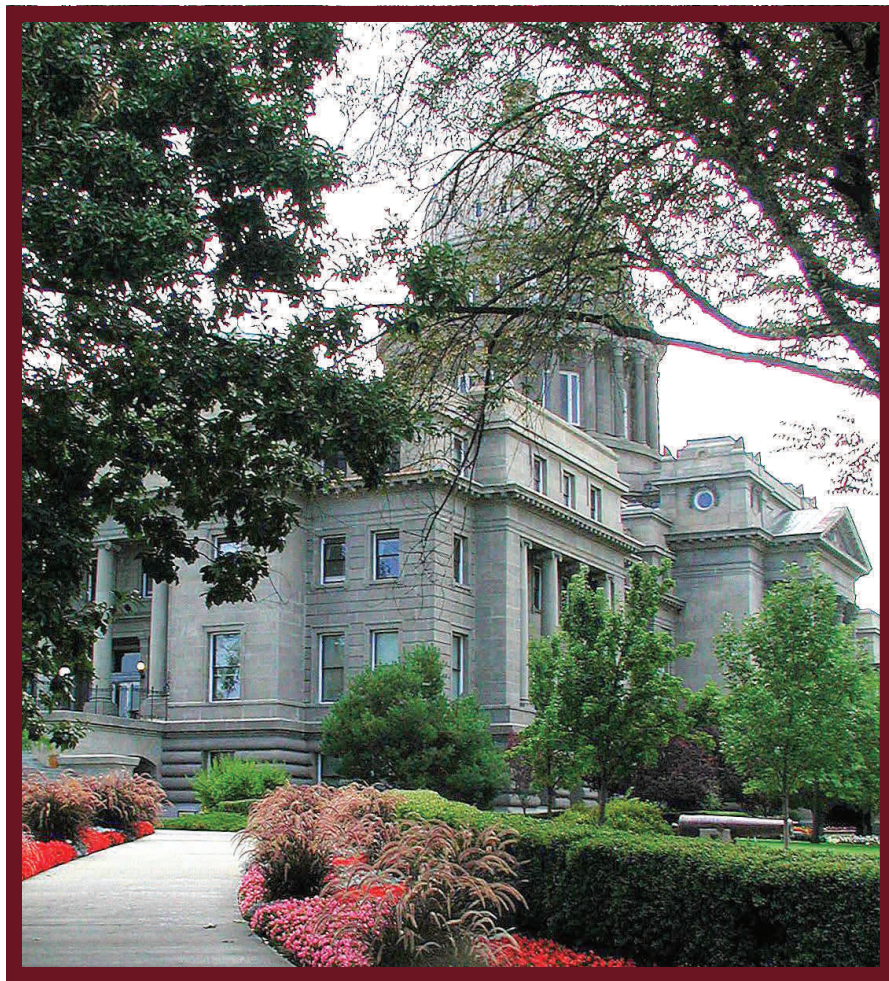


# SINE DIE REPORT

## THE IDAHO STATE LEGISLATURE



**A Summation of the 2015 Legislative Session**

**April 2015**

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This report and a complete listing of all legislation are available on the Idaho Legislature's Internet site. Full text of all bills is included, along with statements of purpose, fiscal notes and legislative action. The Legislature's Website is:

[www.legislature.idaho.gov](http://www.legislature.idaho.gov)

*Cover photo: Idaho State Capitol*



# 2015 Legislative Leadership

## Senate

Brent Hill, President Pro Tempore

Bart M. Davis, Majority Leader

Chuck Winder, Assistant Majority Leader

Todd Lakey, Majority Caucus Chair

Michelle Stennett, Minority Leader

Cherie Buckner-Webb, Assistant Minority Leader

Grant Burgoyne, Minority Caucus Chair

## House of Representatives

Scott Bedke, Speaker of the House

Mike Moyle, Majority Leader

Brent Crane, Assistant Majority Leader

John Vander Woude, Majority Caucus Chair

John Rusche, Minority Leader

Mat Erpelding, Assistant Minority Leader

Donna Pence, Minority Caucus Chair



## 2015 Committee Chairs

### Senate

Jim Rice  
Agricultural Affairs

Patti Anne Lodge  
Judiciary and Rules

John Tippetts  
Commerce and Human Resources

Jeff Siddoway  
Local Government and Taxation

Dean Mortimer  
Education

Steve Bair  
Resources and Environment

Dean Cameron  
Finance

Curt McKenzie  
State Affairs

Lee Heider  
Health and Welfare

Bert Brackett  
Transportation

### House of Representatives

Ken Andrus  
Agricultural Affairs

Rich Wills  
Judiciary, Rules and Administration

Maxine Bell  
Appropriations

Lynn Luker  
Local Government

Vito Barbieri  
Business

Dell Raybould  
Resources and Conservation

Stephen Hartgen  
Commerce and Human Resources

Gary Collins  
Revenue and Taxation

Reed DeMordaunt  
Education

Thomas Loertscher  
State Affairs

Jeff Thompson  
Environment, Energy and Technology

Joe Palmer  
Transportation and Defense

Fred Wood  
Health and Welfare

Christy Perry  
Ways and Means

## Introduction

The First Regular Session of the 63rd Idaho Legislature began on January 12, 2015. The Legislature convened in the midst of a strengthening state economy and with its sights set firmly on improving Idaho's public education system. Those improvements were reflected in a series of system-wide steps, including a significant increase in funding for K-12, adopting a new funding approach for public school teacher salaries ("career ladder"), and successfully resolving the seemingly intractable issue surrounding Idaho's public schools broadband connectivity.

Specifically in regard to education, the Legislature increased the 2016 General Fund appropriation for K-12 by 7.4% over the preceding fiscal year. This is the largest increase for public education funding in a number of years. Legislators also adopted a new "career ladder" for schoolteachers, to provide a more competitive salary structure. The adoption of the career ladder for teachers reflects the culmination of months of work by legislators in developing a salary structure that provides increased funding as well as accountability for teachers. Finally, the Legislature successfully dealt with and resolved the impact of a judicial decision that found the state's education broadband contract void. The Legislature quickly moved to ensure that no school districts were left without broadband/Internet connectivity and ensured that high school students were not delayed in graduating simply due to Internet-based curriculum being interrupted.

In addition, the Legislature addressed growing concerns about the condition of roads and bridges in the state. The Legislature addressed those concerns by providing additional moneys for highways and roads. Those additional moneys will come from increased vehicle registration fees, and an increase to the fuel tax. These moneys will be subject to a 60-40 split between the State Highway Account and local units of government. The Legislature also created a new program for transportation projects funded from a potential surplus eliminator of the General Fund.

Other than the issues noted above, the Legislature considered and dealt with an array of policy matters. Legislators wrote nearly 800 pieces of draft legislation, of which approximately 500 were introduced as bills. These bills touched on a variety of topics, including benefit corporations, licensing of naturopathic practitioners, a comprehensive uniform business code, consolidating Idaho's ethics and sunshine laws, revisions to the Juvenile Corrections Act, limiting the use of tanning devices by minors, requirements for postsecondary scholarships, allowing the prescription of anti-overdose drugs, and historical horse racing. And this is only a short list of the issues the Legislature dealt with during the session.

Revenue projections for fiscal year 2016 represent the fifth consecutive year of economic growth in the state. This trend was illustrated in the economic forecasts by the Economic Outlook and Revenue Assessment Committee, which estimated fiscal year 2016 revenue growth of 5.5% over fiscal year 2015 (consistent with the Governor's forecast). Based on the strengthening economy, the Legislature addressed pressing funding needs in a number of state agencies and programs. As indicated, public schools received a 7.4% increase, colleges and universities received a 3% increase, professional-technical education received a 5.9% increase, and Medicaid received a 3.5% increase.

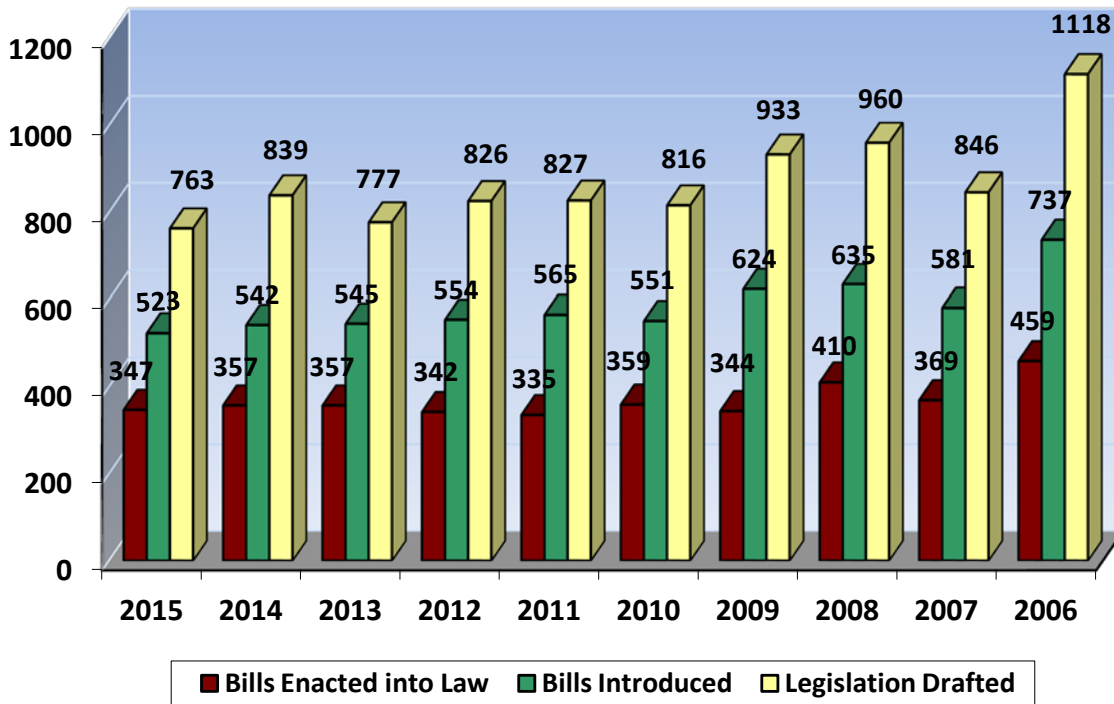
In addition, the Legislature also addressed state employee compensation. The Governor recommended a 3% salary increase for permanent state employees for FY 2016, and the Legislature's Joint Change in Employee Compensation (CEC) Committee also opted to recommend the 3%

increase. The recommendation is an ongoing merit-based increase in employee compensation for permanent employees. The CEC Committee also recommended that the minimum amounts on the pay schedule for classified state employees be moved from 68% of policy to 70% of policy. JFAC funded the recommendations. Also, the Legislature authorized and funded a 3% increase in the annual salary for appointed officials, effective July 1, 2015. The salary for each of the three public utilities commissioners is statutorily raised to \$97,799 from \$94,950; the four state tax commissioners is raised to \$90,669 from \$88,028; and the salary for each of the three industrial commissioners is raised to \$95,193 from \$92,420.

# Volume of Legislation and Length of Session

During the 2015 legislative session, 763 proposed pieces of legislation were prepared for legislative committees and individual legislators. From that initial group of draft proposals, 523 bills were actually introduced, along with another 72 resolutions, memorials and proclamations. By the end of the session, 351 bills had been passed. After final legislative action, and following the Governor's review, 347 introduced bills became law, with the majority of the new laws to become effective July 1, 2015. Four bills were vetoed by the Governor. One bill received a line-item veto.

**From Drafting to Enactment  
10-Year Comparison**



## Length of Session

When the Legislature adjourned sine die on April 11th, it had been in session for 89 days. The 2015 legislative session, the longest since 2009, was 15 days longer than the previous session.

**Length of Recent Sessions (Days)**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
89	74	88	81	88	78	117	87	82	93



## Rules Review

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At the beginning of each legislative session, the Legislature takes up the important task of reviewing all pending, pending fee and temporary rules that have been promulgated by state agencies. The Legislature can prevent pending rules from going into effect, as well as prevent final rules from remaining in effect, by rejecting them. Pending fee rules go into effect only if the Legislature approves them. Temporary rules expire at the end of the legislative session unless approved by the Legislature.

During the 2015 legislative session, the Senate and the House of Representatives were each asked to review 194 individual rulemaking dockets, totaling 1,508 pages. This figure is up from the 173 dockets reviewed during the 2014 legislative session, and up from the 188 dockets reviewed during the 2013 legislative session.

Eleven of the 165 pending rule dockets reviewed were rejected entirely or in part:

1. Parts of a State Tax Commission docket relating to Idaho Sales and Use Tax Administrative Rules (HCR 4);
2. An entire rulemaking docket of the Public Employee Retirement System of Idaho relating to PERSI Contribution Rules (HCR 6);
3. An entire rulemaking docket of the Department of Water Resources relating to Rules for Conjunctive Management of Surface and Ground Water Resources (HCR 10);
4. An entire rulemaking docket of the Office of the Governor relating to Rules Governing the Idaho Commission for the Blind and Visually Impaired (HCR 11);
5. Part of an Idaho State Police docket relating to Rules of the Idaho Peace Officer Standards and Training Council (HCR 13);
6. An entire rulemaking docket of the State Board of and State Department of Education relating to Rules Governing Thoroughness (HCR 21);
7. Part of a State Board of and State Department of Education docket relating to Rules Governing Uniformity (HCR 22);
8. An entire rulemaking docket of the State Board of and State Department of Education relating to Rules Governing Uniformity (SCR 119);
9. Part of a State Board of and State Department of Education docket relating to Rules Governing Thoroughness (SCR 121);
10. An entire rulemaking docket of the Idaho State Department of Agriculture relating to Rules Governing Livestock Dealers, Buying Stations, and Livestock Trader Lots (SCR 113); and
11. Parts of a Department of Administration docket relating to Rules of the Division of Purchasing (SCR 129).

All five proclamations adopted by the Board of Correction were approved.

# 2015 Legislative Action on Major Issues

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## Agriculture

**H 114** - Provides that the Pure Seed Law is intended to solely occupy the regulation of the cultivation, production and processing of seeds and prohibits regulation by political subdivisions.

**H 166** - Provides an alternative for irrigation districts to obtain approval to incur debt for mitigation and recharge purposes through a judicial examination process rather than an election, provided a district's board first passes a resolution to do so by a two-thirds majority.

**HJM 006** - Sets forth findings that foods produced with genetically engineered ingredients are as safe to eat and grow as food produced without such ingredients and urges the U.S. Congress to enact legislation that reaffirms the Food and Drug Administration as the primary authority in uniform food labeling related to genetic engineering, based on scientific standards regarding health, safety and nutrition.



**S 1057** - Allows irrigation districts to hold monthly and special meetings in alternate lo-

cations within the boundaries of the district when deemed more convenient and suitable by the board of directors.

**S 1058** - Affords irrigation district patrons the alternative of paying annual assessments through credit or debit cards.

**S 1059aa** - Provides that an irrigation district may impose a special assessment to pay for physical structures or other work necessary to protect its facilities from harm caused by irrigation runoff or drainage from individual lands within the district that are on the district's assessment book, provided the district has adopted a bylaw or resolution authorizing a special assessment.

**S 1074** - Revises the name of the Idaho Honey Commission, revises nomination and appointment provisions and provides that Idaho beekeepers, registered with the Idaho Department of Agriculture, and not exempt from taxation, may vote in referendums held for the purpose of determining whether the levy of tax should be changed.

**S 1099** - Sets forth conditions under which parties shall constitute a lateral water users' association and provides for liens upon a water user's lands for unpaid assessments to operate, repair, improve and maintain laterals and ditches.

**S 1113** - Authorizes the Idaho Beef Council to lease, purchase or own personal property, and to lease real property, deemed necessary in the operation of the council.

**S 1169** - Increases the maximum amount of indebtedness that ground water district boards may incur, for which warrants are issued, from one dollar to three dollars for each two-hundredths of a cubic foot per second of ground water authorized to be diverted and used upon lands or facilities located within the district.

## Business and Economic Development

**S 1025** - Creates a single, comprehensive state business code relating to incorporated and unincorporated businesses, general business corporations and nonprofit corporations.

**S 1076** - Establishes the Benefit Corporation Act, which enables Idaho businesses to adopt benefit corporation status. Adopting such status requires a corporation to adopt certain standards of purpose, accountability and transparency.

## Criminal Justice

**H 055** - Repeals a sunset date for the Peace Officer and Detention Officer Temporary Disability Act, so that the law will continue to provide a full salary to officers in certain dangerous occupations in the event of injury on the job.

