



# GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

BUSINESS, ECONOMIC DEVELOPMENT AND LABOR APPROPRIATIONS SUBCOMMITTEE  
STAFF: ANDREA WILKO

BUDGET BRIEF

**SUMMARY**

The Governor's Office of Economic Development is separated into four line items: Administration, Tourism, Business Development, and the Pete Suazo Athletic Commission. The Administration defines, develops and implements strategies and provides fiscal guidance and support to the programs. The Administration also provides oversight and support to legislative pass through programs.

The Office of Tourism exists to improve the quality of life of Utah citizens through revenue and tax relief by increasing the quality and quantity of tourism visits and spending. The Office promotes tourism through advertising and media contacts. The programs included in the Office of Tourism are as follows: Administration, Operations and Fulfillment, Advertising and Promotion, and Film Commission.

The mission of the Business Development line item is to create jobs that will raise the standard of living of Utah's citizens by enabling companies to be successful. To accomplish this mission, Business Development focuses on business outreach and international trade, and corporate recruitment and business services.

The Pete Suazo Athletic Commission regulates professional unarmed combat sports including boxing, kickboxing and mixed martial arts. The commission charges fees which are intended to cover the cost of regulation.

**ISSUES AND RECOMMENDATIONS**

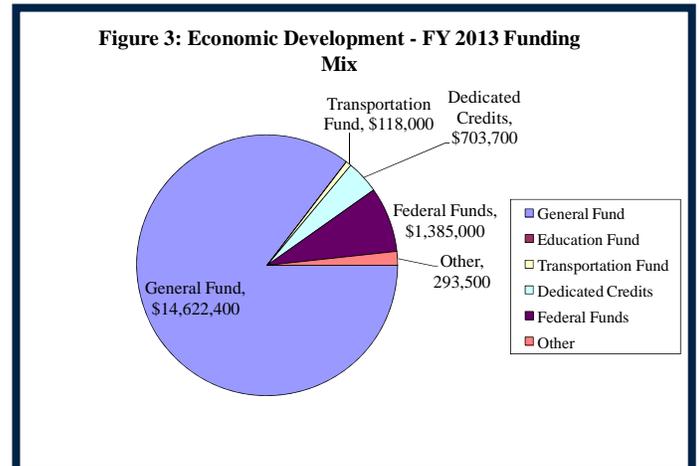
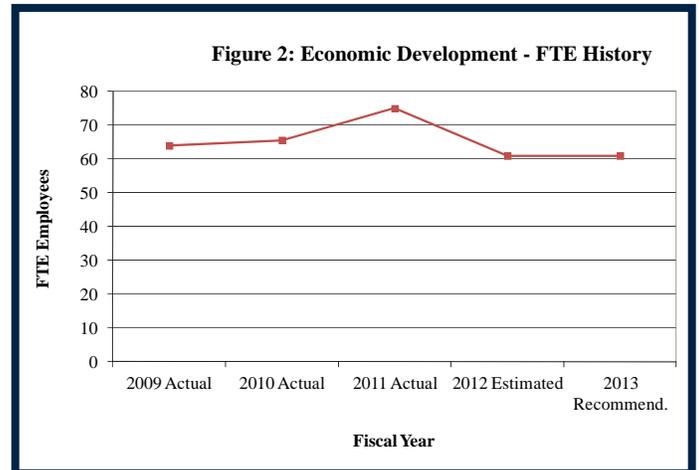
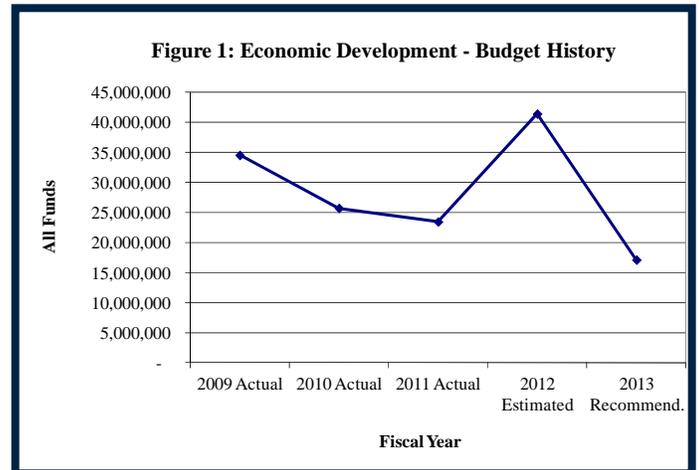
The subcommittee should consider the following items in its deliberations:

**Budget Adoption**

For the Governor's Office of Economic Development, the Fiscal Analyst recommends an FY 2013 budget of \$17,122,600 as shown in the table on page 3 titled Economic Development.

**Adoption of Fees**

For the FY 2013 fee schedule for the Governor's Office of Economic Development please refer to the issue brief, *GOED: FY 2013 Fee Schedule*.



**Federal Funds**

Federal funds for the Governor's Office of Economic Development are shown in the Issue Brief *Business, Economic Development, and Labor: Federal Funds*.

**Intent Language**

*Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Governor's Office of Economic Development Administrative line item in Item 13 of Chapter 1 Laws of Utah 2011 and Item 57 of Chapter 329 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to business marketing efforts and relocation expenses - \$150,000; and health system reform - \$600,000.*

*Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Office of Tourism line item in Item 14 of Chapter 1 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to contractual obligations and support - \$350,000, and film incentives - \$4,807,500.*

*Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Office of Tourism, Advertising and Promotion program in Item 58 of Chapter 329 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to advertising and promotion - \$5,270,700.*

*Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Business Development line item in Item 15 of Chapter 1 Laws of Utah 2011 and Item 59 of Chapter 329 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to Business Cluster support - \$50,000, Business Resource Centers - \$300,000, Technology Commercialization and Innovation Program contracts - \$3,000,000, Business Marketing Initiative - \$500,000, International Development contracts and support - \$200,000, Procurement and Technical Assistance Center contracts - \$150,000, Rural Development contracts and support - \$200,000, and Corporate Recruitment contracts and support - \$75,000.*

*Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Pete Suazo Utah Athletic Commission formerly appropriated under the Utah Sports Authority in Item 16 of Chapter 1 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to the Pete Suazo Utah Athletic Program - \$148,600.*

**Governor's Recommendation**

The Governor recommended the following items for this agency:

1. \$500,000 Sports Commission – General Fund one-time FY 2012 supplemental
2. \$500,000 Sports Commission – General Fund ongoing
3. \$350,000 World Trade Center – General Fund ongoing
4. \$26,500 Corporate Recruitment – Industrial Assistance Fund
5. \$6,000,000 Tourism Marketing Performance Fund – General Fund one-time
6. \$600,000 Health Exchange – General Fund one-time
7. \$500,000 Business Marketing Initiative (formerly West Coast Initiative) – General Fund one-time
8. \$250,000 Business Resource Centers – General Fund one-time
9. \$11,627,900 Industrial Assistance Fund Replenishment – General Fund one-time FY 2012 supplemental

**BUDGET DETAIL**

Funding for GOED is used mainly for staff support, contractual obligations, and pass-through funding to eligible entities. Budget tables are provided on subsequent pages detailing the total GOED budget as well as the various line items. One-time funded provided in FY 2012 was allocated to the following: Herriman Innovation Center \$115,000, World Trade Center Relocation \$400,000, World Trade Center Operations \$350,000, English Language Center \$50,000, Center for Education, Business and the Arts \$40,000, Special Olympics \$10,000, Falcon Hill/MIDA \$3,000,000, Business Resource Centers \$300,000, HB 496 - Technology and Life Science Economic Development Act and Related Tax Credits 2011 General Session \$200,000, Health Insurance Initiative \$600,000, Small Business Development Centers \$136,900 and the West Coast Marketing Initiative \$500,000.

