

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Friday, February 06, 2015

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Senators Davis, Hill, Winder, Siddoway, Lakey, Johnson(Lodge), Stennett and Werk

ABSENT/ EXCUSED: None

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 8:00 a.m. and welcomed Senator Nonini.

RS 23446C1 Relating to Horse Racing; Amending Idaho Code § 54-2512A.
Senator Nonini explained that this bill limits the proliferation of historical horse racing machines. The bill limits those machines to the tracks that currently have licenses to maintain them. It would prohibit issuing any additional licenses. It also requires that machines located in a facility not physically attached to a track that allows simulcasting would have to be removed.

Senator Hill asked if this legislation protects any facilities other than the three mentioned. **Senator Nonini** responded that there are other tracks in the State but they would have had to be authorized by the Idaho State Racing Commission prior to December 31, 2014. **Senator Hill** asked how the language in **RS 23446C1** on lines 16-20 would require that the machines located in a remote location must be removed. **Senator Nonini** explained that the language referred to a location where live racing or simulcasting is conducted. Sandy Downs in Idaho Falls would be authorized but an off-site location like the Double Down Restaurant and Bar is not.

Senator Stennett asked what "live race meet" means. It was her understanding that two of the three facilities do not have live racing although they have a license. **Senator Nonini** agreed. The facilities are also authorized to have a license for simulcast racing. **Senator Stennett** asked if the license for the Greyhound Race Track went through the Idaho State Racing Commission or was it processed differently. **Senator Nonini** answered that they were licensed to conduct live dog racing years ago but currently do not have live racing, They do have a license for simulcast racing.

MOTION: **Senator Hill** moved to send **RS 23446C1** to print. **Senator Werk** seconded the motion. The motion carried by **voice vote**.

S 1024 Relating to the Idaho Energy Resources Authority, presented by Ron Williams, representing the Idaho Energy Resources Authority (IERA).
Mr. Williams explained that in 2005 the Idaho Consumer Owned Utilities Association passed legislation establishing the IERA. **Mr. Williams** provided the Committee members with a book that explained IERA's pass-through financing authority, and he pointed out the most important aspects of the IERA. He emphasized that the IERA is a public instrumentality of the State, not a corporation or a municipality. The seven member board is insured through the Idaho County Risk Management Program (ICRMP).

The new section contained in **S 1024** makes the declaration that IERA is not a taxing district as defined in Idaho Code and that they cannot file bankruptcy. The IERA can enter into agreements for the development, acquisition and construction of a facility. The IERA may also enter into contractual arrangements with third parties for the acquisition and construction of a facility. Upon full payment of the bonds issued by IERA to finance or refinance the cost of a facility and upon the discharge of all other obligations, the IERA can convey the facility title to the participating utility/utilities. **Mr. Williams** referred to the bill, page 4, lines 39-45, that says IERA can pledge those facilities as part of the financing documents.

Mr. Williams said bonds issued by the IERA shall not constitute or become an indebtedness of the State nor shall the bonds constitute the pledging or loaning of the faith and credit of the State. IERA is a stand alone conduit. The IERA does not receive appropriations from the State.

Mr. Williams stated that IERA started doing third party financing for the Bonneville Power Administration (BPA) in 2014 because there was a cap on the amount that could come from the United States Treasury. By adding financing through the IERA, BPA's borrowing authority was extended. BPA has committed to do both short and long term financing with the IERA. BPA could not find proof in the statutes that, if the IERA filed for bankruptcy, it would not affect the BPA. In order to satisfy BPA's desire for absolute security, the changes contained in **S 1024** have been brought forward.

The second part of this bill is about financing conservation measures. A new provision allows the IERA to finance BPA's conservation resources.

Senator Stennett asked if BPA has this level of assured security and agreements with other states. **Mr. Williams** answered that this is a relatively new question for IERA. They do third party financing with others without this level of security. Prior transactions with BPA do not have this level of security.

Senator Stennett asked if they will replicate this arrangement in other areas. **Mr. Williams** did not think they could add this requirement because of the nature of those agreements. It is possible that in the future, because of the level of security, they may look more favorably toward financing from a local or regional entity rather than a northeast organization.

Senator Stennett asked if this was completely isolated from what BPA does in other states. **Mr. Williams** noted that it was completely separate.

Senator Siddoway inquired if this line of security was just a preventative measure and they couldn't do anything retroactively. **Mr. Williams** responded that the IERA has a 100 percent success record.

Senator Hill stated his appreciation that this complex issue was incorporated into the present code.

RS 23444C1

Chairman McKenzie announced that Senator Winder had to leave and asked him to present **RS 23444C1** relating to presidential primary elections.

Senator Winder explained that this RS represents an effort to reestablish the presidential primary on the second Tuesday in March only in the years there are presidential primaries. All other primaries will remain in May.

Senator Werk stated his assumption that the May primary would be a closed primary. **Senator Winder** answered that the legislation is designed so that it is based on the rules of the party holding the primary, and it would be in March not in May. **Senator Werk** inquired if the different political parties can choose to have an open or closed primary in March. **Senator Winder** agreed. **Senator Werk** referred to the estimated \$2 million cost of the primary. If the Democrats decided to

continue with the caucus system, the taxpayers could be paying that amount for a single, closed Republican primary during a presidential election year. **Senator Winder** noted that it might be a possibility. The legislation allows either party to have a primary election.

Senator Stennett asked for the reasons for making the move from May to March. **Senator Winder** said that it would have more of an impact on a presidential nominee by having it earlier in the year.

MOTION: **Senator Siddoway** moved to send **RS 23444C1** to print. **Senator Lakey** seconded the motion.

Senator Werk will support the motion but has reservations about having a closed primary every four years that may cost taxpayers up to \$2 million.

Motion carried by **voice vote**.

S 1024
CONTINUED: **Will Hart**, Executive Director, Idaho Consumer Owned Utilities Association (ICUA), stated that ICUA represents 22 public power utilities across the State and adds their support to **S 1024** to provide BPA the additional assurances for their third party financing options. ICUA utilities purchase 96 percent of their power from BPA so the ability to expand and retrofit transmission generation and distribution is a benefit to their 135,000 consumer members across the State.

MOTION: **Senator Siddoway** moved to send **S 1024** to the floor with a **do pass** recommendation. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: **Chairman McKenzie** adjourned the meeting at 8:29 a.m.

Senator McKenzie
Chair

Twyla Melton
Secretary