**H 061** - Revises the Juvenile Corrections Act to provide that when a court sentences a juvenile to the custody of the Department of Correction, it may provide that the juvenile will be on probation following release from the custody of the department.

**H 062** - Allows more time for a crime victim entitled to restitution to execute a judgment or renew a lien arising from a judgment. The time for a crime victim to execute a judgment is increased from five years to twenty years.

**H 102** - Reclassifies certain juvenile curfew violations from low-level misdemeanors to infractions.

**H 104** - Reclassifies certain offenses where a person places debris on a highway and on private property from low-level misdemeanors to infractions.

**H 136** - Ensures that the cost of housing probationers and parolees committed to a county jail for discretionary jail time are borne by the state and not county property taxpayers.



**H 137aa** - Ensures that peace officers who are promoted to perform supervisory duties do not lose peace officer status for purposes of retirement calculations performed by the Public Employee Retirement System of Idaho (PERSI).

**H 138** - Repeals obsolete laws requiring permission from a district judge before a sheriff may move a prisoner in cases of pestilence or contagious disease, and regarding expenses or removing a person from the county jail.

**H 139** - Repeals an obsolete law relating to fighting duels out of state.

**H 157aaS** - Authorizes the Idaho State Police to contract with and receive reimbursement from a private entity when the ISP provides services to the private entity if it is deemed necessary to enforce the law or ensure public safety.

**H 158** - Corrects a situation where a defendant is arrested on a bench warrant, posts bail and is released from jail but then again fails to appear in court as required. This bill gives courts discretion to either set no bail on a bench warrant, or to set bail, but require that the defendant actually appear before the court where the charges are pending, before being released.

**H 159** - Reclassifies certain tobacco-related offenses from low-level misdemeanors to infractions.

**H 183** - Allows anti-human trafficking organizations to place signs and posters that contain the contact information for human trafficking hotlines in and around rest areas alongside state and interstate highways.

**H 195** - Reclassifies certain firework violations from low-level misdemeanors to infractions.

**S 1034** - Clarifies that persons who have reached 18 years of age, and who are confined in juvenile facilities and escape, shall be proceeded against as adults.

**S 1035** - Provides for the blended sentence and dual custody of the State Board of Correction and the Department of Juvenile Corrections for a juvenile convicted as an adult.

**S 1040aa** - Clarifies that a defendant's claim alleging ineffective assistance of appellate counsel must be filed with the court within 42 days of the completion of the defendant's appeal when punishment of death has been imposed.

**S 1041aa** - Authorizes an additional member of the Sexual Offender Management Board who has experience and expertise in conducting post-conviction sexual offender polygraph examinations.

**S 1054** - Enacts the Uniform Recognition of Substitute Decision-Making Documents Act that allows individuals to delegate substitute decision-making authority such as financial, medical and mental health powers of attorney in other states and jurisdictions.

**S 1075** - Clarifies that Idaho inmates working for private agricultural employers under contract with Idaho Correctional Industries are not entitled to worker's compensation or unemployment compensation.

**S 1154aa** - Allows a victim of human trafficking to petition for the removal of a criminal history record under certain conditions.

**SCR 103** - Authorizes the Legislative Council to reappoint an interim study committee to

continue to undertake and complete a study of the public defender system in Idaho.

## Education

**H 110** - The Governor's Task Force for Improving Education recommends a shift to a system where students advance based upon content mastery, rather than seat time requirements. This legislation authorizes the State Department of Education to conduct a statewide awareness campaign to promote understanding and interest, to establish a committee of educators to identify roadblocks and possible solutions, and to facilitate the development of an incubator program with an initial cohort of local education agencies.

**H 170aaS** - Over the past few years the Legislature has approved a number of education-related pilot programs to provide new avenues for students to complete coursework. Most of these pilot programs have included funding from the State General Fund. This bill establishes an approach known as "pay for success" contracting in Idaho. It allows the state to enter into contracts for programs with private entities whereby that entity bears the burden of financing the cost of the program. Only if the contractor meets predetermined benchmarks and criteria, and can show that the program has been cost-effective, is the state obligated to reimburse program costs with funds it would have spent on similar programs.

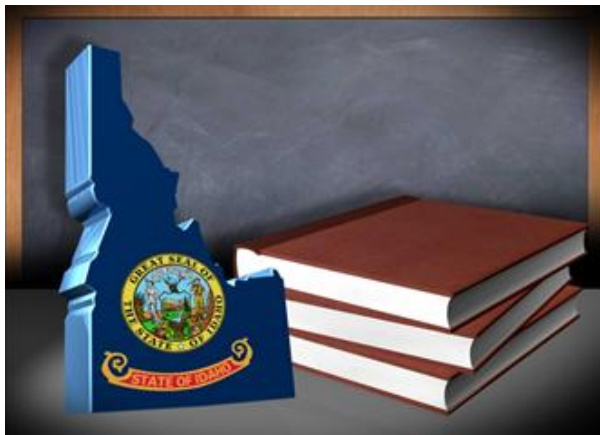
**H 246** - Provides for inclusion of anti-bullying content in district, teacher and staff training and orientations to help staff recognize and most appropriately intervene should bullying occur. The bill also specifies a role for school superintendents and principals in informing staff and students through student handbooks and other means, that bullying is prohibited, and conveys what constitutes bullying to further ensure all are aware of the school district policy.

**H 263** - Allows funds provided by H168 to be used to reimburse school districts for additional costs those districts incurred when they lost their federal E-rate funding due to their

reliance on the state contract that is now void.

**H 296** - Establishes a career ladder funding model for instructional staff that would be variable based upon a compensation system consisting of two rungs - the residency compensation rung and the professional compensation rung - movement between which would depend on instructional staff meeting the applicable performance criteria and obtaining a professional endorsement. The bill also establishes a master teacher premium amount for qualified instructional staff employees and allows pupil service staff to qualify for leadership premiums.

**H 302** - Establishes a Science, Technology, Engineering, and Mathematics (STEM) Action Center. The STEM Action Center will be designed to couple student education and experience with employment opportunities within the STEM job market. The STEM Action Center administrator will be the state official who designates, coordinates, oversees, and promotes STEM programs and best practices.



**H 313** - Allows Education Support Program funds to be used toward academic and college or career advising, outlines the formula used to distribute the funds and clarifies the duties of school counselors. The bill also clarifies that those serving as college or career advisors must receive training in this area.

**H 314** - Idaho's Elementary and Secondary Education Act (ESEA) flexibility document (waiver) expires June 30, 2015. The purpose of the flexibility document is to obtain permis-

sion to waive certain obligations of the federal No Child Left Behind law. Idaho was required to file for renewal of its waiver by March 31, 2015. Under this bill, the Idaho State Department of Education submitted a number of changes in the waiver. These changes reflect more flexibility for the state in such things as testing schedules, test duration, and standards.

**HCR 026** - Authorizes the Legislative Council to appoint a committee to undertake and complete a study of broadband services for Idaho school districts and agencies of the State of Idaho.

**S 1050** - Consolidates the separate sections of Idaho Code pertaining to advanced opportunities for secondary students into a single chapter. The bill revises the methods to determine cost reimbursement for students receiving funds for certain dual credit courses. The bill also clarifies that the community college out-of-district tuition payment made by counties would be covered by program funds, and the bill removes the 10% cap on the participation limits for the "8 in 6" Program.

**S 1071aa** - Starting with the 2016-2017 school year, the bill requires all secondary pupils to show they have met the state civics and government standards through the successful completion of the civics test or alternate path established by the local school district or charter school.

**S 1086** - Requires the Division of Professional-Technical Education to coordinate with the Idaho Digital Learning Academy to provide approved online professional-technical education courses to any Idaho school district. The bill allows the Division of Professional-Technical Education to provide incentives to Idaho public colleges and universities offering professional-technical programs that align their foundational courses, which are required in the same or substantially similar programs of study so as to achieve uniformity and transferability in the core program requirements at all such public colleges and universities.

## Elections



**H 112** - Amends the Sunshine Act to provide that political committees must adhere to the same requirement as political candidates to report all contributions of \$1,000 or more received after the 16th day before, but more than 48 hours before, any primary or general election.

**H 212** - Authorizes the use of electronic poll books, prohibits judicial candidates from running for more than one seat at a single election, addresses the cancellation of an elector's registration for not voting in a four-year period, and expands the condition of a free recount.

**H 216aa** - Clarifies the process, time frame and responsibilities for city initiatives and referenda.

**S 1066** - Establishes a presidential primary using the election date on the second Tuesday in March. All other candidates for state or federal office are unaffected and will continue to use the May primary election date. The presidential primary is available for any political party that chooses to participate.

**S 1072aa** - Requires candidates for school board trustee positions to file sunshine reports for their campaigns, except for elections of trustees in a school district that has fewer than 500 students.

## General Government

**H 001** - Designates the Idaho Giant Salamander as the State Amphibian.

**H 090 & H 091**- To help citizens locate laws relating to government transparency, this bill moves certain laws, those dealing with existing public records, open meetings, ethics in government, and prohibition against contracts with officers, into a new single title in Idaho Code, called Transparent and Ethical Government.

**H 301** - Clarifies the policies and procedures in the issuance of licenses to carry concealed weapons.

**H 324** - Increases the civil penalties for violations of the state Open Meeting Law. There have been no revisions to these civil penalties since the law was enacted in 1974.

**HCR 23** - Authorizes the Legislative Council to appoint a committee to complete a study of the state's purchasing laws and to report to the 2016 Legislature proposed legislation to strengthen and improve those laws.

**S 1044** - Prohibits the use of eminent domain to acquire private property for use as trails, paths, greenways or other ways for walking, running, hiking, bicycling or equestrian use, unless adjacent to a highway, road or street.

**S 1112** - Whenever the term of a state officeholder has expired as prescribed by law, the Governor or other appointing authority shall reappoint the appointee to the position within 12 months of the expiration, or the office shall be declared vacant if the Governor or the appointing authority fails to take certain actions.

**S 1155** - Provides that the Governor, unless prohibited by the United States Flag Code, may direct that the flag of the United States be flown at half-staff at certain monuments, provides for the duration of the directive and for renewal and provides that the Governor may request the time, manner and condition

of such direction in keeping with the traditions of the United States Flag Code.

**S 1170** - Revises the qualifications for magistrates, Court of Appeals judges, Supreme Court justices and District Court judges to provide consistency.

## Health and Human Services

**H 004** - Increases the disciplinary powers of the Board of Pharmacy by permitting the board to restrict and fine a controlled substances registrant. The board's disciplinary powers were previously limited to suspension and revocation of the registration.

**H 008** - Revises the Idaho Wholesale Drug Distribution Act and the Idaho Pharmacy Act to be consistent with federal law. The bill prohibits "grey wholesaling," requires wholesale distributors to identify suspicious controlled substance orders and clarifies confusing language.

**H 075** - Exempts eyeglasses, eyeglass component parts and contact lenses from the sales tax.

**H 107** - Extends the sunset date on legislation enabling the Immunization Assessment Board to use the federal vaccine purchase program to obtain necessary childhood vaccines at a reduced price. The sunset date, previously July 2015, is now July 2017.

**H 108** - Allows for the prescription and possession of anti-overdose drugs used to reverse opioid drug overdoses.

**H 150** - Establishes the Interstate Medical Licensure Compact to streamline multistate licensing of physicians.

**H 153** - Enables emergency medical services (EMS) agencies to provide certain health care services to members of the public who lack access to primary care.

**H 154aaS** - Requires a physician to conduct in-person examinations and counseling prior to prescribing pregnant women abortion-

inducing drugs.

**H 177** - Prohibits the use of tanning devices on minors under 14 year of age and requires parental permission for use of tanning devices on minors who are 14 years and older.

**H 178** - Increases the amount and number of student loan repayment awards made to Idaho physicians through the Rural Physician Incentive Program, which encourages physicians to practice in rural and underserved communities.

**H 189** - Establishes the Idaho Telehealth Access Act, which enables health care professionals to provide services to remote patients.

**H 218** - Establishes the Healthcare Policy Initiatives Program and provides appropriation to the newly created program within the Department of Health and Welfare. This program will oversee the State Healthcare Innovation Plan (SHIP). SHIP will transform Idaho's health care system by changing the standard of practice, delivering primary care through the patient-centered medical home (PCMH), integrating primary care with the broader medical neighborhood of hospitals and ancillary providers, and shifting payment incentives from volume to paying for improved health outcomes.

**H 264** - Provides funding and legislative intent for the creation of a second Behavioral Health Community Crisis Center to be located in northern Idaho. The bill also restores funding to Allumbaugh House, which is a medical diversion facility located in Boise. This facility is designed to treat Idahoans with mental health and substance abuse disorders.

**H 298** - Provides that certain services for adolescents shall be reimbursed at a certain percentage of the current Medicare rate. This bill will add 15 beds in the Treasure Valley to serve adolescents suffering from serious mental health issues, including suicide attempts. The additional beds will be located in a free-standing mental health facility, and Medicaid will reimburse the facility at a significantly lesser amount than is paid to the hospitals

that house the adolescents, when less expensive beds are not available.



**H 316** - Requires transportation network companies and their drivers to obtain liability insurance.

**HCR 024** - Recognizes the importance of family caregivers who provide uncompensated support to relatives who need assistance caring for themselves, and endorses the Idaho Caregiver Alliance's efforts to create a task force to study issues relating to family caregivers.

**S 1043** - Exempts medical foster homes for veterans from certain state certification requirements.

**S 1062aa,aa** - Establishes the Direct Primary Care Act, which enables patients to enter into direct primary care agreements with health care providers.

**S 1080aa** - Establishes licensing rules for genetic counselors and defines the scope of practice for genetic counselors, which includes interpreting family and medical histories to assess the risk of disease, educating families about inheritance, genetic testing, and disease management and prevention.

**S 1104aaH** - Authorizes the establishment of a new veterans home in northern Idaho. When a site is selected, the state will provide 35% of the funding required for construction

and operation of the new home. Federal moneys will provide for the balance of funding.

**S 1121** - Permits the Immunization Reminder Information System, a volunteer registry of the immunization status of Idaho children, to share immunization data with the Idaho health data exchange. The information in the Idaho health data exchange is used by health care providers in their efforts to treat patients.

**S 1144** - In addition to more traditional award applicants, this bill includes \$500,000 for the creation and initial management of four community recovery centers. These recovery centers will be community based and will serve Idahoans with mental health and substance abuse related issues.

**S 1177** - Repeals existing law relating to the licensing of naturopathic physicians.



**SCR 104** - Authorizes the Health Quality Planning Commission to prepare a plan for suicide prevention in Idaho.

**SCR 110** - States findings of the Legislature and recognizes National Diaper Need Awareness Week, which is intended to raise public awareness of health problems that arise in infants and toddlers who lack a sufficient supply of clean diapers. The resolution encourages people to donate diapers to organizations that distribute diapers to families in need.



## Natural Resources

**H 048** - Provides that reports of oil and gas production shall be kept confidential by the Oil and Gas Commission and shall be exempt from disclosure for a period of six months from the date of filing initial production reports with the commission.

**H 050** - Allows a smaller number of wells to be drilled in a common reservoir to promote reservoir pressure conservation and prevention of waste for the efficient drainage of oil and gas.

**H 124** - Provides that oil and gas spacing units are to be described in accordance with the public land survey system. Exceptions to spacing units shall require the consent of a majority of mineral interest owners. The bill also provides that federal mineral acreage may be excluded from unit operations upon application to the Oil and Gas Commission, should the federal government fail to lease.

**H 161** - Reclassifies certain fish and game violations from low-level misdemeanors to infractions.

**H 197** - Requires mine operators to protect current and projected future beneficial uses of ground water at a point of compliance designated by the Department of Environmental Quality, but allows degradation at a point of compliance if the mine operator implements the level of protection appropriate for the aquifer category.

**H 291** - Exempts from disclosure land management plans required for voluntary stewardship agreements between owners or occupiers of land, and soil conservation districts relating to the conservation of all species of sage grouse.

**HJM 002** - Opposes national monument designation in the caldera area of the Island Park region in eastern Idaho, and declares that any efforts to reach decisions regarding lands of Idaho administered by federal agencies be made by local collaboration, rather than by unilateral administrative processes that exclude the residents of Idaho.

**HJM 005** - Declares that any efforts to reach decisions regarding national monument designation in the Boulder-White Clouds area of central Idaho should be made with local collaboration, rather than by unilateral federal administrative processes that exclude the residents of Idaho.

