

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES INTERIM COMMITTEE**
Wednesday, August 19, 2015 – 10:30 a.m. – Room 20 House Building

Members Present:

Sen. Aaron Osmond, Senate Chair
Rep. Rebecca P. Edwards, House Chair
Sen. Jani Iwamoto
Sen. Ann Millner
Sen. Brian E. Shiozawa
Sen. Jerry W. Stevenson
Rep. Patrice M. Arent
Rep. Rebecca Chavez-Houck
Rep. Sophia M. DiCaro
Rep. Keith Grover
Rep. Timothy D. Hawkes
Rep. Bradley G. Last
Rep. Scott D. Sandall
Rep. Robert M. Spendlove
Rep. John R. Westwood

Members Absent:

Sen. Karen Mayne
Rep. Val L. Peterson
Rep. Brad R. Wilson

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Mr. Peter Asplund, Associate General
Counsel
Ms. Debra Hale, Legislative Assistant

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 Osmond called the meeting to order at 10:39 a.m.

MOTION: Sen. Iwamoto moved to approve the minutes of the July 15, 2015, meeting. The motion passed unanimously. Sen. Stevenson, Rep. Grover, and Rep. Last were absent for the vote.

2. Utah Housing Corporation Act – Sunset Review (draft legislation)

Referring to draft legislation "Utah Housing Corporation Sunset Extension" (2016FL-0372/002), included in the meeting packet, Mr. Christensen informed the committee that the Utah Housing Corporation Act will be repealed July 1, 2016, unless reauthorized by the Legislature. He explained the sunset review process and said that the Legislature has the options to reauthorize the act, allow it to sunset, or remove the act from the sunset act.

Mr. Grant S. Whitaker, President and CEO, Utah Housing Corporation, referred to a handout and visual presentation as he reviewed the corporation's recommendation to reauthorize the Utah Housing Corporation Act with draft legislation "Utah Housing Corporation Sunset Extension." He stated that the corporation was initially created in statute as an independent public corporation in 1975. Mr. Whitaker explained that the corporation purchases and services mortgage loans made by private lenders to low- and moderate-income buyers and packages the loans into various securities that are sold to investors. He said that the corporation has a nine-member governing board and does not receive state funds.

Rep. Chavez-Houck disclosed a conflict of interest related to the low-income housing tax credits.

MOTION: Rep. Edwards moved that the committee adopt draft legislation "Utah Housing Corporation Sunset Extension" as a committee bill to extend the sunset date of the Utah Housing Corporation Act to

July 1, 2026. The motion passed unanimously. Sen. Stevenson, Rep. Grover, and Rep. Last were absent for the vote.

3. Affordable Housing and Transit

Mr. Dan Lofgren, President and CEO, Cowboy Properties, and Mr. Bruce Bingham, Partner, Hamilton Partners, Inc., spoke on existing opportunities and challenges in building more affordable housing near transit hubs and in other areas. They agreed that affordable housing must include a subsidy component to any project and that policy makers must make affordable housing a priority to make significant progress.

Mr. Bingham reviewed a handout that illustrated a proposed housing development "The East Village" by Hamilton Partners, Inc., which will benefit residents by being located near transit hubs.

Mr. George Chapman complimented Mr. Lofgren on low-income set-asides that other developers do not provide. He emphasized the need for the Utah Transit Authority to focus on service, not transit-oriented developments. Until the private sector has 24-hour transit, he concluded, automobiles are necessary.

Mr. David M. Kallas, Senior Advisor, Office of the General Manager, Utah Transit Authority (UTA), stated that there are two types of transit-oriented developments: (1) those done through the private sector that happen to have property near transit, and (2) those that the UTA is involved in. Mr. Kallas stated that when the UTA needs land for transit activity, it does not have eminent domain authority and often ends up with excess land. The excess property can be sold, he said, but revenue from those property sales has to be sent back to the Federal Transit Authority. Therefore, Mr. Kallas continued, UTA determined it to be good public policy to use its investment to help generate revenue and increase ridership. He said that the UTA is supportive of increasing the availability of low-income housing around UTA stations and cautioned that any regulations placed on these types of developments should assist to move them forward, not impede them.

4. Economic Development and Air Quality – Update

Mr. L. Scott Baird, Director, Legislative and Government Affairs, Utah Department of Environmental Quality, and Mr. Brock Lebaron, Deputy Director, Division of Air Quality, gave a visual presentation "Air Quality Update," which showed the progress and potential progress on air quality in the state. Mr. Baird stated that although air quality is improving, it does not meet health standards on some days and must continue to improve.

Mr. Lebaron addressed winter air inversions, and Mr. Baird addressed the division's efforts to reduce emissions. They reported on the budget needs of the division.

Ms. Ingrid Griffee, Utah Moms for Clean Air, stated that she supports a strong economy but stressed the stronger, more common-sense need to support Utah's natural resources and improve air quality.

Mr. Robert DeBirk, Policy Director, HEAL Utah, requested that the committee not delay the implementation of building codes, funding transit, and funding air quality improvement programs and research.

5. Enterprise Zone Amendments (draft legislation)

Rep. Sandall reviewed 2015 General Session H.B. 87, "Enterprise Zone Amendments," which was introduced but did not pass, and would have modified the population requirements for a county or a

municipality to qualify for designation as an enterprise zone. He pointed out the need to look at ways to make the program more transparent before simply modifying the population requirement.

Mr. Asplund stated that the necessary information to measure the effectiveness of enterprise zone tax credits is not available absent statutory changes. He reviewed a handout and visual presentation "Enterprise Zones Information," which reviewed enterprise zone tax credits for 2003-2014, the number of enterprise zone claims, the average amount per claim, and the total amount of the claims.

MOTION: Rep. Sandall moved that the committee open a prioritized bill file to address the issue of accountability and reporting for the Enterprise Zone program. The motion passed unanimously. Sen. Iwamoto, Sen. Stevenson, and Rep. Grover were absent for the vote.

6. Arts, Libraries, and Museum Grant Application Process

Mr. Brian Somers, Deputy Director, Department of Heritage and Arts, gave a visual presentation that explained the Capital Facilities Grants Program, a statutory competitive process that awards grants to eligible applicants for capital facility projects in arts, libraries, and museums. He stated that the process requires applicants to submit detailed grant applications, which are then formally reviewed by the relevant division board. Because the statutory process is largely circumvented, Mr. Somers recommended that the unused statutory process be repealed in favor of individual legislators sponsoring funding legislation or an appropriation for each specific project.

Sen. Jim Dabakis expressed the need for an ongoing infusion of funding into the arts.

7. Volunteer Registry

At the request of the sponsor, this item was not addressed.

8. Other Items/Adjourn

MOTION: Rep. Hawkes moved to adjourn the meeting. The motion passed unanimously. Sen. Iwamoto, Sen. Shiozawa, Sen. Stevenson, and Rep. Grover were absent for the vote.

Chair Osmond adjourned the meeting at 12:37 p.m.