

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES
INTERIM COMMITTEE**

Wednesday, June 20, 2012 – 8:00 a.m. – Room 20 House Building

Members Present:

Sen. Stuart C. Reid, Senate Chair
Rep. Jim Bird, House Chair
Sen. Patricia W. Jones
Sen. Karen W. Morgan
Sen. Aaron Osmond
Sen. Jerry W. Stevenson
Rep. Rebecca Chavez-Houck
Rep. Brian Doughty
Rep. Keith Grover
Rep. Ronda Rudd Menlove
Rep. Jeremy A. Peterson
Rep. Dixon M. Pitcher
Rep. Brad R. Wilson

Members Absent:

Rep. Johnny Anderson
Rep. Marie H. Poulson
Rep. Dean T. Sanpei

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Mr. Peter Asplund, Associate General Counsel
Mr. Robert H. Rees, Associate General Counsel
Ms. Debra Hale, 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 Reid called the meeting to order at 8:03 a.m. Rep. Poulson was excused from the meeting.

MOTION: Rep. Bird moved to approve the minutes of the May 16, 2012 meeting. The motion passed unanimously, with Sen. Morgan, Rep. Grover, and Rep. Menlove absent for the vote.

2. Economic Development of Manufacturing -- a Utah Perspective

The following representatives of government and industry gave presentations on economic development of manufacturing in Utah:

Mr. Spencer P. Eccles, Executive Director, Governor's Office of Economic Development (GOED), with a visual presentation "Manufacturing in Utah," gave a background on what GOED has been focusing on, based on the governor's direction. Mr. Eccles cited four cornerstones: job creation, education, energy development, and the spirit of self determination. He stated that GOED's vision is that the state will lead the nation as the best-performing economy and be recognized as a premier global business destination.

Mr. Eccles presented four core objectives in the state's economic development:

1. strengthen and grow existing Utah businesses, both urban and rural, including advanced manufacturing;
2. increase innovation, entrepreneurship, and investment;
3. increase national and international business; and
4. prioritize education to develop the workforce of the future.

Mr. Gary Harter, Managing Director, Business Outreach and International Trade, GOED, continued discussing Mr. Eccles's visual presentation by describing economic clusters. He focused on various areas of manufacturing and how to build upon them.

Mr. Todd Bingham, President, Utah Manufacturers Association (UMA), distributed to the committee "A Utah Manufacturing Initiative" and listed the following UMA goals:

1. expand manufacturing in the state;
2. produce a business climate conducive to a very diverse industry;
3. have the staying power to be the backbone of the economy; and
4. create more living-wage jobs.

He added that manufacturing generates productivity increases, and these gains allow Americans to do more with less and increase manufacturing's ability to compete and pay higher wages. He commented that manufacturing pays about one-third of all corporate taxes, has done well, and, although it can do better, has begun to rebound from the recession.

Mr. Bingham reported that the process of evaluating current conditions, obstacles and roadblocks, and establishing strategies and progress for expanding manufacturing is in its initial stages. He added that the UMA looks forward to coming back to the committee and the governor's office with a list of those impediments and strategies to address in the 2013 legislative session.

Mr. Rob Despain, Vice President of Business Development, Petersen Incorporated, provided two handouts to the committee: "Petersen Incorporated," a brochure, and a list of questions and answers from companies belonging to the Utah Steel Fabricators Association. He requested anything that the state can do to remove barriers and assist the manufacturing industry to obtain economic success. Mr. Despain warned that, although the successes of Petersen Incorporated are phenomenal, its skilled workforce is aging, and he sees no skilled workers to replace them. He added that, as perhaps America's largest small business, Petersen is faced with the decision to stay small or become large.

Mr. Despain pointed out that the state provides a lot of effort to help small businesses get started, but it runs into dead ends trying to find help in funding for tech colleges, which are a tremendous source of skilled workers. He noted that Petersen is also faced with employee baggage: wage garnishments, stress, and a struggle to manage money and make ends meet. He explained that many of Petersen's expenses, such as surcharge, fuel, and insurance costs, are huge and have to be passed on to the consumer. He concluded that, although business is good, it has never been more difficult than it is today.

Mr. Layne Webb, Senior Director of Operations, Edwards Lifesciences, and member, Utah Technology Council, stated that Edwards Lifesciences has concluded plans to expand in the state rather than other countries, because Utah is a business and education friendly state, the company has a terrific partnership with GOED and the cities of Draper and Price, and Utah has a great reputation outside of the state. Mr. Webb then described ways the state can promote and expand manufacturing by improving incentive packages and supporting education to provide workers with specific skill sets.

Mr. Paul Whitlock, Director of Planning and Supply Chain, IM Flash Technologies, and member, Utah Technology Council, reviewed a visual presentation of IM Flash Technologies and offered facts regarding what matters to the industry, such as engineering talent and help in achieving economies of scale.

Mr. Whitlock pointed out that the state has a strong labor and work force and listed the role of government in IM's industry regarding incentives, infrastructure, consistent business environment, and talent development.

Mr. Stan Lockhart, Government Affairs Manager, IM Flash Technologies, informed the committee that around the world there is a spirited competition for manufacturing and technology. He stated that, because there is great economic growth in transports and exports, the governor has been doubling his efforts in promoting exports, and that companies are coming into and remaining in the state to do business. He added that the priority of government should be an adequate infrastructure, an educated workforce, a stable and responsive government, government-provided incentives, and business-friendly policies.

Mr. Lockhart noted that the state has three of the top 100 engineering universities in the country and recited the industry's needs regarding education:

1. attract more engineering and technical students to the state's nationally recognized universities;
2. use scarce resources to increase capacity in the nationally recognized engineering programs at the University of Utah and Utah State University;
3. align educational and economic developmental goals; and
4. encourage the business community to get more involved in education, so that future employees will obtain the necessary skills for high-tech jobs.

The committee then discussed ways to remove barriers and encourage the success and growth of the manufacturing industry in Utah.

3. Other Committee Business / Adjourn

MOTION: Rep.Grover moved to adjourn the meeting. The motion passed unanimously.

Chair Reid adjourned the meeting at 10:14 a.m.