

The Salt Lake Tribune

How Greg Hughes got his inland port in just 44 days, at Salt Lake City's expense



(Steve Griffin | The Salt Lake Tribune) The site of the former city landfill on the north side of I-80 between 5600 and 7200 West in Salt Lake City, Friday, March 30, 2018. The proposed inland port project could be built on this site.



By Bill Dentzer • Published: April 3
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Exactly 9 miles due west of Temple Square, at the 7200 West exit on Interstate 80, you can look north over the barren, salty mud flats where Salt Lake City used to dump its trash and conjure up a vision that has tantalized landowners, business interests and politicians for decades.

Squint at the landscape and imagine the long-closed landfill disappearing under a slab of concrete hundreds of acres across, train tracks branching out across it. Loaders move freight between train cars and truck trailers — inbound from overseas to locations across the West, outbound for export around the world. For miles in every direction, new businesses have arrived to support the enterprise or profit from its location.

That's the vision of an international port in Utah — a land-based trade hub that boosters tout as the most significant economic development opportunity the state might ever see. It would be the only such facility between the Mississippi River and

the Pacific Ocean, anchoring Utah as a major commercial crossroads and adding potentially hundreds of millions in revenue to the state's economy.

Commercial and government interests have chased that vision for 44 years, since 1974. This year, a legislative push spearheaded by outgoing House Speaker Greg Hughes, R-Draper, brought the vision closer to reality in just 44 days, passing a bill one day before adjournment.

Curious timing, and a surprise concession by the bill's sponsor that seemed to betray long hours of negotiations with Salt Lake City, prompted veteran observers of session endgames to suspect the port bill got caught up in legislative dealmaking to secure passage of what Senate leaders considered a must-pass transportation measure.

Deal or no, with the bill's passage the Legislature rolled right over the city's plans for thousand of acres in its undeveloped northwest quadrant. A city that hosts its own international airport, the 25th busiest in North America, was too small to be entrusted with the inland port project on its own, Hughes and his allies contended.

The capital city fought the bill, protesting state overreach, loss of millions of dollars in tax revenues, and a worrisome precedent for future state land grabs. The Utah League of Cities & Towns called it "nothing short of a state takeover of a swath of Salt Lake City without the city's consent" with "irreparable legal, taxation and policy precedents."

Over the bill's five-week trip through the Legislature, the city seemed to be making headway with its lobbying effort, winning favorable changes and then Senate passage.

But in just 15 minutes on the session's second-to-last night, a major rewrite of the bill far more hostile to the city's interests — one that few lawmakers could have had time to read — passed the House with no substantive discussion. Fifteen minutes later, the Senate concurred with the House bill, surprising Capitol watchers who expected House and Senate differences to get worked out in a conference committee.

The Senate version “was a bill that I didn’t like but it was a bill that we could live with,” Hughes told The Salt Lake Tribune in an interview after adjournment. Yet, the city’s continued pushback despite Senate concessions frustrated him, he said, as if “we’re negotiating against ourselves.”

“It gets to a point in a 45-day session,” he said, “when you’re in Day 44, you’ve got to figure out if the clock is being run out on you or you’re still moving forward on getting a bill passed.”

How the bill ultimately passed with conditions so harsh to the city’s interests showcases the antagonism between the progressive, Democrat-run urban capital and the more rural-minded, and staunchly conservative, Republican-ruled Statehouse. The opposing sides always agreed on the economic benefits of the inland port. But they were at odds over control: of land use authority, tax revenue, even potential environmental issues arising from the port’s operations. And the city lost on all counts.

Gov. Gary Herbert signed the port bill, SB234, on March 16, amid concerns from the original sponsor, and with the caveat that disagreements between the city and state should be resolved in a special session in the coming months. But there is no certainty that a session will be called or that changes will be enacted next year or later.

The Tribune retraced how the inland port bill got to Herbert’s desk in interviews with observers, stakeholders and participants in a process that took the plan from PowerPoint slides to law in six weeks. Its legislative path saw Salt Lake City’s prospects for local control go from acceptable to awful. The only good news for Mayor Jackie Biskupski and her city government colleagues? It could have ended even worse.

State vs. local control

Hughes, at a Salt Lake County media event Jan. 29, confirmed for the first time publicly that legislation was in the works to set up an inland port in mostly undeveloped northwest Salt Lake City, the same area chosen by the state a year earlier for a new prison over the capital's objections. He said the opportunity was so great, and challenges so daunting, "that I particularly wouldn't want to foist [them] on one jurisdiction or municipality."

