

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND REVENUE
APPROPRIATIONS SUBCOMMITTEE**

Room W140 West Office Building, State Capitol Complex

January 16, 2008

Members Present: Sen. Bill Hickman, Co-Chairman
Rep. Sheryl Allen, Co-Chairman
Sen. Gene Davis
Rep. Jim Bird
Rep. Jackie Biskupski
Rep. Julie Fisher

Members Excused: Sen. Dan Eastman
Rep. Steven R. Mascaro

Staff Present: Dr. Andrea Wilko, Chief Economist
Dr. Thomas Young, Economist
Jennifer Eyring, Committee Secretary

Sen. Hickman called the meeting to order at 9:02 a.m. and welcomed everyone present.

Dr. Andrea Wilko gave an introduction to the purpose of the meeting and the committee budget for this session. Each agency was asked to present their mission statement, how funding had been spent over the last year, performance measures, and any non-lapsing balance increases.

The allocation for the committee is \$89,316,800 from the General Fund and \$20,360,400 from the Education Fund. The base budget includes Dedicated Credits, Federal Funds and Transfers. Decreases in restricted revenues are shown, but any increases are treated as Building Blocks. Items included in the base budget bills were reviewed.

Dr. Wilko provided the committee with applicable pages from the report, "Significant Factors Driving Agency Budget Requests". This included agency requests for the Governor's budget. The committee was also provided with a report from the agencies on the status of expenditures from FY07 Building Blocks, including amounts spent, amounts remaining, how the funds were spent, and the resulting benefits.

The constraining factor for this year's budget will be the appropriations limitations. The Executive Appropriations Committee reserved \$116,000,000 as a cushion against the downside risks that are entering the economy. Available one-time funds are \$452,000,000 and on-going funds are \$386,000,000.

Dr. Wilko gave an introductory overview of some of the issues the following agencies will be dealing with in the upcoming year.

The Department of Community and Culture will be dealing with the continuation of the digitization process, a likely increase in unemployment and the increasing need for grants.

The Governor's Office of Economic Development (GOED) will be concerned with four major incentive packages, which include the Industrial Assistance Fund, the Economic Development Tax Increment Financing Fund, the Motion Picture Incentive Fund and the Tourism Marketing Performance Fund.

The Utah Sports Authority is a newly created entity designed to administer sports programs throughout the state and house the Pete Suazo Athletic Commission. GOED is currently providing administrative support. A handout explaining the structure, powers and duties, and issues to be considered was supplied to the committee.

The USTAR program is working to develop current research and to bring it to commercial markets that will increase business for the state.

Dr. Thomas Young, Economist, introduced the issues associated with the Tax Commission. These included the status of updating of the Tax Commission's computer systems, the Master Settlement Agreement, postage and tax changes.

Dr. Wilko directed the committee's attention to the Compendium of Budget Information for the 2008 General Session.

Utah Tax Commission

Rod Marrelli, Executive Director, Utah Tax Commission, introduced Julie Alsop, Tax Commission Budget Officer and Pam Hendrickson, Chair, Utah Tax Commission and reviewed the organization chart and the revenue collection charts given to the committee. Progress on the Arches Project was discussed. The tax modernization project is in its second year, with the income tax portion being completed last year and the sales tax and use portion to go online in March 2008. Use of previous Building Block funds was reported. Performance measures were highlighted in the areas of usage of motor vehicle registration online or outsourced offices, online income tax filing, telephone customer service, centrally assessed property taxes, and collections costs. Mr. Marrelli answered questions from the committee on motor vehicle department buildings, online usage, and state income tax withholding.

Senator Hickman thanked the Commission for the work they do for the state.

Department of Community and Culture

Palmer DePaulis, Executive Director, Department of Community and Culture, introduced Ally Isom, Deputy Director, Department of Community and Culture, Philip Notarianni, Director, Division of State History, Lynette Hiskey, Assistant Director, Utah Arts Council, Gordon Walker, Director, Division of Housing and Community Development, Donna Jones Morris, Director, State Library, Rebecca Nelson, Research Analyst, Division of Indian Affairs.

Mr. DePaulis discussed the department's base budget and future needs in technology, lease costs, parking and the personnel budget for the Division of Indian Affairs. The department's Balance Scorecard is mainly concerned with the identification, acquisition, preservation and public access of resources.

Ally Isom answered questions from the committee about the need for a research analyst position.

Mr. DePaulis discussed the digitization project and the role of project manager, Randy Cox. Ongoing funds used currently for projects will be used for operational costs as projects are completed.

Randy Cox answered questions from the committee about operational costs.

A video presentation was shown highlighting the new logo and a sample of digitized collections. The digitization project increases public access to collections, databases and grants management. The Utah Archeological Sites project was highlighted as one that is 75% complete and should be finished in June.

