

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Wednesday, February 16, 2022

TIME: 9:00 A.M.

PLACE: Room EW40

MEMBERS: Chairman Crane, Vice Chairman Armstrong (Armstrong), Representatives Palmer, Barbieri, Holtzclaw, Monks, Scott, Andrus, Young, Furniss, Hanks, Skaug, Gannon, Mathias

**ABSENT/
EXCUSED:** None

GUESTS: The sign-in sheet will be retained in the committee secretary's office; following the end of the session the sign-in sheet will be filed with the minutes in the Legislative Library.

Chairman Crane called the meeting to order at 9:00 a.m.

MOTION: **Rep. Mathias** made a motion to approve the minutes from February 3, 2022 and February 7, 2022. **Motion carried by voice vote.**

RS 29562: **Rep. Giddings** presented **RS 29562** which seeks to adopt state legislation in accordance with federal legislation requiring voter registration lists be maintained, updated in a timely manner, and available to the public for the purpose of ensuring accuracy of eligible voters. In August 2021, a resident of Nez Pearce County requested a voter registration list from the Secretary of State's office. A letter of denial was issued by the Department of Health and Welfare (DHW) citing the reason for denial was because the list is considered a vital statistic and therefore not available to the public. In December 2021, another denial for the voter registration list was issued by the DHW pursuant to the advice of the Attorney General. The National Death Index has not had records for Idaho since 2019. In 2022, a deceased resident of Latah County was found named on the county's active voter rolls. On February 1, 2022, a formal request was issued to the Latah County Clerk to have the deceased person's name removed from their list of active voters but as of today's hearing, the request has not been addressed. **RS 29562** states Idaho must comply in the required process to remove deceased persons from the active voter poll and to make sure the public has timely access to this information.

MOTION: **Rep. Scott** made a motion to introduce **RS 29562**. **Motion carried by voice vote.**

RS 29594: **Rep. Chaney** presented **RS 29594** which seeks to provide confidentiality and legal protection for entities associated with carrying out the death penalty in Idaho. The content is updated with committee recommendations made on February 14, 2022. It replaces **RS 29506** and **H 633**.

MOTION: **Rep. Monks** made a motion to introduce **RS 29594**. **Motion carried by voice vote.**

H 607:

Rep. Monks presented **H 607** which seeks to continue Idaho's participation in the lottery game, Powerball. Powerball participation already includes Canada and the new agreement would include Australia and the United Kingdom. The proceeds go towards funding public education. He is advocating for Idaho's continued participation in the Powerball game as it provides significant financial benefits to Idaho schools and businesses. In response to committee questions, Rep. Monks said the monetary amount provided to Idaho's public schools from proceeds averages fifteen (15) million dollars annually. The secondary fiducial impact is mostly to small businesses, especially those who are located close to Idaho's state borders. Border businesses would in particular face the potential loss of a large revenue stream in secondary purchases like snacks, beverages, fuel, etc. if Powerball tickets were no longer available at their locations.

Jeffrey Anderson, Director of the Idaho State Lottery Commission was introduced for committee questions. He explained the functions of the Multi-State Lottery Association and the contract process for participating entities. He said the contract was technically a Letter of Agreement (LOA) and it is an at-will participation agreement. Idaho would be allowed to cease participation in the Powerball game if established codes of conduct were disobeyed by Powerball entities. The LOA is scheduled for the Idaho Lottery Commission board vote in March 2022. He further established the Multi-State Lottery Association is a non-profit organization. The MegaMillions Lottery Association is a for-profit organization. Intralot, Inc. is the company Idaho contracts with for scratch-off lottery tickets and they are an international company.

Speaking **in opposition** to **H 607** was **Jonathan Krutz**, representing Idaho's Stop Predatory Gambling (SPG) organization. He stated Powerball puts a burden on small businesses by diverting funds away from hard goods and services into gambling. The business model of the lottery is to encourage people to spend money they may not have on gambling. In response to committee questions, Mr. Krutz stated his organization does not have the funds to assist people addicted to gambling and Idaho overall has very few resources for people struggling with a gambling addiction. He stated he felt the benefits of not having Powerball outweigh any losses incurred by choosing not to participate. He said people would spend their money on other taxable goods like major appliances if they weren't buying lottery tickets. The additional sales tax generated would make up for the loss of proceeds to public schools. He stated since these taxes go to the government, it was government's responsibility to fund the schools without resorting to sponsored gambling.

