



Kate Bradshaw

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

Utah Legislative Update: January 2019

Insight — January 10, 2019

State Budget Projections Show \$1 billion in New Revenue

In December, the Governor's Office, Senate, and House of Representatives jointly released revenue figures for the State's upcoming fiscal year budget. The numbers show that Utah will enjoy more than \$1 billion in new revenue.

According to the newly released figures, Utah is projected to receive \$675 million in new ongoing funds, as well as \$646 million in new one-time revenue. These new revenues will be allocated into two separate accounts; the state's general fund and the education fund. For ongoing revenue, \$187 million will go towards the state's general fund, while \$488 million will be found in the state's education fund. For one-time dollars, \$67 million will be deposited in the state's general fund and \$580 million will be sent to the education fund.

Gov. Gary Herbert has called for a \$200 million tax cut in his budget proposal announced in early December. Herbert's budget called on the legislature to identify ways for the state to broaden its sales tax base and lower the sales tax rate in addition to the tax cut. This could mean expanding sales taxes to services such as haircuts or limo rides. The Governor is open to various ideas on how to broaden the base and lower the rate and he will consider multiple options that the legislature can present throughout its 45-day session in 2019.

Expectations at the State Capitol are that the legislature will be cautious about spending the new revenue. Legislative leaders have already stated publicly that Utah is experiencing a "high" economic cycle and that lawmakers should prepare for the cycle to change in the future. This approach may result in lawmakers putting more money away in the state "rainy day fund" or using more on-going dollars for one-time projects.

New Legislative Leadership & New Committee Assignments

One of the perks of being the Speaker of the House or the President of the Senate is selecting new committee chairs and membership. Plum assignments usually flow to key lieutenants who have supported the leaders. With a new Speaker, Brad Wilson (R-Kaysville), and a new President, Stuart Adams (R-Layton), taking charge of the state legislature, we had expected some shake-up in the committee chairs and that membership would have to be adjusted to absorb the large incoming freshman class. However, the committee chair changes were broader than expected, with two-thirds of standing and appropriations committees

receiving new leadership.

The Rules Committee is the most powerful committee in each chamber, governing the overall assignment and flow of bills to standing committees for consideration. In both the House and Senate there will be new chairs guiding the bill process. Rep. Tim Hawkes (R-Centerville) will chair the House Rules Committee, while Sen. Gregg Buxton (R-Roy) will guide the Rules Committee in the Senate. Another key committee impacting nearly every policy and budget, the Revenue and Taxation Committee, will also be led by new legislators in both chambers. Rep. Robert Spendlove (R-Sandy) will take over in the House, and Sen. Lincoln Fillmore (R-South Jordan) takes the helm in the Senate.

Perhaps of little overall consequence, but of note because of its rarity, Rep. Susan Duckworth (D-Magna) was appointed Vice-Chair of the Higher Education Appropriations Committee. Republicans hold a super majority in the State House with 60 of the 75 seats. Given the makeup of the body, there is no need for the Speaker to gain allies across the aisle because he has 10 Republican votes to spare to maintain a two-thirds majority. Indeed, he can spare 22 Republican votes and still pass legislation with a simple majority. Since appropriations committees are joint committees led by a House and a Senate co-chair, it is unlikely that Rep. Duckworth will ever be called upon to lead the Higher Education Appropriations Committee. However, this appointment demonstrates a level of respect from Speaker Wilson to Rep. Duckworth for her legislative service through adversity, and acknowledgement of the service of her husband, former-Rep. Carl Duckworth, who passed away recently after a long battle with cancer.

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.