

# Key Issues for the 2002 General Session

*Prepared by the Office of Legislative Research and General Counsel  
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## **BUSINESS AND LABOR**

- ▶ **Construction Services** - The committee has discussed the possibility of restructuring the regulation of construction services in Utah, which may include the creation of a department or division of construction services. Draft legislation may be presented at the November interim meeting.
- ▶ **Consumer Credit** - The committee has studied several issues in the area of consumer credit including notification to consumers regarding negative actions on a credit report, dispute resolution processes, and the use of credit scoring to determine insurance eligibility and rates. Draft legislation will be presented at the October interim meeting.
- ▶ **Insurance** - The committee has discussed issues related to insurance including the marketing and distribution of prescription drugs. As required by S.B. 100 (2001 General Session), the Department of Insurance must report to the committee regarding the status of certain multi-state agreements made by the Department with other governmental agencies or entities, interstate compacts, and rules. The committee will receive the Department's report at its November interim meeting.

## **CONSTITUTIONAL REVISION COMMISSION**

- ▶ **Revenue and Taxation, Article XIII** - The commission is considering a constitutional amendment that would rewrite Article XIII, without making any substantive changes.
- ▶ **State and Local Government Sale/Leaseback Exemption, Article XIII, Section 2** - The commission is considering an amendment to the constitution that would create a property tax exemption for property that a private entity purchases from a state or local government and then leases back to the governmental entity.
- ▶ **State School Fund, Article X, Section 5** - The commission is considering an amendment to the constitution that would repeal the current requirement that a portion of interest earnings, equal to the rate of inflation, be retained in the state school fund and require that at least half of the fund be invested in equities.

## **EDUCATION**

- ▶ **Block Grants** - The State Board of Education supports the practice of block granting to give greater latitude to school districts in spending state appropriations and has recommended restructuring and expansion of block granting.
- ▶ **Elimination of Mandates** - The Enhancement of Public Education Task Force is considering eliminating certain state mandates to allow school districts greater flexibility in providing education services and to reduce administrative costs.
- ▶ **School Uniforms** - The Education Interim Committee has recommended draft legislation that will not allow students to opt out of wearing school uniforms after an election approving school uniforms.

## GOVERNMENT OPERATIONS

- ▶ **Boards and Commissions** - The committee is reviewing the issue of boards and commissions, and examining the purposes, costs, and possible elimination or consolidation of certain boards. The committee may adopt legislation that will eliminate several boards and commissions and modify the advise and consent requirements for certain boards.
- ▶ **Election Law Reform** - The committee is reviewing potential election reform issues and may adopt committee legislation in this area.

## HEALTH AND HUMAN SERVICES

- ▶ **Balancing Rights in Child Welfare Proceedings** - During the 2001 General Session numerous bills were introduced which addressed the balance between the rights of parents and the state's interest in protecting children in child welfare proceedings. The Child Welfare Legislative Oversight Panel was directed to study the issue during the interim and is preparing to make recommendations to the Legislature. Several pieces of legislation on the topic may be introduced during the 2002 General Session.
- ▶ **Use of Tobacco Funds** - Earlier this year, the Legislature approved a settlement agreement with counsel representing the state in litigation with major tobacco manufacturers. As a result, 25% of tobacco settlement proceeds flowing to the state pursuant to the Master Settlement Agreement will no longer be held in escrow. A portion of the funds are constitutionally earmarked for a permanent state trust fund. The remaining funds are available for legislative appropriation. Existing statute already specifies that the first \$2 million will be appropriated to the Utah Department of Health for alcohol, tobacco, and drug programs, with a preference given to tobacco related programs.

## IMPLEMENTATION OF WATER FLUORIDATION TASK FORCE

- ▶ **Consultation With State Departments** - The task force recommended that local health departments representing counties, municipalities, or districts that vote in favor of fluoridation determine implementation rules in consultation with the Department of Health and the Department of Environmental Quality.
- ▶ **Request for Fluoridation** - The task force recommended that legislation be prepared to allow a public water system to provide fluoridated water to a resident who lives in a county which has not approved fluoridation if the resident requests fluoridated water.
- ▶ **Safe Water Standards** - The task force recommended that chemicals used in fluoridation meet NSF International's standards for safe drinking water.
- ▶ **Statewide Fluoridation Standards** - The task force recommended that the Department of Health establish a statewide fluoridation concentration standard for dental health that would apply to counties, municipalities, and districts that vote to implement fluoridation.
- ▶ **Waiver for Accidental Fluoridation** - The task force recommended that legislation be prepared to grant a waiver to public water systems required by a municipality to fluoridate if, in a short term emergency, water going to a municipality that has not approved fluoridation is fluoridated.

