

# House State Affairs Committee

Minutes  
2008



## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** January 9th, 2008

**TIME:** 10:00am

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

**BILL #:** Organization Meeting

**INTRODUCTION/  
ASSIGNMENTS:** Chairman Loertscher called the meeting to order at 10:00am with a quorum present. A silent roll was taken. He welcomed the committee and introduced the committee secretary, Camille Luna, and the committee page, Bethanne Weston. He talked about the importance of calling the meetings to order on time and that if anyone has questions or concerns regarding the committee to contact him. He mentioned that motions are always in order in this committee. He stressed the importance of getting RS's in as soon as possible to help this committee run quickly and smoothly but also mentioned that our committee is a privileged committee and is able to introduce bills until the end of the session. Chairman Loertscher then introduced Vice Chairman Eric Anderson.

Vice Chairman Eric Anderson who is over committee rules introduced the two committee chairs and the members who had been selected to sit on the committees. The first subcommittee would handle the Occupational, State Police, and PUC (Public Utility Commission) rules and its members include Representatives Vander Woude, Kren, Luker, and Smith being chaired by Representative Stevenson. The second committee will be dealing with the Dept. Of Administration, Lottery, Office of Treasure, and Athletic Commission rules. The members of this subcommittee are Representatives Labrador, Mathews, Snodgrass, and Shepherd being chaired by Representative Crane. Vice Chairman Anderson told committees that if you have your meetings regarding the rules and all looks well, not to call a hearing but if questions or concerns arise, then to schedule a hearing. He also reminds the members that are not on the subcommittees that they have every right and privilege to question any of the rules and to come forward to the chairman of the subcommittee and request a hearing.

Representative Rusche asked if we would publish when we are having the subcommittee meetings because some interested public might like to testify or sit in.

Vice Chairman Anderson answered absolutely, that the meetings are public so if anyone wishes to testify they are able to. Vice Chairman Anderson went on to explain the process after the rules had been discussed in the subcommittees, they are then to be presented by the subcommittees to the full committee for approval.

Chairman Loertscher generally talked about voting and election issues that might arise this session or in the future. He mentioned that closed primary will not be seen in this committee unless it is passed by the Senate. He announced that there will not be meetings Thursday the 10<sup>th</sup> or Friday the 11<sup>th</sup>. Loertscher again reminded the committee members the importance of getting RS's in as soon as possible. He then asked if anyone had questions or comments.

**ADJOURN:** There being no further business, the meeting was adjourned at 10:20am.



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Representative Thomas Loertscher  
Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS SUBCOMMITTEE

**DATE:** January 14th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS:** Chairman John Stevenson, Representatives Lynn Luker, Steve Kren, John Vander Woude, and Elaine Smith.

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Stevenson called the meeting to order at 9:00am.

**DOCKET #  
31-1101-0701** Jim Kempton is the Commissioner for the Public Utilities Commission. He introduced Docket number 31-1101-0701 to the subcommittee. This rule is pending for review by the 2008 Legislature for final approval. Jim Kempton went into detail on the Commission's Safety and Accident Reporting Rules and how they currently adopt by reference several national safety codes and federal safety regulations. The Commission is proposing to update its Rules by adoption of the 2006 Edition. The major revisions include: prohibited locations for appliances; vent piping; connecting gas supply to appliances in manufactured homes, and standards for single-wall metal pipe. The Commission is also proposing changes and these Safety and Accident Reporting Rules adopt by incorporation new reporting requirements regarding natural gas pipelines. In response to pipeline outages caused by hurricanes Katrina, the Commission proposes to amend its Safety and Accident Reporting Rules by incorporating the new accident reporting procedures. He ended with the Commission proposing to make several housekeeping corrections to its Safety and Accident Reporting Rules.

Chairman Stevenson opened up the floor for questions.

**MOTION:** Being no questions, Rep. Luker moved to accept Docket 31-1101-0701 as written. The motion carried by voice vote.

**DOCKET #  
31-1201-0701**

Jim Kempton introduced Docket 31-1201-0701 to the subcommittee. The Commission is proposing to update its Uniform Systems of Accounts Rules by adoption of the 2007 editions of the Code of Federal Regulations. The Commission is also proposing to make several housekeeping corrections.

Rep. Vander Woude inquired about the pay by credit card option and how to obtain details of a bill before paying it..

Don Howell from the Attorney Generals office mentioned that by calling the number provided for the pay by phone option, you are able to request a detailed bill so you are able to see how they came up with that specific amount.

Chairman Stevenson opened the floor for further questions and also reminded the public that they were able to ask questions also.

**MOTION:**

Being no more questions, Rep. Smith moved Docket 31-1201-0701. The motion carried by voice vote.

**DOCKET #  
31-2101-0701**

Jim Kempton introduced Docket 31-2101-0701 to the subcommittee. This Rule was in relation to billing. He went into detail on the proposed limited time period that a utility may rebill an undercharged customer to six (6) months unless a reasonable person should have known of the inaccurate billing which resulted in the undercharge, in which case they will be billed for the undercharges not exceeding three (3) years. He talked about the meter being off and not being able to charge people the correct amount until it is noticed that there is a backlog of charges on that meter. Utilities must implement procedures designed to identify customers who have been inaccurately billed.

There was some questions by Rep. Vander Woude regarding the definition of a reasonable person. There was not a direct clarification defined.

Jim Kempton went on to talk about the Commission defining the term "written notice" to include e-mail when the customer has elected to receive electronic billing and consents in writing to "opt-in" to receiving the electronic notification. The Commission proposes to clarify the restrictions when service may be denied or terminated and proposes to generally prohibit service termination with some exceptions. He talked about people being able to come to the commission if they are not able to pay their bills other than taking these cases to court.

General conversation regarding customer complaints was discussed and Beverly Barker, who is over customer care at the PUC, was involved in answering how customers would go about resolving a bill saying that any

complaints should be directed to her department.

Don Howell went into detail regarding the three (3) corrected pages saying that PUC worked directly with Administrative Rules to change the corrected text during pending rules but the Administrative Rules department forgot to delete the text.

Ed Hawley from Administrative Rules did attend the meeting and did testify to this mistake.

Don Howell went on to specify that these changes came about on behalf of public comments and concern.

**MOTION:**

Rep. Luker moved to accept Docket 31-2101-0701 as written with rule corrected pages. The motion was carried by voice vote.