**HJM 010** - Requests that the United States Fish and Wildlife Service change restrictions on boating, hunting and hiking in the Deer Flat National Wildlife Refuge.

**HJM 011** - Opposes the removal or breaching of dams on the Columbia-Snake River system and its tributaries and affirms Idaho's sovereignty of its water resources.

**S 1031** - Removes the requirement that senior residents 65 years and older must have resided in the state for a period of time not less than five years in order to obtain senior residency status for fishing and hunting licenses and provides that they now shall meet the residency requirement if they have lived in the state for six months.

**S 1044** - Prohibits the use of eminent domain to acquire private property for use as trails, paths, greenways or other ways for walking, running, hiking, bicycling or equestrian use, unless adjacent to a highway, road or street.



**S 1073aaH** - Authorizes the director of the Idaho State Department of Agriculture to allow the collection, removal and movement of noxious weeds from an infested area to a facility within the state for purposes of biological control research, provided specified conditions are met.

**S 1100** - Allows water users in a water district to authorize the watermaster to develop, coordinate or provide by contract or other means for weather modification projects involving cloud seeding that are designed to increase the water supplies of the district by enhancing natural precipitation.

**SCR 107** - Encourages and urges the State Board of Land Commissioners, when in the state's best interest, to exercise its authority in entering into land exchanges, including multiparty exchanges.

## Taxation

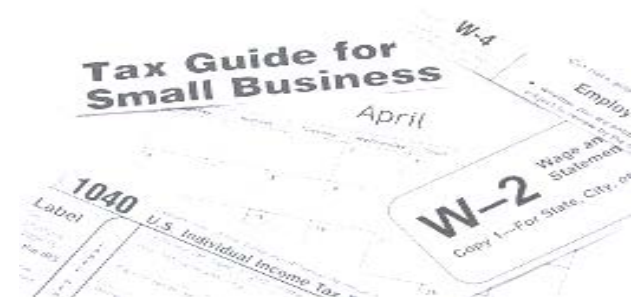
**H 012** - Under current law, most vehicles may be sold to nonresidents exempt from the state sales tax for use outside of Idaho. This exemption does not cover utility type vehicles or specialty off-highway vehicles. This bill adds those vehicles to the list of vehicles that may be sold to nonresidents exempt from the state sales tax.

**H 013** - Allows for a tax credit relating to the computation of federal taxable income. The bill allows a refundable credit for the difference between the Idaho state income tax liability for the year the income was included in taxable income, and the Idaho state income tax that would have been paid had the income not been included in taxable income.

**H 027** - Provides that recreation districts conform to the same formation and levy laws as other taxing districts. Taxpayers will benefit by having tax levies that are more accurately established.

**H 042** - Current law provides that taxpayers may claim a fuel tax credit on their annual income tax return or submit refund claims on a monthly basis and then reconcile those re-

fund claims on their annual income tax return. Taxpayers rarely, if ever, file the annual reconciliation and the State Tax Commission has not enforced the reconciliation requirement. To conform to current practice, this bill allows the taxpayer the choice of filing for the refund either annually on the income tax return or separately for a period not greater than one year but not less than one month. The bill also eliminates the annual reconciliation requirement.



**H 043** - Consolidates and streamlines the violations, penalties, and appeals language in the Motor Fuels Act and clarifies language so that the term "dyed diesel" means diesel dyed or marked at a refinery or terminal to prevent dyeing not allowed by federal law.

**H 076** - Provides that funds raised via a school emergency fund levy shall be included on the base assessment roll. In short, property taxes paid for school emergency levies will go to the school district instead of the urban renewal agency. This will affect school districts that have an urban renewal district in their school district.

**H 109aaS** - Brings Idaho income tax law into compliance with federal income tax law. There has been confusion in Idaho on how to treat certain assets – identified as "real property" or "personal property." The existing definition in Idaho Code did not match federal law and was also subject to varying interpretations. This bill changes language in Idaho Code to match federal code provisions.

**H 132** - Provides for a revised rate of taxation on gaseous special fuels. Currently, operators of motor vehicles powered by gaseous special fuels, may purchase a gaseous fuel

decal permit, which allows them to pay a flat annual fee at the time of purchase in lieu of paying the equivalent motor fuel tax. This bill eliminates the gaseous fuel decal, thereby requiring these vehicles to pay an equivalent motor fuel tax.

**H 133** - Idaho allows a 60% tax deduction for capital gains derived from the sale or disposition of tangible personal property used in a revenue-producing business and held for at least 12 months. Cattle or horses held for breeding, draft, dairy or sporting purposes for at least 24 months, and other livestock used for breeding held for at least 12 months, also qualify for the deduction if more than one-half of the taxpayer's gross income is from farming or ranching in Idaho. Idaho law states that capital gains generated by pass-through entities that meet the farming or ranching requirement also qualify for this capital gains deduction. These gains retain their character when passed through to the individual owners of the pass-through entity. This legislation clarifies that if the farming or ranching requirement is met at the pass-through entity level, the qualifying capital gains will qualify for the deduction by the individual owners, regardless of whether or not more than one-half of their personal income is derived from farming or ranching.

**H 172** - Revises the Tax Reimbursement Incentive Act that was passed by the 2014 Legislature as a new performance-based economic development tool. The tax incentive provides a tax credit of up to 30% for up to 15 years on new income tax, sales tax and payroll taxes paid as a result of a new qualifying business project. Since going into effect on July 1, 2014, over a dozen projects (both new and existing Idaho businesses) have sought to qualify for this tax credit. After working through the details on several of these projects, the Department of Commerce identified several minor changes that provide needed clarity to the statute.

**H 209** - Clarifies that the purchaser of digital music, digital books, digital videos or digital games must be granted a "permanent right to use" in order to be subject to the state sales

and use tax, regardless of the method of delivery. The bill also clarifies that if the right to use digital music, digital books, digital videos or digital games is conditioned upon continued payment from the purchaser, then it is a subscription service and is not a "permanent right to use," and is therefore not subject to the sales and use tax.

**H 221** - Provides that the costs of acquiring, feeding, caring for and maintaining wildlife or fish available for hunting or fishing are eligible for the production exemption when the hunting or fishing activity is taxable.

**H 236** - Provides for an agreement for the exchange of information between the State Tax Commission and the Departments of Correction and Health and Welfare, independently, in relation to the food tax credit. This bill allows the State Tax Commission to verify whether certain persons erroneously claimed the food tax credit on their tax returns.

**H 237** - Provides that the use tax shall not apply to a retailer supplying prepared food or beverages free of charge to its employee when that retailer sells prepared food or beverages in its normal course of business.

## Transportation



**H 016** - Creates a special license plate for "Idaho Friends of the National Rifle Association."

**H 017aaS** - Defines "autocycle" and specifies that motorcycle plate and registration re-

quirements apply to autocycles, as well as insurance and driver's license requirements.

**H 082** - Authorizes the Idaho State Police to close or restrict use of a highway in the case of an emergency or for public safety purposes.

**H 096** - Provides for the submittal of compliance extension requests to the United States Department of Homeland Security relating to the REAL ID Act of 2005, and clarifies that nothing in the statute shall prevent the Idaho Transportation Board and the Idaho Transportation Department from taking reasonable and necessary steps to enhance security of Idaho driver's licenses and identification cards to ensure their acceptance for commercial airline travel within the United States.

**H 129** - Allows all-terrain vehicles, utility type vehicles, specialty off-highway vehicles and motorbikes to travel upon and cross portions of any non-full access-controlled state highway with a speed limit less than 45 miles per hour lying within the boundaries of a municipality, unless designated as closed by the municipality. (A non-full or partial access-controlled highway can be accessed by an interchange, ramp or side roads that will intersect the main highway at grade. A non-full access-controlled highway always includes interstates but may also include other highway systems.)

**H 147** - Establishes an alternative registration card and registration decals for license plates to be issued for motor vehicles that are owned by rental companies.

**H 194aaS** - Provides an exception to specified weight restrictions for axles, bridges and gross vehicle weight limits for farm vehicles, vehicles that are operated to transport forest products and certain refuse or sanitation trucks.

**H 262** - Provides for the regulation of transportation network companies (TNC) and drivers and promotes the safety, reliability and cost-effectiveness of TNC services, which services involve the transportation of a passenger between points chosen by the passenger and prearranged with a TNC driver through the use of a TNC digital network or software application.

**H 312aaS,aaS** - Addresses the need for increased transportation funding. The legislation, in part, increases registration fees by \$21.00 for personal vehicles and \$25.00 for commercial vehicles. It increases the motor fuels tax from \$0.25 to \$0.32 per gallon. The increase in registration and motor fuels tax shall be subject to a 60-40 split between the State Highway Account and local units of government. The legislation also creates a strategic initiative program in the Idaho Transportation Department that provides for a program for transportation projects that are proposed by the department and rated competitively on their return on investment in safety, mobility, economic opportunity, repair and maintenance of bridges and the purchase of right-of-way. It will be funded from a potential surplus eliminator of the General Fund as defined by the State Controller at the end of fiscal years 15 and 16. A two-year sunset clause is placed upon the section of law authorizing the transfer from the General Fund to the strategic initiatives program fund created herein. It is the intent of the Legislature that all of the additional funds raised in this legislation will be used exclusively for maintenance of bridges and roads and road replacement projects both at the state and local level.

**H 316** - Establishes liability insurance coverage requirements for transportation network companies and drivers.

# Interim Committees

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## New Committees:

**Broadband Access Study Committee:** Authorized by HCR 26 in the 2015 session, stating findings of the Legislature and authorizing the Legislative Council to appoint a committee to undertake and complete a study and make recommendations for broadband services and governance for the state of Idaho and to provide that the committee shall make recommendations regarding minimum Service Level Agreements.

**Purchasing Laws:** Authorized by HCR 23 in the 2015 session, stating findings of the Legislature and authorizing the Legislative Council to appoint a committee to undertake and complete a study of the state's purchasing laws.

**Urban Renewal Study Committee:** Authorized by HCR 17 in the 2015 session, stating findings of the Legislature and authorizing the Legislative Council to appoint a committee to undertake and complete a study of urban renewal plans and issues.

## Ongoing Committees:

**Criminal Justice Reinvestment Oversight Committee:** Authorized by S 1393 in the 2014 session to monitor performance and outcome measures as set forth in the Justice Reinvestment Act and study the data-driven justice reinvestment and resource allocation approach and policies to improve public safety, reduce recidivism and reduce spending on corrections in Idaho. This committee will sunset after five years.

**Health Care Task Force:** Initially created in 1999 by the Pro Tem and Speaker to address unprecedented increases in health insurance premiums, this committee now studies a wide range of health care issues impacting the state of Idaho.

**Idaho Council on Indian Affairs:** Monitors and reviews legislation and state policies that impact state/tribal relations and advises the Governor, the Legislature, and state departments and agencies on state/tribal relations. The Council consists of two members of the House of Representatives, two members of the Senate, one person representing the Office of the Governor and five members to represent each of the five Indian tribes of the state.

**Natural Resources Interim Committee:** Authorized by HCR 8 in the 2015 session to undertake and complete a study of natural resource issues.

**Public Defense Reform Interim Committee:** This ongoing committee began in 2013 (HCR 26), and was reauthorized in 2014 (HCR 40), and in 2015 (SCR 103). This committee was tasked with studying how to reform the state's public defender system, including the creation, funding and implementation of a public defense commission and requirements for county office operations and a statewide association. This committee will continue to undertake and complete a study of potential approaches to public defense reform.

## Legislation Vetoed by the Governor

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H 126 - PUBLIC SCHOOL SUPPORT PROGRAM - Amends existing law to provide when a certain number of support units shall be used to calculate discretionary funding.

H 152aaS - OCCUPATIONAL LICENSES BUREAU - Adds to existing law to provide for the licensure of sign language interpreters.

S 1011 - HORSE RACING - Repeals existing law relating to pari-mutuel betting on historical horse races.

S 1146aa - CONTROLLED SUBSTANCES - Amends existing law to define "cannabidiol oil" and to authorize its use in limited circumstances.

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Line item veto of Senate Bill 1192, Section 5 as follows:

SECTION 5. Notwithstanding Section 72-519, Idaho Code, on July 1, 2015, or as soon thereafter as is practicable, the State Controller shall transfer the sum of ~~three million dollars (\$3,000,000)~~ from the Industrial Administration Fund to the Workforce Development Training Fund for the purpose of providing Industry Sector grants.

# Budget Summary

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## GENERAL FUND BUDGET UPDATE FISCAL YEAR 2015

	<b><u>Gov's Revised Recommendation</u></b>	<b><u>Legislative Action</u></b>
<b><u>REVENUES</u></b>		
1. Beginning Balance	\$ 44,432,700	\$ 44,432,700
2. FY 2014 After Year-End Cash Reversions	9,142,100	9,142,100
3. Adjusted Beginning Balance	53,574,800	53,574,800
4. DFM Revised Rev Est (5.3% increase over FY14 actual)	2,964,497,000	2,964,497,000
5. H37 Charitable Contributions	(25,000)	(25,000)
6. H77 Federal Tax Conformity	(10,620,000)	(10,620,000)
7. H209 Digital Streaming Services Use Tax Exempt		(331,900)
8. Total Revenues	2,953,852,000	2,953,520,100
9. TOTAL REVENUES AND BEGINNING BALANCE	\$ 3,007,426,800	\$ 3,007,094,900
<b><u>TRANSFERS</u></b>		
10. 2014 Legislative Session Transfers	(1,727,000)	(1,727,000)
11. Permanent Building Fund for Capitol Annex	(1,150,000)	
12. H26 Deficiency Warrants - Fires, Pests, Hazardous Materials	(17,981,900)	(17,981,900)
13. H312 Budget Stabilization Fund		(25,473,600)
14. S1190 Legislative Legal Defense Fund - Sage Grouse Defense		(1,050,000)
15. Net Transfers In (Out)	(20,858,900)	(46,232,500)
16. NET REVENUES AND TRANSFERS	\$ 2,986,567,900	\$ 2,960,862,400
<b><u>EXPENDITURES</u></b>		
17. FY 2015 Original Appropriations	2,936,096,600	2,936,096,600
18. Supplementals & Rescissions	(12,299,300)	(20,180,700)
19. FY 2015 Total Appropriations	2,923,797,300	2,915,915,900
20. FY 2015 ESTIMATED ENDING BALANCE	\$ 62,770,600	\$ 44,946,500

**GENERAL FUND BUDGET UPDATE  
FISCAL YEAR 2016**

<b><u>REVENUES</u></b>	<b><u>Gov's Revised Recommendation</u></b>	<b><u>Legislative Action</u></b>
1. Estimated Beginning Balance	\$ 62,770,600	\$ 44,946,500
2. DFM Orig Rev Est (5.5% increase from FY15 forecast)	3,127,644,000	3,127,644,000
3. Income Tax Relief - First of Five-Year Phase-In	(17,800,000)	
4. H12 Sales Tax Exemption for Utility Vehicles	(177,000)	(177,000)
5. H13 Federal Tax Computation, Credit Requirements	(40,000)	(40,000)
6. H36 Income Tax Deductions for Retirement Income	(10,000)	(10,000)
7. H37 Charitable Contributions	(25,000)	(25,000)
8. H38 Net Operating Loss Calculations	100,000	
9. H39 Sales Tax, Hand Tool Exemption	(1,327,500)	(1,327,500)
10. H47 Navigable Waterways Fund	(550,000)	(550,000)
11. H75 Eye Glasses/Contacts Sales Tax Exemption		(1,420,000)
12. H77 Federal Tax Conformity	(7,080,000)	(7,080,000)
13. H133 Income Tax, Livestock Deduction		(100,000)
14. H208 Circuit Breaker Additional Claimants		(60,000)
15. H209 Digital Streaming Services Use Tax Exempt		(1,327,500)
16. H236 Food Tax Credit, Information		146,000
17. S1187 Public Schools - Bond Levy Equalization		1,250,000
18. Total Revenues	3,100,734,500	3,116,923,000
19. TOTAL REVENUES AND BEGINNING BALANCE	\$ 3,163,505,100	\$ 3,161,869,500
 <b><u>TRANSFERS</u></b>		
20. H312 Budget Stabilization Fund	(29,645,000)	(29,535,200)
21. Budget Stabilization Fund - Proposed Exec. Legislation	(4,100,000)	
22. S1160 Wolf Depredation Control Bd. - Wolf Control Fund	(400,000)	(400,000)
23. Endowment Funds for Military Leased Comm. Towers	(1,300,800)	
24. Permanent Building Fund for Alteration & Repairs	(6,250,000)	
25. Dept of Admin for Elected Officials Rent	(2,737,500)	
26. S1166 Dept of Commerce - Opportunity Fund	(3,000,000)	(1,750,000)
27. Dept of Labor - Workforce Development Training Fund	(5,000,000)	
28. S1178 Secretary of State - Consolidated Elections Fund		780,000
29. S1190 Dept of Lands - Fire Suppression Deficiency Fund		(27,000,000)
30. S1190 Water Resources - 2nd Aquifer Plan, Mgt, & Implementation Fund		(500,000)
31. S1190 Economic Recovery Reserve Fund for 27th Payroll	(20,000,000)	(20,000,000)
32. Net Transfers In (Out)	(72,433,300)	(78,405,200)
33. NET REVENUES AND TRANSFERS	\$ 3,091,071,800	\$ 3,083,464,300
 <b><u>APPROPRIATIONS</u></b>		
34. FY 2016 Original Appropriations	3,088,468,700	3,071,860,500
35. FY 2016 ESTIMATED ENDING BALANCE	\$ 2,603,100	\$ 11,603,800



## General Fund Revenue Collections and Estimates

The Economic Outlook and Revenue Assessment Committee (EORAC), appointed by leadership and made up of nine members from the Senate and nine members from the House of Representatives, convened before the session and heard testimony from economists and key industry representatives from throughout the state. The committee then reviewed the FY 2015 and FY 2016 General Fund revenue forecasts presented to the First Regular Session of the 63rd Idaho Legislature in the Governor's State of the State speech. The committee concluded that revenue projections in the executive forecast were reasonable for the purpose of setting budgets, in-as-much as the committee's median forecast was higher than the executive forecast by 0.2% or \$5.3 million for FY 2015, and 0.1% or \$4.3 million lower for FY 2016.

