

**MINUTES OF THE  
RURAL DEVELOPMENT LEGISLATIVE LIAISON COMMITTEE**

Tuesday, November 8, 2005 – 9:00 a.m. – Room W110 House Building

**Members Present:**

Rep. DeMar 'Bud' Bowman, House Chair  
Sen. Thomas Hatch, Senate Chair  
Sen. Scott K. Jenkins  
Rep. James R. Gowans  
Rep. Eric K. Hutchings  
Rep. Brad King  
Rep. Patrick L. Painter  
Rep. Mark A. Wheatley

**Members Absent:**

Sen. Mike Dmitrich  
Sen. Ed P. Mayne  
Rep. Douglas C. Aagard

**Staff Present:**

Mr. Stewart E. Smith, Policy Analyst  
Ms. Susan Creager Allred, Associate General Counsel  
Ms. Joy L. Miller, Legislative Secretary

**Note:** A list of others present, copy of related materials, and audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Bowman called the meeting to order at 9:15 a.m. Sen. Dmitrich, Sen. Mayne, and Rep. Aagard were excused from the meeting.

**MOTION:** Rep. King moved to approve the minutes of the September 20, 2005 meeting. The motion passed unanimously. Sen. Jenkins, Rep. Hutchings, and Rep. Wheatley were absent for the vote.

**2. Governor's Rural Partnership Board Report**

Mr. Jeff Packer, Co-chair, Board (Governor's Rural Partnership Board), distributed and read a letter from Lt. Governor Gary Herbert in response to the proposed pilot project for economic development in the community of Beaver. The Board requested the assistance of the Committee in encouraging a thorough review of regulations impacting rural infrastructure development and support of ongoing funding for S.B. 57, "Tourism Task Force," which was passed during the 2005 legislative session.

Mr. Packer distributed "Legislative Agenda for the 2006 Session of the Utah State Legislature." He outlined the following recommendations of the Board:

- support legislation to encourage the development of public utility infrastructure in rural Utah and extend broadband service to underserved rural communities;
- provide to the Disadvantaged Rural Community Business Development Fund an additional \$250,000 of ongoing funds;
- provide a one-time appropriation of \$2 million to create a Rural Utah Small Business Development Fund;
- provide ongoing funding to support travel and meeting costs for the Board;
- support legislation to remove barriers that prevent rural colleges and universities from participating in the Centers of Excellence Program;
- support legislation to allow industry associations to pool their memberships for the purpose of jointly pursuing lower cost group healthcare plans;
- review tax policy regarding the imposition of sales tax on business inputs; and
- provide \$100,000 in ongoing funding to support the Utah Smart Site Program.

### **3. Governor's Office of Economic Development - Recommendations Impacting Rural Utah**

Mr. Les Prall, GOED (Governor's Office of Economic Development), stated that the issue of public utility infrastructure in rural Utah and the extension of broadband services to rural communities needs to be addressed.

Mr. Martin Frey, GOED, indicated that the prohibitive costs of broadband are the issue. Because of the lack of telecommunications infrastructure in rural Utah, larger companies, which could bring many jobs, have not located in rural areas.

Mr. Gayle McKeachnie, Governor's Office of Rural Affairs, stated that in addition to cost and availability there must also be quality and redundancy. The PSC (Public Service Commission) does not allow expansion into these areas as part of the rate structure. He commented that one option would be to request a change in PSC rules to allow compensation for power companies that expand.

Mr. Ed Meyer, GOED, discussed the Disadvantaged Rural Community Business Development Fund. Fourteen projects totaling approximately \$846,000 have been requested, eight of which can be funded.

Mr. Delynn Fielding, Carbon County Economic Development, addressed the Rural Utah Small Business Development Fund. He discussed monetary incentives that have been given to businesses in Carbon County. He noted that sustainability is a very real problem. Results have shown that when there is capital, required education, and mentoring, the success ratio and impact are high.

Mr. Mike McCandless, Emery County Economic Development, stated that a majority of the businesses in the county that have received grant money are still in business and are now able to obtain bank loans. He indicated that accountability for the money received is very important.

Mr. Hawley reported on the Board's progress on last year's priorities. Some of the priority issues include encouraging state leaders to study the health insurance crisis in rural Utah, improving coordination between resource partners in support of local entrepreneurs with special focus on economic clusters, and providing ongoing funding for the Utah Smart Site Program.

Mr. McKeachnie expressed concern that there are areas in the state that will not be able to maintain their population if some of these issues are not addressed.

Mr. Frey stated the two issues of top priority are health care benefits to families in rural Utah and establishing infrastructure so rural communities have a fair chance in attracting businesses to their communities. Economic development overall is an investment for the state and it has not received an increase in funding since 1986.

Mr. Eric Isom, Qwest, encouraged the Committee's support of proposed legislation for sales tax exemptions on certain telecommunications equipment, machinery, and software which was adopted by the Tax Reform Task Force.

Mr. Fred Jaeger, citizen, spoke in support of continued funding to the programs created in S.B. 57, "Tourism Task Force."

Ms. Nancy Dalton, Utah Small Cities, Inc., expressed support for the issues discussed. She stated her organization wants to establish economic equity for those counties that are energy rich but receive very little for those resources.

Sen. Hatch encouraged the presenters to meet with committee members in order to promote these issues.

**MOTION:** Sen. Hatch moved to adjourn. The motion passed unanimously.

Chair Bowman adjourned the meeting at 11:05 a.m.