

**MINUTES OF THE  
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR  
APPROPRIATIONS SUBCOMMITTEE  
Room 210, Senate Building**

February 8, 2012

**Members Present:** Sen. Jerry Stevenson, Senate Chairman  
Rep. Todd Kiser, House Chairman  
Rep. Ryan Wilcox, House Vice Chair  
Sen. Casey Anderson  
Sen. Curtis S. Bramble  
Sen. Gene Davis  
Sen. Ralph Okerlund  
Sen. Stuart C. Reid  
Sen. Stephen H. Urquhart  
Rep. Stewart E. Barlow  
Rep. Brian Doughty  
Rep. James A. Dunnigan  
Rep. Jeremy Peterson  
Rep. Val Peterson  
Rep. V. Lowry Snow

**Members Absent:** Rep. Brian King

**Staff Present:** Dr. Andrea Wilko, Chief Economist  
Mr. Zackery King, Fiscal Analyst  
Ms. Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts will be filed with committee minutes.

Rep. Kiser called the meeting to order at 7:01 a.m.

**MOTION:** Sen. Stevenson moved to approve the minutes of the January 27, 2012 meeting. The motion passed unanimously with Sen. Bramble, Sen. Davis, and Sen. Urquhart absent for the vote.

**Labor Commission**

Fiscal Analyst, Zackery King, reviewed the Labor Commission Budget Brief, pointing out the line items and the changes to the fee schedule and noting that the Worker's Compensation Coverage Waiver is a new fee. Specific requests were noted, and all details may be accessed on line through the hyperlinks on the agenda. There was some discussion about Workers Compensation coverage waivers and placing them under the Labor Commission last legislative session.

Sherrie Hayashi, Chairman, responded to questions about the aforementioned waivers and said that there has been an increase in requests. An on-line capability to process the requests has been implemented. Ron Dressler, Director of Industrial Accidents Division, reported that the commission may be able to reduce the fee for the waivers. The Chairman concurs with the Legislative Fiscal Analyst's recommendations on the budget and also supports the Governor's budget and requests the committee's consideration of that as well.

Referencing a handout she reviewed the commission's divisions, overall budget, innovations and operational efficiencies, and FY2013 requests which are prioritized as follows:

- #1 \$86,600 ongoing General Fund for an elevator inspector, 1 FTE
- #2 \$59,000 ongoing General Fund for Wage Claim Unit Caseload, 1 FTE
- #3 \$56,800 IARA for Workers Comp Claims & Ins. Compliance, 1 FTE

Requests #2 and #3 are occasioned by sharp increases in case loads as a result of the downturn in the economy which have caused backlogs in case resolution.

FY2012 one-time supplementals are prioritized as follows:

- #1 \$143,000 IARA and non-lapsing intent language for Electronic Data Interchange Project
- #2 \$49,000 General Fund for vehicle purchase for occupational Safety and Health inspections or at least intent language for five new vehicles when funds become available (There is a federal funds match, and the most efficient use of inspectors is to have a car per man.)

Louis Silva, Director of Occupational Safety & Health, reported on the efficiencies that had been effected in processing claims which went from over 30 steps in the process to less than ten. Seventy-one percent of cases are now completed within 1-20 days.

There was discussion as to how the "Lean Six Sigma" program came into being. A stake holder from the private sector brought the idea to the commission and a consultant offered to walk them through the process. This process will also be used in the wage claim unit. The sharing of state cars is a juggling act, but it is less expensive than inspector's using their own cars.

Rep Kiser explained how prioritization will be handled in the committee.

### **Public Service Commission**

Analyst Zackery King reviewed the Budget Brief pointing out the request for non-lapsing intent language for the document management system and the building block request for additional FTE's for \$218,500 ongoing Restricted Fund. Details may be accessed on line through the agenda hyperlinks.

Ted Boyer, Chairman, and Gary Widerburg distributed a handout which gave some history of the commission and explained how it is funded. Also in the handout was a history of rate changes for Rocky Mountain Power and Questar Gas. The number and complexity of rate cases has increased over time while the budget has basically stayed the same. The commission has 15 staffers, 12 full time which is very few as compared to surrounding states whose staffs are 3 and 4 times greater. Utah utility rates rank fifth lowest among the 50 states, and this helps attract businesses to Utah. The chairman reported that the utility companies are well managed and financially healthy. The commission has had two positions funded from the Department of Energy ARRA Grant. That funding will end thus the request for two FTE's funded from Public Utility Regulatory Fees.

### **Department of Financial Institutions**

Analyst King presented the Budget Brief particularly outlining the request for funding from the Financial Institutions Restricted Fund for clerical and examiner staff and associated computers and office equipment. All details may be found through the hyperlinks on the agenda on line.