The Joint Finance-Appropriations Committee used the executive forecast for both FY 2015 and FY 2016. The numbers below also reflect adjustments from legislation impacting General Fund revenues. The bill number, description and estimated fiscal impact of each of the law changes can be found in the General Fund Budget Update.

REVENUE SOURCE	Revenue Estimates				
	FY 2014	FY 2015		FY 2016	
	Actual Collections	January Forecast	With Law Changes	January Forecast	With Law Changes
Individual Income Tax	\$1,329,264,582	\$1,413,229,500	\$1,402,584,500	\$1,488,584,500	\$1,481,475,500
Corporate Income Tax	188,291,424	200,132,200	200,132,200	212,481,900	212,481,900
Sales Tax	1,145,731,785	1,204,333,500	1,204,001,600	1,269,992,900	1,265,680,900
Product Taxes					
Cigarette Tax	3,695,604	3,337,600	3,337,600	6,650,000	7,900,000
Tobacco Tax	9,883,755	9,960,700	9,960,700	10,108,900	10,108,900
Beer Tax	1,890,918	1,909,400	1,909,400	1,943,600	1,943,600
Wine Tax	4,134,639	4,272,200	4,272,200	4,409,500	4,409,500
Liquor Transfer	24,210,000	25,480,000	25,480,000	25,604,800	25,604,800
Total Product Taxes	43,814,916	44,959,900	44,959,900	48,716,800	49,966,800
Miscellaneous Revenue					
Kilowatt Hour Tax	1,839,874	1,800,000	1,800,000	1,900,000	1,900,000
Mine License Tax	518,734	500,000	500,000	600,000	600,000
State Treasurer	(365,532)	(337,300)	(337,300)	353,500	353,500
Judicial Branch	4,355,631	4,919,000	4,919,000	4,922,700	4,922,700
Insurance Premium Tax	59,356,420	56,735,200	56,735,200	62,924,400	62,924,400
State Police	0	(3,200)	(3,200)	0	0
Secretary of State	2,701,683	2,891,300	2,891,300	3,030,000	3,030,000
Unclaimed Property	5,654,952	6,000,000	6,000,000	6,000,000	6,000,000
Estate Tax	303,825	0	0	0	0
Other/Department Transfers	33,961,030	29,336,900	29,336,900	28,137,300	27,587,300
Total Miscellaneous Revenue	108,326,617	101,841,900	101,841,900	107,867,900	107,317,900
<b>TOTAL REVENUES</b>	<b>\$2,815,429,324</b>	<b>\$2,964,497,000</b>	<b>\$2,953,520,100</b>	<b>\$3,127,644,000</b>	<b>\$3,116,923,000</b>
<i>% Change from prior year</i>	<i>2.4%</i>	<i>5.3%</i>	<i>4.9%</i>	<i>5.5%</i>	<i>5.1%</i>
with Beginning Balances	82,784,900	53,574,800	53,574,800	62,770,600	42,265,800
<b>REVENUES &amp; BALANCES</b>	<b>\$2,898,214,224</b>	<b>\$3,018,071,800</b>	<b>\$3,007,094,900</b>	<b>\$3,190,414,600</b>	<b>\$3,159,188,800</b>

## **FY 2015 General Fund Revenues**

In January 2015, the Division of Financial Management (DFM) revised the FY 2015 forecast down slightly by \$6.1 million, to \$2,964,497,000, which reduced the percentage revenue increase to 5.3% from 5.5%. The dollar amount projected for FY 2015 is \$23.3 million less than estimated last year at Sine Die. The end-of-session estimate called for 5.5% growth, but when FY 2014 had slightly higher collections than forecast, the percentage growth for the following year was reduced.

At the beginning of this session the Economic Outlook and Revenue Assessment Committee (EORAC) supported the DFM's revised forecast, and the Joint Finance-Appropriations Committee (JFAC) accepted that amount for budgeting purposes for the remainder of the year. Through March, revenue collections are exceeding the forecast by \$88.3 million, buoyed by income tax collections for both individual and corporate payers. The year-to-date surplus is not recognized in the General Fund reconciliation presented in this publication.

To finalize the General Fund budgets for FY 2015, the Legislature relied upon a beginning balance of \$44.4 million accumulated from the previous year, \$9.1 million from after year-end reversions, and left an estimated ending balance of \$42,265,800. Most of this balance is carried over and appropriated in FY 2016. Three bills impacted FY 2015 revenues, two of which were technical corrections offered by the State Tax Commission to conform to the federal tax code for bonus depreciation (**H 037 and H 077**). **H 209**, the third bill provided a use tax exemption for digital streaming services like Netflix, resulting in a \$331,900 reduction in revenue. The adjusted revenue forecast of \$2,953,520,100 represents a 4.9% General Fund increase.

## **FY 2015 Deficiency Warrants**

The Legislature appropriated \$17,981,900 in **H 026** for deficiency warrants as follows: \$17,529,000 to the Department of Lands for fire suppression on public and private lands; \$389,400 to the Department of Agriculture, of which \$16,600 was for exotic pest monitoring; \$315,100 for Japanese Beetle treatment; \$57,700 for Potato Nematode monitoring; and \$63,500 to the Military Division for hazardous materials cleanup around the state. The Department of Lands participates in cooperative agreements with federal and other agencies to divide the state's wildlands into fire protection districts. In calendar year 2013, 332 fires were fought, representing 88% of the 20-year average, and the 7,208 acres burned were 74% of the 20-year average. The \$17.5 million cost to the General Fund is 210% of the 10-year average.

## **FY 2015 Transfers**

**H 312** was a comprehensive transportation funding bill that also amended the statutes governing the Budget Stabilization Fund (BSF). For the next two years, after which the changes authorized in **H 312** sunset, the deposit that is made to the BSF when revenue growth is greater than 4% over the previous fiscal year will be made at the end of the fiscal year in which the savings are generated, instead of the following fiscal year. Growth is estimated at 4.9% for FY 2015, resulting in an estimated transfer of \$25,473,600 from the General Fund to the BSF on June 30, 2015. Before the law changed, the transfer would have occurred in FY 2016. **H 312** also removed the 10% cap on the BSF. In addition, if unanticipated revenues are collected in FY 2015, then the State Controller shall transfer the excess, in a surplus eliminator, equally to the BSF and the newly created Strategic Initiatives Program Fund in the Department of Transportation.

**S 1190** transferred \$1,050,000 to the Legislative Legal Defense Fund to be available to the Pro Tempore of the Senate and the Speaker of the House of Representatives to defend against the potential endangered species listing of the Greater Sage-Grouse and for a state contribution toward a regional study regarding the potential impact of listing the Greater Sage-Grouse as an endangered species.

## **Supplementals and Rescissions**

The net impact of supplemental appropriations and rescissions resulted in \$20,180,700 in savings to the General Fund in FY 2015. The largest impact was the reduction of Health & Welfare's Medicaid General Fund budget by \$17.1 million. The federal government made changes to the calculation of the upper payment limit, requiring states to conduct cost settlements with providers, including hospitals, using the most current Medicare Cost Reports, resulting in providers returning overpayments to the state. The state was able to reduce the amount needed from the General Fund, and also return \$41.9 million to the federal government, by increasing the dedicated fund spending authority available with the returned cash.

The Superintendent of Public Instruction received a supplemental of \$3,640,500 to pay for broadband services and Internet connectivity through June 30, 2015, which is the remainder of the current school year (**H 168**).

- Schools were provided funding for four and one-half months of service, and the superintendent's office was provided with funding to hire staff, contract with staff, or contract with private vendors to support the transition of services from the Idaho Education Network (IEN) in the Department of Administration.
- This bill also provided guidance on the use of funding and provided flexibility to school districts in acquiring short-term contracts for broadband services in FY 2015.
- **H 263** was an amendment to **H 168** authorizing the superintendent to reimburse school districts for additional costs districts incurred when they lost their federal E-rate funding due to their reliance on the voided state contract.

**H 168** also removed \$5,052,000 for the IEN from the Department of Administration, which is the amount left unpaid to vendors for broadband services rendered from September 2014 through February 2015. These payments have been in limbo since the District Court ruled that the contract authorizing the procurement of services was void. This bill does not address any back payments, attorney's fees, or potential damages related to the lawsuit between Syringa and the State of Idaho.

The Department of Correction received an additional \$398,600, mostly for attorney's fees related to class action lawsuits, and had \$2,369,900 removed on a one-time basis due to less than expected inmate growth resulting in savings for contracted medical care and fewer placements in state and private facilities.

## FY 2016 General Fund Revenues

The Governor, EORAC, and JFAC all supported using DFM's General Fund forecast of 5.5% over the FY 2015 estimate to build the FY 2016 budgets. The original revenue estimate of \$3,127,644,000 was impacted by 13 bills.

**H 012, H 013, H 036, H 037, H 039 and H 077** were all proposed by the State Tax Commission and recommended by the Governor for small tax changes, including conforming to federal tax code, that result in a revenue reduction of \$8,659,500.

The final seven bills made the following changes to the General Fund revenue:

- **H 047** was brought by the Department of Lands, and recommended by the Governor, to create a Navigable Waterways Dedicated Fund, which results in a \$550,000 reduction.
- **H 075** provides a sales and use tax exemption for eye glasses and contact lenses, resulting in a \$1,420,000 reduction.
- **H 133** provides an income tax deduction for livestock, resulting in a \$100,000 reduction.
- **H 208** increases eligibility for the Circuit Breaker program, resulting in a \$60,000 reduction.
- **H 209** provides for a use tax exemption for digital streaming services like Netflix, resulting in a \$3,127,500 reduction.
- **H 236** provides the State Tax Commission the ability to check with other state agencies looking for food tax credit fraud, which should result in a \$146,000 increase.
- **H 641**, the public schools appropriation, increases the amount transferred from cigarette taxes to the General Fund in the DFM forecast for Bond Levy Equalization by \$1,250,000.

The adjusted revenue forecast of \$3,116,923,000 represents a 5.1% General Fund increase for FY 2016.

## FY 2016 Transfers and Appropriations

**S 1190** is the year-end bill that directs \$27 million to the Fire Suppression Deficiency Fund, \$20 million to the Economic Recovery Reserve Fund (ERRF) for the projected costs of the 27<sup>th</sup> payroll in FY 2017, and \$500,000 to the Secondary Aquifer Planning, Management, and Implementation Fund for a total of \$47.5 million in transfers.

- For calendar year 2014, the 334 fires fought through October 1, 2014, were 104% of the 20-year average, and the 80,424 acres burned were 656% of the 20-year average. The Department of Lands estimates calendar year 2014 General Fund obligations to be finalized on June 30, 2015, and, at an estimated \$27 million, is 2.7 times the 10-year average.
- Currently the State of Idaho pays most of its employees on an hourly basis every two weeks, resulting in 26 payroll periods each year. Every 11th year there is a 27th payroll. So over the past 10 years the state has accrued the cost of one-tenth of this payroll, but the state operates on a cash basis rather than on an accrual basis, so it has not recognized this upcoming expense in the appropriation or financial reporting process. The last 27th payroll occurred in FY 2006 and was appropriated from ERRF.
- Funds appropriated to the Secondary Aquifer Planning, Management and Implementation Fund will be transferred on July 1, 2015, and be used for water recharge. This money will be available to the Water Resources Board and is continuously appropriated.

The Legislature appropriated \$3,071,860,500 from the General Fund in FY 2016, for a 4.6% increase over FY 2015 Original Appropriations. This is \$135.8 million more than in FY 2015 and is split \$3,038.7 million for ongoing expenditures and \$33.2 million for one-time expenditures.

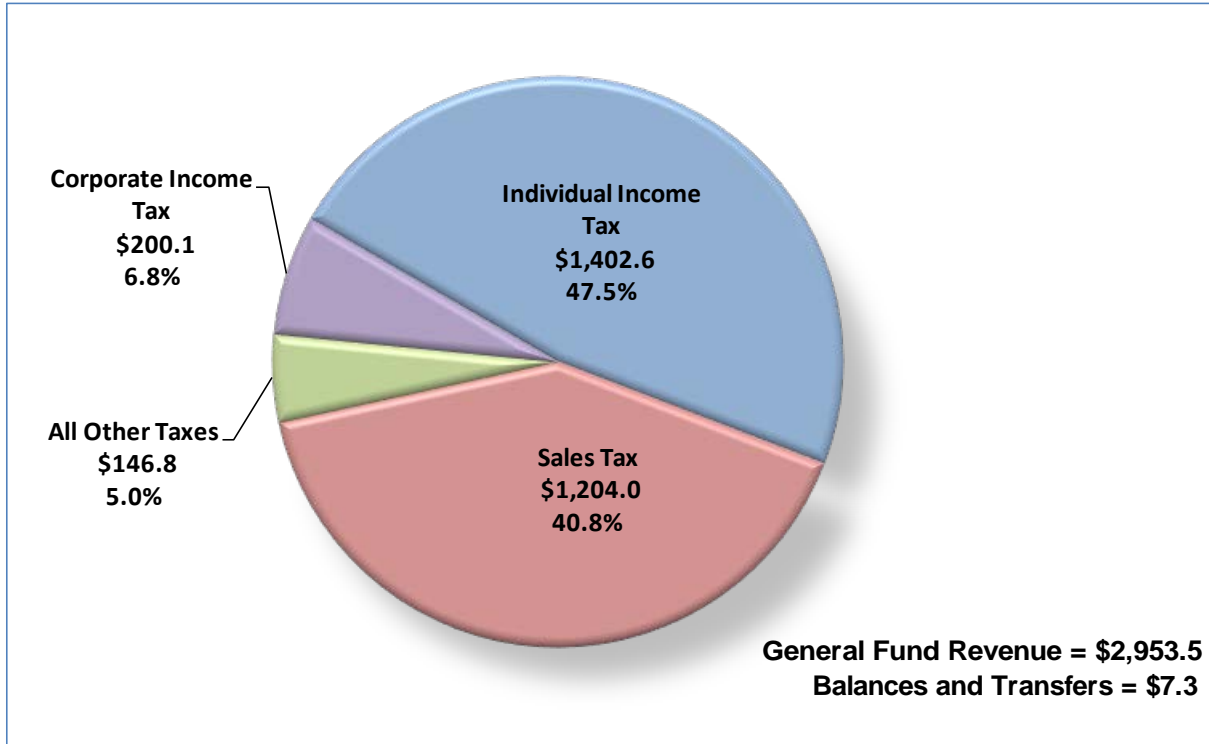
**General Fund Comparison**  
**Original Appropriation to Governor's Recommendation & JFAC Action**

