

**MINUTES OF THE
WORKFORCE SERVICES AND COMMUNITY
AND ECONOMIC DEVELOPMENT INTERIM COMMITTEE**
Wednesday, August 18, 2010 – 9:00 a.m. – Room 450 State Capitol

Members Present:

Sen. Mark B. Madsen, Senate Chair
Rep. Steven R. Mascaró, House Chair
Sen. Ralph Okerlund
Sen. Luz Robles
Rep. Laura Black
Rep. James A. Dunnigan
Rep. Neil A. Hansen
Rep. Christopher N. Herrod
Rep. Paul Ray
Rep. Kenneth W. Sumsion
Rep. Christine F. Watkins

Members Absent:

Sen. Daniel R. Liljenquist
Sen. Patricia W. Jones

Staff Present:

Mr. Arthur L. Hunsaker, Policy Analyst
Mr. James L. Wilson, Associate General Counsel
Ms. Glenda S. Whitney, 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 Madsen called the meeting to order at 9:04 a.m. Sen. Jones was excused from attending the meeting.

MOTION: Rep. Mascaró moved to approve the minutes of the June 23, 2010 meeting. The motion passed unanimously with Sen. Robles, Rep. Herrod, Rep. Ray, and Rep. Sumsion absent for the vote.

2. Update: Solvency of Unemployment Insurance Trust Fund

Ms. Kristen Cox, Executive Director, Department of Workforce Services (DWS), distributed and reviewed the handouts "UI Trust Fund Balance Projections," "UI Rate Calculations and Explanations," and "Unemployment Insurance Trust Fund Balance." She reported that according to DWS's latest projections, the Unemployment Insurance Trust Fund would not go insolvent until 2013 rather than the 2011 date previously reported.

3. Use of "Liberally Construed" in Administrative Rule (Sen. Madsen)

Mr. Geoffrey Lanward, General Counsel, DWS, noted that a particular department rule that included the phrase, "Liberally construed" was used exclusively in the department's adjudicative proceedings and recommended that it should remain in the rule to protect the rights of the public involved in those proceedings.

4. Food Stamp Rule (R986-900-902)

Ms. Cox distributed and reviewed handouts "Food Stamp Caseload" and "Rule Change Overview." She reported that due to a recent administrative rule change, the income generated by

ineligible alien household members will no longer be prorated and the full value of all assets will be counted toward determining food stamp eligibility. She noted the effect of this change is that households that include one or more ineligible aliens may receive fewer food stamps.

Ms. Kathy Link, Program Manager, Eligibility Services Division, DWS, responded to committee members' questions on how undocumented residents are determined in a household for the purpose of food stamp eligibility.

Committee discussion followed.

5. Tax Credits for Motion Picture Productions

Mr. Spencer Eccles, Executive Director, Governor's Office of Economic Development (GOED), distributed a Utah travel guide, "Life Elevated," that promotes Utah as a tourist destination. He introduced Mr. Marshall Moore, Director, Utah Film Commission, GOED, and Mr. Derek Miller, Managing Director, Business Incentives and Growth, GOED, who helped with the presentation regarding tax credits for motion picture productions. Mr. Eccles said that motion picture production is an industry that not only helps create jobs, but also helps to market the state.

Mr. John Kelly, Movie Producer, producer of the movies "127 Hours" and "The World's Fastest Indian" that were filmed in Utah, commented on his filming experiences in Utah and discussed the competing incentives that brought him to Utah to film the two movies. He said tax credits are a big incentive that bring movies to Utah and a bigger incentive would bring more film productions to Utah.

Mr. Eccles noted that the major studios analyze all incentive programs in the United States and internationally to find the best deal for any particular production. He requested that the state's funding of motion picture cash rebates and tax credits be ongoing. He also requested that the current 20 percent incentive given to qualifying film projects on the money they spend in the state be raised to 25 percent.

After committee discussion, Chair Madsen asked GOED to analyze and calculate revenue projections if the incentive was raised to 30 percent.

Mr. Eccles said he would take the committee's recommendation back to GOED and will come back at a future meeting to discuss the possible options.

Mr. Jerold Oldroyd, Attorney, Ballard Spahr, member of GOED's Board, and Chair of the board's Incentives Committee, spoke in support of a 30 percent incentive and to eliminate the current cap.

Chair Madsen turned the chair over to Rep. Mascaro.

6. Potential Legislation Regarding Enterprise Zones

Rep. Kraig Powell introduced this issue and discussed the Enterprise Zone Act provisions that needed clarification in regard to tax incentives offered in enterprise zones. He said it was his intention to prepare legislation for the 2011 General Session addressing his concerns with current law governing enterprise zone tax incentives and bring back the legislation to the Committee.

Mr. Les Prall, GOED, commented on this issue and agreed that the statute needed further clarification regarding tax credits claimed by a business entity within an enterprise zone.

Mr. Wilson noted that he had been asked to open a bill file on this issue and distributed "Enterprise Zone Act" statutes for the Committee to review.

7. Other Items /Adjourn

MOTION: Rep. Black moved to adjourn the meeting. The motion passed unanimously. Sen. Madsen, Sen. Robles, Rep. Dunnigan, Rep. Hansen, Rep. Herrod, and Rep. Sumsion were absent for the vote.

Chair Mascaro adjourned the meeting at 11:41 a.m.