**DOCKET #  
31-7102-0701**

Jim Kempton introduced Docket 31-7102-0701 to the subcommittee. He talked about eliminated this entire section because the information in this Rule no longer applies with work they perform on railroads. There were no objections to this repeal.

**MOTION:**

Repeal motion was held until the end of the presentation of the new Rule, Docket 31-7102-0701.

**DOCKET #  
31-7103-0701**

Jim Kempton introduced Docket 31-7103-0701 to the subcommittee. He again mentioned that this Rule will be removing one Rule from 31-7102-0701 to update the Safety Sanitation Rules and making it 31-7103-0701. There again were no comments or objections to these changes.

Rep. Vander Woude inquired about investigation of an accident by the PUC not being public record.

Don Howell stated that this information is kept private during its investigation because of the enforcement power help by the PUC. After investigation of an accident is concluded, those records are then made public but are still not presentable in a court case.

Rep. Luker went on to clarify for Rep. Vander Woude why information from an accident report can not be used in court and that this Rule is "typical".

Don Howell went on to explain the words "may" and "maybe" in the rule, saying that the final verdict on those situations are up to the commissions discretion and that more details may be found in the Commissions Public Records Rules.

Rep. Luker advises to make the rule explicit instead of having to assume to cross reference.

**MOTION:** Rep. Kren moved to adopt Docket 31-7102-0701. The motion carried by voice vote.

**MOTION:** Rep. Luker moved to accept Docket 31-7103-0701 as written. The motion carried by voice vote.

**ADJOURN:** With no further business, Subcommittee Chairman Stevenson adjourned the meeting at 10:01am.

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Representative John "Bert" Stevenson  
Subcommittee Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** January 15th, 2008
- TIME:** 9:00am
- PLACE:** Room 145
- MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King
- ABSENT/  
EXCUSED:** Representatives Black, Snodgrass, Mathews
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 9:01am.
- MOTION:** Rep. Bilbao moved to approve the minutes from January 9<sup>th</sup>, 2008. The motion carried by voice vote.
- RS17331:** Representative Wendy Jaquet introduced RS17331 to the committee. She presented that this legislation would provide for distribution of funds from the election campaign fund, a voluntary contribution check-off on income tax filings to qualifying political parties annually instead of only even years.
- MOTION:** Rep. Smith moved to introduce RS17331. The motion carried by voice vote.
- RS17429:** Roger Hales from the Idaho Bureau of Occupational Licenses introduced RS17429 to the committee. He gave a brief history of the Registration of Geologists being without administrative support and the need to move the Registration of Geologists under the umbrella of the Bureau of Occupational Licenses. He also mentioned minor changes of outdated language updates on this piece of legislation along with registration fees.
- MOTION:** Rep. Rusche moved to introduce RS17429. The motion was carried by voice vote.
- RS17377C1:** Jim Adams from the Idaho Division of Veterans Services introduced RS17377C1 to the committee. He proposed that there be a check-off box on the State Income tax returns to give people receiving tax refunds the opportunity to donate money to be used by the Idaho Division of Veterans Services. He talked about the benefits that these moneys will support

such as more State Veterans homes and memorials, help advertise the shortage of nurses not only in Idaho but the nationwide, Division of Veterans Scholarship program to assist Veterans with their education goals, buying and replacing physical and medical equipment.

**MOTION:**

Rep. Crane moved to introduce RS17377C1. The motion carried by voice vote.

**RS17356:**

Dyke Nally from the Idaho State Liquor Dispensary introduced RS17356 to the committee. He proposed that the 1939 law ban of liquor sales be modernized. Idaho is one of nine (9) states that still place election day restrictions on packaged liquor store operating hours. He talked about the financial cost to be closed on election days and the general confusion of customers not being able to buy packaged alcoholic liquor on a Tuesday. He mentioned that wine and beer can already be purchased in restaurants, convenience stores, and supermarkets on election days and ultimately not being open on these days is hurting business.

**MOTION:**

Rep. Rusche moved to introduce RS17356. The motion carried by voice vote.

**RS17333:**

George Bacon, Director of the Department of Lands, introduced RS17333 to the committee. He handed out talking points on the Floating Home Residency Act (see attachment 1). This piece of Legislation speaks to the Floating Home Residency Act, trying to define the word "reasonable" and to come to a conclusion of what reasonable rental rates that landlords can charge tenants. He gave a brief history of trying to define "reasonable" rental rates for literal floating homes such as looking at current marina rental rates, or contracts between marina owners and their tenants. The Department of Lands are involved because the State Board of Land Commissioners administers the Lake Protection Act (LPA), through the department. Under the LPA, the department administers leases to marina owners. He talked about the incentive for a marina owner to negotiate with the renter saying that it is voluntary but if the occasion arises then the arbitration has a definition of reasonable rental rates. George Bacon did not have numerical information to show the increase in floating home rental rates. He mentioned that the Mobile Home Act looks a lot like this document but the Mobile Home Act still lacks a specific amount for reasonable rent.

Rep. Kren points out that George Bacon did say this was a civil matter and that he suggest this goes to the State Land Board instead of the legislature going in there and determining what a reasonable rental rate is. Rep. Lynn Luker expressed this same concern.

George Bacon responded that the State Land Board did decide that this was a legislative matter. He also talked about the difficulty to compare one marina to another, in Idaho or elsewhere, and that there are many things to be considered in this piece of legislation.

**MOTION:** Rep. Stevenson moved to introduce RS17333 in order to have the people be able to testify. Rep. Andrus agreed with Rep. Stevenson by saying he does not know if he will vote for this legislation but does believe the people should have the opportunity to testify. The motion was carried by voice vote.

**ADJOURN:** There being no more business, Chairman Loertscher adjourned the meeting at 9:40am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS SUBCOMMITTEE

**DATE:** January 15th, 2008

**TIME:** 10:00am

**PLACE:** Room 145

**MEMBERS:** Chairman John Stevenson, Representatives Lynn Luker, Steve Kren, John Vander Woude, and Elaine Smith

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Stevenson called the meeting to order at 9:54am.

**DOCKET:  
11-0403-0801**

John Chapburn from the Idaho State Police Racing Commission introduced Docket 11-0403-0801 to the subcommittee. The Racing Commission has been charging fees for licenses, however the fees have never gone through the rule making process. In order to regulate racing in Idaho, licensing and charging fees for licensing is required. He did not have numerical information stating the increase of the fees but did mention that they were slightly higher than before the rule. He mentioned some concern regarding finger printing which happens every five (5) years because of the need for a current finger print card, this applies to anyone that is applying for or has a current license, regardless of age. Licenses do expire one (1) year from issue date. He also mentioned that there is no other license, that he is aware of, that requires renewal of finger prints every five (5) years.