Department/Agency	FY 2015 Orig Approp	FY 2016 Gov's Revised Rec	Change from 2015 Orig	FY 2016 JFAC Action	Dollar Difference from Gov	Dollar Difference from FY 2015	Change from 2015 Orig
<b>Education</b>							
Public School Support	1,374,598,400	1,475,784,000	7.4%	1,475,784,000	0	101,185,600	7.4%
Ag Research & Extension Service	26,453,700	28,536,200	7.9%	28,736,200	200,000	2,282,500	8.6%
College and Universities	251,223,200	258,828,000	3.0%	258,776,400	(51,600)	7,553,200	3.0%
Community Colleges	32,978,500	33,486,000	1.5%	33,961,000	475,000	982,500	3.0%
Education, Office of the State Board of	2,289,200	2,441,500	6.7%	2,441,500	0	152,300	6.7%
Health Education Programs	11,355,700	12,795,300	12.7%	12,795,300	0	1,439,600	12.7%
Professional-Technical Education	53,079,000	56,204,600	5.9%	56,204,600	0	3,125,600	5.9%
Public Television, Idaho	2,200,700	2,520,700	14.5%	2,314,000	(206,700)	113,300	5.1%
Special Programs	9,346,400	9,836,700	5.2%	9,836,700	0	490,300	5.2%
Superintendent of Public Instruction	8,524,700	8,710,800	2.2%	15,866,900	7,156,100	7,342,200	86.1%
Vocational Rehabilitation	7,493,900	7,555,500	0.8%	7,557,800	2,300	63,900	0.9%
<b>Health &amp; Human Services</b>							
Catastrophic Health Care Program	34,966,300	32,303,900	(7.6%)	27,000,000	(5,303,900)	(7,966,300)	(22.8%)
Health & Welfare, Department of	144,941,300	148,388,200	2.4%	146,795,600	(1,592,600)	1,854,300	1.3%
Medicaid	492,347,100	507,336,000	3.0%	502,684,900	(4,651,100)	10,337,800	2.1%
Public Health Districts	8,531,200	8,718,700	2.2%	8,719,200	500	188,000	2.2%
Independent Living Council, State	98,600	100,000	1.4%	100,000	0	1,400	1.4%
<b>Public Safety</b>							
Correction, Department of	204,240,600	208,952,100	2.3%	207,581,400	(1,370,700)	3,340,800	1.6%
Judicial Branch	40,930,400	39,959,300	(2.4%)	39,743,600	(215,700)	(1,186,800)	(2.9%)
Juvenile Corrections, Department of	39,027,400	40,011,500	2.5%	39,861,500	(150,000)	834,100	2.1%
Police, Idaho State	23,799,900	26,366,700	10.8%	25,597,800	(768,900)	1,797,900	7.6%
<b>Natural Resources</b>							
Environmental Quality, Department of	15,636,200	16,468,900	5.3%	16,449,600	(19,300)	813,400	5.2%
Lands, Department of	5,274,200	5,833,300	10.6%	5,473,100	(360,200)	198,900	3.8%
Parks & Recreation, Department of	3,463,800	3,427,700	(1.0%)	3,407,700	(20,000)	(56,100)	(1.6%)
Water Resources, Department of	11,827,400	12,015,700	1.6%	12,161,700	146,000	334,300	2.8%
<b>Economic Development</b>							
Agriculture, Department of	10,322,200	10,589,900	2.6%	10,639,900	50,000	317,700	3.1%
Commerce, Department of	5,890,000	5,568,700	(5.5%)	5,568,700	0	(321,300)	(5.5%)
Labor, Department of	313,500	320,700	2.3%	320,700	0	7,200	2.3%
<b>Self-Governing Agencies</b>							
Hispanic Affairs, Commission	116,900	124,000	6.1%	124,000	0	7,100	6.1%
Historical Society	2,589,100	2,761,300	6.7%	2,775,900	14,600	186,800	7.2%
Libraries, State Commission for	3,510,700	3,583,400	2.1%	3,583,400	0	72,700	2.1%
Public Defense Commission	300,000	304,300	1.4%	304,300	0	4,300	1.4%
State Appellate Public Defender	2,238,600	2,465,100	10.1%	2,451,300	(13,800)	212,700	9.5%
Veterans Services, Division of	964,300	987,400	2.4%	987,400	0	23,100	2.4%
<b>General Government</b>							
Administration, Department of	14,301,400	17,087,200	19.5%	7,723,700	(9,363,500)	(6,577,700)	(46.0%)
Attorney General	20,046,500	20,943,900	4.5%	21,318,200	374,300	1,271,700	6.3%
Controller, State	6,885,600	10,609,700	54.1%	6,959,700	(3,650,000)	74,100	1.1%
<b>Office of the Governor</b>							
Aging, Commission on	4,483,200	4,494,600	0.3%	4,494,700	100	11,500	0.3%
Arts, Commission on the	702,000	709,400	1.1%	759,400	50,000	57,400	8.2%
Blind, Commission for the	1,307,000	1,325,100	1.4%	1,389,600	64,500	82,600	6.3%
Drug Policy, Office of	296,800	303,000	2.1%	303,000	0	6,200	2.1%
Financial Management, Division of	1,627,200	1,663,200	2.2%	1,664,200	1,000	37,000	2.3%
Governor, Executive Office of the	2,007,700	2,032,600	1.2%	2,032,600	0	24,900	1.2%
Military Division	5,621,800	6,321,900	12.5%	6,340,900	19,000	719,100	12.8%
Species Conservation, Office of	693,800	1,004,800	44.8%	1,004,800	0	311,000	44.8%
STEM Action Center	0	0	n/a	547,300	547,300	547,300	n/a
Legislative Transfer	6,452,000	6,755,000	4.7%	6,755,000	0	303,000	4.7%
Legislative Services Office	4,597,800	4,634,400	0.8%	4,694,400	60,000	96,600	2.1%
Office of Performance Evaluations	785,300	819,400	4.3%	818,800	(600)	33,500	4.3%
Lieutenant Governor	157,500	164,300	4.3%	163,600	(700)	6,100	3.9%
Board of Tax Appeals	528,000	534,400	1.2%	534,400	0	6,400	1.2%
State Tax Commission	30,962,200	32,165,400	3.9%	32,175,500	10,100	1,213,300	3.9%
Secretary of State	2,373,400	2,199,000	(7.3%)	4,159,300	1,960,300	1,785,900	75.2%
Treasurer, State	1,394,300	1,415,300	1.5%	1,415,300	0	21,000	1.5%
<b>STATEWIDE TOTAL</b>	<b>2,936,096,600</b>	<b>3,088,468,700</b>	<b>5.2%</b>	<b>3,071,860,500</b>	<b>(16,608,200)</b>	<b>135,763,900</b>	<b>4.6%</b>

# FY 2015 General Fund Revenue & Appropriations

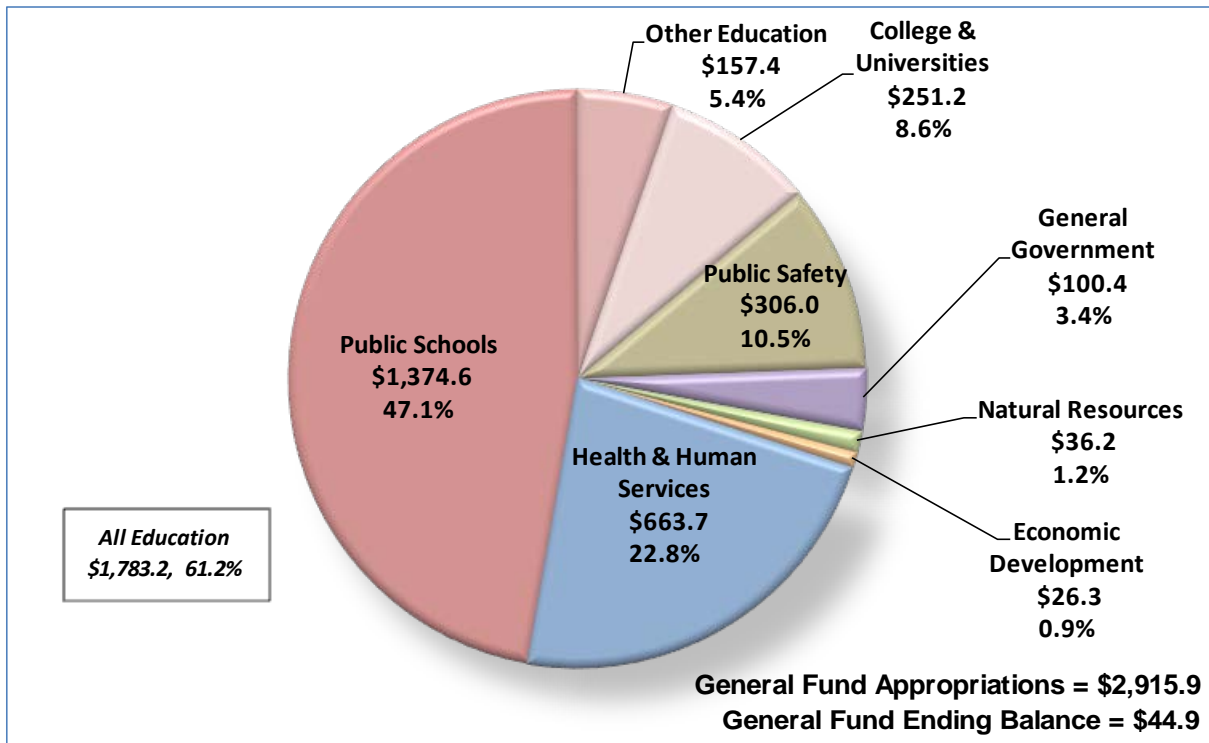
## "Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



## "Where the money goes . . ."

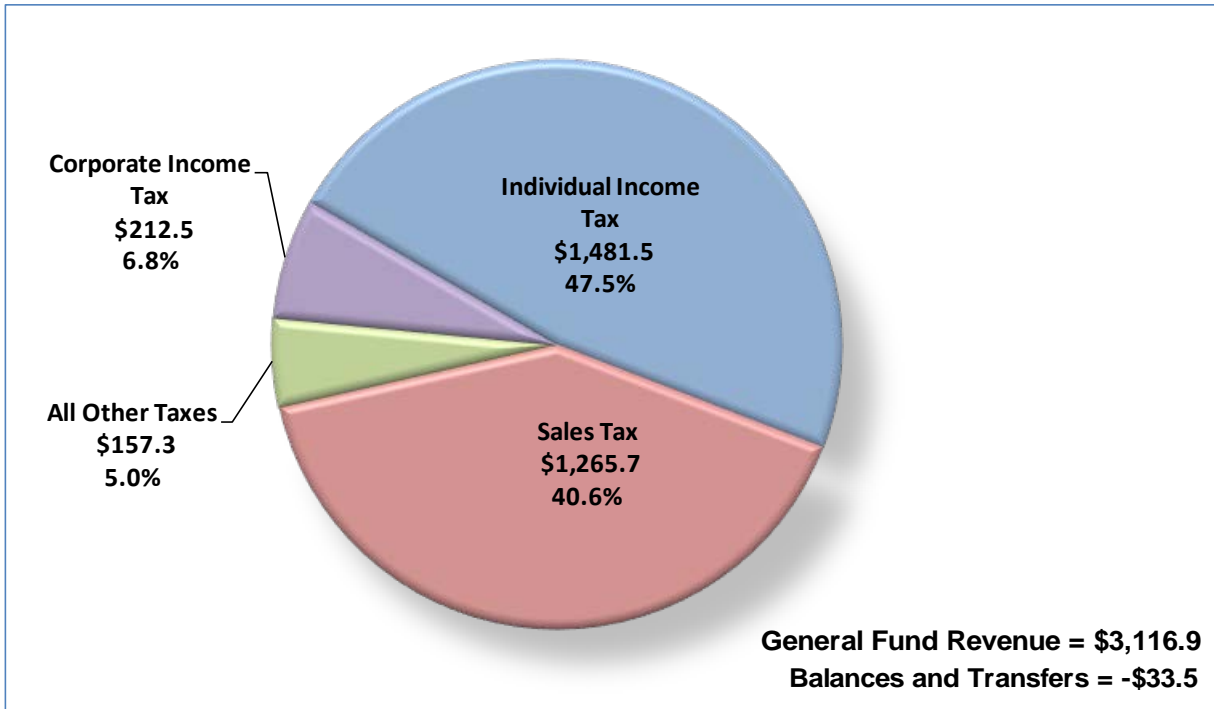
Dollars In Millions (Percent of Appropriations)



# FY 2016 General Fund Revenue & Appropriations

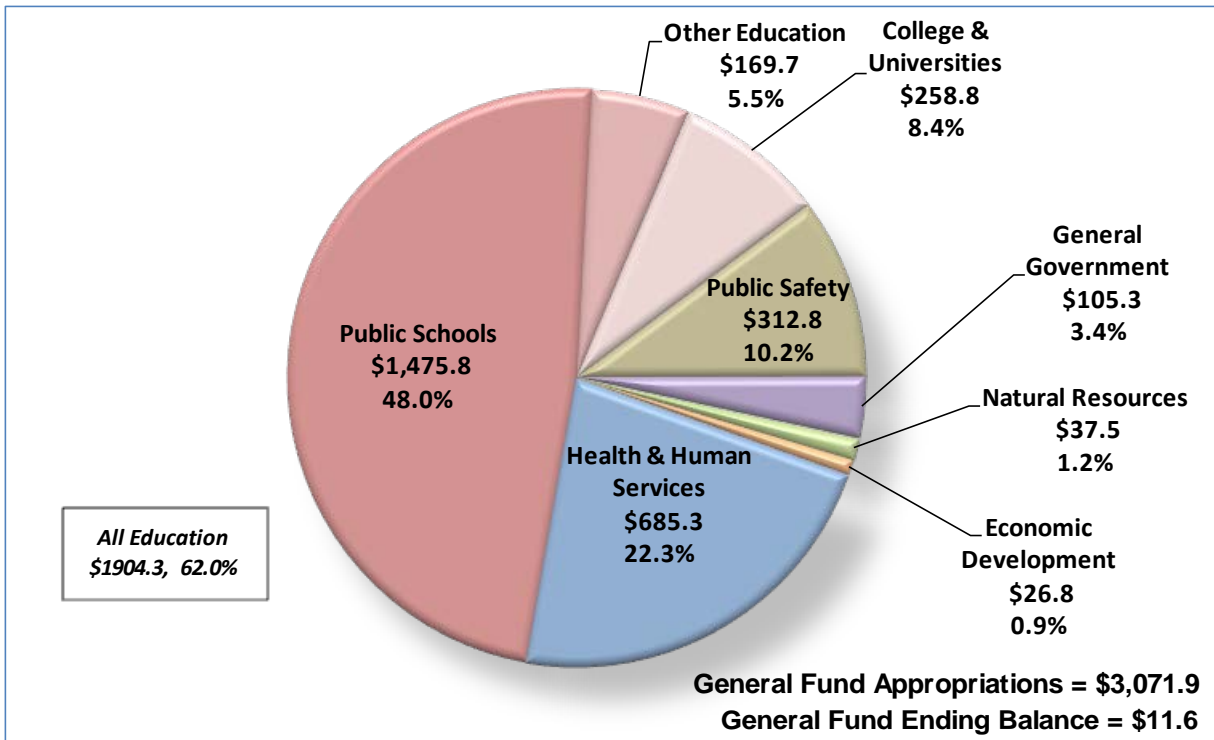
## "Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



## "Where the money goes . . ."

Dollars In Millions (Percent of Appropriations)





# State of Idaho Major Reserve Fund Balances

In Millions of Dollars	Budget Stabilization Fund	Public Ed Stabilization Fund	Economic Recovery Reserve	Idaho Millennium Fund	Higher Ed Stabilization Fund	Emergency Funds*	TOTAL
1. Balance June 30, 2003	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	(\$ 0.218)	(\$ 0.218)
2. Balance June 30, 2004	\$ 0.000	\$ 7.135	\$ 0.000	\$ 22.872	\$ 0.000	\$ 0.154	\$ 30.161
3. Balance June 30, 2005	\$ 15.971	\$ 12.135	\$ 22.044	\$ 44.677	\$ 0.000	\$ 0.132	\$ 94.960
4. Balance June 30, 2006	\$ 108.648	\$ 7.771	\$ 24.632	\$ 67.436	\$ 0.000	\$ 0.281	\$ 208.768
5. Balance June 30, 2007	\$ 121.566	\$ 109.030	\$ 2.657	\$ 64.079	\$ 0.000	\$ 0.875	\$ 298.207
6. Balance June 30, 2008	\$ 140.625	\$ 112.046	\$ 66.133	\$ 70.207	\$ 0.000	\$ 3.337	\$ 392.349
7. Balance June 30, 2009	\$ 128.225	\$ 17.979	\$ 68.101	\$ 74.206	\$ 0.000	\$ 0.720	\$ 289.231
8. Balance June 30, 2010	\$ 30.820	\$ 23.174	\$ 48.847	\$ 76.967	\$ 0.000	\$ 0.792	\$ 180.600
9. Balance June 30, 2011	\$ 0.100	\$ 11.154	\$ 0.054	\$ 74.589	\$ 0.000	\$ 3.339	\$ 89.235
10. Balance June 30, 2012	\$ 23.869	\$ 36.968	\$ 0.056	\$ 14.156	\$ 0.367	\$ 4.233	\$ 79.648
11. Balance June 30, 2013	\$ 135.138	\$ 49.049	\$ 0.057	\$ 15.492	\$ 0.942	\$ 3.424	\$ 204.103
12. Balance June 30, 2014	\$ 161.514	\$ 72.851	\$ 0.057	\$ 20.235	\$ 3.227	\$ 3.373	\$ 261.256
General Fund Revenue = \$ 2,815.4                      5.7%                      2.6%                      0.0%                      0.7%                      0.1%                      0.1%                      9.3% The balance in Idaho's major reserve funds at the end of FY 2014 (line 12) was \$261.3 million or 9.3% of the FY 2014 General Fund Revenue Collections.							
<b>FY 2015</b>							
13. After Year-End Adjustments/ Reversions		(1.654)					(1.654)
14. Interest Earnings Estimate		0.069	0.000	0.208	0.003		0.280
15. Transfers In (Out)		0.103		5.000	0.272	0.317	5.692
16. Disbursements		(0.361)		(0.587)		(0.498)	(1.446)
17. Transfers from GF §57-814a Δ 4.90%	25.474						25.474
18. Transfer S1186 - Consumer Protection Fund		21.500					21.500
19. Estimate June 30, 2015	\$ 186.988	\$ 92.507	\$ 0.057	\$ 24.856	\$ 3.502	\$ 3.191	\$ 311.101
General Fund Revenue = \$ 2,953.5                      6.3%                      3.1%                      0.0%                      0.8%                      0.1%                      0.1%                      10.5% The balance in Idaho's major reserve funds at the end of FY 2015 (line 19) is estimated to be \$311.1 million or 10.5% of the FY 2015 General Fund Revenue Estimate.							
<b>FY 2016</b>							
20. After Year-End Adjustments/ Reversions		(10.600)					(10.600)
21. Interest Earnings Estimate			0.000	0.252	0.018		0.270
22. Transfers In (Out)				5.000	0.272		5.272
23. Disbursements				(0.805)			(0.805)
24. Transfers from GF §57-814a Δ 5.53%	29.535						29.535
25. End-of-Year Transfer S1190			20.000				20.000
26. Estimate June 30, 2016	\$ 216.523	\$ 81.907	\$ 20.057	\$ 29.303	\$ 3.792	\$ 3.191	\$ 354.774
General Fund Revenue = \$ 3,116.9                      6.9%                      2.6%                      0.6%                      0.9%                      0.1%                      0.1%                      11.4% The balance in Idaho's major reserve funds at the end of FY 2016 (line 26) is estimated to be \$354.8 million or 11.4% of the FY 2016 General Fund Revenue Estimate.							

\* Emergency Funds include: 1) Governor's Emergency, Section 57-1601, Idaho Code; and 2) Disaster Emergency, Section 46-1005A, Idaho Code, which includes both Federal Emergency Management Act and state moneys.

# Budget Highlights

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## Education

### Public Schools

The FY 2016 K-12 Public Schools appropriation of \$1,814,311,900 includes \$1,475,784,000 from the General Fund. This is a General Fund increase of \$101.2 million, or 7.4%, over the previous year. The appropriation is based on 167 support units of enrollment growth, includes \$33.5 million to place teachers on the first year of the new career ladder compensation system, and provides \$33.2 million to both maintain and increase discretionary funds to \$23,868 per support unit, which is an increase of 6.5%.

	FY 2015 Original Appropriation	FY 2016 Original Appropriation
<b>Sources of Funds:</b>		
General Fund	\$1,374,598,400	\$1,475,784,000
Dedicated Funds	86,812,400	74,189,400
Federal Funds	215,223,500	264,338,500
<b>TOTAL APPROPRIATIONS</b>	<b>\$1,676,634,300</b>	<b>\$1,814,311,900</b>
<i>General Fund Percent Change:</i>		7.4%
<i>Total Funds Percent Change:</i>		8.2%

Additionally, the appropriation provides:

- \$26.9 million for facilities maintenance.
- \$16.1 million for teacher leadership premiums.
- \$13.2 million for teacher professional development.
- \$13 million for classroom technology.
- \$7.4 million for a 3% salary increase, for employees not on the career ladder.
- \$6 million for advanced opportunities to allow students to take post-secondary courses.
- \$2.6 million for districts to purchase instructional management systems of their choice.
- \$2.1 million for wireless infrastructure (Wi-Fi).

Other funding increases include transportation costs, the Idaho Digital Learning Academy, district strategic planning, and mastery-based education.

### College and Universities

The FY 2016 appropriation of \$520,522,100 provides a 3.0% General Fund increase and overall increase of 4.4%. Specifically, it includes the following amounts from the General Fund:

- \$3,367,700 of one-time funding for replacement items.
- \$5,578,300 for a 3% change in employee compensation.
- \$2,033,800 for the Complete College Idaho initiative.
- \$1,261,100 for BSU's computer science workforce initiative.
- \$500,000 for ISU's career path internship program.
- \$518,400 for UI's student employment readiness project.
- \$209,700 for LCSC's student work-trial program.
- \$325,000 for additional research funding.
- \$204,000 for UI's portion of lease space in the Idaho Law and Justice Learning Center.

## **Agricultural Research and Extension Service (UI)**

The FY 2016 appropriation of \$28,761,800 includes an 8.6% increase from the General Fund. Specifically, it includes an increase of \$1,528,900 to move personnel off of one-time funding and onto stable funding from the General Fund, and \$200,000 for 2.00 FTP's and operating funds for research at the U.S. Sheep Experimental Research Station north of Dubois, Idaho.

## **Community Colleges**

The Community College's FY 2016 appropriation of \$34,561,500 includes a 3% increase from the General Fund. Specifically, it includes benefit costs increases, a 3% change in employee compensation, and funding for the Complete College Idaho initiative.

## **Professional-Technical Education**

Professional-Technical Education's FY 2016 appropriation of \$66,928,800 is a 5.9% increase from the General Fund. New line items include the advanced manufacturing initiative, the secondary schools programs, and the agriculture education initiative.

## **Superintendent of Public Instruction**

The Superintendent of Public Instruction's FY 2016 appropriation of \$39,213,300 includes an 84.7% increase from the General Fund. This large increase is due to the Legislature shifting responsibility for reimbursing school districts for broadband service from the Department of Administration to the State Department of Education. It includes 5.00 FTPs, and \$734,800 to manage the program, and \$6.3 million for payments to school districts.

## **Idaho Public Television**

**S 1002** appropriates an additional \$183,500 in one-time federal funds to Idaho Public Television for FY 2015. Of the total amount, \$9,800 is for the replacement of translator equipment near Mackay; \$24,900 is for installation of a fiber-optic connection between the translator in Pocatello and a nearby equipment facility building; \$89,300 is for the replacement of power supply components at a Coeur d'Alene transmitter site; and \$59,500 is for the replacement of a digital translator near Grangeville.

**S 1149** appropriates \$8,699,300 for FY 2016, of which \$2,314,000 is from the General Fund. A significant amount is provided for replacement items for a transmission file server (\$486,000); camera equipment (\$275,000); production equipment (\$50,000); and the hardware and software required to complete phase three of the agency's historical program preservation, which involves conversion of analog material to digital formats (\$125,000).

## **Health and Human Services**

### **Catastrophic Health Care Cost (CAT) Program**

**H 282** is the FY 2016 appropriation for the Catastrophic Health Care Cost Program for \$27 million, which reflects a decrease of almost \$8 million, or 22.8%, from FY 2015. The reduction is the result of the CAT board conducting medical reviews and more individuals being insured.

### **Department of Health and Welfare**

In total, the FY 2016 appropriation for the Department of Health and Welfare is \$2,615,989,900, of which \$649,480,500 is from the General Fund, \$343,072,700 from dedicated funds, and \$1,623,436,700 from federal funds. This reflects an increase of 1.9% from the General Fund and 3.5% in total funds.

### **Medicaid**

**H 240** includes \$502,684,900 from the General Fund and \$2,103,501,600 in total funds appropriated to the Medicaid Division. The General Fund increase for Medicaid is 2.1% and enhancements

for all funds include:

- \$52.6 million for changes in caseload, mandatory price changes, and the federal match rate, of which \$26.7 million is from the General Fund.
- \$100,000 for an external audit of all managed care contracts, including outpatient mental health treatment as provided by OPTUM.
- \$16.7 million to continue incentivizing providers to transition to electronic health records. This requires a minimal match of \$21,900 from the General Fund.
- \$1 million to continue the Children's Healthcare Improvement grant and the Money Follows the Person grant.
- \$870,000 from the General Fund to pay primary care doctors at the higher Medicare rate. This money will be matched with federal funds and provides an additional \$3 million in compensation to treat Medicaid clients.
- A reduction of the ongoing appropriation by \$2.8 million in dedicated premium taxes to account for the sunset of the Children's Health Insurance Program (CHIP). Effective October 1, 2015, CHIP was supposed to sunset and all children in the program were to be transitioned to traditional Medicaid, which is funded at a lower federal match rate than CHIP. On April 16, the President signed into law an extension of CHIP.

### **Mental Health Services and Psychiatric Hospitalization**

**H 264** is the appropriation bill for behavioral health services, and includes Mental Health Services that receive an 8.4% General Fund increase, and a total increase of 4.2% for all funds. Psychiatric Hospitalization received a \$131,900 decrease from the General Fund; however, the decrease is offset by state endowment distributions, bringing the total increase to 6.5% for all funds. These increases provide for a 5.3% increase in non-Medicaid mental health appropriations. Enhancements to support mental health care in the community and in the state hospitals include:

- \$1,720,000 to establish and operate a second behavioral health community crisis center in north Idaho; this includes \$1.5 million from the General Fund.
- \$203,000 to restore funding to the Allumbaugh House, which is located in Boise and serves individuals with limited resources to pay for their mental health and/or substance use disorder treatments.
- \$279,000 from the General Fund to increase the rate the state pays community hospitals that house mental health patients who have been committed to the state when beds are not available at either state hospital.
- \$1,174,500 to provide for needed alteration and repair projects, replace various capital outlay items, and improve the staff and patient safety at both state hospitals.

### **Other Department of Health and Welfare Budget Highlights**

- **H 276:** Child Welfare receives an additional \$1,234,300 to increase the pay for social workers. This includes \$347,300 from the General Fund and is provided in addition to the 3% CEC that is funded. The division receives \$1.2 million for costs associated with Title IV-E adoptions and \$1.8 million for the continuation of the Title IV-E Waiver Demonstration Project that is designed to keep children in their homes.
- **H 281:** Public Health Services receives \$150,900 to increase pay for its laboratory staff, \$596,000 from the General Fund for another year to pay for immunizations for children covered by TRICARE, \$1.6 million for Ebola preparedness grants, and \$2.7 million from the Millennium Fund for Project Filter.

- **H 274:** Division of Welfare receives \$668,300 to transition from a single day to multi-day issuance of food stamps and \$3.2 million for the continuation of determining eligibility on behalf of the state exchange.
- **H 288:** Indirect Support Services Program is reduced to account for personnel being transferred to the Office of the Attorney General and for excess personnel costs identified and transferred to Child Welfare, for social worker pay increases. Also included is a realignment of appropriation to account for contracted costs with the state exchange and programming related to communication between the department and Your Health Idaho.
- **H 288:** Licensing and Certification is provided an additional 4.00 FTPs and \$347,200 for new health facility surveyors. These positions will be used for a training pool of surveyors, as training can last up to nine months per position.
- **H 288:** Healthcare Policy Initiatives is established to account for various programs that do not align with any other existing department program. This includes the State Healthcare Innovation Plan, or SHIP. To implement the four-year SHIP grant, the department is appropriated \$8.8 million and 7.00 FTPs, all from federal funds.

## Public Safety

### Department of Correction

**H 206** both increases and decreases the appropriation for various programs within the Department of Correction for FY 2015. Increases to the appropriation total \$755,500, of which \$398,600 is from the General Fund. General Fund decreases to the appropriation total \$2,369,900. These changes represent a net reduction of \$1,971,300 in the General Fund and an overall net reduction of \$1,614,400. Additional moneys appropriated to the Department of Correction include \$22,500 to cover an increase in Idaho law enforcement telecommunication fees; \$223,100 to cover legal fees associated with *Balla vs. Idaho State Board of Correction* court case; \$153,000 to cover the cost of litigation in *Morehouse vs. Idaho Department of Correction*; \$156,900 to hire two full-time correctional officers to oversee inmate labor being utilized in the Ag Worker Program; and \$200,000 to cover a shortfall in the Community Supervision Program.

Several General Fund reductions are also made to the Department of Correction's budget, including \$1,606,700 in one-time savings realized in the Medical Services Program; \$442,000 in one-time salary savings at the Idaho State Correctional Center; \$159,900 in ongoing savings at the Correctional Alternative Placement Program; and \$161,300 in one-time savings in the Community Supervision Program for Justice Reinvestment training.

**H 284** appropriates moneys to the Department of Correction for FY 2016. The bill appropriates \$204,900,300 from the General Fund, \$19,999,600 from dedicated funds, and \$1,263,100 from federal funds, for a total of \$226,163,000. It also limits the number of authorized full-time equivalent positions to 1,972.85. In addition, \$70,000 is included to expand the Special Assistant United States Attorney (SAUSA) Project to northern and eastern Idaho; \$1,679,000 to provide for a correctional officer retention plan; \$164,300 to hire three correctional officers for the behavioral health unit at the Pocatello Women's Correctional Center; \$89,200 to provide cabling, storage boxes, and one work crew vehicle at the Pocatello Women's Correctional Center; \$20,000 to purchase two balers for the recycling program at the South Boise Prison Complex; \$59,300 to cover a contractual increase for the Correctional Alternative Placement Program; \$140,400 to cover increases in rent and to purchase prison uniforms; \$910,700 to cover adjustments made in the medical services contract and to cover hepatitis C treatment; and \$3,000 to cover public safety communications at the Orofino prison.

## Judicial Branch

**S 1159** appropriates moneys to the Supreme Court for FY 2016. The lump sum appropriation includes \$39,743,600 from the General Fund, \$23,712,200 from dedicated funds, and \$1,862,900 from federal funds for a total of \$65,318,700 for FY 2016.

In addition, \$2,180,000 in one-time funding is provided to implement the second year phase of a five-year project to replace the court's existing computerized case management system; \$151,300 in one-time funding to move the law library to the new Idaho Law and Justice Learning Center; \$549,000 in one-time funding to upgrade space in the basement of the 44-year-old Supreme Court building; \$235,400 to add two new magistrate judges, one to be chambered in Kootenai County and one to be chambered in Canyon County; \$163,100 to fund an additional 400 senior judge days; and \$80,300 to fund three major judicial education conferences.

## Department of Juvenile Corrections

**H 226** appropriates moneys to the Department of Juvenile Corrections for FY 2016. The appropriation includes \$39,861,500 from the General Fund, \$7,735,200 from dedicated funds, and \$3,857,600 from federal funds, for a total of \$51,454,300. In addition, \$135,200 is provided to hire two juvenile services coordinators to manage cases in the Fourth and Fifth Judicial Districts, and \$270,500 to hire four additional instructor specialists.

## Idaho State Police

**H 247** appropriates moneys to the Idaho State Police for FY 2016. The appropriation includes \$25,597,800 from the General Fund, \$36,775,600 from dedicated funds, and \$8,359,300 from federal funds, for a total of \$70,732,700.

