

Legislative Policy Committee

Zion's Bank - 10/19/2015

Welcome from Mayor Hiatt.

Motion by Jan Wells, and Second by Mayor Eyre second. Adopted.

- Speaker Hughes

Appreciates being here. All involved in an information game, and it is a challenge. Bully pulpit of some is stronger than the information of others.

History of the Medicaid issue was given. Speaker explained the House received a lot of criticism pushing back on Medicaid expansion. A few things they were concerned with include that it has a higher reimbursement rate, but could move from 90% this year to 70% later. This would have a huge impact on the state budget. So, the concern here is about the sustainability of federal funds.

Enrollment growth is also a concern. Committing to a percentage of an unknown amount. If that dollar amount covers 95% of the program, gives a chance to know what is expected. But this is different since it is 10% of an unknown amount, even in years of shortfall. Fully funded, even in years of short fall would impact funding of public education. Fully funding enrollment growth in Medicaid was a concern, and the costs by themselves were going up too.

Because of these issues, the House chose not to pass Medicaid expansion. Shared that he thought it is easier to blame speaker Hughes, then to explain the complexities of what is taking place. Feels the House has been dually punished. Since the session there has been the creation of the Gang of 6 (the two sponsors of the Medicaid bills in 2015, Speaker of the House, President of the Senate, Governor, and the Lieutenant Governor). They have been meeting together, as well as meeting with Sec. Burwell in DC to discuss this issue, and were able to have good discussions while there.

During the session they heard from a number of groups, including 18 provider classes that would receive new Medicaid dollars. From those discussions the new proposal would take on the kids' portion, about \$25 million dollars, and would have the other \$53 million would come from the provider classes who would be receiving money from the federal government. Have been working continually, but were not ready with a bill in July. Unveiled the proposal on Sept. 29, but it went over like a lead balloon. Oct 6 they started hearing back. Physicians Town Hall did not go well. Hospitals did not like it either. The hospitals wanted to have a cap. The State wanted to have a cap too, but Sec. Burwell told the State no. Speaker Hughes shared that the "Gang of Six" had worked hard on the plan together, and felt the assessment models were fair. Was able to share the plan at the Speaker's Conference, and was well received by states that are looking at how to deal with this.

Want to leverage those dollars that we have paid in taxes, but need to do so in a responsible way. The pain isn't now, but it will be coming. The Republican Caucus and House of Representatives, and the issues with the narrative of the Speaker holding the bill is not true. The Governor makes the call of a special session and controls what will be heard or not. The Speaker is not blocking, it is the Governor's call that directs it. Other narrative that is frustrating, a lot of the opposition in the house (or legislature) is opposing ACA and Obama. Not what it really is. It is a concern about the policy. The Speaker feels that the chase for the fed dollars are over in terms of Medicaid expansion. We can't fit in what they want in

our process and approach, but still able to discuss how the care will be provided for the sick and the needy. Loves partnering and working with us.

- Congressman Stewart –

Sorry that he “big guns” are in dc and not in the state. Rubber should meet the road in the state in the local governments, not back in DC. Need help to devolve power back to the states.

Who is going to be speaker? What is happening in D.C.? Looking for the day when decisions aren't made by D.C. politicians, or worse, a cubical bureaucrat, to move away from that power base, to the elected officials in the state. His father was the Mayor of North Logan, and feels that is where the rubber meets the road for most citizens, and where it should meet the road.

Who is going to be the next speaker? John Boehner is a good man, and is one of the most conservative congressman in Washington. McCarthy told Stewart he didn't really want to do it, and Paul Ryan doesn't seem to want to do it either. The party is too fractured for it to look like a winning situation. If Ryan chose to run, he would likely be the Speaker. But if he doesn't, it leaves the door open to other options, one of which could potentially be Congressman Chaffetz.

Lynn Pace asked about Stewart's position on the remote transaction act.

This is a bigger issue, but genuinely has not decided, since there are strong conservative arguments to be made on both sides of the argument. Is waiting to see what the legislation actually looks like before he can take a position on it. Expressed his desire to work with and help our cities and communities as much as they can.

- Amber Talley Legislative Director for Congressman Chaffetz office

The Remote Transaction Parity Act is a very important issue. Lawmakers talk about putting business back on a level playing field, allowing brick and mortar competing with online counterparts. They should be allowed to compete on the merits of business, not on who has to collect tax and who doesn't. Another reason this is important is for certainty for cities and towns working on their budgets. Congressman Chaffetz has been a big supporter of this idea for a while. The Marketplace Fairness Act from the Senate passed, but has not been able to move in the House. The Remote Transaction Parity Act has been introduced since things kind of came to a standstill. This bill has support from all around, both parties, and both houses. This is a bit of wonky issue. Justice Kennedy put Congress on notice that if the issue came back to the Supreme Court, there would likely be changes in physical presence standard for nexus.