Rep. Anderson inquired if it is not consistent with other licencing, then what is the need for it, and what is the need for the renewal if finger prints do not change.

John Chapburn talked about how serious their responsibilities are at the Racing Commission when dealing with large amounts of money and they feel that this processes ensures open, fair, and honest encounters.

Rep. Luker pointed out sections which included vague words that needed to be cleared up.

John Chapburn followed by saying that the referred to language was taken out of the new rule and to expect to see these changes in the next legislation.

Rep. Smith complimented John Chapburn and his Commission for making the document gender neutral.

**MOTION:** Rep. Luker moved to accept Docket 11-0403-0801. The motion was carried by voice vote.

**DOCKET:  
03-0101-0701** Roger Hales is a lawyer from the Bureau of Occupational Licenses Athletic Commission introduced Docket 03-0101-0701 to the subcommittee. Mixed martial arts need administrative support under the umbrella of the Bureau of Occupational Licenses. He talked about some of the clarity that would go on regarding contract sections, surety bond, admission rules. He presented to delete amateur boxing while clarifying martial arts and that the Commission only recognizes professional sports. There was no opposition to these changes. He talked about licensing to the commissions discretion such as reviewing case by case if there is question of issuing a license or not. He went into detail of the full analysis and things considered in that processes, such as, the crime committed, if rehabilitation was issued, time since crime, etc.

Rep. Luker inquired about blood testing and the clarification of substances.

Roger Hales said the intent was illegal substances, and that can be clearly stated and changed.

**MOTION:** Rep. Luker moved to accept Docket 03-0101-0701 as written. This motion was carried by voice vote.

**ADJOURN:** Chairman Stevenson adjourned the subcommittee at 10:32am.

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Representative Stevenson  
Subcommittee Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** January 16th, 2008
- TIME:** 9:00am
- PLACE:** Room 145
- MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King
- ABSENT/  
EXCUSED:** Vice Chairman Anderson, Representative Snodgrass
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.
- PRESENTATION:** Mayor Garret Nancolas from the Emergency Communications Commission (ECC) presented the 2008 Annual Report to the Idaho Legislature. He presented handouts for the committee (see attachment 1). He commended the employees at the ECC, the service and dedication they have towards their work responsibilities. He expressed the importance of enhancing Idaho public health, safety, and welfare by working with emergency communications systems. He talked about the dual Commission meetings that are also used as training seminars throughout Idaho. Meetings were held regarding Next Generation 9-1-1 programs. He reported that the seminars were well attended and resulted in positive feedback. Mayor Nancolas went into detail of the current 9-1-1 system and its inadequate features, and the need for money to help upgrade Idaho's technology to better assist emergency callers. He mentioned legislation in the works that will be presented this session. The Emergency Communications Commission is satisfied with being moved under the Military Division and Mayor Nancolas expressed this as he presented this report. He believes that they have fulfilled, in the last year, what was expected by the Idaho Legislature. He also briefly went over the processes of what happens when making a 9-1-1 phone call and where that call is directed. With basic 9-1-1 calls, which is what primarily is used in Idaho, receives a call to the local call center in the county in which the call was made, with no further information from the caller. With Phase2 technology, a 9-1-1 call would show up on the same county server but with this new technology, would have information such as the name of the caller, phone number, and GPS location. The Commission and government works with the private sector for services that are needed to better implement these features. Mayor Nancolas introduced members of the Commission that accompanied him in this presentation (see attached sign in sheet).

- PRESENTATION:** Mark Lockwood presented the Statewide Interoperability Executive Council Annual Report to the Idaho Legislature (see attachment 2). He gave a brief history of the need for interoperability. He emphasized that switching the Statewide Interoperability Executive Council to the Military Division was fitting for their line of work. He briefly went over the benefits of being linked with the Emergency Communication Commission under the Military Division and how they work together to accomplish goals. The Council sets yearly goals so help positively direct their labors. He mentioned that the Council encompasses all first responses, emergency or not. He mentioned that counties in Idaho are slowly writing up plans to switch to newer technology. Only thirty (30) counties in Idaho have a plan to get newer emergency response technology. Incentives are offered for counties to get plans presented and instigated
- RS17394:** Ted Roper from the Department of Administration introduced RS17394 to the committee. This legislation would repeal the sunset clause on being able to file a complaint for benefits from Industrial Special Indemnity Fund.
- MOTION:** Rep. Luker moved to introduce RS17394. Motion was carried by voice vote.
- RS17309:** Jeff Youtz, Legislative Service Director, introduced RS17309 to the committee. This piece of legislation deals with the Capital Restoration Motor Vehicle Licence Plate which is sold as a voluntary contribution through purchase of the licence plate. He gave a brief history of the sales of these licence plates, stating in 2007 they brought in over \$80,000 and by the history of this steady increase, they presume to see over \$100,000 in 2008. The purpose of this legislation is to repeal the sunset clause and continue selling the restoration motor vehicle licence plate.
- MOTION:** Rep. Pasley-Stuart moved to introduce RS17309. The motion was carried by voice vote.
- RS17390:** Tim Mason announced that RS17390 would not be presented in committee because of revision that needs to take place.
- RS17538C1:** Representative Mack Shirley introduced RS17538C1 to the committee. This legislation is a resolution to proclaim the Special Olympics in Idaho. He gave a history of Boise bidding five (5) years ago to host the Special Olympics and being rewarded the experience to be the host of the 2009 Special Olympics. He gave a brief description of what hosting the Special Olympics entails and how many volunteers are needed to run an event like this. He also stated that this will be the largest multi-sport activity in Idaho's history. This resolution is to gain the support of the legislature on this upcoming event.
- MOTION:** Rep. Smith moved to introduce RS17538C and send to Second Reading Calender. The motion carried by voice vote.

Chairman Loertscher opened the floor for further questioning or business.

**ADJOURN:** There being no more business, Chairman Loertscher adjourned the meeting at 9:50am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS SUBCOMMITTEE

**DATE:** January 16th, 2008

**TIME:** 10:00am

**PLACE:** Room 145

**MEMBERS:** Chairman Brent Crane, Representatives Mark Snodgrass, Raul Labrador, Russ Mathews, Mary Lou Shepherd

**ABSENT/  
EXCUSED:** Representative Snodgrass

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Subcommittee Chairman Crane called the meeting to order at 10:00am. Chairman Crane introduced Joanna Gilfoy from the Department of Administration.

**DOCKET:  
38-0101-0701** Joanna Gilfoy from the Department of Administration introduced Docket 38-0101-0701 to the subcommittee to repeal this Docket in its entirety. She explained that these rules were made known under Idaho Code, which was subsequently amended leaving the rulemaking authority repealed. No authority for these rules currently exist and that is why this Docket is being repealed in its entirety.

**MOTION:** Rep. Mathews moved to send Docket 38-0101-0701 to the full committee with recommendation of adoption. The motion carried by voice vote.

**DOCKET:  
38-0102-0701** Joanna Gilfoy introduced 38-0102-0701 to the subcommittee. She went into detail that these rules had not been updated since 1993 and that the existing rule is redundant to the current statute. In the rules, where it is not redundant, the contents do not add substance or value and can cause confusion in the purchasing appeals process. These rules are being repealed in its entirety.

**MOTION:** Rep. Labrador moved to send Docket 38-0102-0701 to the full committee. The motion was carried by voice vote.

**DOCKET:  
38-0103-0701** Joanna Gilfoy introduced 38-0103-0701 to the subcommittee with the request of repealing its context in its entirety. These rules were made known in 1992 under Idaho Code, which was amended, which repealed that rulemaking authority. In addition, the rules address procedures for public meetings and add nothing that is not addressed in further documents.

**MOTION:** Rep. Mathews moved to send Docket 38-0103-0701 to committee with approval recommendation. The motion was carried by voice vote.

**DOCKET:  
38-0501-0701** Joanna Gilfoy introduced Docket 38-0501-0701 to the subcommittee. She talked about three (3) points which included; increases small purchase exemption limit and services exemption limit, clarify professional services exemption is for non-renewable contracts, and delete electronic signature rules. The proposed rule changes are to designate reference rules applicable to certain appeals. The rule refers to less formal bid process for anything under \$75,000.

**MOTION:** Rep. Labrador moved to send Docket 38-0501-0701 to main committee with a do pass recommendation. The motion carried by voice vote.

**DOCKET:  
38-0502-0701** Joanna Gilfoy introduced Docket 38-0502-0701 to the subcommittee. The proposed rule changes are to be made known as new rules on procedures applying to bid appeals where there is a contested case hearing. Joanna did not give a specific scenario of when these rules might be put into play but she did mention that it was a rare case.

**MOTION:** Rep. Mathews moved to send Docket 38-0502-0701 to full committee with recommendation to pass. The motion carried by voice vote.

Chairman Crane generally spoke about the upcoming meeting on the day following and what would be covered in that subcommittee meeting.

**ADJOURN:** Being no more business, Chairman Crane adjourned the subcommittee at 10:13am.

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Representative Brent Crane  
Subcommittee Chairman

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Camille Luna  
Secretary

MINUTES

**HOUSE STATE AFFAIRS COMMITTEE**

**DATE:** January 17th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Representatives Snodgrass, Rusche

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Stevenson moved to approve the minutes from January 15<sup>th</sup>, 2008. The motion was carried by voice vote.

Chairman Loertscher generally talked about reading and sending corrections for minutes prior to the meetings via email.

Vice Chairman Anderson and Subcommittee Chairmans Stevenson and Crane announced that all Public Utility Commission, Racing Commission, Athletic Commission, Idaho State Police, and Department of Administration had passed through subcommittee to be presented to the full committee. Subcommittee Chairman Crane has their last subcommittee meeting January 17<sup>th</sup> at 10:00am, covering Idaho Lottery and Office of the State Treasurer.

Chairman Loertscher announced that minutes for subcommittees will be approved on January 22<sup>nd</sup>, or at the earliest committee meeting following this meeting.

General conversation regarding RS's that are coming up in committee.

Chairman Loertscher opened the floor up for questions or other business.

**ADJOURN:** There being no more business, Chairman Loertscher adjourned the meeting at 9:09am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS SUBCOMMITTEE

- DATE:** January 17th, 2008
- TIME:** 10:00am
- PLACE:** Room 145
- MEMBERS:** Chairman Brent Crane, Representatives Mark Snodgrass, Raul Labrador, Russ Mathews, Mary Lou Shepherd
- ABSENT/  
EXCUSED:** Representative Snodgrass
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Subcommittee Chairman Crane called the meeting to order at 10:00am.
- MOTION:** Rep. Shepherd moved to approve the minutes from the subcommittee meeting January 16<sup>th</sup>, 2008. Motion carried by voice vote.
- DOCKET:  
54-0201-0701** Liza Carberry, the investment manager at the Office of the State Treasurer, introduced Docket 54-0201-0701 to the subcommittee. She gave a brief background of the college savings program which was instigated with tax incentives for colleges savings. She talked about the new provider for college savings program. Liza Carberry introduced Julie Weaver to the subcommittee to better explain the need for these rules. She simply stated that these rules needed to be clarified to minimize the rules so when contracts between the individuals are being negotiated, they can be as flexible as possible. The contract in itself will provide the rules so the participant will be protected by the contract and not the duplications in the rule.
- Rep. Mathews inquired about redundancies and word changes in the rules.
- Julie Weaver insisted that changes made in these rules were to update the language of the document and that each participant has a book of definitions if there are any questions. She also clarified that there have been no disputes regarding these issues.
- MOTION:** Rep. Mathews moved to send Docket 52-0201-0701 to full committee with a do pass recommendation. The motion carried by voice vote.

Because of the misunderstanding of the intent of the upcoming rules, the subcommittee determined to have the Idaho Lottery introduce all Dockets to the subcommittee and vote at the close of the presentation.

**DOCKET:**

**52-0101-0701,  
52-0101-0702,  
52-0102-0701,  
52-0103-0701**

Jeff Anderson, Director of the Idaho Lottery, introduced Docket 52-0101-0701, 52-0101-0702, 52-0102-0701, 52-0103-0701 to the subcommittee. He mentioned that these rules have remained unchanged since 1993 so there were many minor changes regarding language and current technical terms. He talked about using the same set of rules as the Attorney Generals rules and that people wishing to obtain information on the rules for the Idaho Lottery would be referred to the Attorney Generals rules. He went into brief detail the processes of rescission and adoption of these new rules. He touched on the venders with printing of instant tickets and the press checks they issue for those machines, new venders terminology, and again he reiterated the fact that these changes are minor in this legislation. Jeff Anderson introduced Mike Gilmore to help better explain the lottery rules to the subcommittee.