Kristen Jensen, Project Manager, Division of History, answered questions from the committee about the archeological project and sites protected by GRAMA.

Wilson Martin, Associate Director and State Historic Preservation Officer, Division of History, answered further committee questions about GRAMA and the availability of information to the public and to private sectors.

Senator Hickman relinquished the chair to Rep. Allen.

The presentation was continued by showing the progress of the digitization of the National Registration nominations. This project will be completed in June and will be tied into the National Register Database. Digitization projects in the Division of Arts and the Division of Libraries were also reviewed.

Grants Review - Potential Legislation

Rep. Allen gave an overview of potential legislation that would provide a review of grant requests for the committee. This is to provide a better process for evaluation of grant requests.

Utah Sports Authority and Sports Commission

Jason Perry, Executive Director, Governor's Office of Economic Development, gave a brief report on the Utah Sports Authority and the Sports Commission. Utah Sports Authority was authorized last year by the legislature and is in the process of being formed. The Pete Suazo Athletic Commission is under the umbrella of the Utah Sports Authority. The Sports Commission is a non-profit group that receives some funding from the state.

Dr. Wilko answered questions from the committee about the Utah Sports Authority.

KUED

Ken Verdoia, Director of Production Services, KUED, reported on the digitization project partially funded by the legislature and the remaining phase to be completed. A handout was provided the committee showing funding and project progress.

Antelope Island Balloon Stampede

Vaughn Jacobsen, Business Manager, Ogden Standard-Examiner, Chair, Antelope Island Balloon Stampede spoke in behalf of the balloon festival. He introduced John Pitt, Davis Chamber of Commerce, and Barbara Riddle, Davis Area Convention and Visitors' Bureau. Funding received was primarily used for marketing and promotion outside the state of Utah. Volunteers for the organization were acknowledged. The goals of economic development and education were discussed.

UBiDS

Kori Ann Edwards, Vice President, Logistics Specialties Inc. and Director, UBiDS, introduced Chuck Spence, Deputy Director, Governor's Office of Economic Development, Procurement Technical Assistance Center (PTAC). Mr. Spence introduced the Procurement team, Nicole Call, Deputy Director, Utah Defense Alliance and Gary Harter, Utah Defense Alliance Board. UBiDS helps small business procure government contracts. Clients have procured \$86 million in government contracts, affecting over 1700 jobs. Kori Ann Edwards answered questions from the committee.

Rep. Allen recessed the meeting at 12:10 pm to be reconvened at 2:00 p.m.

Rep. Allen called the meeting to order at 2:11 p.m.

USTAR

Ted McAleer, Executive Director, USTAR, following a handout provided the committee, reviewed the purpose and progress of the USTAR program. USTAR focuses on three areas, Research Teams, Science Technology Research Buildings and Technology Outreach Programs. The program funding, organization, governing body and accomplishments were highlighted. Mr. McAleer introduced the Technology Outreach and Innovation Program (TOIP) Directors: Dr. Bill Pratt, Southern Utah TOIP Director, Steve Roy, Central Utah TOIP Director, Curt Roberts, Northern Utah TOIP Director, Devin Thorpe, TOIP Managing Director, Dr. Suzanne Winters, Salt Lake County TOIP Director, and Ted Frederick, Eastern Utah TOIP Director. Questions from the committee were addressed.

GOED

Jason Perry, Executive Director, Governor's Office of Economic Development, reported that Utah is one of the top states for economic development. The three areas of funding for GOED are Administration, Business Development, and Tourism. Business Development is divided into

the Create business section, headed by Gary Harter, the Grow business section, headed by Doug Clark, and the Recruit and retain section, headed by Derek Miller. Incentives are focused on key economic development clusters to recruit business and grow businesses within the state. The return on investments through the incentive program was illustrated in the handout to the committee. GOED is also working to recruit talent to come to Utah to work. Questions from the committee on international trade were addressed. The GOED 2007 annual report was provided to the committee.

Leigh Von der Esch, Director, Governor's Office of Tourism, provided a handout and corresponding video presentation including the mission statement, spending, marketing, economic impact, and return of investment. The committee was shown the advertisement for the new Delta non-stop flight between Salt Lake City and Paris. The ad is being shown on all Delta flights.

Marshall Moore, Director, Utah Film Commission, introduced Mimi Davis-Taylor, Producer Services Executive, Ricardo Flores, Marketing and Creative Executive, Derek Mellus, Producer Services Executive, and Trevor Snarr, Communications and Public Relations Specialist. Film incentives and their economic impact were presented.

Dr. Wilko outlined the upcoming meeting schedules.

Rep. Allen adjourned the meeting at 3:26 pm.

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Bill Hickman, Co-Chair

Rep. Sheryl L. Allen, Co-Chair