

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 24, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just
Representatives Co-Chair Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green
ABSENT/ EXCUSED: None

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

Ms. Janet Jessup, Principal Analyst, LSO Budget & Policy, introduced the Idaho Department of Water Resources (IDWR). IDWR and the Idaho Water Resource Board (IWRB) are two distinct entities included in this budget.

Ms. Jessup explained IDWR has several dedicated funds with statutorily prescribed purposes. She outlined three specific funds with continuous appropriation. These funds do not receive an annual appropriation, but the agency has been provided statutory authority to spend from those funds. These funds include monies utilized for grants to third parties to carry out water projects throughout the state.

Ms. Jessup explained the large influx of American Rescue Plan Act (ARPA) funds in FY 2023 for state water projects. She pointed out some water projects are sizable and funds may be expended over multiple fiscal years. In FY 2023, \$50M was onetime and another \$50M was an ongoing appropriation. She stated without ARPA funds, the total appropriation for the agency would have been approximately \$22.5M. She demonstrated the impact of the ARPA monies on three continuously appropriated dedicated funds.

Ms. Jessup explained the agency's FY 2024 supplemental requests. The agency has requested \$25M from the ARPA State Fiscal Recovery Fund, which was inadvertently reverted at the close of FY 2023. These are not new funds. They are part of the \$50M onetime funds originally appropriated in FY 2023; these monies have already been committed to specific projects. Additionally, the agency has requested specific language allowing monies appropriated for the North Idaho Adjudication Program to count toward filing fees under Idaho Code. This intent language was historically included in the budget but omitted in FY 2024. This intent language is also requested for the FY 2025 original appropriation. The agency also requests reappropriation authority for ARPA funds for FY 2025 as well as the standard ARPA language to specify the legislative intent for the use of those funds.

Ms. Jessup presented the agency's FY 2025 budget requests for ongoing and onetime enhancements. These include relocation of the Salmon Field office, computing and software costs for aquifer monitoring and measuring, and costs associated with automating online water right ownership change notices. This is a onetime request, but the agency signaled in the future it is likely to request additional onetime funds as it seeks to automate more of the agency's 75 forms.

In response to a committee question, **Mr. Mathew Weaver**, Director of IDWR, explained the request for intent language associated with the adjudication program. Historically, the IWRB and the Governor's Office have not had to file application fees on the claims for the adjudication process, because they used other processing claim fees to count toward those requirements.

In response to a committee question, **Mr. Weaver** gave examples of the deferred maintenance water infrastructure projects around the state. He emphasized the agency's priorities in aquifer sustainability, aging infrastructure rehabilitation, and other mission-critical projects.

Mr. Jeff Raybould, Chairman of the Idaho Water Resource Board (IWRB), gave a high-level update on various water infrastructure projects around the state.

In response to committee questions, **Mr. Weaver** stated aquifers around the state have been in long-term decline. Mitigation efforts and recent significant snowpack have helped slow the downward trend. He acknowledged the Columbia Basin River Treaty negotiations could impact some reservoirs in Idaho, but the agency doesn't directly participate in those treaty negotiations.

Ms. Jessup introduced the Department of Environmental Quality (DEQ), whose mission is to protect human health and the environment. She reviewed the organizational structure of the department and the Consolidated Fund Analysis for the many dedicated funds in the DEQ budget. She reminded the committee these dedicated funds have prescribed purposes in Idaho Code and may not be used interchangeably throughout the agency. She highlighted various funds related to the department's budget enhancement requests.

Ms. Jessup explained DEQ administers wastewater and drinking water projects and systems, especially those in towns, cities, and community infrastructure, as opposed to the dam and aquifer projects in IDWR. The Legislature has appropriated federal ARPA funds and made transfers from the General Fund for contamination site cleanup and other infrastructure projects throughout the state; these projects may take multiple fiscal years to complete. She reviewed the FY 2023 and FY 2024 budget enhancements and presented the agency's FY 2025 budget requests.

In response to a committee question, **Ms. Jessup** explained why the Governor's recommendation for the rent increase is lower than the agency's FY 2025 budget request. After the agency submitted its request but before the Governor made his recommendation, the agency secured its rent contract at the current location and no longer needs onetime moving costs.

In response to a committee question, **Ms. Jessup** explained the Drinking Water Loan Fund is set in Idaho Code and the fund is continuously appropriated. The fund makes low-cost loans to communities throughout Idaho for drinking water system improvements; the repaid loans fund new loans to Idaho communities.

In response to committee questions, **Mr. Jess Byrne**, Director of DEQ, explained the agency's requests for additional FTPs and their functions. He acknowledged the department's large number of personnel vacancies and cited a significant turnover rate. Mr. Byrne signaled plans for a Division of Human Resources market study and future budget requests for retention increases.

In response to further committee questions, **Mr. Byrne** explained the FY 2025 budget enhancement for the Box Basin Bunker Hill operations related to significant increased costs for labor and supplies. He acknowledged the Bunker Hill Trust Fund has \$125M, but the agency only requests spending authority for the known expenditure increases in the coming fiscal year.

Co-Chair Horman observed these two agencies had received large amounts of ARPA funds. As pandemic relief monies phase out, she reminded the committee of the responsibility to match agencies and the size of state government with current state revenues.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:21 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary