

**MINUTES OF THE  
BUSINESS AND LABOR INTERIM COMMITTEE**  
Wednesday, June 20, 2007 – 9:00 a.m. – Room W125 House Building

**Members Present:**

Sen. Kevin T. VanTassell, Senate Chair  
Rep. Stephen D. Clark, House Chair  
Sen. Gene Davis  
Sen. John W. Hickman  
Sen. Ed Mayne  
Sen. Wayne L. Niederhauser  
Rep. Jackie Biskupski  
Rep. David Clark  
Rep. James A. Dunnigan  
Rep. Ben C. Ferry  
Rep. Kevin S. Garn  
Rep. Todd E. Kiser  
Rep. Karen W. Morgan  
Rep. Michael T. Morley  
Rep. Paul A. Neuenschwander  
Rep. Mark W. Walker

**Members Excused:**

Rep. Carl W. Duckworth

**Members Absent:**

Sen. Dan R. Eastman  
Rep. Gordon E. Snow

**Staff Present:**

Ms. Allison M. Nicholson, 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](http://www.le.utah.gov).

**1. Committee Business**

Chair VanTassell called the meeting to order at 9:04 a.m. He announced that Rep. Duckworth was excused from the meeting.

**MOTION:** Sen. Davis moved to approve the minutes of the May 16, 2007 meeting. The motion passed unanimously with Sen. Hickman, Rep. D. Clark, and Rep. Ferry absent for the vote.

**2. Report: Rocky Mountain Center for Occupational and Environmental Health**

Dr. Kurt Hegmann, Director, RMCOEH (Rocky Mountain Center for Occupational and Environmental Health), gave a presentation on the background and the purpose of the RMCOEH, introduced the directors, and discussed the RMCOEH's current research projects. He also discussed "RMCOEH Advisory Board," which was distributed prior to the meeting, and introduced Dennis Lloyd and Don Marano, chair and vice chair of the RMCOEH Advisory Board, respectively.

Dr. Hegmann discussed the RMCOEH's funding sources including federal and other various research grants, clinical services, and University of Utah appropriations from the Legislature.

**3. Professional Employer Organizations (PEOs)**

Ms. Owen discussed "Professional Employer Organization Registration Act," which was distributed prior to the meeting. She explained the history of the Act, registration options for PEOs in Utah, unlawful conduct and penalties, and other aspects of the Act.

Rep. Dunnigan further introduced the issue, asking three questions for initial discussion: should PEOs continue to be registered with the state or should licensure be required; which state regulatory agency should have oversight; and is there currently adequate oversight and regulation for PEOs?

Mr. Adam Peer, Assistant Director, State Government Relations, NAPEO (National Association of Professional Employer Organizations), distributed and discussed a copy of his testimony to the Committee. He provided a summary of PEO regulation on a state-by-state basis and a summary of the PEO industry.

Mr. Bill Pendleton, Chair, Utah Leadership Counsel, NAPEO, said that the PEO industry is concerned with some problems that have emerged in the industry and that the industry supports regulations. He responded to questions from the Committee and discussed issues including tax and insurance.

Ms. Suzette Green-Wright, Director, Health Insurance Division, Utah Insurance Department, discussed issues related to health insurance coverage and PEOs.

Ms. Joyce Sewell, Director, Industrial Accidents Division, Labor Commission, discussed Workers' Compensation insurance coverage and PEOs.

Mr. F. David Stanley, Director, DOPL (Division of Occupational and Professional Licensing), highlighted the registration fee for PEOs, and said that there are no investigators or auditors from DOPL overseeing PEOs. In order to further regulate PEOs, he explained that DOPL would need adequately trained auditors and there would need to be close coordination with other state agencies.

#### **4. Sunset Review: Mechanics' Liens and State Construction Registry (SCR)**

Ms. Nicholson discussed "Overview: Legislative Oversight and Sunset Act," which was distributed prior to the meeting. She also discussed various actions the Committee could take regarding the sunset review of mechanics' liens and the SCR.

Rep. Morley introduced the issue, gave background information on the SCR, and spoke on the importance of transparency in aspects of construction transactions. He explained that he believes the SCR accomplishes that transparency. He said that industry representatives he has spoken with are supportive of continuing the SCR.

Mr. Michael Rice, Project Manager, Utah Interactive, discussed the operation and the expansion of the SCR. He noted the increase in SCR filings of notice of commencement, preliminary notice, and notice of completion.

Mr. Stanley indicated that he feels that the SCR is working; that it benefits homeowners, contractors, and subcontractors; and that payments work more smoothly because of the SCR. He said DOPL has a goal of training 20,000 contractors in the SCR, and approximately 10,000 contractors have been trained and given credit hours for their training in the SCR. Mr. Stanley said that DOPL has tried to make the SCR easy and convenient for all users and that it has been pleased with the work of Utah Interactive.

Mr. Tom Harper, SCR Manager, DOPL, explained his role in managing the SCR and educating potential users. Mr. Harper gave the web address of the SCR: [www.scr.utah.gov](http://www.scr.utah.gov).

Mr. Darryl Bostwick, Bostwick & Price, spoke in support of the SCR and explained that lien filings and litigation have decreased in his office since the SCR started.

**MOTION:** Rep. Morley moved to recommend reauthorization of the statutory provisions regarding mechanics' liens and state construction registry by removing them from the "Sunset Act." The motion passed unanimously with Sen. Davis, Sen. Mayne, and Rep. Garn absent for the vote.

#### **5. Report: Division of Occupational and Professional Licensing**

Mr. Stanley and Mr. Harper gave a report regarding building permits in Utah. Mr. Harper discussed standardization of building permitting and said that compliance and new notification requirements of issuing building permits seem to be going well.

#### **6. Other Items / Adjourn**

**MOTION:** Rep. D. Clark moved to adjourn the meeting. The motion passed unanimously with Sen. Davis, Sen. Mayne, Rep. Garn, and Rep. Morley absent for the vote.

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