But going it alone on the port was exactly what Salt Lake City had in mind. The city in early January approved a master plan and agreements with northwest quadrant landowners committing to pour millions in future tax revenue right back into the area to aid development. A potential city-led port figured into that: Salt Lake's economic development director had talked it up publicly the year before.

The state had its own ideas: Port legislation popped up in a trial balloon at the end of the 2017 session, a conversation starter to get the subject on the broader policy radar. It got a boost in the summer when the governor appointed a committee to do a feasibility study.

Initially, after Hughes' announcement, a small group of stakeholders was to get a briefing on the port plan at a speaker-hosted meeting on Feb. 1. That small gathering evolved into a much larger public event in the Republican House caucus room. There, Hughes extolled the largely undisputed economic benefits of an inland port, but made the contentious argument that it would require a multijurisdictional effort.

Biskupski and other city officials who attended fumed at what seemed like a setup. She parsed her words, saying the city was hearing specifics "for the first time" and needed more information. At such a boosterish public forum, voicing any stronger opposition might have come off as obstructionist.

'We want to be in the room'

Salt Lake City sounded the alarm: The City Council tabled its entire Feb. 6 agenda to hear instead from Hughes and the respective Senate and House bill sponsors, Republican Sen. Jerry Stevenson of Layton and GOP Rep. Francis Gibson of Mapleton, on legislation that still hadn't been written, or at least publicly released.

Over 90 minutes, Hughes repeated how the port plan was too big an undertaking for the city — an unfair burden, in fact. The mayor challenged the state's sudden urgency to enact a plan but, if it was going to happen, city officials wanted “to be in the room” when the bill was written.

When SB234 finally dropped in the sixth week of the session, it came laden with the worst of the city's concerns about losing tax revenue and ceding land use control to a new state-dominated agency. The city's ideas “aren't in the bill,” Biskupski said.

By the time the bill was heard in Senate committee later that week, the city had made some headway: The bill moved to the Senate floor with a smaller jurisdiction and narrower land use appeals authority. It passed the chamber with a cutback on how much local tax revenue the new agency could scoop up.

Two days later, when the bill arrived in the House on March 7, the tide turned back the other way.

‘Roll with it’

That night, the 44th of the 45-day session, a fourth version of the bill came out at exactly 8:47 p.m. Just over half an hour later, Gibson, the House majority whip, told the chamber he had a new version, adding: “We'd like to roll with it.”

He spent a few minutes on a big-picture summary of the bill. Rep. Sandra Hollins, a Salt Lake City Democrat, rose to say she would vote no, aligning with her constituents. Rep. Mike Winder, a Republican from bordering West Valley City, rose

to praise it. (The new version, yet unknown to most, had changes favorable to his district and also pushed the project boundary into Magna.) The question was called to a vote immediately after, passing 61-11 after 13 minutes on the House floor. All Republicans voted “yes,” and all Democrats, except the representative from Magna, voted “no.”

The House version of the bill contained substantive, almost punitive changes.

Besides expanding the area of the port jurisdiction, it vastly added to its taxing power — it could now claim up to 100 percent of all county, city and school district property taxes, up from just 2 percent in the Senate version.

Another change prohibited any ban on moving or temporarily storing natural resources on the 34-square-mile zone around the actual port complex. Opponents read that as a virtual guarantee that Utah coal will be moving through the port without the stricter environmental controls Salt Lake City would likely impose.

‘It all just came together so fast’

The Senate bill set the size of the jurisdiction at 30 square miles, entirely within Salt Lake City. Its bigger area in the House bill came after some precision lobbying.

Freeport West, a major commercial and industrial property developer, was “a little anxious” about the economic disadvantage its West Valley City holdings might suffer if they lay outside the port zone, said Lincoln Shurtz, lobbyist for both the company and West Valley City. Shurtz said he contacted the speaker about expanding the port zone “so that my [corporate] client can participate in any sort of incentive discussion.” He also contacted West Valley City.

“We weren’t involved until the last few days,” West Valley City Manager Wayne Pyle said. His city, offered a seat on the board, was eager to claim it but concerned, as was Salt Lake City, about losing tax increment and land use control. Another change to the final version of the bill exempts special tax districts established before this March. West Valley City’s is more than 2 years old. Its problem was solved.

“My concerns about local control, especially from a land use and planning standing, weren’t 100 percent allayed, but they were mostly allayed,” Pyle said. “The trade-off for us was, ‘Well, we’ll at least have the opportunity to control our own destiny a little bit by having a seat on that board.’”

