

MINUTES  
**JOINT FINANCE-APPROPRIATIONS COMMITTEE**

**DATE:** Wednesday, January 11, 2023  
**TIME:** 8:00 A.M.  
**PLACE:** Room C310  
**MEMBERS:** Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just  
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Ruckh (Green)  
**ABSENT/  
EXCUSED:** Representative Ruckh (Green)

**Co-chairman Horman** called the meeting to order at 8:00 a.m.

**Mr. Keith Bybee**, Division Manager, LSO Budget & Policy, introduced the LSO Budget & Policy staff to the committee. **Chairman Horman** expressed her appreciation for the LSO Budget & Policy staff and thanked them for their public service.

**Mr. Bybee** reviewed previous years' revenues and explained the current budget surplus. He reviewed the projected and actual revenues for the beginning and end of 2022. Mr. Bybee explained the legislature chose to spend much of the budget surplus on tax reduction, infrastructure projects, and other one-time projects.

In response to a committee question, **Mr. Bybee** explained the difficulty in calculating exactly how much federal monies from CARES, ARPA, and other Covid-relief programs impacted state revenues.

**Chairman Horman** reminded the committee large amounts of one-time monies have been moving through the state system for the last few years.

The Legislature spent some of the budget surplus on tax rebates in the 2022 extraordinary session. **Mr. Bybee** noted the Department of Financial Management (DFM) forecasts a 5.3% reduction in tax revenues for the current fiscal year. Mr. Bybee reviewed the Governor's recommendations for expenditures and how to use the budget surplus funds.

In answer to a committee question, **Mr. Alex Adams**, Administrator, DFM, gave a few examples of supplemental appropriations. He reminded the committee through the supplemental appropriation process, JFAC votes on the specific appropriation, instead of the request being part of the broader budget.

**Mr. Bybee** explained selected General Fund Transfers to other Funds, such as appropriations for road infrastructure, water resources, fire suppression deficiency warrants, Parks and Recreation projects, etc. **Rep. Miller** emphasized the importance of understanding the deferred maintenance backlog, which has been accumulating for a long time. He reminded the committee although some of the budget numbers are very large, they are addressing deferred and critical projects, such as roads, bridges, and buildings.

**Mr. Bybee** explained tax cuts have been a major component of the legislature's recent policy decisions; the definition of taxable income has changed significantly. **Co-chairman Grow** mentioned Idaho income tax is tied to the federal income tax and is built off the federal income tax rates and rules.

**Mr. Bybee** explained in 2021 the income tax brackets were collapsed, which significantly impacted state tax revenues. In 2022, a flat tax was implemented. Tax relief reductions are offset by the funds from online sales tax revenues.

In answer to a committee question, **Mr. Adams** stated online sales taxes have been used to offset income tax reduction, the 2022 public defense bill, and the 2022 grocery tax credit bill. In answer to another question, **Mr. Bybee** explained the sales tax revenues are disbursed and distributed into other Funds by a percentage of total revenue generated. Idaho Statute states after all appropriated transfers, the remaining balance is transferred to the General Fund.

**Mr. Bybee** explained the Idaho statutes related to the state budget and reviewed the statutory basis for the Joint Finance-Appropriations Committee (JFAC). Article Seven in the Idaho State Constitution states the legislature shall not make an appropriation without revenue to support said appropriation, and that all spending must occur with an appropriation asset by law. These statutes require a balanced budget. Mr. Bybee reviewed the history of JFAC, which began to meet in 1929. Mr. Bybee reviewed the JFAC rules of procedure, powers and duties, and other related statutory provisions.

**Mr. Bybee** further cited Idaho Code §67-3502, which directs DFM to work with JFAC and outlines the standardization of the format and presentation of state agency annual budget requests. He explained the use of intent language in many appropriation bills, which provides guidance about how appropriated monies can be spent.

**Ms. Janet Jessup**, Principal Analyst, LSO Budget & Policy, reviewed the structure of Idaho state government. The Idaho State Constitution directs the creation of three branches of government: legislative, executive, and judicial. The State Constitution limits the number of executive departments to 20; these 20 departments are specifically named within Idaho Code §67-2402.

**Ms. Jessup** explained nested within these 20 executive departments are individual divisions, institutions, commissions, agencies, programs, etc. For appropriation purposes, these executive departments are sorted into one of six functional areas: Education, Health and Human Services, Public Safety, Natural Resources, Economic Development, and General Government. Ms. Jessup explained every state budget falls within one of these functional areas and explained the structure and organization of the Legislative Budget Book.

**Mr. Jared Tatro**, Deputy Manager, LSO Budget & Policy, reviewed the decision-making process in building budgets. He reviewed introductory pages in the Legislative Budget Book and explained the Idaho Decision Unit Budget Model, using different state budgets to illustrate various points.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 10:18 a.m.

---

Representative Horman  
Chair

---

Alyson Jackson  
Secretary