## **INFORMATION TECHNOLOGY**

- ▶ **Chief Information Officer Amendment** - The state's CIO (Chief Information Officer) is preparing legislation that reorganizes sections of the CIO's responsibilities and consolidates authority.
- ▶ **Electronic Government Services Amendments** - This is a multi-year project, begun in 1999, to systematically (6-8 agencies a year) review the Utah Code and eliminate statutory language that requires agencies to conduct their business using paper-based processes.
- ▶ **State Agency Credit Card Fees** - Legislation is being prepared by the CIO that will allow state agencies to charge a fee when a credit card is used to purchase state goods or services.

## **JUDICIARY**

- ▶ **Enforcement of Court Ordered Visitation** - The committee may endorse legislation that requires court ordered visitation to be enforceable so that custodial parents cannot wrongfully deny a court ordered visitation.
- ▶ **Juvenile Records Expungement** - The committee will consider legislation that clarifies the steps necessary to expunge a record in juvenile court by requiring that victims of a crime be notified and that the petitioner be over 18 years of age, have completed all court requirements, and not have an adult record.
- ▶ **Obscenity and Pornography** - The committee will review a comprehensive moral nuisance law for Utah and a model ordinance for municipalities and counties to provide an effective mechanism to abate and discourage obscenity and pornography.

## **LAW ENFORCEMENT AND CRIMINAL JUSTICE**

- ▶ **Prohibiting Intimacy with Youth Receiving State Services** - The committee is considering a bill that would create a criminal penalty for employees of the Department of Human Services and the juvenile courts who engage in custodial sexual relations or custodial sexual misconduct with a youth who is receiving state services.
- ▶ **Substantiated Child Abuse List Amendments** - The committee is considering a bill that would reorganize and clarify statutes governing the Division of Child and Family Services Management Information System.
- ▶ **Transfer of Youth Services Oversight** - The committee is considering a bill that would move the oversight of Youth Services Programs from the Division of Child and Family Services to the Division of Youth Corrections.

## **LEGISLATIVE PROCESS**

- ▶ **Committee Notes on Bills** - The committee has recommended draft legislation titled "Committee Notes on Bills," which will amend joint rules by more precisely defining which committees qualify to have their recommendations printed on bills as committee notes.

## **NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENT**

- ▶ **Mutual Water Company Change Applications** - The Legislature may consider legislation to clarify the rights and duties of mutual water companies and shareholders as they relate to the filing of change applications.

- ▶ **Partial Forfeiture of Water Rights** - The Legislature may consider legislation addressing the partial forfeiture of a water right when a portion of that water right is not put to beneficial use. The proposal would also codify forfeiture exceptions and establish circumstances under which a nonuse application would be granted.

## OLYMPICS

- ▶ **Post-Olympic Support, Maintenance, and Operation of Sport Venues** - The Legislature may consider issues related to the post-Olympic structure, role, and funding of entities that own or operate Olympic venues such as Soldier Hollow, Olympic Park, and the Speed Skating Oval.

## POLITICAL SUBDIVISIONS

- ▶ **Quality Growth** - Recommendations from the Utah Quality Growth Commission include:
  - ▶ net gain of private land;
  - ▶ creation of quality growth areas;
  - ▶ land conservation; and
  - ▶ use of the LeRay McAllister Fund.
- ▶ **Residential Lots Divided by County Boundary** - A new housing development that includes approximately 40 individual residential parcels that are divided by the Salt Lake and Utah County boundary line has created problems that affect most county services, authority, responsibilities and jurisdiction, some of which include the recording of real property, collection of property tax, and voting and elections. An additional 34 proposed parcels would also divide the county line. As a result, the following legislation has been prepared for the General Session:
  - ▶ “Voter Residence Where Lot Is Divided by County Boundary Line,” provides for a determination of residency for voting purposes when a lot is divided by a county boundary line; and
  - ▶ “Prohibiting Residential Lots from Crossing County Lines,” prohibits residential lots under one acre in size from crossing county boundary lines and prohibits the division of a residence by a county line.
- ▶ **Special Districts** - The committee created the Special Districts Subcommittee to continue the recodification of special district statutes. Legislation relating to a uniform process for withdrawal is expected for the 2002 General Session.