Mike Gilmore talked about the Bingo Raffle Advisory Board and their responsibilities in regulating that charitable gaming moneys are actually going into charity funds. He talked about simplified law to oversee these procedures instead of having to seek legal permission to look into suspicious charitable gaming fraud issues. He also commented on updating the language in this bill to fit the technical advances made in the gambling field.

Rep. Labrador asked if this piece of legislation added any gambling devices in any way.

Mike Gilmore stated that these rules are offering clarification, not adding gambling devices.

Rep. Mathews inquired about the gambling devices testing processes and auditing procedures.

Mike Gilmore turned the time over to Amber French who is the Security Director at the Idaho Lottery. She briefly went into detail regarding the auditing and testing procedures at the gambling devices expense and the long process in which they go through to determine adequate gambling equipment, as well as periodic on site testing and auditing after the machine is instituted.

Subcommittee Chairman Crane opened the floor for further testimony or questioning.

**MOTION:**

Rep. Labrador moved to send Docket 52-0101-0701 to full committee with a do pass recommendation. The motion was carried by voice vote.

**MOTION:**

Rep. Mathews moved to send Docket 52-0101-0702 to full committee with a do pass recommendation. The motion was carried by voice vote.

**MOTION:**

Rep. Shepherd moved to send Docket 52-0102-0701 to full committee with a do pass recommendation. The motion was carried by voice vote.

**MOTION:** Rep. Labrador moved to send Docket 52-0103-0701 to full committee with a do pass recommendation. The motion was carried by voice vote.

**ADJOURN:** There being no more business, Subcommittee Chairman Crane adjourned the meeting at 10:43am.

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Representative Brent Crane  
Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** January 22nd, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche

**ABSENT/ EXCUSED:** Representative King

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Luker moved to approve minutes from January 16<sup>th</sup>, 2008 committee meeting as written. The motion carried by voice vote.

**MOTION:** Rep. Luker moved to approve minutes from January 17<sup>th</sup>, 2008 committee meeting as written. The motion carried by voice vote.

Chairman Loertscher announced the State Affairs Committee meeting for tomorrow, January 23<sup>rd</sup>, 2008 to be at 9:00am. He turned the time over to Vice Chairman Anderson for Subcommittee Rules update.

Vice Chairman Anderson introduced Subcommittee Chairman Stevenson and Subcommittee Chairman Crane to update the full committee on the Rules reviewed in their subcommittees.

Subcommittee Chairman Stevenson reported to the full committee that Rules from the Public Utilities Commission including Dockets 31-1101-0701, 31-1201-0701, 31-2101-0701, 31-7102-0701, and 31-7103-0701, were presented and discussed in the subcommittee on January 14<sup>th</sup>, 2008. One Rule from the Bureau of Occupational Licenses, Docket 03-0101-0701, and one Rule from the Idaho State Police, Docket 11-0403-0801, were presented and discussed in the subcommittee on January 15<sup>th</sup>, 2008.

**MOTION:** Subcommittee Chairman Stevenson moved that the full committee accepts the Public Utilities Commission, Bureau of Occupational Licenses, and the Idaho State Police Rules.

Vice Chairman Anderson opened the floor for questions and testimony from the full committee and public.

There being none, the motion passed by voice vote from the full committee.

Subcommittee Chairman Crane reported to the full committee that Rules from the Department of Administration including Dockets 38-0101-0701, 38-0102-0701, 38-0103-0701, 38-0501-0701, and 38-0502-0701 were presented and discussed in the subcommittee on January 16<sup>th</sup>, 2008.

Before reporting on the Idaho State Lottery Commission and Office of the State Treasurer Rules, the minutes from that subcommittee meeting needed to be approved.

**MOTION:** Rep. Mathews moved to accept the minutes on January 17<sup>th</sup>, 2008 with an amendment. On page 2 of the subcommittee minutes, Rep. Mathews inquired about the testing and auditing procedures. Changes will be made to include that information. Motion was carried to accept minutes with the amendment by voice vote by the subcommittee.

Subcommittee Chairman Crane went on with the Rules from the Idaho State Lottery Commission including Dockets 52-0101-0701, 52-0101-0702, 52-0102-0701, 52-0103-0701 which were presented and discussed in the subcommittee along with the Office of the State Treasurer, Docket 54-0201-0701, on January 17<sup>th</sup>, 2008.

**MOTION:** Subcommittee Chairman Crane moved that the full committee accept the Department of Administration, Idaho State Lottery Commission, and the Office of the State Treasurer Rules.

Vice Chairman Anderson opened the floor for questions and testimony from the full committee and public.

There being none, the motion passed by voice vote from the full committee.

Vice Chairman Anderson thanked the two Subcommittee Chairmans and members for their participation and rigorous questioning during the meetings.

**ADJOURN:** There being no more business, the meeting was adjourned at 9:14am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** January 23rd, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Shepherd moved to approve the minutes from January 22<sup>nd</sup>, 2008 with the correction of removing Rep. King from the MEMBERS PRESENT section. The motion carried to approve minutes with correction by voice vote.

**RS17435:** Duane Smith, the Minidoka County Clerk, introduced RS17435 to the committee. He gave a brief history of his work in the county which included 25 years of service. This legislation is to give absentee voters the option of applying for permanent absentee voter status for all elections. Each committee member was supplied with a sample application for absent elector's ballot (see attachment 1). On the absentee ballot application form, an individual is able to check a box to be an absentee voter for that one election or become a continual absentee voter.

Permanent absentee voting applies to all elections for which the individual is qualified. The applicants may indicate on the form those elections they desire to have permanent absentee status. The information that is received from the absentee ballot form is entered into a data system that will automatically print off an absentee voter list from which a ballot will be mailed to the participants supplied address.

The voter loses status as a permanent absentee voter upon their request, death, disqualification, cancellation of voter registration, or when a ballot is returned as undeliverable. The data system that tracks permanent absentee voters is continually updated with returned ballots, vital statistics reports of recent deaths, and relocation of individuals. This updating processes takes place roughly every month.

He mentioned the benefits of being able to register as a permanent absentee voter such as the ability to vote quickly and early, if the individual chooses to do so. The ballot must be received by five (5) pm on the night of the election day. If elections are in process, the absentee ballot is sent as soon as the registration

form is received. There is no time limit on when ballots must be mailed to absentee voters prior to elections. He stressed the fact that this legislation is giving more options to voters and believes that more people will cast votes that otherwise wouldn't have. If an individual is registered as a permanent absentee voter, he may not show up at his precinct polling hall to vote.

