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Utah Legislative Update: December 2017

Insight — December 19, 2017

Legislative Shake-Ups:

The Utah Legislature had a number of legislators resign this month which has generated some leadership position shuffling. **Rep. Dean Sanpei** (R-Provo) announced his resignation, effective December 8 to take a senior position with Centura Health in Colorado. Rep. Sanpei was the chief budget officer for the State House in his role as the House Co-Chair of the Executive Appropriations Committee. His resignation elevates **Rep. Brad Last** (R-Hurricane) to the top budget position and **Rep. Mike Schultz** (R-Hooper) to second in command, as the House Vice-Chair for the Executive Appropriations Committee.

Rep. Schultz's new assignment means he must leave his role as Chairman of the House Transportation Committee and as a member of the Rules Committee. Replacements to those committees have not yet been announced.

On December 11, **Sen. Brian Shiozawa** was sworn in as the Region 8 Director for the Department of Health and Human Services. This will leave the Senate Co-Chair of the Business, Economic Development & Labor Appropriations Committee vacant. Replacements for all of Sen. Shiozawa's committee assignments have not yet been announced.

In addition, **Weber County Commissioner Kerry Gibson** announced he will resign his commission seat effective January 12, to take a position as the Deputy Director of the Utah Department of Natural Resources. **Rep. Justin Fawson** (R-North Ogden) has announced his intentions to seek to fill this mid-term commission vacancy, which would create another legislative opening just days before the annual legislative session gets under way.

The mid-term legislative vacancies will be filled following a vote of the delegates for the district by the political party that holds the seat. The dates of those special delegate elections have not yet been set. The Weber County Republican Party Central Committee will fill the Weber County Commission vacancy in a special vote.

Closure of the Utah Lien Recovery Fund

Governor Gary Herbert has released his proposed budget for the new fiscal year. This budget is a snapshot of the Governor's priorities and forecasts some of the big issues for the 2018 Legislative Session. One of the little known items included in the Governor's budget is the closure of the Utah Lien Recovery Fund ("LRF"). While all licensed contractors are assessed fees for the LRF, the Fund only pays claims for residential construction projects. After the LRF is closed, the \$1 million currently in the

LRF would be reallocated to fund other properties. The argument for closing the LRF is that over the past year only 11 claims have been made to the fund and it costs more to administer the fund than the claims which are paid out. Under the closure plan, the Department of Commerce would encourage suppliers, sub-contractors, and general contractors to utilize the State Construction Registry to eliminate payment and lien problems before they occur in place of the LRF. Details on how the Fund would be phased out will be worked on in legislation during the 2018 session.

Utah's Budget Projections Look Good!

At the close of the Utah Fiscal year in June, we learned that Utah would be rolling forward an \$8 million surplus in the General Fund, and an \$18 million surplus in the Education Fund. In the December meeting of the Executive Appropriations Committee, consensus budget projections were released that continue to paint a rosy picture for Utah's financial future. These consensus budget projections guide the opening state budget discussions by the Governor and Legislature for the 2018 session. The projections forecast new revenue growth of approximately \$438 million over last year's budget. Of that total, about \$382 million will flow into ongoing appropriations and \$101 million into one-time appropriations. These numbers bode well for both state-level tax reform efforts and for Public Education, which is likely to receive a significant portion of the new money.

Utah Legislative Session Start:

The 2018 Session begins on January 22 and will run through March 8. Utah's annual session is short in comparison to other states, and moves very quickly. During the session, I am permanently stationed at the State Capitol to cover client issues moving through the legislative process. If you need to reach me about an issue during the session, please feel free to contact me via email: kabradshaw@hollandhart.com or via mobile (801-599-9017). Text messages are welcome since I am often not in my firm office, but in committee hearings at the State Capitol.

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