Commissioner Edward Leary and Michael Jones, Budget Officer, reviewed the work of the department which is the examination of deposit taking institutions for safety, financial soundness, and compliance with all state and federal law and regulations. Asset-based fees are the primary revenue source. As of year end approximately \$213B of total assets of bank institutions was under the department's jurisdiction. Utah is eighth largest in total assets under administration of the states. Banking reflects the economy, and times have been difficult since 2008 resulting in closing a number of institutions. The primary cause of the banks closing has been the nature of the loans, primarily in home construction. Improvements have been noted in the last six months. The department works closely with federal agencies. It was pointed out that the department has had one clerical person on staff and no increase in twenty years. Supervisors have had to step in and answer phones. Thus the request for increases in FTE's and computers that are capable of handling new software systems.

There was discussion of the problem of keeping trained examiners past about eight or twelve years since federal agencies pay more or the employees are hired away by the institutions themselves. There was a discussion of reserves and the perceived happening of banks holding on to those reserves because of the economy. Banks do have money to lend, but the problem is fewer people are wanting and able to borrow.

### **Requests for Funding**

Dr. Wilko asked that those appearing before the committee making requests for appropriation come with a one-page information sheet containing the following: the project summary, the budget and requested state funds, any matching funds, and a contact person in the event that the request is granted.

Sherm Wilkinson and Tim Sheehan with a handout discussed the Utah Small Business Development Center network, hosted at Salt Lake Community College, funded by the U.S. Small Business Administration, the Governor's Office of Economic Development, and 8 colleges and universities throughout Utah. The request is for the same funding as last year: \$136,900.

Sen. Stevenson in behalf of the Utah Defense Alliance pointed out that Hill Air Force Base is the largest employer in Utah, and base closures are being looked at again. The request is \$500,000 to be put in GOED and distributed to the Defense Alliance as needed. The Military Installation Development Authority with the associated NSA project at Camp Williams and Falcon Hill west of HAFB were mentioned.

Sen Van Tassell, accompanied by Ryan Starks, Director of Heber Valley Economic Development, and Heber City Mayor Dave Phillips, with a handout explained that to meet new federal regulations Heber Valley Historic Railroad is requesting \$3M one time in 2012 to be used for existing equipment refurbishment and the acquisition and refurbishment of other passenger cars critical to preserving this Utah treasure. Approximately one quarter of the riders are from out of state.

Ms. Louise Wallace, Director Orem Public Library, acknowledged the presence of Donna Morris and Stephen Matthews from the State Library. With a slide presentation the request was made for a new Center for Story at the Orem Public Library which is the home of the Timpanogos Story Telling Festival, the second largest such festival in the nation. Story-telling events are presented year round, mostly free to the public. The total budget for the Center for Story is \$4.4M of which \$3,640,000 has been raised. An additional \$760,000 is needed, and that is the request.

Neil Dabb presented Starhouse Discovery Center, a planetarium and children's museum in Cache Valley which provides school outreach in astronomy but has no permanent location as yet. The request is for \$37,600 for a space simulator.

Rep. Frank and Rep. Cosgrove distributed a handout and asked for \$50,000 for the Earned Income Tax Credit and Voluntary Income Tax Assistance programs which returned \$24M to Utah's families. Many volunteers are involved, and the program has recently expanded into additional counties.

Manufacturing Extension Partnership is asking for \$500,000 to add to the \$919,000 appropriated last year which will allow the program to access the maximum match from the federal government. Chad Parker, Executive Director, distributed a handout detailing the work of MEP: provided services to 96 Utah manufacturing companies, created or retained 4,040 jobs, produced \$176M in additional employee wages, and generated \$24.7M in additional tax revenue. For the past fifteen years MEP has been working to help businesses cut costs to improve their bottom line. Now the emphasis is on innovation and figuring what other markets can be entered especially exporting.

Sen. Stevenson explained the Composites Initiative which was begun by ATK at the Freeport Center and described composites as the steel of the future. Janake Industries was invited by ATK and has joined them. Not part of the Governor's budget the request is for \$2.4M.

Moab Music Festival is requesting \$25,000 for an ongoing project which brings visitors into the community for a folksy family activity.

It was suggested that the committee look at the requests for funding in terms of economic development.

**MOTION:** Rep. Dunnigan moved to adjourn. The motion passed unanimously with Sen. Bramble and Sen. Davis absent for the vote.

Rep. Kiser adjourned the meeting at 9:36 a.m.

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Sen. Jerry Stevenson, Chair

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Rep. Todd Kiser, Chair