

**Kate Bradshaw**

Director of Government Affairs
801.799.5711
Salt Lake City
kabradshaw@hollandhart.com

2017 Utah Legislative Session - Week 3

Insight — February 16, 2017

We are nearing the halfway mark of the Utah Legislative Session. From this point onward, the pace increases and more time will be spent debating bills and less on evaluating the State budget. It is always a sprint to the finish with long days on Capitol Hill. If you have questions or concerns about bills or budget line items, please feel free to email or use my mobile number (801-599-9017) for a faster response.

Utah's Budget:

The Legislature really has two main responsibilities each year: passing laws and balancing the state budget. At just over \$16 billion, the management of the State budget is a pretty big task. While that dollar amount might seem staggering, you would be amazed at how quickly requests arrive to spend the funds! The end of Week 3 marks the conclusion of the "base budget" process. These are the building blocks of the budget that basically ensure last year's level of funding, plus growth and inflation costs. As a State with a growing population, we know that the enrollment at the public schools grow each year by about 10,000 children which means the Public Education base budget has to keep pace to the tune of about \$94 million in growth funding. Similar cost increases for construction, labor, or utilization expenses exist throughout the State budget and the funds start to quickly add up.

The bulk of the State budget is contained in the base budgets (one budget bill for each sub-appropriations committee). After all the base budgets are settled, the state usually has a small amount of revenue growth and budget surplus from the previous year that can be used for new buildings, programs, teacher or state employee raises, just to name a few. This year that pool of surplus revenue is \$285 million.

The wrangling over this remaining pool of revenue will be intense because \$550 million in spending requests have already been submitted, almost double the amount. Week 4 is when the final budget estimates are received that could increase or decrease the projected \$285 million by some degree, though huge swings aren't expected. This is often the hardest part of the budgeting process because it is the last of the money available for an entire year and everyone thinks their need or idea is the best and highest use of the money.

Phase Out of the Residential Solar Tax Credit:

A drop in solar panel pricing and a residential solar tax credit has driven consumer demand for Utahns to install solar panels in a big way. In the first half of 2016, 7,700 Utahns installed solar panels. The tax credit cost to

the State totaled nearly \$42 million in 2016, and it is projected to cost nearly \$60 million in 2017. Under our State Constitution, funds for income tax credits are drawn from the Education Fund. The impact of the increases in solar panel credits essentially pits solar users against the needs of K-12 students.

HB23 Income Tax Credit Modifications has been proposed for the 2017 session to phase out the residential solar tax credit. After extensive negotiations between bill sponsor Rep. Jeremy Peterson (R-Ogden) and the Utah Solar Energy Association, the bill contains a four-year phase out of the tax credit from \$2,000 in 2018 to \$0 in 2020.

Growth of Local Food Movement & Regulatory Landscape:

The growth of the local and "slow" food movement has created some interesting challenges for local growers, producers, and consumers. Some who participate in the local food scene believe the current level of regulation required for inspections and labeling is cost prohibitive for small-scale growers and producers and makes the food items they produce inaccessible. Others worry that if standards are lowered for small producers, the integrity of the food safety system could be compromised. Supporters of the regulation argue that food-borne illness outbreaks impact sales up and down the supply chain and standards should be the same no matter the size of the grower/producer or the intended consumer.

Competing bills have been introduced from two legislators and a third legislator is seeking to create an advisory council to help navigate the future of food produced in Utah.

HB58 Direct Food Sales Amendments, Rep. Scott Sandall (R-Tremonton)

This bill modifies existing cottage foods statutes. In some respects it makes the law more liberal (inspections) and in others making it more restrictive (labeling). The bill provides rulemaking authority to the Utah Department of Agriculture & Food.

HB 121 Local Food Advisory Council, Rep. Steve Handy (R-Layton)

This bill creates a new local food advisory board that will report to the Natural Resources, Agriculture & Environment Interim Committee. The board will be a recommending board and will have wide latitude to study issues related to the local food economy.

HB277 Direct to Consumer Food Sales Modifications, Rep. Marc Roberts (R-Salem)

Under this bill, certain kinds of food would be exempt from certain state, county, or city regulations regarding the preparation, serving, use/consumption, or storage of food and food products. Those exempt foods include: 1) food produced and sold within the state; 2) food sold directly to an informed end consumer; and 3) food grown for home consumption.

Subscribe to get our Insights delivered to your inbox.

This publication is designed to provide general information on pertinent legal topics. The statements made are provided for educational purposes only. They do not constitute legal or financial advice nor do they necessarily reflect the views of Holland & Hart LLP or any of its attorneys other than the author(s). This publication is not intended to create an attorney-client relationship between you and Holland & Hart LLP.

Substantive changes in the law subsequent to the date of this publication might affect the analysis or commentary. Similarly, the analysis may differ depending on the jurisdiction or circumstances. If you have specific questions as to the application of the law to your activities, you should seek the advice of your legal counsel.