Rep. King inquired about the security of permanent absentee voting and the verification processes of guaranteeing the voter is, in fact, the voter and not another resident at the mailing address.

Duane Smith went into brief detail of the security measures taken to verify voters. On the application for absent elector's ballot form the elector must personally provide a signature. All absentee ballots that are received for elections have a signature on the return envelope which is compared to the original signature on the application form. He again mentioned the data system that is continually updated and only contains current information on absentee voters.

Rep. Vander Woude inquired about the fiscal impact.

Duane Smith clarified that the fiscal impact would be minimal for those taxing districts experiencing an increase in absentee ballot requests. There will be some increase in postage and printing costs but he assured that future cost savings may be realized as the election processes is streamlined.

Rep. Durst helped clarify for Rep. Vander Woude that the district would see a fiscal change and not the state's general fund.

Rep. Andrus inquired about the intent of passing this legislation when it appears to be as much work and money for districts because of postage, printing, and workers to verify signatures on absentee ballots.

Duane Smith expressed that this would be one more option for voters and to provide alternative options for individuals that are physically unable to leave their homes to vote.

**MOTION:**

Rep. Bilbao moved to introduce the RS17435.

Rep. Luker would like RS 17435 to have complete sentences, and made a substitute motion to introduce RS 17435 with the following change: on page one (1) of RS17435, line twenty five (25), strike the words "Provided however, that" so the sentence starts with "A qualified.." He also commented that he will vote for this RS so it may be further discussed.

The substitute motion carried by voice vote.  
One (1) nay was recorded from Rep. Crane.

**RS17382:** Rep. Rusche introduced RS17382 to the committee. This legislation removes the population limitations of one hundred and twenty five (125) registered electors on "vote by mail" precincts. Vote by mail is not a requirement if this legislation passes, it would be determined by the local county commissioners. He gave a brief history of the twenty two (22) precincts that practice this way of voting and their overall higher percentage in votes cast than the state as a whole. He talked about the expenses of renting legal locations for voting places and the cost of hiring poll workers for low populated precincts.

Rep. Smith moved to introduce RS17382. The motion carried by voice vote. Four (4) nay's were recorded from Representatives Crane, Kren, Vander Woude, and Andrus.

**RS17424C2:** Joanna Guilfooy, from the Department of Administration, introduced RS17424C2 to the committee. She stated that this legislation will make changes to the statutes governing the Department of Administration. She went into detail on two (2) main points including; clean up of language and redundancies, and technical corrections.

Some of the general changes will include; clarification of the directors general rulemaking authority, a consistent use of definitions, provide correct and consistent terminology, remove and provide correct references, and make technical corrections. She went into detail regarding specific divisions within the Department and the changes that need to be made there.

In the Division of Public Works she mentioned the clarification with contracts awarded by the Division of Public Works to be made to the lowest bidder and how awarding a bidder can involve factors other than just low cost bid, she stressed that those factors need to be defined. She mentioned the need for electronic bidding and went into brief detail of the Departments overall good experience with electronic bidding in the last five (5) years. She mentioned safety procedures taken to verify that electronic bidders are in fact contractors, saying that each bidder must register and be a member to bid online.

Clarification is needed to inform that public works bid documents are public record after awarded. And lastly with the Division of Public Works, they need specification that certain decisions by the administrator of the division are final agency actions, and those decisions are not to be contested.

In the Division of Purchasing she mentioned the rights of administrators and also clarifying that purchasing bid documents are public record after the bid is awarded. She stressed the need for specifying that information technology equipment is in addition to communications equipment and to have definitions for the information technology and to revise the appeals procedures to use consistent language.

Lastly in the Risk Management section, she stressed to remove reference to risk management advisory committee from the Risk Management section. In regards to committee questions, Joanna Guilfooy commented that the divisions do have rule making authority specifically but not for the whole department. She briefly went into detail regarding the Public Works bidding process and the scenario if a bid was presented but had no contractor bids; the Public Works would find contractors with whom to negotiate or scale back a proposal and send out for bids.

Rep. Mathews inquired about the bidding processes and if there was a public commenting period after the contract had been negotiated.

Joanna Guilfooy stated that no public comment period would be held unless calls of complaint were received, in which case they would hold a public hearing.

**MOTION:** Rep. Crane moved to introduce RS17424C2. The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, January 24<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:** There being no more business, Chairman Loertscher adjourned the meeting at 9:34am.

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Representative Thomas Loertscher  
Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** January 24th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**H351:** Representative Wendy Jaquet introduced H351 to the committee. She summed up that this legislation would provide for distribution of funds from the election campaign fund, a voluntary contribution check-off on income tax filings to qualify political parties annually instead of only even years. She clarified that the moneys in the fund fluctuate monthly and that the state should not hold on to these moneys.

**MOTION:** Rep. Snodgrass moved to send H351 to the floor with a do pass recommendation. Chairman Loertscher opened the floor for further questions, comments or testimony from the committee or public. There being none, the motion carried by voice vote.

Rep. Jaquet will carry bill H351 to the floor.

**H354:** Ted Roper from the Department of Administration presented H354 to the committee. He simply stated that this legislation would repeal the sunset clause on being able to file a complaint for benefits from Industrial Special Indemnity Fund. He included that this legislation has no fiscal impact on the state.

**MOTION:** Rep. Luker moved to send H354 to the floor with a do pass recommendation. Chairman Loertscher opened the floor for further questions, comments or testimony from the committee or public. There being none, the motion carried by voice vote.

Rep. Luker will carry bill H354 to the floor.

Chairman Loertscher announced that there would be no State Affairs committee meeting Friday, January 25<sup>th</sup>, 2008.

**ADJOURN:** There being no more business, the meeting was adjourned at 9:09am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** January 30th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Luker moved to approve the minutes as written from the January 23<sup>rd</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.

**MOTION:** Rep. Pasley-Stuart moved to approve the minutes as written from the January 24<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.

**RS17592:** Rep. Tom Trail introduced **RS17592** to the committee. This concurrent resolution congratulates the University of Idaho and all those individuals who have worked to make the Lionel Hampton Jazz Festival a success on their fine efforts that have been recognized and awarded by the 2007 National Medal of Arts. Rep. Trail gave the history of the Nation Medal of Arts award while emphasizing the honor of the University of Idaho receiving it in 2007. He explained the Lionel Hampton Jazz Festival and events that took place such as concerts and school programs.

