

**MINUTES OF THE
BUSINESS AND LABOR INTERIM COMMITTEE**
Wednesday, July 20, 2011 – 8:00 a.m. – Room 210 Senate Building

Members Present:

Sen. John L. Valentine, Senate Chair
Rep. James A. Dunnigan, House Chair
Sen. Curtis S. Bramble
Sen. David P. Hinkins
Sen. Daniel R. Liljenquist
Sen. Karen Mayne
Rep. Jim Bird
Rep. Derek E. Brown
Rep. Melvin R. Brown
Rep. Brian Doughty
Rep. Susan Duckworth
Rep. Gage Froerer
Rep. Francis D. Gibson
Rep. Eric K. Hutchings
Rep. Don L. Ipson
Rep. Todd E. Kiser

Rep. Bradley G. Last
Rep. Dixon M. Pitcher
Rep. Jennifer M. Seelig
Rep. Larry B. Wiley
Rep. Brad R. Wilson

Members Absent:

Sen. Gene Davis
Sen. Kevin T. Van Tassell
Rep. Michael T. Morley

Staff Present:

Mr. Bryant R. Howe, Assistant Director
Ms. Patricia Owen, Associate General Counsel
Ms. Joy L. Miller, 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 Valentine called the meeting to order at 8:10 a.m. Sen. Davis was excused from the meeting. He welcomed Rep. Brian Doughty, who was appointed to replace Rep. Jackie Biskupski who resigned from the Legislature.

Rep. Doughty introduced himself to the Committee and briefly discussed his background.

MOTION: Rep. Ipson moved to approve the minutes of the June 15, 2011 meeting. The motion passed unanimously. Rep. M. Brown, Rep. Seelig, and Rep. Wiley were absent for the vote.

2. "Helmets to Hardhats" Program

Sen. Mayne explained that the state has always honored the Helmets to Hardhats program and supported veterans' rights. She discussed the Veteran Center at the Salt Lake Community College, which is the only complete veterans' support system in the United States within the community college system.

Mr. Darrell Roberts, Director, Helmets to Hardhats, thanked the Committee and the state for working with the program to help veterans transition successfully into quality careers. He reminded the Committee of the tour scheduled for July 21.

Sen. Valentine turned the chair over to Rep. Dunnigan.

3. Alcoholic Beverage Control Act Amendments

Sen. Valentine discussed 2011 Second Special Session S.B. 2002, "Alcoholic Beverage Control Act Amendments," which was included in the supplemental mailing. He stated that the bill addresses minor issues that have been raised.

(C) in accordance with Subsection 32B-6-703(2)(e), notifies the department that effective March 1, 2012, the on-premise beer retailer licensee will seek to be licensed as a beer-only restaurant; or

- 1278 ~~{(ii) is not operational as of January 1, 2011, if a person applying for the beer-only~~
1279 ~~restaurant license:~~
1280 ~~—(A) has as of January 1, 2011, a building permit to construct the restaurant;~~
1281 ~~—(B) is as of January 1, 2011, actively engaged in the construction of the restaurant, as~~
1282 ~~defined by rule made by the commission;~~
1283 ~~—(C) is issued the beer-only restaurant license by no later than [December 31, 2011]~~
1284 ~~May 1, 2012; and~~
1285 ~~—(D) once constructed, will have a bar structure that does not meet the requirements of~~
1286 ~~Subsection 32B-6-905(12)(a)(ii); or }~~
1287 ~~{(iii)}~~ (ii) is a bar structure grandfathered under Section 32B-6-409.

The motion passed unanimously. Rep. M. Brown, Rep. Seelig, and Rep. Wiley were absent for the vote.

Mr. Earl Dorius, Regulatory Director, Department of Alcoholic Beverage Control (DABC), said there are about 500 on-premise beer licenses and he is not sure at this time how many of them will elect to become a recreational amenity type on-premise beer license or a beer-only restaurant license. He indicated that the deadline to make the election is August 1, 2011.

MOTION: Rep. Ipson moved to favorably recommend 2011 Second Special Session S.B. 2002, "Alcoholic Beverage Control Act Amendments," as amended. The motion passed unanimously. Rep. M. Brown, Rep. Seelig, and Rep. Wiley were absent for the vote.

Rep. Dunnigan turned the chair over to Sen. Valentine

4. Insurance Amendments

Staff distributed 2011 Second Special Session H.B. 2003, "Insurance Amendments" to the Committee.