Line items approved for the Idaho State Police:

- \$463,500 is shifted from the Idaho Law Enforcement Fund to the General Fund for continued program support.
- An additional \$100,000 is provided to enhance Project CHOICE, which is an ongoing pay plan complete with career ladders for ISP commissioned officers, dispatch personnel, and forensics personnel.
- \$939,900 to hire six additional patrol officers.
- \$112,100 to hire two IT systems operators in support of the Idaho Law Enforcement Telecommunication System.
- \$147,100 to cover overtime in the Executive Protection, Investigations, and Alcohol Beverage Control programs.
- \$32,400 to increase a warehouse storekeeper to full time.
- \$177,000 to hire two ISP investigative assistants for the Idaho Criminal Intelligence Center.
- \$36,000 to purchase analytical laboratory standards, process cases at the laboratory, and provide court testimony related to analytical laboratory findings.
- \$76,000 to purchase mobile forensic analysis units for each ISP district office.
- \$75,000 to contract with a consultant to prepare a national request for proposal (RFP) for the Uniform Crime Reporting/National Incident-Based Reporting System replacement.
- \$22,900 to upgrade positions in the Alcohol Beverage Control Program.
- \$360,000 in spending authority for three federal grants received by the department.
- \$17,300 to cover ISP's share for public safety communication sites located on endowment trust lands.

Finally, the Racing Commission's base was reduced by \$130,000 to bring the appropriation more in line with available revenue. With this reduction, the commission is expected to finish FY 2016 with an ending free fund balance of just \$77,900.

## Natural Resources

### Department of Environmental Quality

**S 1003** appropriates an additional \$500,000 in dedicated moneys to the Department of Environmental Quality for FY 2015. These are moneys collected from responsible party payments for DEQ to oversee the environmental cleanups of the Triumph Mine, from moneys received from impacted parties to enhance monitoring activities caused by selenium contamination in southeast Idaho, and from moneys received from Idaho Power Company to contract for mercury monitoring in the Hells Canyon Complex.

**S 1163** appropriates \$64,620,900 to the Department of Environmental Quality for FY 2016. The budget transfers \$1.5 million from the Water Pollution Control Fund to the Environmental Remediation Fund, expresses legislative intent regarding an annual progress report of the superfund cleanup, and acknowledges that the Water Pollution Control Fund is being used for a variety of water quality projects not specified in Idaho Code.

The budget includes several line items:

- The first line item includes funding for the second year of the takeover of primacy of the National Pollutant Discharge Elimination System. Costs at full build-out in 2022 are estimated at 26 full-time positions and \$2.7 million. The line item includes funding for 3.00 FTPs from the General Fund and provides \$30,000 for travel, office supplies, and rent costs, for a total of \$261,400 ongoing.
- The second line item includes \$85,200 ongoing from the General Fund to hire an additional air quality analyst. The department will reclassify a vacant unfunded position and this position will provide the support needed to respond to a series of federal Environmental Protection Agency driven greenhouse gas emission rules. They will also develop a statewide plan to meet carbon reduction goals.
- The third line item provides \$33,700 from the General Fund in additional ongoing support for the Lake Pend Oreille, Pend Oreille River, Priest Lake and Priest River Commission.

The General Fund budget is a 5.2% increase and the overall budget is a 2.5% decrease from FY 2015. The overall reduction is due to the removal of unneeded dedicated and federal fund appropriation.

### Department of Fish and Game

**S 1013** reduces the FY 2015 appropriation to the Department of Fish and Game by \$874,100. Last session, JFAC set a budget for the department that was 14.5% higher than anticipated revenues and then included legislative intent stipulating that for the next budget cycle, the department was to recommend changes to bring the FY 2015 Fish and Game License Fund budget to within 5% of projected revenues. This bill cut the Department of Fish and Game's FY 2015 license appropriation by \$1.3 million, or 3.4%, and then offset some of the cuts to the Fish and Game License Fund by adding \$85,000 in the federal Pittman-Robertson appropriation, and \$387,600 in other contracts from the Office of Species Conservation, for a net reduction of \$874,100.

**S 1115** was a supplemental for \$7,409,000 for one-time projects that passed the Senate but failed in the House. The Legislature then reconsidered some of the projects in **H 320**, which appropriates an additional \$1.5 million from Bonneville Power Administration moneys for erosion control actions in the Clark Fork delta in Bonner County and \$100,000 from the Office of Species Conservation for stream habitat restoration on the Palouse River in Latah County.

**S 1133** appropriates \$95,721,900 to the Department of Fish and Game for FY 2016. The appropriation includes approval of 11 line items, including additional funding for health insurance for temporary employees; shooting range development; fish screens and boating access; managing game and restoring wildlife habitat; improving fish habitat; improving fish hatcheries; providing

rangeland improvements and wildlife monitoring as mitigation for the Southern Idaho hydropower dams; authorizing the use of Citizens Against Poaching moneys for investigation costs; projects to restore the Lemhi River fishery; moneys for sage grouse lek monitoring; and one-time funding to cover the increased costs of communication sites. The overall budget is a reduction of 0.1% compared to the FY 2015 original appropriation and reflects a reduction of 10 positions.

## **Department of Lands**

**H 268** appropriates moneys to the Department of Lands in two parts. First, it provides an FY 2015 supplemental appropriation in the amount of \$69,600 from dedicated funds. Last year, the Land Board commissioned a review of the Land Board's governance structure, revenue forecasting, land asset valuation, performance reporting, and asset allocation. This supplemental provides for the commencement of the implementation plan to accomplish the consultant's recommendation that contains general guidance and specific recommendations.

Secondly, the bill appropriates \$50,641,800 to the Idaho Department of Lands for FY 2016. The appropriation includes approval of 15 line items as follows: \$819,400 and an additional IT position for the final phase of the Forest Information System; \$1 million for the first phase of the Lands and Waterways Information System; \$199,600 for information technology equipment and licensing; \$158,300, and one position, for oil and gas resource protection; \$58,300, and one management assistant, for the Coeur d'Alene office; \$99,300 in federal funds, and one position, for the forest stewardship program; \$80,000 for a records management shelving unit and a records filing management system study; \$335,500 for additional equipment for the Forest Resource Management, Lands and Waterways, and Forest and Range Fire Protection programs; \$38,600 to expand the Priest Lake office; \$44,600 to improve an equipment storage lot at the Eastern office; \$645,000 for full-year costs to implement the findings from the Asset Allocation and Governance Review (only \$495,000 is ongoing); \$250,000 for the Sage Grouse Initiative; an additional 14.65 FTPs to convert long-term, benefited, part-time positions from group to permanent; \$18,600 for Timber Protective Association employee compensation; and \$4,100 for an increase in public safety communication site rent. The budget for the Forest and Range Fire Protection Program is lump sum, meaning that the department may transfer appropriation from operating expenditures to personnel costs in that program if needed. The budget is a 3.8% increase in the General Fund and a 7.2% increase in all funds.

## **Department of Parks and Recreation**

**S 1158** appropriates \$35,607,800 to the Department of Parks and Recreation for FY 2016 and caps the number of authorized FTPs at 150.39. The budget is about 10% from the General Fund, 76% from dedicated funds and 14% from federal funds. It provides \$2,444,000 in dedicated funding for park repairs and replacement items. It also includes \$250,000 from the General Fund to replace the east restroom at Eagle Island State Park. The bill funds nine line items:

- A permanent shift of \$1.5 million from the Recreational Vehicle Fund to the General Fund that was temporarily shifted to the RV Fund in FY 2011. This shift supports 23.80 FTPs. It also moves the RV appropriation from personnel costs to trustee & benefit payments to restore the RV grant program to former levels.
- \$328,000 from the Recreational Fuels Capital Improvement Fund to develop the Scott Group Camping Area at Farragut State Park.
- \$24,000 from the Harriman Trust Fund for two additional yurts at Harriman State Park.
- \$26,000 from the Recreational Fuels Road and Bridge Fund to develop a day-use parking area at Round Lake.
- \$30,000 from the Recreational Fuels Capital Improvement Fund to purchase and construct a small camper-cabin kit to serve as a visitor center at the Poison Creek campground of Lake Cascade State Park.



- \$75,000 from the Recreational Capital Improvement Fund to build a group shelter at Harriman State Park.
- \$20,000 from the Recreational Fuels Capital Improvement Fund to install a vault toilet to serve a backcountry yurt at Harriman State Park.
- Converts long-term, benefited, part-time group positions to 6.14 FTPs.
- Lastly, the bill includes a cash transfer of \$3,393 from the Economic Recovery Reserve Fund to the Harriman Park Trust Fund. This is cash that was left over after Governor Kempthorne's 2006 Experience Idaho initiative.

The total budget is a 1.6% reduction in the General Fund and an increase of 4.9% in all funds from the FY 2015 original appropriation.

## **Department of Water Resources and Water Resource Board**

**H 273** appropriates \$20,683,200 with the source of funding at 59% from the General Fund, 23% from dedicated funds, and 18% from federal funds. Eight line items are approved:

- The first provides language to commence the Palouse River Basin Adjudication. According to the adjudication law, the filing of each petition shall be contingent upon legislative funding approval. This budget includes \$520,100 for the Northern Idaho Adjudication Program with 4.00 FTPs funded from the General Fund and 0.85 FTPs funded from dedicated filing fees. This is enough for the department to begin shifting resources to the new basin while continuing work in the Coeur d'Alene-Spokane River Basin Adjudication.
- Transfer of \$716,000 in cash from the Revolving Development Fund to the appropriated Aquifer Planning and Management Fund, to further the Eastern Snake Plain Aquifer Management Plan. The source of the money is from the sixth year of loan repayments from ground water users, for the purchase of water rights at Pristine Springs near the city of Twin Falls.
- \$10,000 from the General Fund for additional equipment.
- \$110,800 to use water-user assessments to pay an existing department employee as water master for water district 02. This position has existed since 2012 for the administration of water rights and water deliveries but will now be paid from assessments rather than from the General Fund.
- \$175,000 onetime from the General Fund to contract for a study to modernize the department's business processes and applications.
- \$6,200 from the General Fund and \$58,300 from federal funds, to convert a part-time flood plain management position to full time.
- Funding for 4.24 FTPs and related operating expenditures, from the appropriated Aquifer Planning and Management Fund for aquifer monitoring, measurement, and modeling. That frees funding to fill unfunded vacant positions to manage the Water Sustainability Initiative approved last session. This action provides the department the additional staffing to support the Water Sustainability Initiative while keeping all employees on the appropriated budget.
- \$146,000 from the General Fund one time to pay vacancy costs, as the law library and the third year U of I Law School move out of 9,155 square feet they sublease from Water Resources on the fifth floor of the Water Center, to give the department time to find a new sublessee for the vacated space.

The total budget is a 2.8% increase in the General Fund and a 4.5% decrease overall due to the removal of unneeded dedicated appropriation.

## **Office of Species Conservation**

**S 1128** appropriates \$13,805,500 for FY 2016 and caps the number of authorized FTPs at 12. There is one line item from the General Fund in the amount of \$500,000 one-time for sage grouse conservation. Conservation projects include \$75,000 for lek monitoring to be conducted by Fish and Game; \$120,000 for equipment and training for the Rangeland Fire Protection Associations; \$50,000 for regional efforts to prevent sage grouse listing; \$150,000 as a financial matching component to enhance conservation efforts by private landowners; \$45,000 for projects to reduce fire hazards on private and state endowment lands; \$25,000 to finalize a mitigation strategy for large-scale infrastructure development; \$25,000 for legal defense of the Governor's sage grouse strategy; and \$10,000 for coordination costs of the Office of Species Conservation. The budget is a 44.8% increase in the General Fund and 2.1% in all funds.

### **Wolf Depredation Control Board**

**S 1160** appropriates and transfers \$400,000 from the General Fund to the Wolf Control Fund Other Money Subaccount for FY 2016. The responsibility of the Wolf Control Board is to allocate the money for control actions for wolves, when there is a depredation conflict between wolves and livestock or unacceptable levels of conflict between wolves and wildlife. The board has a cooperative services agreement and a work plan with Wildlife Services.

## **Economic Development**

### **Department of Agriculture**

**S 1161** appropriates \$36,465,500 for FY 2016. The bill includes funding for seven line items as requested.

- \$151,400, and two positions, split 62% from the General Fund and 38% from dedicated funds, for the rangeland monitoring program.
- \$84,900, and one position, split 42% from the General Fund and 58% from dedicated funds, for a human resource supervisor.
- \$74,400, and one position, from the Dairy Inspection Fund for a microbiologist for the dairy laboratory.
- \$56,600 for a dairy program records specialist. The source of cash for both of those items is from a fee charged to milk producers of 2.5 mils per pound of butterfat, or about eight cents per one hundred gallons of raw milk.
- \$145,400 from dedicated fees on weights and measurement inspections for additional personnel and operating support.
- \$59,000, and one position, from federal funds, for a specialty crop grant coordinator.
- Additional \$21,200 for animal damage control support.

In summary, the budget adds six FTPs and is a 3.3% increase in the General Fund and a 1.1% increase in all funds over the current budget.

### **Soil and Water Conservation Commission**

**S 1162** appropriates \$2,941,400 for FY 2016 and limits the number of FTPs to 17.75. There are three line items:

- \$50,000 from the General Fund to increase state support for individual soil and water conservation districts.
- An additional FTP to convert two temps to one permanent.
- An additional \$20,300 from the General Fund, a shift of \$32,000 from operating expenditures to personnel costs, and .75 FTP to bring accounting and human resource responsibilities in-house. Legislative intent clarifies that the additional district support is not to go through the statutory allo-

cation formula, but instead will be distributed equally between the 50 soil and water conservation districts. With this addition, the base amounts effectively increase to \$10,500 per district for FY 2016. The budget is a 2.3% increase in the General Fund and a 2.2% increase in all funds over FY 2015.

## **Department of Commerce**

**S 1166** appropriates \$36,109,900 for FY 2016 and limits the number of authorized FTPs to 46. The bill includes funding for four line items and a transfer of cash to the Idaho Opportunity Fund from the General Fund. The first removes one FTP and transfers \$38,000 from personnel costs to operating expenditures, as IT support costs are shifted to the Department of Administration. The second line item transfers \$40,000 from personnel costs to operating expenditures, for the ongoing costs of the relationship management software used by the Department of Commerce to store and manage contacts, clients, workflow, customer relations, and purchase order information, and for grant management. The third provides \$2,213,600 in the Tourism and Promotion Fund for additional marketing. Funding will be used to support enhanced statewide promotion of tourism by targeting domestic and international visitors. The fourth transfers \$1,750,000 from the General Fund to the Idaho Opportunity Fund, for additional grants to help secure economic development projects.

At the same time there was a reduction of \$400,000 for ongoing opportunity grants, for a net increase of \$1,350,000. There is currently \$3 million in spending authority in the Idaho Opportunity Fund for FY 2016 and a total cash balance of \$5,011,600. The Idaho Opportunity Fund provides grants for the recruitment and retention of businesses. Grants are made at the discretion of the director of Idaho Commerce, as opposed to Rural and Gem Grants, which must be approved by the Economic Advisory Council. The grants must be used for public infrastructure projects so that the public benefits, not just a single company. In summary, the total budget is a 4.9% increase above FY 2015.

## **Department of Labor**

**S 1192** is the FY 2015 supplemental and 2016 appropriation to the Department of Labor. In FY 2015 it authorizes the purchase of network equipment that was inadvertently left out of the original request. It also changes the fund source from the Special Administration Fund to the Unemployment Penalty and Interest Fund to take advantage of a healthier fund balance, provides \$3 million from the Unemployment Penalty and Interest Fund for additional spending to supplement the labor exchange activities from Wagner-Peyser grants, and supplements the deployment of the iUS tax and benefit system.

Prior to this year's appropriation bill, approximately 98% of department operations were continuously appropriated in the Employment Services program. It consisted of Unemployment Insurance, the labor exchange, and job training. Unemployment Insurance collects taxes from businesses and provides benefits for workers who have lost their jobs. The labor exchange is funded with Wagner-Peyser grants and matches job seekers with employers. Job training funded with the Workforce Investment Act targets training, or retraining, for displaced workers. These are the three major activities in the department that are funded strictly with federal grants, although in some instances the department supplements some of these activities with Workforce Development Training Funds, Unemployment Penalty and Interest Funds, and Employment Security Special Administration Funds. Unemployment Administration will be a stand-alone program, while the labor exchange and job training activities will be budgeted together in the Employment Services Program. The FY 2016 appropriation brings all operations on-budget, and the department will now have six budgeted programs, with Unemployment Compensation remaining continuously appropriated.

