

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Monday, March 25, 2013

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Senators Davis, Fulcher, Hill, Winder, Lodge, Siddoway, Stennett and Werk

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman McKenzie** called the Senate State Affairs Committee (Committee) to order at 8:03 a.m. with a quorum present.

H 222 Relating to Veterans and the creation of the Veterans Recognition Fund presented by Senator Marv Hagedorn.

Senator Hagedorn said that **H 222** authorizes the transfer a certain amount from the Division of Veterans Services' cash balance to a longer term bonding account creating a secondary account; and, on June 30 of every year, the interest from the \$20 million will be swept into an expenditure account. A board made up of veterans that will determine how those monies will be spent focusing primarily on disabled veterans. **Senator Hagedorn** provided a detailed explanation of how the \$20 million was accumulated from the per diem federal reimbursement rates. This bill is being proposed in anticipation of the veterans that will be returning home over the next five years. (See Attachments A and B)

Senator Stennett asked for some examples of what the funds would be used for. **Senator Hagedorn** responded that they could dedicate funds toward memorials or memorial maintenance around the state, funds could be used for indigent care for homeless veterans or funds could be used for education. The focus will be transitioning veterans and ensuring that those that need help to be successful in society will get the support they need. **Senator Stennett** requested more detail on the funds and how they arrived at those numbers. **Senator Hagedorn** deferred to David Brasuell, Administrator of Audit, Idaho Division of Veterans Services (IDVS).

Mr. Brasuell stated that the recommendations for the use of the fund for the projects that will support veterans in the state would go to the Idaho Veterans Affairs Commission which has five members. **H 222** would add two more members to that commission, one a disabled veteran and one would be a veteran from a current conflict. The IDVS supports the bill as a prudent and far-sighted approach to recognizing and serving Idaho veterans for many years to come. There is a wave of veterans coming back to the United States as the result of the downsizing of the Department of Defense and they are going to need some care. The Veterans Administration cannot do the job themselves although they do a great job. Stakeholders from the community agree that there needs to be a sustainment of resources in the years to come.

Senator Hagedorn noted that the \$20 million is not the full amount in the current fund; there is \$30 million. The \$10 million stays in the current Veterans Services account as operating capital for those veterans currently in homes. Over the course of many years, they hope to accumulate enough funds to build a fourth veterans home and expand the veterans cemetery.

Senator Werk noted that there is a reference to a higher rate of return; how will you get that higher rate? **Senator Hagedorn** explained that the current account gains about one percent. The objective is to move a portion of the funds to an account that gains two to five percent interest and that is what they would sweep each year for the secondary account. **Senator Werk** asked why the legislation doesn't set up the use of the account similar to the Millennium Fund. **Senator Hagedorn** answered that they didn't want to put a cap on the \$20 million because of the timing required when they do need to spend some of the capital on a major project.

Senator Werk referenced 65-705 (c) regarding the allocation plan and asked if the legislature will need to approve the allocation and the use of those funds through the budgetary process. **Senator Hagedorn** concurred. The fund will be run similar to the Millennium Fund. The board would recommend the expenditures, they would go to the Gentleman on the Second Floor, those would become recommendations to Joint Finance and Appropriations Committee (JFAC), JFAC would write the budget and the legislature would approve those.

MOTION: **Senator Siddoway** moved to send **H 222** to the Senate floor with a **do pass** recommendation. **Senator Lodge** seconded the motion. The motion carried by **voice vote**. **Senator Hagedorn** will carry **H 222** on the Senate floor.

H 202 Relating to the Idaho Administrative Procedure Act presented by Representative Grant Burgoyne.

Representative Burgoyne provided a brief history about how this bill came about through a discussion with the House Revenue and Taxation Committee and the Idaho Tax Committee as to the possibility of a positive fiscal impact on a bill. The conclusion was that it would be appropriate to amend the Administrative Procedures Act to require the Tax Commission to disclose in rule-making, the rules' positive fiscal impacts and, positive and negative fiscal impacts of \$10,000 or more beyond the general fund. Present law only requires agencies to record negative fiscal impacts to the general fund of \$10,000 or more. The Tax Commission requested a two year sunset clause for a review period to determine if the change should continue.

MOTION: **Senator Werk** moved to send **H 202** to the Senate floor with a **do pass** recommendation. **Senator Stennett** seconded the motion.

Senator Siddoway observed that, although the bill does not show a fiscal impact, someone has to review all legislation and that could mean additional help would be required. **Representative Burgoyne** stated that this will impact the Tax Commission's own rule-making. He supposed that there would not be a fiscal impact because when someone was determining a negative impact, if there was none, it would be determined to be a positive fiscal impact. **Senator Siddoway** asked for a timeline on how that would affect the movement of legislation. **Representative Burgoyne** stated that this will have no impact on legislation; this only relates to the Tax Commission's own rules.

Senator Davis asked why this bill is limited to only the Tax Commission; why wouldn't it apply to all departments? **Representative Burgoyne** responded that they did consider that question. However, with the two year sunset, it could be tried with the Tax Commission and that issue could be revisited at that time in 2015. Currently, there are discussions about whether this should be broadened to other agencies. **Senator Davis** stated that "negative impact" is in the eye of the beholder depending on whether the object is to "starve the beast" or to "grow the beast."

The motion carried by **voice vote**. **Senator Werk** will carry **H 202** on the Senate floor.

H 215 Relating to Ballots presented by Chris Rich, Ada County Clerk.