**MOTION:** Rep. Black moved to introduce **RS17592** and send it to the second reading calender. The motion carried by voice vote.

**RS17298:** Rep. Trail introduced **RS17298** to the committee. This legislation relates to state symbols to designate Three Bear Soil as the State Soil of the State of Idaho. Rep. Trail mentioned the accumulative interest between students, teachers, FFA and 4H members and leadership to specify and label an Idaho state soil. The variety of components that make up Three Bear Soil was an almost unanimous choice to propose as the state soil. He stressed the importance of soil in our society. He encouraged the legislators to adopt a state soil to demonstrate their awareness of the impact soil has on Idaho.

In regards to committee questions, Rep. Trail assured that this legislation was necessary and even with the lack of publicity regarding this position, many constituents approached him about the importance of designating a state soil. He mentioned that if this bill is introduced, soil scientist that are more knowledgeable about Three Bear Soil will be able to give a full narration of its particular contributions to Idaho specifically. Rep. Trail did not have facts contributing to Three Bear Soil being completely unique to Idaho.

Rep. Luker inquired about the estimated cost to print this legislation.

Rep. Trail did not have numerical information concerning the cost of designating a State Soil but assumed it could be compared to other state symbol legislation.

**MOTION:**

Rep. Rusche moved to introduce **RS17298**.

Chairman Loertscher gave information regarding the soil types in Idaho, specifically the Bedke Series which is deep, well drained soils that are completely unique to Idaho. He asked that if Idaho is to designate an official State Soil, should it be completely unique to Idaho?

Rep. Trail expressed concern about how wide spread Bedke Soil is.

**MOTION:**

Rep. Pasley-Stuart made a substitute motion to return **RS17298** to sponsor.

Rep. Mathews spoke in favor of the substitute motion saying he would not feel it was fair to his constituents to designate Three Bear Soil as Idaho's State Soil because of variety of soils in Idaho.

Rep. Labrador spoke in favor of the substitute motion for the same reason that Rep. Mathews expressed.

**MOTION:**

The substitute motion carried by voice vote.

**H348:**

Dyke Nally, Director of the State Liquor Dispensary, presented **H348** to the committee. (See attachment 1) The proposed legislation ends an archaic ban on election day packaged alcoholic liquor sales from state liquor stores and contract liquor stores. Statutes that still exist with regard to this prohibition come from a different time and era and this bill will help modernize the law. He talked about the general confusion of this law and the general public not being aware of the prohibition of sales on election days. He also stated that there has been no opposition or complaints about this legislation.

Dyke Nally spoke of sales accumulated on an average November day amounting to three hundred and fifty thousand to four hundred thousand dollars. He stated the Dispensary's mission of stressing temperance and sobriety. He mentioned that when the product is available and being sold, then the hours of business need to be consistent to maximize profit for the business and the State.

Rep. Labrador inquired about the purpose of the State being involved in the liquor business.

Dyke Nally briefed the committee on the history of States given the right of Distilled Spirits. By doing this, they regulated the traffic of liquor sales and consumption, and believed that it would help minimize social cost of alcohol problems. He brought up neighboring states that do have privatized liquor store and their overwhelming amount of stores and lengthy, late hours. He mentioned the important fact of taxes on alcohol and how that revenue significantly helps the state. He stated that some things should be privatized if its more efficient and cost less but in the case of Distilled Spirts, those qualities would not apply.

**AMENDMENT:**

Rep. Snodgrass introduced an amendment for **H348**. After **H348** was printed, the sponsors came to the realization that this bill did not let bars or taverns sell alcoholic beverages on election days. The law now restricts the hours in which bars, restaurants, taverns, and places of that nature, from selling alcohol during polling hours of an election day. These amendments would allow liquor sales to be made on election day with no limitations on the hours of business.

Rep. Kren inquired about the sponsors intent of modernizing the bill and if legislation will be presented to amend the section pertaining to holiday closures.

Dyke Nally stated that the sponsors have no intention of changing the holiday closures out of respect for the holidays.

Rep. Mathews inquired about the cost analysis of being open on election day.

Dyke Nally again mentioned the fiscal impact being three hundred and fifty thousand to four hundred thousand dollars in a working day. On average, one hundred and twenty two thousand dollars of those moneys is profit. He mentioned the basic daily cost for labor and electricity use but that it was minimal compared to the profit of sales.

Rep. Black made a comment regarding the contradiction of stating to encourage sobriety yet their responsibility to maximize profit. He then inquired about the loss of revenue due to liquor stores being closed on election day, saying he doesn't believe sales will differ dramatically because people could buy liquor the day before the closure.

Dyke Nally stated that people thought the same way when Sunday closures were being debated, but after that legislation passed, revenue went up. The State Liquor Dispensary is convinced it will happen again with election day sales.

Rep. Snodgrass commented that a majority of the general public are not politically aware and do not plan accordingly to those election day closures. He stated that having the dispensaries opened on election days make sense.

**MOTION:**

Rep. Snodgrass move to send **H348** to General Orders with committee amendments attached.

**MOTION:**

Rep. Rusche second the motion to send **H348** to General Orders with committee amendments attached.

Chairman Loertscher opened the floor to the committee and public for further questions or testimony.

Rep. Rusche helped clarify the amendments for Rep. Stevenson saying the original bill is regarding the dispensary but the amendments include liquor by the drink, such as bars. So if the amendment passes, the bill would then include both dispensary and liquor by the drink.

Rep. Stevenson commented that he understands the bill takes care of the liquor dispensary but he is not comfortable going in and changing the hours as stated on the amendment. Therefore he will be voting no.

Rep. Labrador stated the mission of the Liquor Dispensary is to promote temperance and sobriety. If that mission is true, then he feels that this bill is contrary to the mission of the Dispensary. Therefore he will be voting no.

Vice Chairman Anderson is in favor of the motion because of the fiscal gain for Idaho. He mentioned that in his district, people are able to go over Idaho's borders to buy liquor on election days and would rather the money stay in Idaho.

Rep. Mathews agreed with Rep. Labrador comments and will be voting no on this motion.

**MOTION:**

Rep. Luker commented that he is uncomfortable with the short notice amendment. He then made a substitute motion to send **H348** to the floor with a do pass recommendation.

Chairman Loertscher opened the floor to the committee and public for further questions or testimony.