Economic Development						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
General Fund	12,216,300	14,622,400	0	14,622,400	0	14,622,400
General Fund, One-time	3,945,000	5,701,900	0	5,701,900	(5,701,900)	0
Transportation Fund	118,000	118,000	0	118,000	0	118,000
Federal Funds	272,700	550,000	1,815,000	2,365,000	(980,000)	1,385,000
American Recovery and Reinvestm	200,000	0	0	0	0	0
Dedicated Credits Revenue	274,000	550,400	148,600	699,000	4,700	703,700
GFR - Industrial Assistance	223,500	223,500	0	223,500	0	223,500
GFR - Motion Picture Incentive	2,206,300	0	0	0	0	0
GFR - Tourism Marketing Performa	6,950,000	7,000,000	0	7,000,000	(7,000,000)	0
Beginning Nonlapsing	8,275,300	0	10,794,800	10,794,800	(10,724,800)	70,000
Closing Nonlapsing	(10,794,800)	0	(70,000)	(70,000)	70,000	0
Lapsing Balance	(408,900)	0	0	0	0	0
<b>Total</b>	<b>\$23,477,400</b>	<b>\$28,766,200</b>	<b>\$12,688,400</b>	<b>\$41,454,600</b>	<b>(\$24,332,000)</b>	<b>\$17,122,600</b>
<b>Line Items</b>						
Incentive Funds	169,100	208,600	29,800	238,400	(6,600)	231,800
Administration	4,654,500	8,339,800	1,978,500	10,318,300	(6,343,500)	3,974,800
Office of Tourism	11,928,800	11,311,500	6,830,400	18,141,900	(13,779,900)	4,362,000
Business Development	6,725,000	8,906,300	3,849,700	12,756,000	(4,202,000)	8,554,000
<b>Total</b>	<b>\$23,477,400</b>	<b>\$28,766,200</b>	<b>\$12,688,400</b>	<b>\$41,454,600</b>	<b>(\$24,332,000)</b>	<b>\$17,122,600</b>
<b>Categories of Expenditure</b>						
Personnel Services	6,065,500	6,031,100	672,900	6,704,000	(83,500)	6,620,500
In-state Travel	80,400	107,000	(1,100)	105,900	(23,500)	82,400
Out-of-state Travel	178,700	196,000	10,700	206,700	(37,000)	169,700
Current Expense	6,333,600	3,484,800	9,213,100	12,697,900	(8,921,100)	3,776,800
DP Current Expense	386,000	358,900	174,200	533,100	(195,400)	337,700
DP Capital Outlay	0	20,100	(20,100)	0	0	0
Capital Outlay	39,800	0	39,800	39,800	0	39,800
Other Charges/Pass Thru	10,393,400	18,568,300	2,598,900	21,167,200	(15,071,500)	6,095,700
<b>Total</b>	<b>\$23,477,400</b>	<b>\$28,766,200</b>	<b>\$12,688,400</b>	<b>\$41,454,600</b>	<b>(\$24,332,000)</b>	<b>\$17,122,600</b>
<b>Other Data</b>						
Budgeted FTE	75.0	61.0	0.0	61.0	0.0	61.0
Vehicles	6	6	0	6	0	6

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

<b>Economic Development - Administration</b>						
	<b>FY 2011</b>	<b>FY 2012</b>		<b>FY 2012</b>		<b>FY 2013*</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Appropriated</b>	<b>Changes</b>	<b>Revised</b>	<b>Changes</b>	<b>Recommended</b>
General Fund	2,014,300	3,324,800	0	3,324,800	0	3,324,800
General Fund, One-time	2,825,000	4,765,000	0	4,765,000	(4,765,000)	0
Federal Funds	20,700	250,000	1,230,000	1,480,000	(980,000)	500,000
American Recovery and Reinvestm	200,000	0	0	0	0	0
Dedicated Credits Revenue	0	0	150,000	150,000	0	150,000
Beginning Nonlapsing	218,000	0	598,500	598,500	(598,500)	0
Closing Nonlapsing	(598,500)	0	0	0	0	0
Lapsing Balance	(25,000)	0	0	0	0	0
<b>Total</b>	<b>\$4,654,500</b>	<b>\$8,339,800</b>	<b>\$1,978,500</b>	<b>\$10,318,300</b>	<b>(\$6,343,500)</b>	<b>\$3,974,800</b>
<b>Programs</b>						
Administration	4,654,500	8,339,800	1,978,500	10,318,300	(6,343,500)	3,974,800
<b>Total</b>	<b>\$4,654,500</b>	<b>\$8,339,800</b>	<b>\$1,978,500</b>	<b>\$10,318,300</b>	<b>(\$6,343,500)</b>	<b>\$3,974,800</b>
<b>Categories of Expenditure</b>						
Personnel Services	1,261,700	1,055,500	749,900	1,805,400	(283,500)	1,521,900
In-state Travel	3,600	2,000	11,300	13,300	(5,500)	7,800
Out-of-state Travel	16,300	5,000	27,300	32,300	(12,600)	19,700
Current Expense	559,500	916,200	2,144,100	3,060,300	(2,318,600)	741,700
DP Current Expense	248,600	242,200	128,000	370,200	(142,000)	228,200
Other Charges/Pass Thru	2,564,800	6,118,900	(1,082,100)	5,036,800	(3,581,300)	1,455,500
<b>Total</b>	<b>\$4,654,500</b>	<b>\$8,339,800</b>	<b>\$1,978,500</b>	<b>\$10,318,300</b>	<b>(\$6,343,500)</b>	<b>\$3,974,800</b>
<b>Other Data</b>						
Budgeted FTE	16.0	9.0	0.0	9.0	0.0	9.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Economic Development - Office of Tourism						
	FY 2011	FY 2012		FY 2012		FY 2013*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Recommended
General Fund	4,017,600	4,004,500	0	4,004,500	0	4,004,500
Transportation Fund	118,000	118,000	0	118,000	0	118,000
Dedicated Credits Revenue	224,500	189,000	0	189,000	50,500	239,500
GFR - Motion Picture Incentive	2,206,300	0	0	0	0	0
GFR - Tourism Marketing	6,950,000	7,000,000	0	7,000,000	(7,000,000)	0
Beginning Nonlapsing	5,401,000	0	6,830,400	6,830,400	(6,830,400)	0
Closing Nonlapsing	(6,830,400)	0	0	0	0	0
Lapsing Balance	(158,200)	0	0	0	0	0
<b>Total</b>	<b>\$11,928,800</b>	<b>\$11,311,500</b>	<b>\$6,830,400</b>	<b>\$18,141,900</b>	<b>(\$13,779,900)</b>	<b>\$4,362,000</b>
<b>Programs</b>						
Administration	950,300	988,200	146,800	1,135,000	(146,800)	988,200
Film Commission	1,522,100	748,700	5,101,000	5,849,700	(5,101,000)	748,700
Marketing and Advertising	6,966,200	7,000,000	1,382,800	8,382,800	(8,382,800)	0
Operations and Fulfillment	2,490,200	2,574,600	199,800	2,774,400	(149,300)	2,625,100
<b>Total</b>	<b>\$11,928,800</b>	<b>\$11,311,500</b>	<b>\$6,830,400</b>	<b>\$18,141,900</b>	<b>(\$13,779,900)</b>	<b>\$4,362,000</b>
<b>Categories of Expenditure</b>						
Personnel Services	1,984,800	2,037,400	(63,800)	1,973,600	0	1,973,600
In-state Travel	40,800	53,500	(13,400)	40,100	(6,400)	33,700
Out-of-state Travel	75,400	91,000	(12,500)	78,500	(10,300)	68,200
Current Expense	6,033,800	1,597,900	5,707,900	7,305,800	(5,601,900)	1,703,900
DP Current Expense	93,500	96,100	47,600	143,700	(51,100)	92,600
Capital Outlay	5,500	0	5,500	5,500	0	5,500
Other Charges/Pass Thru	3,695,000	7,435,600	1,159,100	8,594,700	(8,110,200)	484,500
<b>Total</b>	<b>\$11,928,800</b>	<b>\$11,311,500</b>	<b>\$6,830,400</b>	<b>\$18,141,900</b>	<b>(\$13,779,900)</b>	<b>\$4,362,000</b>
<b>Other Data</b>						
Budgeted FTE	24.0	25.0	0.0	25.0	0.0	25.0
Vehicles	4.0	4.0	0.0	4.0	0.0	4.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