Mr. Rich said that **H 215** is supported by Idaho Association of Counties and the Secretary of State, and deals solely with optical scan ballots. The bill is designed to

put into statute the practice at the polls combined with technology to improve ballot security so that someone cannot take a live ballot from the polls and duplicate it. Most of the changes are removing the references to "stamp" and replacing it with "election ballot identification." **Mr. Rich** explained the current balloting process in detail. If a voted ballot gets to the election center without a stamp on it, it would be presumed to be stolen or counterfeit and shouldn't be counted. This process would continue for counties using punch cards or paper ballots. Twenty-five counties in Idaho use optical scan ballots. Those ballots have an optical reader mark on them that cannot be copied. This ensures that stolen or counterfeit ballots couldn't be counted.

Senator Siddoway asked if the ballots that are rejected are reviewed. **Mr. Rich** said they do not check them. Those ballots that are missing a stamp are counted because they are interspersed throughout all the ballots and someone probably forgot to stamp them. The live ballots are reconciled with the number of ballots that are handed out at the polls.

Senator Davis asked how this bill would affect a punch card and would a stamp still be an identifying mark? **Mr. Rich** responded that a punch card would not be affected. They would continue to be stamped. Bonneville County is one of four counties in the United States that still uses punch cards and a card would be very difficult to find.

Senator Werk asked if there is a way to distinguish the way a ballot is read. It would not be a good thing to have a ballot disqualified for the lack of a stamp. **Mr. Rich** explained how an optical scanner works for the optical scan ballots, and that punch cards or paper ballots are stamped become live ballots and are actually read by a group of people at the polls. There are numerous challenges at the polls with worker turnover and training issues.

MOTION: **Senator Siddoway** moved to send **H 215** to the Senate floor with a **do pass** recommendation. **Senator Lodge** seconded the motion. The motion carried by **voice vote**. **Chairman McKenzie** will carry **H 215** on the Senate floor.

HCR 25 A House Concurrent Resolution recognizing Owyhee County presented by Representative Richard Wills.
Representative Wills stated that **HCR 25** recognizes Owyhee County as one of the first counties in the state. The sesquicentennial celebration will be held at the annual Outpost Days in Murphy, Idaho. The House Concurrent Resolution will help them recognize their entrepreneurship and the time they have spent to make Idaho a sesquicentennial state.

Senator Hill noted that Idaho is celebrating its sesquicentennial as a territory; was Owyhee County a county at that time? **Representative Wills** said that was his understanding. **Senator Davis** said it became a county toward the end of 1863. Discussion followed about how the name Owyhee was derived and the beauty of the county.

MOTION: **Senator Lodge** moved to send **HCR 25** to the Senate floor with a **do pass** recommendation. **Senator Siddoway** seconded the motion. The motion carried by **voice vote**. **Senator Brackett** will carry **HCR 25** on the Senate floor.

H 258 Relating to Licenses to Carry Concealed Weapons presented by Representative Christy Perry.
Representative Perry stated that **H 258** is a bill that is constituent-driven as a result of some confusion when a recipient of a concealed weapons permit requested a copy of his background check. The county responded that they didn't do that but the Idaho State Police (ISP) conducts the check and they could provide

a copy. ISP disagreed and sent him back to the county. ISP said they could have a copy, the county couldn't find anything that was in statute that was specific so they were cautious and would not give out a copy. After some research, specific language was added so it was clear that the counties could provide an applicant with a copy of their background check. The Sheriff's Association supports this as does the ISP and the sponsors of the bill also checked with the Federal Bureau of Investigation (FBI).

Senator Stennett asked to what degree would this be public knowledge.

Representative Perry responded that it is not allowable to make a public records search of someone else's information, that is protected under Idaho Code. It is for the applicant only.

Senator Fulcher asked why there was some opposition from the National Rifle Association (NRA) and that the ISP said it is a conflict with how they use their National Criminal Information Center database. **Representative Perry** answered that the issue did not come up until after the bill was passed in the House. **Representative Perry** received a letter that stated clearly that the language had been checked by the Sheriff's Association, ISP and FBI. There is no conflict. This is a civil issue and a citizen can have a copy of their own background check in civil issues. The NRA was not contacted, but the Sheriff's Association, ISP and FBI were contacted and all supported the bill.

MOTION: **Senator Hill** moved to send **H 258** to the Senate floor with a **do pass** recommendation. **Senator Lodge** seconded the motion. The motion carried by **voice vote**. **Chairman McKenzie** will carry **H 258** on the Senate floor.

H 257 Relating to Beer and Wine presented by Tyler Mallard, Risch Pisca LLC, representing the Idaho Beer and Wine Distributors Association.

Mr. Mallard explained that **H 257** is being brought to the Committee by the Idaho Beer and Wine Distributors Association, the Northwest Grocery Association, the Idaho Retailers Association, and the Idaho Petroleum Marketers and Convenience Stores Association. **Mr. Mallard** submitted a letter signed by each of them for the record (Attachment C).

Mr. Mallard referred to the three tier system as used in the manufacture, distribution, and selling of beer and wine products that currently requires that those products can only be distributed to the retailer and paid for by cash at the time of delivery. Currently, payment by electronic funds transfers (EFT) is considered as a cash transaction if it is initiated...as reasonably practical, but no later than five business days. **H 257** removes the "as reasonably practical" language because it has proved to be administratively difficult to enforce. This bill is not designed to give an extension of credit, but only to facilitate EFT transactions.

MOTION: **Senator Lodge** moved to send **H 257** to the Senate floor with a **do pass** recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**. **Senator Lodge** will carry **H 257** on the Senate floor.

MOTION: **Senator Fulcher** moved to approve the February 20, 2013 minutes. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: **Chairman McKenzie** thanked the Committee for getting through the business quickly. There will be a meeting on Wednesday. Being no further business, the meeting adjourned at 8:55 a.m.

Senator McKenzie
Chairman

Twyla Melton
Secretary