

**MINUTES OF THE
GOVERNMENT COMPETITION AND PRIVATIZATION SUBCOMMITTEE**

Tuesday, July 31, 2007 – 9:00 a.m. – Room W125 House Building

Members Present:

Sen. Howard A. Stephenson, Senate Chair
Rep. Craig A. Frank, House Chair
Sen. Brent H. Goodfellow
Sen. Wayne L. Niederhauser
Rep. Tim M. Cosgrove
Rep. Kevin S. Garn
Rep. Michael T. Morley
Rep. Mark W. Walker

Members Absent:

Rep. Carl W. Duckworth

Staff Present:

Mr. Leif G. Elder, Research 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. Subcommittee Business

Chair Frank called the meeting to order at 9:11 a.m. He excused Rep. Duckworth from the meeting.

MOTION: Sen. Goodfellow moved to approve the minutes of the June 27, 2007 meeting. The motion passed unanimously with Rep. Morley and Rep. Walker absent for the vote.

Mr. Geoffrey Segal, Director of Government Reform Policy, Reason Foundation, distributed and discussed "Developing Transparent, Accountable and High Performing Competition and Privatization Programs." He stated that a state can save money by buying the services it needs rather than providing the services itself. He discussed six recommendations to help states foster competition and privatization.

Mr. Doug Richins, Director, Division (Utah Division of Purchasing and General Services), explained how the Division assists with original requests for proposals and oversees the procurement process. He noted that the administration and oversight of finished contracts are an agency's responsibility.

2. Selected Local Option Sales and Use Taxes

Mr. Elder distributed and discussed "Transient Room Tax and Tourism, Recreation, Cultural, and Convention Facilities Tax." He gave an overview of the TRT (Transient Room Tax) and the TRCC (Tourism, Recreation, Cultural, and Convention Facilities Tax). He discussed previous years' revenues from the county local option taxes. Mr. Elder also distributed and discussed "Carbon County Expenditures with Comparison to Budget" and "Iron County Transient Room Tax and Restaurant Tax Expenditures."

Mr. Darrin Casper, Chief Financial Officer, Salt Lake County, distributed and discussed "TRCC/TRT Funds Overview." He discussed the sources of revenue for the TRCC Fund and the TRT Fund in Salt Lake County and the allowed uses for each fund. Mr. Casper also explained Salt Lake County's expenditures from Salt Lake County's TRCC and TRT funds.

Mr. Mont Evans, representing Utah Restaurant Association, discussed concerns with the unfairness of the tax on the restaurant industry when other industries benefit from those taxes.

Mr. Bill Malone, Executive Director, Park City Chamber (Park City Chamber of Commerce and Visitors Bureau), discussed TRT revenues and the portion that does to the Park City Chamber. He explained that Park City does not have a meeting facility but that there are 26 other properties that the Park City Chamber refers individuals to if they need meeting space. He said the Park City Chamber spends money received from the TRT and TRCC funds for securing and marketing special events in Park City.

Mr. Blake Frazier, Auditor, Summit County, distributed and discussed "Transient Room Tax." He added to Mr. Malone's comments and discussed revenues and expenditures in Summit County from the TRT and TRCC funds.

Mr. Steve Rawlings, Clerk/Auditor, Davis County, distributed "Davis County, Utah Restaurant Tax Revenues," "Davis County, Utah Tourism Revenues," and "Davis County, Utah Tourism Revenues/Expenditures." He discussed Davis County's revenues and expenditures from the TRT and the TRCC.

Mr. Wilf Sommerkorn, Community and Economic Development Director, Davis County, spoke about the success of the Conference Center (Davis County Conference Center). He said that although Davis County owns the Conference Center, it is run by a private group.

Mr. Gary Griffiths, Western States Lodging and Management, explained that his company is contracted to operate the Conference Center.

3. Conference Centers

Ms. Louenda Downs, Commissioner, Davis County Commission, distributed and discussed "Davis County Conference Center." She explained that the Conference Center was built because there was a need for a large facility in Davis County that could hold more than 200 people. She explained that the Conference Center has been very successful.

Mr. Sommerkorn added to Ms. Downs' comments. He said the Conference Center has been a great success and that Davis County is now expanding the Conference Center to include space for expositions. He also said Davis County wants to attract more out-of-state businesses, rather than local businesses.

Mr. Richard Bradford, Director of Economic Development, and Mr. Gary Clay, Chief Financial Officer, Pleasant Grove City, discussed the future Convention Center (Pleasant Grove Convention Center) and explained sources of funding and land for the Convention Center.

Mr. Evans reiterated his previous comments about the tax on the restaurant industry.

Mr. Joel Raker, President and CEO, Utah Valley Convention and Visitors Bureau, spoke about potential facilities in Utah County. He also explained that Utah County currently has inadequate meeting space for large conventions.

Mr. Alan Hansen, Chair, Davis County Commission, explained that the Utah Restaurant Association has not followed up with the Davis County Commission about the Association's concerns and said that the Association is welcome to approach the Davis County Commission.

4. Statutory Procedure Requirements Related to Government Competition and Privatization

Ms. Owen gave a presentation titled "Procedures." She discussed different procedures that could be created by statute to address government competition and privatization.

Mr. Dave Buhler, Associate Commissioner of Public Affairs, Utah System of Higher Education, discussed ways that colleges and universities in Utah contain competition.

Mr. Alan James, Division Director, Correctional Industries (Utah Correctional Industries), explained how Correctional Industries attempts to reduce competition with the private sector, but that because of the statute that created Correctional Industries, competition cannot be helped in some areas. He explained that Correction Industries produces furniture, license plates, and affordable low-income housing, but that competition is curbed because they have such a limited market.

MOTION: Rep. Garn moved to ask the Legislative Audit Subcommittee to direct the Legislative Auditor General to conduct an audit of the future Pleasant Grove Convention Center and, if possible, provide the results of the audit to the Subcommittee before the last meeting of the Subcommittee. The motion passed unanimously with Sen. Niederhauser and Rep. Walker absent for the vote.

Rep. Morley suggested that the Subcommittee include in their discussion a study of utility monopolies that are created by certain municipalities.

5. Other Items / Adjourn

MOTION: Rep. Garn moved to adjourn the meeting. The motion passed unanimously with Sen. Niederhauser, Rep. Morley, and Rep. Walker absent for the vote.

Chair Frank adjourned the meeting at 1:44 p.m.