## PUBLIC UTILITIES AND TECHNOLOGY

- ▶ **Clean Coal Technology** - The committee has adopted a resolution that encourages the U.S. Department of Energy to provide grants for the development of clean coal technology.
- ▶ **Intermountain Power Project** - The IPA (Intermountain Power Agency) is adding additional power generation capacity and is anticipating changes in the Interlocal Cooperation Act to facilitate that addition.
- ▶ **Net Metering** - The committee has adopted net metering legislation that will allow residences and small businesses with electricity generation capacity to sell excess electricity at wholesale rates to the regulated electric utility.
- ▶ **Universal Service Fund Access** - The committee has been considering whether a small municipality that provides telephone service to its residents should be able to access funds from the telephone Universal Service Fund.

## QUASI-GOVERNMENTAL ENTITIES

- ▶ **Utah State Retirement Act Recodification** - The committee has been working on a major recodification of Title 49, Utah State Retirement Act, to update language, reorganize sections, eliminate inconsistencies, and make other minor adjustments.

## REVENUE AND TAXATION

- ▶ **Effects of the Federal Tax Cut Bill on State Tax Revenues** - Last summer, Congress enacted and the President signed into law, a bill reducing federal income taxes and eliminating federal estate tax. Most of the provisions of this bill will be phased in over the next ten years. All of the provisions are scheduled to be repealed on December 31, 2010. Because Utah's individual income tax and inheritance tax are tied to these federal taxes, our state revenues will be affected. For example, the federal estate tax credit for state inheritance taxes paid is being phased out over the next three years. The Utah State Tax Commission tentatively estimates that this will result in a loss of \$3 million in state inheritance tax revenue in FY 2003. However, state individual income tax revenues are expected to increase by \$9.3 million in FY 2003 as a result of federal changes.
- ▶ **Government Revenue and Tax System Task Force** - This two-year task force is conducting a comprehensive review of local government financing sources and will report their progress to the Legislature.
- ▶ **Individual Income Tax Reform** - The Legislature may consider draft legislation for four issues:
  - ▶ whether to allow taxpayers to pay all state taxes, including individual income taxes, by credit card;
  - ▶ establish a state earned income tax credit;
  - ▶ whether to annually adjust for inflation the individual income tax brackets; and
  - ▶ whether to eliminate the marriage penalty in the phase outs for the \$7,500 personal retirement exemption for taxpayers 65 or older and the retirement income deduction for taxpayers under age 65.
- ▶ **Slowing State Tax Revenue Growth** - After several years of strong growth, the growth of state tax revenues is beginning to slow down. State individual income tax revenues grew by 3.3% from FY 2000 to FY 2001, which is the smallest increase since the current individual income tax system was established in 1973. Corporate franchise and income tax collections decreased by 6% and motor fuel tax collections decreased by 3.5%. Bright spots in the revenue picture include a 4.5% increase in state sales and use tax collections and 127% increase in oil and gas severance tax collections.

## TRANSPORTATION

- ▶ **Administrative Traffic Proceedings** - Salt Lake City and West Valley City reported to the committee that they have successfully used civil penalties and administrative proceedings to handle minor traffic offense cases. The Legislature will decide whether that system will be allowed to continue and expand into other jurisdictions.

- ▶ **Highway Funding** - Recent statewide transportation revenues have been flat. This affects the state pavement preservation program and requires funding shifts and adjustments to the projects on the STIP (Statewide Transportation Improvement Program). During the 1997 General Session, the Legislature began a ten-year finance plan for the I-15 reconstruction project and for other Centennial Highway Fund projects. The I-15 project is done but more projects are needed while revenues have not kept pace. The Legislature may address funding needs during the 2002 General Session.
- ▶ **Motorboat Driver Licensing and Boating Under the Influence** - Safety on the waters of the state is an increasing concern. The Legislature will consider whether boat drivers should be licensed and whether offenses committed while driving a motorboat should affect a person licensed to drive a motor vehicle. The Legislature will consider options for implementation.

## **WORKFORCE SERVICES AND ECONOMIC DEVELOPMENT**

- ▶ **Child Care Amendments** - As a result of the OCC (Office of Child Care) legislative audit, the committee may consider legislation concerning: an annual reporting/accountability mechanism for the OCC; the expansion the OCC Advisory Committee; and clarification the OCC's responsibility for its Trust Fund.
- ▶ **Tourism Amendments** - The committee prepared draft legislation that will require the Division of Travel to: report annually on the coordinated tourism promotion activities throughout the state; provide for an annual independent audit of the TRCC (tourism, recreational, cultural, and convention) tax; and establish parameters for the use of portions of the TRCC tax.