Salt Lake County wanted a second board seat and worked for it behind the scenes, avoiding the city-state power struggle. As for Magna, designated a township just 15 months ago, no one from the state reached out: Levying no taxes of its own, it has none to lose to the port.

“My thought was it all just came together so fast that no one thought of it,” said Bart Barker, general manager of the Greater Salt Lake Municipal Services District, which serves county townships and unincorporated areas. Magna, he said, “would like to have been consulted and I would like to have been consulted, because I work for them.”

Magna’s inclusion was “definitely a surprise” to Mayor Dan Peay, who got his first briefing on the plan the week after the bill passed.

“Talking to other people, that bill just kind of floated up to the top right at the last couple days, and nobody really knew what it consisted of even until right at the last,” he said. “By the time they presented it to legislators, none of them could have read it. They just voted on it because it sounded like a good idea, I guess.”

Surprise in the Senate

City officials were expecting the House to vote a harsher port bill. They also were confident that differences between the House and Senate versions would get worked out in a conference committee — a small negotiating unit with three members from each chamber. Hughes, in fact, had said as much to Rep. Brian King, the Democratic House minority leader from Salt Lake City.

“He thought there’d be a conference committee and he asked me to be a part of that committee,” King said “But it never came to that. That was surprising to me.”

The conference never happened because a subdued Jerry Stevenson, the Senate sponsor, rose from his seat in chambers 15 minutes after the House passed the bill and moved for the Senate to concur with the House version. The Senate did so, voting 20-6. All Democrats voted “no,” except the one from West Valley City. Outside chambers, city lobbyist Ken Bullock blew his stack at no one in particular, later apologizing for his outburst. Others were equally surprised, if less vocal.

Lack of transparency — and there was little of it regarding the port bill — breeds conspiracy theories. Observers thus read intrigue into the timing of the port bill and another that moved through the Legislature at roughly the same time: SB136, a must-pass transportation bill in the view of Senate leaders, that met resistance in the House.

Hughes and Senate President Wayne Niederhauser, R-Sandy, appointed themselves to serve on the conference committee on the bill, a rare move that drew mock “ooohs” on the House floor when Hughes announced it.

That 7 p.m. conference led to the transportation bill narrowly passing the House at 8:57 p.m. on a 40-32 vote. Members then approved the substitute port bill at 9:34 p.m. The Senate approved the transportation bill at 9:44 p.m. and concurred on the port bill at 9:51 p.m.

Niederhauser and Hughes said disagreements over the transportation bill — and there were strong ones over taxes — were resolved independent of discussion on any other legislation.

“I was right in the middle of SB136,” Niederhauser said of the transportation bill.

“The inland port bill was never part of that discussion.”

Hughes said: “What would the transit bill have to do with the inland port?”

Still, Stevenson’s move to concur on the port bill surprised many lawmakers, not to mention Salt Lake City officials and lobbyists. Senators had not had time to read the new version and had no idea what city leaders thought of it.

After the session, Stevenson acknowledged that he “acquiesced” to the House on his bill, hoping that disagreements he had tried to resolve would get “straightened out” in talks on the way to a special session to make changes. He was downcast in calling for the vote that night, his shoulders slumped. The next day, he seemed distraught — weeks of work to address the city’s concerns and find a middle ground had been for naught. Meanwhile, senators had heard talk that the House, with its version of the bill, essentially had sought to punish Salt Lake City for its obstinance.

Stevenson would not confirm claims by some observers that he had gone so far as to ask the governor to consider a veto. “I certainly wanted him to take a look at it from a little different perspective, but he didn’t, and that’s not what we’re dealing with right now.”

Hughes called the version that prevailed a compromise in itself — his chamber had alternate plans for an even stronger port agency, one that would have further angered the city. The Senate version, he said, didn’t give him “high confidence that the inland port was actually going to happen, so we were going to substitute that bill.”

“There was a reasonable belief that what we put together wouldn’t be accepted by the Senate,” he allowed, “but you always hope you can find compromise.”

It hardly seemed a compromise, with the Senate or much less the city. And unlike the transportation bill, which saw a lot of public debate, the port bill slipped through on an audible called by Hughes — a hasty, last-minute substitution that injected distrust and suspicion into an already-polarizing issue.

“I was pissed off about that process. Nobody had a chance to read that bill,” King said. “It’s why having a more transparent and more thorough and more considered deliberative process is important. It does inevitably lead to a lot of suspicion and cynicism and ‘the game is rigged’ kind of thinking.”



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