## Economic Development - Business Development

Sources of Finance	FY 2011	FY 2012	Changes	FY 2012	Changes	FY 2013*
	Actual	Appropriated		Revised		Recommended
General Fund	6,035,800	7,144,500	0	7,144,500	0	7,144,500
General Fund, One-time	1,120,000	936,900	0	936,900	(936,900)	0
Federal Funds	252,000	300,000	585,000	885,000	0	885,000
Dedicated Credits Revenue	0	301,400	(1,400)	300,000	(49,000)	251,000
GFR - Industrial Assistance	223,500	223,500	0	223,500	0	223,500
Beginning Nonlapsing	2,635,500	0	3,316,100	3,316,100	(3,266,100)	50,000
Closing Nonlapsing	(3,316,100)	0	(50,000)	(50,000)	50,000	0
Lapsing Balance	(225,700)	0	0	0	0	0
<b>Total</b>	<b>\$6,725,000</b>	<b>\$8,906,300</b>	<b>\$3,849,700</b>	<b>\$12,756,000</b>	<b>(\$4,202,000)</b>	<b>\$8,554,000</b>
<b>Programs</b>						
Business Creation	1,718,800	2,793,400	2,424,500	5,217,900	(2,724,500)	2,493,400
Business Growth	3,976,500	5,082,400	1,050,200	6,132,600	(1,353,500)	4,779,100
Corporate Recruitment	1,029,700	1,030,500	375,000	1,405,500	(124,000)	1,281,500
<b>Total</b>	<b>\$6,725,000</b>	<b>\$8,906,300</b>	<b>\$3,849,700</b>	<b>\$12,756,000</b>	<b>(\$4,202,000)</b>	<b>\$8,554,000</b>
<b>Categories of Expenditure</b>						
Personnel Services	2,702,000	2,824,000	(16,200)	2,807,800	200,000	3,007,800
In-state Travel	23,800	31,500	3,500	35,000	(10,700)	24,300
Out-of-state Travel	82,900	92,000	(8,600)	83,400	(13,100)	70,300
Current Expense	(292,100)	914,300	1,342,100	2,256,400	(996,400)	1,260,000
DP Current Expense	40,500	10,600	5,200	15,800	(2,300)	13,500
DP Capital Outlay	0	20,100	(20,100)	0	0	0
Capital Outlay	34,300	0	34,300	34,300	0	34,300
Other Charges/Pass Thru	4,133,600	5,013,800	2,509,500	7,523,300	(3,379,500)	4,143,800
<b>Total</b>	<b>\$6,725,000</b>	<b>\$8,906,300</b>	<b>\$3,849,700</b>	<b>\$12,756,000</b>	<b>(\$4,202,000)</b>	<b>\$8,554,000</b>
<b>Other Data</b>						
Budgeted FTE	34.0	26.0	0.0	26.0	0.0	26.0
Vehicles	2.0	2.0	0.0	2.0	0.0	2.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Economic Development - Pete Suazo Athletics Commission						
Sources of Finance	FY 2011	FY 2012	Changes	FY 2012	Changes	FY 2013*
	Actual	Appropriated		Revised		Recommended
General Fund	148,600	148,600	0	148,600	0	148,600
Dedicated Credits Revenue	49,500	60,000	0	60,000	3,200	63,200
Beginning Nonlapsing	20,800	0	49,800	49,800	(29,800)	20,000
Closing Nonlapsing	(49,800)	0	(20,000)	(20,000)	20,000	0
<b>Total</b>	<b>\$169,100</b>	<b>\$208,600</b>	<b>\$29,800</b>	<b>\$238,400</b>	<b>(\$6,600)</b>	<b>\$231,800</b>
<b>Programs</b>						
Pete Suazo Utah Athletics Commiss	169,100	208,600	29,800	238,400	(6,600)	231,800
<b>Total</b>	<b>\$169,100</b>	<b>\$208,600</b>	<b>\$29,800</b>	<b>\$238,400</b>	<b>(\$6,600)</b>	<b>\$231,800</b>
<b>Categories of Expenditure</b>						
Personnel Services	117,000	114,200	3,000	117,200	0	117,200
In-state Travel	12,200	20,000	(2,500)	17,500	(900)	16,600
Out-of-state Travel	4,100	8,000	4,500	12,500	(1,000)	11,500
Current Expense	32,400	56,400	19,000	75,400	(4,200)	71,200
DP Current Expense	3,400	10,000	(6,600)	3,400	0	3,400
Other Charges/Pass Thru	0	0	12,400	12,400	(500)	11,900
<b>Total</b>	<b>\$169,100</b>	<b>\$208,600</b>	<b>\$29,800</b>	<b>\$238,400</b>	<b>(\$6,600)</b>	<b>\$231,800</b>

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.