Congressman Chaffetz improved on the Business Fairness Act, and added in some more protections for smaller businesses, but were careful in leaving the states laws that have been made are left in place. Looking at a number of opportunities to get the bill passed.

Amber gave some background on herself, and how her history of working at Price Waterhouse Cooper and doing taxes has helped her to understand this issue inside and out.

Inaudible question. The response from Amber was that she understands that taxes are frustrating, but as a conservative she believes in consumption based taxes.

Inaudible comment. Amber responded by saying that this is a state's rights issue, and is about state money. The act is merely creating the parity for the playing field that businesses operate in.

Lynn Pace said that the League has adopted a resolution supporting this legislation, but what can we do to support this legislation?

Important to remind members of the Utah delegation that if congress does not take on the responsibility here, then the Supreme Court is going to act for us. Important for members to take a position, one way or the other, to help further the discussion and solution.

Beth Holbrook from Bountiful said she understands there is some kind of a law suit about online retailers paying for reviews. How impactful could that be to get people behind the legislation?

More concerning, is something like what California is doing to amazon. Requiring platforms, market places, to disclose to states those companies that are selling into those states. States have economic nexus, if you don't have a physical presence, but sell into our state, then you do have a nexus.

Brent Taylor North Ogden said thanks for all the work being done on this, and feels this needs to be done. All those transactions are lost revenues to cities and other governments.

One final note, destination based tax is where the goods are delivered. That gives us ultimate control over the legislators. The other idea of origin based tax is where the goods are shipped from, and sets it so that citizens lose their ability to have control over those legislators who set the tax policy. In Amber's opinion, it is the ultimate taxation without representation.

- Congressman Chaffetz

Introduced by Cameron Diehl, showing a picture of Congressman Chaffetz wearing a red coat at a University of Utah game, though the congressman is a former BYU kicker. Congressman Chaffetz smiled, and said he enjoyed going to that game against Michigan here in Utah, but enjoyed going to the BYU game at Michigan much less. He shared that his son currently attends the U and that the U's football team has been making the state proud.

Here to represent Utah to Washington, not Washington to Utah. Some frustrations in D.C. currently, and there are changes happening. The house has passed over 200 bills, but they haven't gone anywhere. Senate needs to look at their rules and make changes so that things can be debated instead of being filibustered.

It is important that the process in D.C. works like it is suppose. An unconfirmed report that a number of bills that Congress voted on did not have hearings.

The Congressman emphasized the importance of the Remote Transaction Parity Act. Feels that it isn't a partisan issue, but is simply what is good, fair, and decent, and is a way to do business allowing communities to make their own determinations.

Brent Taylor thanked him for his work on the act. Question on how to get the national debt under control because of the impact it has on all of us, and our national security.

There are two buckets of spending, discretionary and mandatory. The mandatory is much larger then discretionary. The debt has been growing, and needs to be curbed. You can't automatically just cut the

spending. Need to have growth in the economy, as well as looking and understanding the growth of the mandatory spending. Have a bill that addresses these with a change in social security, but can't get anyone to sponsor it. Big debt, and rises in interest rates will be coming. Doesn't want to raise caps, but feels that dollars can be repurposed.

Foreign aid dollars, Archives give out grants to do genealogy.

How do we get rid of the gridlock in D.C.?

The debate is healthy. But there does need to be a mindset change. A desire to work together, and working together needs to happen. Stick true to your principals, and be able to persuade others that you are right, and they are wrong, and bring things together. Can do things in a bipartisan way, and you won't lose credibility. Message bills are fine, but real bills with real debate are what's needed.

Budget discussion. Since the President's election, the government has spent 525 billion dollars on just IT, and it doesn't work. Old systems, and things being used in the wrong way. 80 billion on IT this year, and it doesn't work. There is a lot of money being spent in many places, and there has to be votes on it, and there won't always be agreement. It is a tough situation.

Cameron Diehl addressed the rest of the issues on the agenda.

Proposition 1 is on the ballots, and this is the final stretch until it is voted on in the 17 counties who have put it on the ballot.

Wildland fire took up a fair amount of time during the Annual Convention. Sen. Vickers has asked that the League support the concept in the November Natural Resources Interim Committee. Would like to go into it some more, but do to time we will bring it back before the next interim. How many of you represent or work in cities that are part of a fire district. The participation match has been focused on cities and towns, so the question has come up about how to deal with the match and districts. Still working on that part.

Law enforcement discussion was going to happen, but again, due to time, this will be brought back in the November LPC before November interim committees.

Nick Jarvis shared more about the law enforcement survey that is going out to law enforcement agencies across the state, and asked for their help in making sure it gets filled out. This survey will be a big part of the legislative's session discussion on law enforcement.

Indigent defense. The 6th amendment Center will be releasing their report on this issue. The release of the report will be accompanied by a press conference. The Judicial Council will be reviewing the report and suggesting legislation based on it.

Motion to adjourn Dave Milheim. The second was indistinguishable. Adjourned.