There was also an enhancement introduced by the Legislature for \$3 million for Industry Sector Grants, that was then line-item vetoed by the Governor. The Industry Sector Grants provide money for training, to meet the needs of industry sectors, by developing an applicant pool of skilled

workers with curricula generated by an Idaho public post-secondary institution. These grants were initially provided with Workforce Development Training Funds, which are generated by setting aside 3% of unemployment insurance taxes. Fortunately for business, or unfortunately for the fund, as unemployment insurance tax rates decrease, set-aside funds also decrease, necessitating the need for a cash infusion in order for the program to continue. The Legislature chose to fund this initiative with Industrial Administration Funds, which are generated by a 2% tax on net premiums collected on worker's compensation insurance. After the veto, the total FY 2016 appropriation is \$89,578,900 with FTPs capped at 700.

Finally, this bill creates several mechanisms for the Legislature to review programs and create guidelines for how the department will function in the future. Section 6 of the bill requires the Department to maintain the number of local offices in the same communities as provided in the current fiscal year, and to report to JFAC detailing the gap between the amount needed and the amount available to maintain those offices. Section 7 of the bill requires the department to report to JFAC on activities of the Workforce Development Training Fund, including results of employment for enrollees in the program, their wages before and after training, the duration of employment, relationship of training to field of employment, and to detail how the money is expended.

### **Department of Finance**

**S 1126** is the FY 2016 appropriation for \$7,750,000, and limits the number of authorized FTPs to 64. The agency receives \$455,800 in personnel costs to move all 41 examiner positions designated for underfill progression up to policy. As financial examiners gain experience and accreditation, the agency will be able to move those positions up the pay schedule. Underfill progression will typically move an examiner position through either 2 or 3 pay grades, depending on the type of examiner. When these positions were originally authorized, they were budgeted at 80% of policy at the underfill point-factored pay grade. Overall, this budget is a 7.5% increase above the FY 2015 appropriation.

### **Idaho Transportation Department**

**H 312aaS,aaS** is the legislation that increases funding for Idaho's aging transportation infrastructure and is expected to raise \$94 million in new revenue. It increases registration fees by \$21.00 for personal vehicles and \$25.00 for commercial vehicles. It increases the motor fuels tax from \$0.25 to \$0.32 cents per gallon. The increase in registration and motor fuels tax shall be subject to a 60-40 split between the State Highway Account and local highway jurisdictions. The legislation also creates the Strategic Initiatives Program that provides for transportation projects proposed by the department and rated competitively on their return on investment in safety, mobility, and economic opportunity, as well as repair and maintenance of bridges, and the purchase of right-of-way. It will be funded from a potential surplus eliminator of the General Fund at the end of FY 2015 and FY 2016, as defined by the State Controller. A two-year sunset clause is placed upon the section of law authorizing the transfer from the General Fund to the Strategic Initiatives Program Fund. It is the intent of the Legislature that all of the additional funds raised in this bill will be used exclusively for maintenance of bridges and roads, and replacement projects, at the state and local level.

**S 1174** is the FY 2016 appropriation to the Idaho Transportation Department in the amount of \$496,641,900, with FTPs capped at 1,698.70. This bill provides funding from approximately 50% dedicated funds that come from the gas tax, vehicle registrations, and other transportation-specific fund sources. The other 50% of the appropriation is from federal funds in the form of grants and federal-match dollars. Seven new line items are funded:

- \$3 million to address enhancing or creating culvert, guardrail, and rest area maintenance programs; additional equipment rental costs due to the reduction of capital equipment purchases; and increasing salt purchases to meet targeted performance levels for winter maintenance.

- \$372,900 for programming costs, production costs, and postage to produce and mail full-page renewal notices to Idaho vehicle owners.
- \$198,600 for scale maintenance costs at the Lewiston and East Boise ports of entry.
- \$62,100 to purchase computers; one touchscreen testing workstation; three capture stations which include a camera, signature pad and software; three documentation authentication system kits; and printer lease costs at the counties' driver licensing and motor vehicle offices (DMV).
- A transfer of 12 FTPs and \$14,411,500, from the Transportation Performance Program to the Highway Operations Division. The employees have already been realigned and will perform the same functions in the Highway Division, where they will be working closer to their area of responsibility. This line item is part of the department's continuing organizational realignment.
- Conversion of 2.70 long-term, benefited, part-time group positions to permanent, part-time FTPs. These represent stable positions that work year-round and receive benefits.
- \$611,000 in additional road maintenance funding.

### **Office of the State Appellate Public Defender (SAPD)**

**S 1110** appropriates an additional \$94,900 to the Office of the State Appellate Public Defender for FY 2015, and creates a new program called the Capital and Conflict Representation Program. The additional \$94,900 ongoing from the General Fund will only be used for providing representation in death penalty cases.

**H 271** appropriates \$2,476,300 for FY 2016, which is mostly from the General Fund; of the total amount, \$2,451,300 is from the General Fund. In addition to maintenance adjustments, this bill provides an ongoing \$70,000 from the General Fund to allow the agency to hire private attorneys when its office has an ethical conflict of interest. The bill also provides for the transfer of \$25,000 in cash from Juvenile Corrections to the SAPD, which was accumulated on behalf of the Criminal Justice Commission. The State Appellate Public Defender was recently appointed as the chair of the commission and this bill gave the chair the authority to spend this cash to support the activities of the commission. Overall, this bill increases the agency's spending authority by 10.6% over the prior year's budget.

## **General Government**

### **Department of Administration**

**H 168** appropriates \$3,640,500 to the Superintendent of Public Instruction to pay for broadband services and Internet connectivity through June 30, 2015, which is the remainder of the current school year. Schools are provided with funding for four and one-half months of service. Funding is also provided to the superintendent's office to hire staff, contract with staff, or contract with private vendors to support the transition of services from the Idaho Education Network (IEN) in the Department of Administration. This bill also provides guidance on the use of funding and gives flexibility to school districts in acquiring short-term contracts for broadband services in FY 2015.

The bill also removes \$5,052,000 for the IEN from the Department of Administration, which is the amount unpaid to vendors for broadband services rendered from September 2014 through February 2015. These payments have been in limbo since the district court ruled that the contract authorizing the procurement of services was void. This bill does not address any back payments, attorney's fees, or potential damages related to the lawsuit between Syringa and the State of Idaho.

**H 263** is an amendment to **H 168** authorizing the superintendent to reimburse school districts for additional costs incurred when they lost their federal E-rate funding due to their reliance on the voided state contract.

**S 1175** provides funding for traditional operations for the Department of Administration in FY 2016, with one exception: the Idaho Education Network (IEN). This bill eliminates funding for the IEN in FY 2016. Funds for broadband connectivity are included in the budget for the Superintendent of Public Instruction for FY 2016 and will be distributed directly to school districts to purchase their own broadband services through June 30, 2016.

### **Permanent Building Fund**

**S 1172** includes \$1,150,000 as a supplemental appropriation from the Permanent Building Fund for the final phase of construction of the Capitol Annex renovation project in FY 2015. The additional funds will pay for an increase in the cost of materials and labor, as well as the need for energy-efficient technology to address concerns about the finite resources of the geothermal pool beneath Boise. The bill also appropriates \$27,578,300 in FY 2016, of which \$15,678,300 is for statewide building maintenance and repair projects and \$11,900,000 is for capital construction projects. The capital construction projects include:

- \$2.5 million to provide incremental funding for a fine arts facility on the Boise State University campus. The total estimated project cost is \$35 million. The new building will allow the consolidation of programs, currently spread across the campus into a single facility. It is anticipated that an additional \$2.5 million will be included in the Permanent Building Fund Advisory Council's request in FY 2017. The remainder of the funding will be provided by the university and by private donations.
- \$5.4 million for construction of a combined facility for the Idaho State Police. The facility will be located in Pocatello and will include patrol, investigations, POST office space, a forensic laboratory, outbuildings, and a parking lot, on land donated by the Idaho Transportation Department. The estimated total project cost is \$6.6 million. In FY 2015, there was an appropriation of \$600,000 from the Permanent Building Fund for the architecture and design phase of the facility.
- \$4 million for a collaborative facility between North Idaho College, Lewis-Clark State College, and the University of Idaho. The facility will house units for each institution on property that is owned by the North Idaho College Foundation and is leased to North Idaho College. A joint facility will allow consolidation of programs from each entity into one location, to better serve the citizens of the area. The total project cost is estimated to be \$6,420,800. The Permanent Building Fund provided \$420,800 for pre-design and initial programming in FY 2009. The \$2 million balance of the project will be funded by private gifts to the universities.

### **Attorney General**

**H 254** appropriates \$22,796,000 to the Office of the Attorney General for FY 2016. The bill provides for five line items:

- \$295,600 for the Special Litigation Program, to pay for litigation expenses associated with the North Idaho Adjudication, tobacco litigation, and capital litigation.
- \$62,500, and 1.00 FTP, to hire a litigation support specialist to assist with special litigation.
- \$124,900, and 2.00 FTPs, to hire two legal secretaries to assist with Health and Welfare.
- Transfer of \$182,200 from trustee & benefit payments to personnel costs, and 2.00 FTPs, to bring two investigator positions in-house for the Internet Crimes against Children Program.
- \$373,800, and 3.00 FTPs, to hire two deputy attorneys general and one paralegal to provide Medicaid administrative hearings.

### **Commission on Aging**

**H 248** appropriates \$12,492,400 for FY 2016. Of the total appropriation, \$4,494,700 is from the

General Fund. The bill also includes legislative intent language to have the Legislative Audits Division conduct a management review of the commission and its relationship with the Southwest Area Agency on Aging.

### **Commission for the Blind and Visually Impaired**

**H 253** appropriates \$4,750,000 for FY 2016. The Legislature authorizes \$50,000 in dedicated funds for the continued use of a charitable contribution, to be used in the Older Individuals Who Are Blind (OIB) Program, and 1.00 FTP and \$64,300 from the General Fund to hire an instructor for the OIB Program. A final line item provides \$50,000 in dedicated funds to replace the agency's point-of-sale system for its adaptive aids and appliances stores.

### **State Tax Commission**

**S 1165** appropriates \$39,111,800 to the State Tax Commission for FY 2016. Two line items are funded:

- \$250,000 to purchase an additional component for GenTax that will provide for programming costs and consulting help to install a hosted data exchange that will help identify fraudulent state returns. The State Tax Commission has stated it will need an additional \$250,000 ongoing in the future to pay for the data exchange services from organizations like Lexis Nexus.
- \$22,000 for additional publication printing for property tax classes, educational bulletins for sales tax regulations, and other educational materials for the public.

Overall, this budget is a 2.9% decrease below the FY 2015, with 8.00 fewer authorized FTPs.

### **Office of Energy Resources**

**H 040** appropriates an additional \$246,000 from federal funds to the Office of Energy Resources for FY 2015 for a State Energy Program competitive grant awarded by the Department of Energy. It is anticipated that the total award amount of \$500,000 will be available on a reimbursement basis over three fiscal years. The goal is to promote western electric power system reliability during a transition to renewable energy, additional coal plant retirements, new environmental regulation, increased reliance on natural gas, and expanding distributed generation.

**H 233** appropriates \$1,515,000 to the Office of Energy Resources for FY 2016. Funding is 52% from dedicated sources and 48% from federal sources. There are two line items. The first realigns the budget to revenues by adding federal funds for the State Energy Program, reducing the Renewable Energy Resource Fund appropriation and adding \$230,600 in Petroleum Price Violation moneys for the leading Government by Example Program. This is a program to perform energy audits on state and local government facilities. The second line item approves spending of up to \$343,500 in a federal Department of Energy grant to be used for regional energy planning and coordination. The budget is a 4.1% increase in all funds from FY 2015.

### **Millennium Fund**

The Legislature appropriates \$10,561,600 from the Idaho Millennium Income Fund, with \$1,962,900 to be distributed to various nongovernmental entities, \$6,581,100 to be transferred to several state entities, and \$2,053,600 to be transferred back to the Idaho Millennium Permanent Endowment Fund. Individual grant awards include:

- \$68,500 to the Idaho Academy of Family Physicians for awareness of the consequences of tobacco use;
- \$186,900 to the American Lung Association for youth tobacco prevention programs;
- \$750,000 to the Public Health Districts for tobacco cessation programs;
- \$500,000 to the Association of Counties for recovery community centers;
- \$130,900 to the American Cancer Society to establish a women's health program;

- \$50,000 to the Idaho Youth Ranch for personnel funding at the organization's Anchor House, which serves teens through a voluntary residential treatment program;
- \$193,800 to Supportive Housing and Innovative Partnerships, Inc. (SHIP) for the promotion of prescription drug safety;
- \$193,400 to the Idaho Drug Free Youth Program for a parent and teen drug prevention education program;
- \$77,500 to the Foundation for Alcohol and Drug Dependency to provide scholarships for conference attendees;
- \$39,900 to the Community Coalitions of Idaho to provide personnel costs for the director to assist communities in establishing and maintaining local anti-drug coalitions;
- \$142,300 to the Boys & Girls Club for the Teen Empowerment Program;
- \$343,700 to the Idaho Meth Project for a prevention and public awareness campaign and continuation of its prescription drug education component;
- \$94,000 to the Idaho State Police for tobacco permittee compliance inspections as required by law;
- \$1,088,600 to the Department of Juvenile Corrections for youth prevention and cessation programs formerly overseen by the Supreme Court;
- \$2,706,700 to the Department of Health and Welfare for Project Filter tobacco cessation services and a counter-marketing campaign;
- \$1,859,200 to the Department of Correction for community-based substance abuse treatment services; and
- \$116,200 to the Institute for the Study of Addiction at Boise State University, for distribution of substance abuse materials and training for mental health and substance abuse practitioners.

## Secretary of State

**S 1125** appropriates \$2,159,300 from the General Fund to the Secretary of State for FY 2016. The bill also includes three line items. The first provides \$40,000 one-time for publication of the Idaho Blue Book, as required by Idaho Code; the second provides \$50,000 to fund and fill a vacant IT position; and lastly, \$3,600 additional was included so that the members of the Commission on Uniform State Laws could attend their annual conference in Virginia.

**S 1066** establishes a presidential primary election to be held in each presidential election year. The presidential primary elections will be held on the date in March already used by counties to conduct bond and levy elections. Other state and federal primary elections are not affected by this bill and will continue to be held on the May primary election date.

**S 1178** is the \$2 million General Fund trailer appropriation bill to the Secretary of State to support the new primary. It provides one-time funding to reimburse counties and to cover other costs related to the presidential primary. The trailer bill also provides for a cash transfer of \$780,000 from the Consolidated Elections Fund to the General Fund, to offset a portion of the costs.

## State Treasurer

**H 272** appropriates \$3,828,700 for FY 2016. Of this total amount, \$1,415,300 is from the General Fund. In addition to maintenance adjustments, the bill provides an ongoing \$192,400 in dedicated funds to allow the treasurer to pay the full amount of bank service fees directly. This line item simplifies the payment process and provides transparency regarding fee amounts and investment earnings. The bill also expresses legislative intent limiting the amount that may be spent on conference-related activities and bank service fees. The legislative intent language also provides guidance on the mitigation of bank service fees and consultation with the State Treasurer Investment Advisory Board.



## **Employee Compensation, including Salary and Benefits**

The Governor recommended a 3% salary increase for permanent state employees for FY 2016, and the Legislature's Joint Change in Employee Compensation (CEC) Committee also opted to recommend the 3% increase. Specifically, the recommendation is an ongoing merit-based increase in employee compensation for permanent employees to be distributed at the discretion of agency heads. The CEC Committee also recommended that the minimum amounts on the pay schedule for classified state employees be moved from 68% of policy to 70% of policy. JFAC funded the recommendations. Also, the Legislature authorized and funded a 3% increase in the annual salary for appointed officials, effective July 1, 2015. The salary for each of the three public utilities commissioners is statutorily raised to \$97,799 from \$94,950; the four state tax commissioners is raised to \$90,669 from \$88,028; and the salary for each of the three industrial commissioners is raised to \$95,193 from \$92,420.

For FY 2016, employer health insurance premiums will increase by \$650 per employee, which equates to a 6% increase over FY 2015. The premium increase is paid by the employer only. Employee premium costs will remain the same as in FY 2015 (the exact amount per employee depends on which plan the employee is enrolled in and whether there are dependents on their plan). There was no increase in the PERSI retirement contribution rates for FY 2016, remaining at 11.32% for employers, and 6.79% for employees. In the fall of 2014 the PERSI Board unanimously voted to permanently eliminate two contribution rate increases that were scheduled to take effect in FY 2015 and FY 2016. This vote left existing contribution rates for general members where they are, for the foreseeable future.