MOTION: Rep. Dunnigan moved to amend the bill as outlined on the House Floor Amendments dated July 20, 2011 at 6:44 AM as follows:

1. *Page 7, Lines 206 through 213:*

- 206 (6) The small employer carrier may not use case characteristics other than the
207 following:
208 (a) age of the employee, [~~as determined at the beginning of the plan year, limited~~

to:] in
209 accordance with Subsection (7):
210 (b) geographic area:
211 (c) family composition in accordance with Subsection (9): ~~{and}~~
212 (d) for plans renewed or effective on or after July 1, 2011, gender of the employee
and
213 spouse ; and
(e) for an individual age 65 and older, whether the employer policy is primary
or secondary to Medicare .

1. *Page 8, Line 214:*

214 (7) Age ~~{shall be determined at the beginning of the plan year}~~ . limited to:

1. *Page 14, Lines 404 through 407:*

404 (b) the Health Insurance Exchange shall provide [~~an employer who is participating~~
~~in~~
405 ~~the defined contribution arrangement market of the Health Insurance Exchange and the~~]
an
406 employer and the employer's producer with premium renewal rates at least 60 days prior
to [a]
407 the group's renewal date for a plan offered under Part 2, Defined Contribution
Arrangements. =
(3) An insurer does not have to provide additional notice of premium renewal
rates to the employer or the employer's producer if the Health Insurance Exchange
provides notice in accordance with Subsection (2)(b).

The motion passed unanimously. Rep. Seelig and Rep. Wiley were absent for the vote.

Rep. Dunnigan explained that the bill amends the provisions related to health benefit plans in the Insurance Code. He said the objective of the bill is to provide a more open market place.

Mr. Travis Wood, Utah Health Plans, spoke in support of the legislation and thanked Rep. Dunnigan for his efforts.

MOTION: Rep. Bird moved to favorably recommend 2011 Second Special Session H.B. 2003, "Insurance Amendments," as amended. The motion passed unanimously. Rep. Seelig was absent for the vote.

Sen. Valentine turned the chair over to Rep. Dunnigan.

5. Implementation of 2011 General Session H.B. 128 "Health Reform Amendments" --

Regulation of Health Benefit Plans

Ms. Tanji Northrup, Health Division Director, Utah Insurance Department, distributed and reviewed a summary of current federal health insurance reforms. She outlined the actions taken by the state regarding preexisting condition exclusions, annual and lifetime limits, rescissions, coverage of preventive health services, extension of adult dependents, bringing down the cost of health care, the appeals process, and patient protections.

Ms. Northrup responded to questions from the Committee.

6. Report from the Office of the Legislative Auditor General: "A Review of DABC Actions Regarding a \$300,000 Loss from a Package Agency"

Mr. Dennis Kellen, DABC, stated there is no question that the incident described in the audit occurred. However, DABC has taken numerous actions to improve the oversight and financial accountability of all package agencies. He said it was never the intent of the DABC or staff members to hide anything from the Alcoholic Beverage Control Commission (Commission) or any other state agency. He outlined the steps DABC has taken to correct the problems. He indicated that an audit manager has been established who is responsible for all package agencies. He noted that anytime a package agency changes from one type to another type, the matter will be taken before the Commission.

Mr. Kellen and Mr. Leonard Langford, DABC, responded to several questions from the Committee regarding other package agencies, actions of DABC staff, the possibility of privatization, and the recommendations proposed by the Legislative Auditor General in the audit. Mr. Kellen indicated that he takes full responsibility for what occurred with the Eden package agency.

Rep. Ipson asked DABC to provide information regarding the aging of accounts receivable from all package agencies. He stressed the need to address the issue as soon as possible.

Mr. Brian Dean, Audit Supervisor, Office of the Legislative Auditor General, said they spoke with the operator of the package agency in Eden who indicated that over 98 percent of his income was from the sale of liquor. He explained that the primary source of income of a type 2 package agency should not be from the sale of liquor.

7. Renewal Fees for Full-Service Restaurant Licenses Under the Alcoholic Beverage Control Act

Mr. Dorius said DABC is recommending a flat license renewal fee of \$1,430 for a full service restaurant license. He discussed how the proposed fee compares with other states.

Ms. Melva Sine, Utah Restaurant Association, expressed concern that a flat rate fee is being considered. She stated that during these difficult economic times, small industries are struggling and the proposed fee is a huge increase for them. She said she would like the rate structure maintained the way it is currently.

Ms. Maria Sharp, small business owner, said when she first started running a restaurant, \$300 was the renewal fee. She said the increased fee would hurt her business. Ms. Sharp indicated they have to keep their liquor license to compete with larger businesses.

8. Other Items / Adjourn

Minutes of the Business and Labor Interim Committee
July 20, 2011
Page 6

MOTION: Sen. Bramble moved to adjourn. The motion passed unanimously.

Chair Dunnigan adjourned the meeting at 10:05 a.m.