

**MINUTES OF THE
BUSINESS AND LABOR INTERIM COMMITTEE**
Wednesday, July 19, 2006 – 2:00 p.m. – Room W125 House Building

Members Present:

Sen. Scott K. Jenkins, Senate Chair
Rep. Stephen D. Clark, House Chair
Sen. John W. Hickman
Sen. Ed Mayne
Sen. Michael G. Waddoups
Rep. Jackie Biskupski
Rep. David Clark
Rep. Carl W. Duckworth
Rep. James A. Dunnigan
Rep. Ben C. Ferry
Rep. Craig A. Frank
Rep. Todd E. Kiser
Rep. Curtis Oda
Rep. Gordon E. Snow
Rep. Scott L. Wyatt

Members Absent:

Sen. Gene Davis
Sen. Thomas V. Hatch
Rep. J. Stuart Adams
Rep. Neil A. Hansen
Rep. Michael T. Morley

Staff Present:

Ms. Allison Morgan, Policy Analyst
Ms. Patricia Owen, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary

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

1. Committee Business

Chair Clark called the meeting to order at 2:15 p.m.

MOTION: Rep. Kiser moved to approve the minutes of the June 21, 2006 meeting. The motion passed unanimously with Sen. Mayne, Rep. D. Clark, Rep. Ferry, and Rep. Wyatt absent for the vote.

Chair Clark announced that the Legislative Management Committee denied the Revenue and Taxation Interim Committee and this committee's request for a joint subcommittee to discuss government competition with the private sector.

2. Sunrise Process: Legislative Options

Ms. Owen distributed and discussed "Legislative Options: Sunrise Review Process." She reviewed the Committee's previous discussion on the issue, discussed other states' sunrise processes, and listed multiple legislative options.

After Committee discussion, Chair Clark directed staff to open a committee bill file and draft legislation under the direction of Representative Morley that would require OPLR (Occupational and Professional Licensure Review Committee) to provide a report of their findings to a standing committee and an appropriations subcommittee, strengthen the language that requires occupations and professions to come before OPLR for a hearing, and address areas to improve the existing statute.

3. Sunset Review: Utah Code Ann., Title 31A, Chapter 31, Insurance Fraud Act

Ms. Morgan distributed and discussed "Sunset Review: Utah Code Ann., Title 31A, Chapter 31 Insurance Fraud Act," "Fraud Assessments Collected by the Utah Department of Insurance (established in UCA §31A-

31-108)," and "Insurance Fraud Act: UCA, Title 31A, Chapter 31." She explained that the Act will be repealed July 1, 2007 if it is not reauthorized by the Legislature. She explained what the Act does and gave examples of fraudulent insurance acts. She also listed options the Committee could take regarding the Act.

Mr. Neal Gooch, Deputy Commissioner, Utah Insurance Department, distributed and discussed a memo concerning the Insurance Fraud Division's accomplishments for fiscal year 2006. He stated that the Department recommended making the Act permanent.

MOTION: Rep. Frank moved to eliminate the sunset provision for the Insurance Fraud Act. The motion passed unanimously with Sen. Hickman, Sen. Mayne, Rep. Biskupski, and Rep. Kiser absent for the vote.

4. Workers' Compensation Fund

Ms. Owen distributed and discussed "Selected Provisions: Workers' Compensation Fund, A Quasi-Public Corporation, and Payments to Members of its Board of Directors for Their Official Duties," Utah Administrative Code R25-5," and "Language Submitted by Workers' Compensation Fund, July 2006."

Mr. Paul Rogers, WCF (Workers' Compensation Fund), distributed and discussed "2005 NAMIC Directors Compensation Survey Report" and a letter detailing the current per diem of the Board of Directors for the WCF. He asked that the Committee consider adopting the language recommended by WCF that would change the method by which members of the WCF Board of Directors are paid for their service.

Comm. Kent Michie, Commissioner of Insurance, said that he would be able to interpret what reasonable compensation would be for WCF's Board of Directors if directed to do so by the Legislature.

MOTION: Sen. Waddoups moved to direct staff to open a committee bill file and draft legislation consistent with the document "Language Submitted by Workers' Compensation Fund, July 2006" for future legislation. The motion passed with Rep. Biskupski and Rep. Snow voting in opposition and Sen. Hickman, Sen. Mayne, Rep. Dunnigan, and Rep. Kiser absent for the vote.

5. Contracting in the Construction Industry

Mr. David Stanley, Associate Director, Division of Occupational and Professional Licensing, explained that construction bids are governed by plans and specifications. He explained that there are three ways that construction jobs are bid: (1) hard bids, where an owner hires an engineer or architect; (2) use of a construction manager to oversee the project; and (3) design build, where a general contractor oversees the project.

Mr. Brad Stevens, Chair, Construction Services Commission, explained that construction designs are becoming more complex, and items are often left off project drawings. He said that subcontractors usually end up paying the cost of missed or forgotten parts and items that are needed to complete a project. He also said that projects that span several years create problems with bidding costs being accurate, because it is difficult to foresee costs several years in advance.

Mr. Rich Thorn, Association of General Contractors, said that the risks of construction costs need to be shared between all parties involved and not just paid by the contractors. He explained that cost-escalation contracts help to accomplish that.

Minutes of the Business and Labor Interim Committee
July 19, 2006
Page 3

Mr. Keith Stepan, Director, DFCM (Division of Facilities Construction and Management), said that DFCM has a standard for state specifications to help with costs. They also have added 24 percent to project costs to cover the rising price of labor and materials.

Mr. Ken Adlam, AIA Utah (American Institute of Architects), said that his organization is willing to participate in any studies done on this topic. He agreed that there is room for improvement concerning specifications.

6. Other Items / Adjourn

MOTION: Rep. Frank moved to adjourn the meeting. The motion passed unanimously with Sen. Hickman, Sen. Mayne, Sen. Waddoups, Rep. Biskupski, Rep. Dunnigan, Rep. Kiser, Rep. Snow, and Rep. Wyatt absent for the vote.

Chair Clark adjourned the meeting at 4:44 p.m.