

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 02, 2023
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-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Nash
ABSENT/ EXCUSED: None

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

Mr. Matt Farina, Analyst, LSO Budget & Policy, gave an overview of the Idaho Transportation Department (ITD) budget. ITD has four divisions and six budgeted programs: Transportation Services, which consists of Administration, Capital Facilities, and Aeronautics; Motor Vehicles; Highway Operations; and Contract Construction and Right-of-Way Acquisition. ITD, in conjunction with local units of government, receives revenue from multiple sources, including federal funds, fuel tax, registration fees, electric and hybrid fees, sales tax, cigarette tax, bonding, and transfers from the General Fund.

Mr. Scott Stokes, Director of ITD, gave a brief overview of the Department and cited its statutory authority. He expressed appreciation for recent increases in ITD funding to improve roadways, airports, rail crossings, and safe pathways for children to bike and walk to schools. Mr. Stokes stated the increased funding allows the Department to deliver projects on-time and modernize transportation corridors, enhance capacity, and increase safety. He cited ITD's work with private contractors to make the bidding process more efficient.

Mr. Stokes gave a broad overview of the ITD budget. He explained the adjustments to the FY 2024 base budget include equipment on regular replacement cycles, personnel benefit costs, contract inflation, statewide cost allocation, and 4% Change in Employee Compensation (CEC). He also described the employee reductions in the budget connected to the consolidations with the Department of Human Resources and Information Technology Services.

Mr. Stokes explained the status of FY 2023 line-item budget requests for Transportation Services. Of the six projects, two are complete and four are in progress. In response to committee questions, he explained the \$300K federal grant funded 105 employment trainings for heavy equipment operators and other careers in the construction industry through a partnership with the Idaho Associated General Contractors (AGC) and the Workforce Development Council.

Mr. Stokes reviewed the Transportation Services FY 2023 supplemental appropriation requests for aviation fuel inflation and community airport improvements. He then explained the FY 2024 budget line items. These requests include funding for building lease and construction on the Chinden campus, deferred maintenance projects, Luma software integration, construction planning management software, aeronautics equipment, cybersecurity software licenses, and Idaho airport improvement projects.

In response to committee questions, **Mr. Stokes** explained ITD is planning to construct an industrial function building on the Chinden campus to house large equipment; he gave further information about the FTP requests to integrate ITD with Luma. Mr. Stokes also explained the importance of statewide airport improvements. During fire seasons, two or three backcountry airports are dedicated to supporting firefighting efforts. He pointed out these rural airports also support agricultural projects.

Mr. Stokes explained the status of FY 2023 appropriations for the Highway Operations Division. All projects are in progress and on schedule.

Mr. Stokes described the FY 2023 supplemental appropriation requests, which include funds to offset rising fuel and maintenance costs, as well as funds to meet federal grant matching requirements. The federal requirements were not published in time to include this line item in the original FY 2023 budget, necessitating this FY 2023 supplemental appropriation request.

Mr. Stokes explained the FY 2024 budget line-item requests for Highway Operations, which include funding for new equipment and vehicles, software for materials testing and inspection, GIS software and licensing, acquisition management software, and pass-through spending authority for federal funds.

In response to a committee question, **Mr. Stokes** explained the \$9M in CARES federal funding monies helped rural communities keep their public transportation operating during the Covid pandemic.

Mr. Stokes described the status of the FY 2023 budget requests for the Division of Contract Construction and Right-of-Way (ROW). All projects are in progress and on schedule. The projects include road construction projects; statewide road, local road, and bridge maintenance; and child pedestrian safety projects. He then explained the FY 2023 supplemental appropriation requests for the Division.

In response to committee questions, **Mr. Stokes** explained the Department distributes these funds in pursuit of an equitable outcome throughout the state. In response to further questions, Mr. Stokes stated ninety projects are ready to receive this supplemental appropriation funding. **Mr. Alex Adams**, Administrator, Department of Financial Management, further explained the sooner these construction projects begin, the lower the overall cost, particularly during a time of inflation.

Mr. Stokes explained the FY 2024 budget line-item requests for the Division of Contract Construction and Right-of-Way (ROW). These requests include funding for roads and bridges maintenance and alignment of spending authority of available resources.

In response to committee questions, **Mr. Stokes** observed the recently available federal funding has allowed ITD to plan and modernize Idaho infrastructure. These investments have significantly improved safety along Idaho corridors. Mr. Stokes also stated ITD now has a stable environment with contractor capacity.

In response to further committee questions, **Mr. Stokes** explained ITD is in discussions with the Tax Commission and the trucking association to determine how to enforce fuel tax evasion. Mr. Stokes also observed paying the GARVEE bond series will save the state \$6M in interest payments.

Mr. Eric Anderson, President of the Public Utilities Commission, gave a brief overview of the Commission and cited its statutory authority. The Commission oversees the intrastate operation of investor-owned electric, gas, water, and telecommunication utilities, as well as pipelines and railroads. The Commission does not regulate publicly owned, municipal, or cooperative utilities.

Mr. Anderson explained the Governor's recommendations for the Commission's FY 2024 budget.

In response to a committee question, **Mr. Anderson** stated the Commission does not have regulatory authority over solar farms and wind farms. The individual utilities determine their own energy providers. He observed Idaho does not have a renewable energy portfolio standard; this is a policy decision for the Legislature.

Mr. Richard Stover, Administrator of the Office of Energy and Mineral Resources (OEMR), gave a brief overview of the agency and cited its statutory authority. OEMR is responsible for coordinating the planning and policy development of energy and mineral resources in the state.

Mr. Stover explained the Governor's recommendations for the agency's FY 2024 budget, including funding for the Energy Efficiency Program and the Infrastructure Investment and Jobs Act (IIJA) Resilient Grid Grant.

In response to a committee question about the Energy Efficiency Program, **Mr. Stover** stated government and some private entities will receive this funding. He stated key priority facilities such as police stations, hospitals, and emergency operations centers will need to maintain power in a catastrophic event.

In response to committee questions, **Mr. Stover** explained the federal match process for these funds. He described the competitive bid process for the resiliency grid grants. Mr. Stover noted all investor-owned utilities in Idaho have renewable energy components, e.g. wind and solar energy. OEMR monitors these groups to ensure Idaho has consistent and affordable power. He also stated the grid resiliency monies would fund hardening and securing the entire energy grid.

Mr. Michael Faison, Executive Director of the Commission on the Arts, gave a brief overview of the Commission. He cited the agency's statutory authority and explained the Commission issues grants and fellowships; facilitates apprenticeships, clinics, and other education programs; provides technical assistance to arts organizations; and engages in other activities associated with its mission. Mr. Faison explained the Commission's FY 2024 budget and Governor's recommendations.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:20 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary