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2017 Utah Legislative Session - Week 7

Insight — March 15, 2017

My 45-day sojourn at the State Capitol has come to a close. The Utah Legislature adjourned at Midnight on March 9th after working right up to the deadline. The \$16.2 billion State budget is balanced and the Governor now has to review the 535 pieces of legislation that passed for his signature or veto before the March 29th deadline. The Utah Government Affairs team will present a legislative update on Thursday, March 23rd at our office for any interested clients.

Below are some brief updates on policy areas and specific bills:

Public Education Funding:

The size of Utah's student-aged population continues to grow by impressive numbers. The incoming class of kindergarteners is 10,000 students larger than the exiting class of seniors. That increase requires an infusion of \$68 million just to keep pace. During this session, the legislature also approved a 4% increase to the weighted per pupil unit that equates to \$120 million in new funding. The teacher supply budget was allocated \$5 million in ongoing funds and the SAGE test was eliminated for high school students and replaced with the ACT test. Overall, public education received an increase of \$240 million in new funding this year, which represents about 80% of all new state revenues.

Tax Reform:

Several legislators were interested in taking a look at comprehensive tax reform this year. The broad proposals included: a lower, flatter income tax, single sales factor for business income apportionment, lowering the state sales tax and broadening the sales tax base, modifying the gas tax trigger point, and considering a freeze to the statewide property tax rate for public education. In the end, the proposals had too many moving parts to map out in a short 45-day session, so the majority of the ideas will be sent to interim committee for further study. While the 2018 legislative session will take place during an election year, some of the ideas from the 2017 session might be ready for action by then.

The lone exception is a change to the gas tax trigger point. The gas tax formula was changed two years ago and is now tied to a gas index formula. However, after that change, the price of oil dropped dramatically. SB276 Transportation Funding Modifications, doesn't raise the gas tax, but it does lower the trigger point on the formula so that when the price of oil eventually rises the tax will rise as well.

Homelessness:

The Legislature contributed \$20 million toward three new homeless shelters in Salt Lake City and a TBD site in Salt Lake County. The

legislation HB0441 Housing and Homeless Reform Initiative Amendments, also includes a deadline of June 30, 2019, when the Road Home shelter will be closed.

Alcohol Reform:

Alcohol regulation in Utah is a challenging area of policy. It has been nearly a decade since the last significant changes to Utah's alcohol policies took place. This is always a tricky area of policy that has overtones and undertones related to religious and cultural sensitivities; tourism perceptions and impacts; costs to businesses, and to the consuming and non-consuming public. Arriving at a level of regulation that upholds public safety and is deemed "fair" is difficult.

HB422 Alcohol Amendments is very comprehensive, covering education programs, on-premise licensees (restaurants & bars), off-premise licensees (grocery & convenience stores), and the makeup of the Department of Alcoholic Beverage Control Advisory Board. The bill is intended to lower the rate of drunken driving, continue focus on alcohol abuse, reduce consumption by minors, and modernize parts of the code. The bill also creates a distinction between different types of facilities, the type of alcohol license they hold, and what that means to patrons. There will be new underage drinking programs in the 8th and 10th grades funded by a 2% price increase on alcohol. For a more comprehensive review of the bill go to: <http://le.utah.gov/~2017/bills/static/HB0155.html>.

The first, HB155 Driving Under the Influence and Public Safety Revisions, changes the blood alcohol limit for driving under the influence from 0.08% to 0.05% Blood Alcohol Content (BAC). Utah will be the first state in the nation to implement a lower blood alcohol limit than 0.08% BAC.

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