Speaking **in support** of **H 607** were **Charlie Jones**, owner of the Stinker convenient store chain; **Misty Swanson**, Executive Director of the Idaho School Boards Association; and **Matt Berry**, a fuel distributor in Eastern Idaho. They were of the opinion Powerball was a significant factor in Idaho's overall financial well-being.

Mr. Jones testified the Stinker stores were the first retailer to sell lottery tickets in Idaho and they are the state's third largest lottery retailer. Powerball specifically is different from the other types of lottery games in Idaho. Mr. Jones stated he does not believe Powerball customers would switch to purchasing scratch off tickets if Powerball was taken away because they are drawn to the idea of the "Big Jackpot" payout. The customers who buy state lottery tickets almost always buy other things from the stores. Stinker sees their revenue go up significantly when the Powerball payout is large; more customers than usual stop in to buy a ticket and then buy other items of necessity or convenience. Stinker is proud to be helping Idaho schools and wants to be able to keep doing so.

Ms. Swanson testified Idaho schools rely heavily on proceeds from Powerball to make vital upgrades and pay for on-going maintenance. If they lose this funding source, they would have to rely solely on bond votes passing. She said it's estimated Idaho public schools need close to a billion dollars to fully address the community needs at this time. That number is only going to get bigger with time as Idaho's population continues to grow.

Rep. Armstrong declared Rule 80 as she is a member of a school board. **Chairman Crane** also declared Rule 80.

In response to committee questions, **Ms. Swanson** stated there was no real backup plan to ensure Idaho public schools would receive the funds elsewhere required to keep operating safely. At this time, the funds simply don't exist without Powerball proceeds.

Mr. Berry testified the Idaho businesses that would likely face the biggest impact should Powerball be discontinued are the "mom and pop" stores he services in state border areas. Traffic and revenue would likely be diverted to the next closest retailer across state lines for fuel and other items of convenience because people are not inclined to make two separate stops. Since these stores face such narrow profit margins even with Powerball, the likelihood many of them could stay open without it is slim.

Rep. Monks returned for closing comments on **H 607**. He stated Powerball is a voluntary tax which people can choose to pay by participating in the game. Whether it's moral or not to gamble made little difference in how this legislation should be addressed. He chooses not to spend personal funds gambling or drinking alcohol but lottery and liquor tax is good business for the state. Committee members voiced concern about how Idaho could afford to fund public schools out of the overall state budget but chooses not to. They expressed frustration at being put in the situation of approving a program they don't particularly like in order to ensure children are being safely educated. They expressed additional concern over Idaho participating in what seems to essentially be an international trade agreement.

MOTION: **Rep. Mathias** made a motion to send **H 607** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Skaug** made a substitute motion to **HOLD H 607** for time certain, March 7, 2022.

The committee discussed the substitute motion. Members agreed they felt it prudent to review the Letter of Agreement (LOA) between the Idaho State Lottery Commission and the Multi-State Lottery Association before deciding whether the bill should pass or not. The committee asked if Powerball could remain in Idaho if the state does not agree with international participation. **Rep. Monks** said no; Idaho does not get to decide who else participates, only whether they want to participate or not.

AMENDED SUBSTITUTE MOTION: **Rep. Furniss** made an amended substitute motion to send **H 607** to the floor without recommendation. **Amended substitute motion carried by voice vote.** **Rep. Monks** will sponsor the bill on the floor.

RS 29587: **Rep. Dixon** presented **RS 29587** which seeks to create new legislation governing Idaho's energy code by adopting the statutes set forth in the 2018 International Energy Conservation Code. The Idaho Energy Conservation Code would become a new chapter in Idaho Code as Title 39, Chapter 97. It prohibits local government entities from adopting any energy codes that differ or are more extensive. It would not change the rule-making authority for the Building Code Board under the Division of Occupational and Professional Licenses.

In response to committee questions, **Rep. Dixon** said this code did not allow flexibility on multi-unit building code standards across different locales but did stipulate the requirements as they pertain to differently sized units. This legislation would be the method whereby the Idaho Energy Code becomes the Idaho Energy and Conservation Code.

MOTION: **Rep. Furniss** made a motion to introduce **RS 29587**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:14 a.m.

Representative Crane
Chair

Rebecca Fisk
Secretary