the bill out favorably.

The motion passed unanimously with Sen. Stephenson absent for the vote.

2. **1st Sub. H.B. 105 Continuing Education for Contractors** (J. S. Adams)

Rep. Adams explained the bill.

**MOTION:** Sen. Mayne moved to pass the bill out favorably.

The motion passed unanimously with Sen. Stephenson absent for the vote.

3. **H.B. 244 Amendments to Asset Testing for Medicaid** (D. Hogue)

**MOTION:** Sen. Hale moved to adopt the following amendments:

1. Page 1, Line 1: After "TO" insert "AND FUNDING FOR"
2. Page 1, Line 11: After "guidelines" insert "and funds the removal of the asset test"
3. Page 1, Line 16: After "eligibility" delete "." and insert "; and  
▶ increases the cigarette tax by 4 cents a pack."
4. Page 1, Line 21: After line 21 insert:  
"AMENDS:  
**59-14-204**, as last amended by Chapter 248, Laws of Utah 2002"
5. Page 2, Line 33: After line 33 insert:  
"Section 2. Section **59-14-204** is amended to read:  
**59-14-204. Tax basis -- Rate -- Future increase -- Restricted account -- Use of revenues.**  
(1) Except for cigarettes described under Section 59-14-210, there is levied a tax upon the sale, use, or storage of cigarettes in the state.  
(2) The rates of the tax levied under Subsection (1) are:  
(a) [~~3.475~~] 3.675 cents on each cigarette, for all cigarettes weighing not more than three pounds per thousand cigarettes; and  
(b) [~~4.075~~] 4.275 cents on each cigarette, for all cigarettes weighing in excess of three pounds per thousand cigarettes.  
(3) The tax levied under Subsection (1) shall be paid by the manufacturer, jobber, distributor, wholesaler, retailer, user, or consumer.  
(4) The tax rates specified in this section shall be increased by the commission by the same amount as any future reduction in the

federal excise tax on cigarettes.

(5) (a) There is created within the General Fund a restricted account known as the "Cigarette Tax Restricted Account."

(b) Beginning on July 1, 1998, \$250,000 of the revenues generated by the increase in the cigarette tax under this section enacted during the 1997 Annual General Session shall be annually deposited into the account.

(c) The Department of Health shall expend the funds deposited in the account under Subsection (5)(b) for a tobacco prevention and control media campaign targeted towards children.

(d) The following revenue generated from the tax increase imposed under Subsection (1) during the 2002 General Session shall be deposited in the Cigarette Tax Restricted Account:

(i) 22% of the revenue to be annually appropriated to the Department of Health for tobacco prevention, reduction, cessation, and control programs;

(ii) 15% of the revenue to be annually appropriated to the University of Utah Health Sciences Center for the Huntsman Cancer Institute for cancer research; and

(iii) 21% of the revenue to be annually appropriated to the University of Utah Health Sciences Center for medical education at the University of Utah School of Medicine.

(e) Any balance remaining in the Cigarette Tax Restricted Account at the end of the fiscal year shall be appropriated during the next fiscal year for the purposes set forth in Subsections (5)(d)(i) through (5)(d)(iii) in proportion to the amount of revenue deposited into the account for each purpose.

(f) The Legislature shall give particular consideration to appropriating any revenues resulting from the change in tax rates under Subsection (2) adopted during the 2002 Annual General Session and not otherwise appropriated pursuant to Subsection (5)(d) to enhance Medicaid provider reimbursement rates and medical coverage for the uninsured.

(g) Any program or entity that receives funding under Subsection (5)(d) shall provide an annual report to the Health and Human Services Interim Committee no later than September 1 of each year. The report shall include:

(i) the amount funded;

(ii) the amount expended;

(iii) a description of the effectiveness of the program; and

(iv) if the program is a tobacco cessation program, the report

required in Section 63-97-401.

(h) The revenue generated from the tax increase imposed under Subsection (1) during the 2004 General Session shall be deposited into the Cigarette Tax Restricted Account and shall be annually appropriated to the Department of Health for the purpose of eliminating the Medicaid asset test in compliance with Section 26-18-3.2."

The motion passed unanimously with Sen. Stephenson absent for the vote.

Speaking in support of the bill were: Michael Hales, Director, CHIP, Utah Department of Health; Karen Crompton, Executive Director, Voices for Utah Children; Pamela Silberman, Utah Issues; Judi Hilman, Research Director, Utah Issues; Kris Fausen, Co-director, Legislative Coalition for People with Disabilities; Jack Tanner, Executive Director, Healthcare Network; and Kiric Olsen, CEO, Molina Healthcare.

**MOTION:** Sen. Hale moved to pass the bill out favorably as amended.

The motion passed with Sens. Killpack, Walker, Hale and Mayne voting in favor of the bill, and Sens. Eastman and Stephenson voting in opposition.

**MOTION:** Sen. Walker moved to adjourn.

The motion passed unanimously.

Chair Killpack adjourned the meeting at 5:35 p.m.

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Sen. Sheldon L. Killpack, Committee Chair