**MOTION:**

The substitute motion is to send **H348** to the floor with a do pass recommendation.

The motion failed with one (1) Aye and seventeen (17) Nay's.

Representative Luker voted Aye.

Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King voted Nay.

**MOTION:**

The original motion is to send **H348** to General Orders with committee amendments attached.

The motion passed with eleven (11) Ayes and seven (7) Nay's.

Vice Chairman Anderson, Representatives Black, Snodgrass, Bilbao, Vander Woude, Luker, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King voted Aye.

Chairman Loertscher, Representatives Stevenson, Andrus, Crane, Labrador, Kren, Mathews voted Nay.

Chairman Loertscher announced the committee meeting for tomorrow, Thursday, January 31<sup>st</sup> to be at 9:00am.

**ADJOURN:**

There being no more business, the committee adjourned at 10:07am.



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Representative Thomas Loertscher  
Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** January 31st, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representative Snodgrass

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:02am with a quorum present. A silent roll was taken. He excused Rep. Snodgrass who is undergoing surgery.

**RS17633:** Representative Rich Wills, Commissioner of the Idaho Emergency Communications Commission, introduced **RS17633** to the committee. He stated that this legislation will increase the emergency communications fee collected by the counties or 911 service areas by .25 cents to a maximum of \$1.25 per line per month. He went into detail of where these increased funds would be distributed, saying the additional .25 cents will grant process to help those consolidated emergency communications centers with the greatest need. It will help less populated areas make the critical improvements required to provide enhanced 911 services and to pay for ongoing maintenance costs of those systems. He also mentioned that this bill will eliminate the mandate that one (1) percent of the current emergency communications fee collected by counties or 911 service areas be remitted to the Idaho Emergency Communications Commission.

The fee increase will support the operations of the Commission and for the administrative costs for collecting the fee incurred by the providers, thus allowing counties or 911 service areas to retain those funds to support their centers. He stressed the necessity of these funds for aging equipment to help enhance 911 service centers and that the \$1.25 a month all goes back to the county.

Regarding committee inquirers, Rep. Wills commented that the Commission does receive a minimal portion of the funds being about one (1) percent. He also stated that the addition to the .25 cent fee will not exceed \$1.25.

Rep. King inquired if county has a .25 cent increase, will that specific county receive all of those funds?

Rep. Wills could not say with complete surety that those funds would be spent in that particular county. He mentioned the great amount of need in counties all over the state and that those moneys will be distributed for their aid.

**MOTION:** Rep. Smith moved to introduce **RS17633**. The motion carried by voice vote.

**RS17326:** Dr. Bob Beede from the Board of Veterinary Medicine introduced **RS17326** to the committee. The propose of this legislation is to increase to three (3) years, the time within which the personal representative, executor, or sole surviving heir of a deceased veterinarian must sell the veterinary practice. This would eliminate a potential conflict between the Veterinary Practice Act and the Idaho Open Meeting Law. Dr. Bob Beede stressed the difficulty to sell the practice in just twelve (12) months after a death because of the emotional state of the individual heir and because of the financial state of the practice. He indicated that three (3) years is adequate time to declare the practice financially stable and sell for a marketable amount.

In regards to committee questions, Dr. Bob Beede commented that the Professional Service Act prohibits a non licensee to own a practice. This statute is beneficial so health clinics will not compromise the patients well being for the owners bottom line. He gave brief examples of this happening and assured that this law was normal for most veterinarian clinics. He also stated that the Idaho Open Meeting Law was dealing with the Practice Act and making it compliant with other Idaho Code.

Rep. Stevenson moved to introduce RS17326. The motion carried by voice vote.

**RS17390C1:** Tim Mason from the Department of Administration introduced **RS17390C1** to the committee. He went into detail of the chapter requiring that public work contractors employ 95% Idaho residents. He stated that violation of the 95% requirement is a misdemeanor under the chapter. He mentioned that the 95% rule is negatively impacting the ability to obtain bids on work related to the capitol restoration project. This legislation would provide that the provisions of this chapter do not apply to the capitol building retroactively beginning July 1, 2007 and would sunset June 30, 2010.

He mentioned the general contractor hired by the Department for the capital restoration, this contractor then contracts out for the variety of job requirements. The general contractor is not Idaho based but Tim Mason assured the committee that there were no questions to whether they would use an out of state contractor because of the lack of Idaho contractors able to provide for a job of this capacity. He also went into detail regarding bid packages that are irrelevant to local contractors because of the unique requirements of the capitol restoration.

Rep. Rusche inquired if any discussion took place with Idaho contractors.

Tim Mason stated that there was some concern regarding this legislation but there were no strong objections when the reason was explained thoroughly.

**MOTION:** Rep. Smith moved to introduce **RS17390C1**. The motion carried by voice vote.

**H403:** Joanna Guilfooy from the Department of Administration presented **H403** to the committee. She also presented an amendment for the bill stating that the context of the bill do not change but this amendment removes redundancies that are in other legislation.

Joanna Guilfooy went into detail on **H403** by explaining some of the general changes including; clarification of the directors general rulemaking authority, to address inconsistencies and provide constant use of definitions, provide correct and unvarying terminology, remove and provide correct references, and make technical corrections. She went into detail regarding specific Divisions within the Department and the changes that need to be made there.

In the Division of Public Works she mentioned the clarification with contracts awarded by the Division of Public Works to be made to the lowest bidder and how awarding a bidder can involve factors other than just low cost bid, she stressed that those factors need to be defined. She mentioned the need for electronic bidding and went into brief detail of the Divisions overall good experience with electronic bidding in the last five (5) years.

Clarification is needed to inform that public works bid documents are public record after awarded. Lastly with the Division of Public Works, they need specification that certain decisions by the administrator of the Division are final agency actions, and those decisions are not to be contested.

In the Division of Purchasing she mentioned the rights of administrators and also clarifying that purchasing bid documents are public record after the bid is awarded. She stressed the need of clarifying the appeals procedure and to increase the days to appeal a specific action.

Regarding Information Technology, Joanna Guilfooy mentioned that this section is under the Military Division and that all acquisition or control of equipment is for information technology equipment in addition to communications equipment. In the Risk Management section, she stressed to remove reference to risk management advisory committee from the Risk Management section.

In regards to committee questions, Joanna Guilfooy mentioned the factors that play a role in rewarding a bid to a sub contractor dealing with matters other than lowest cost bid, saying that the statute already provides that the award is to the lowest and responsible bidder. The Department of Public Works have always had the ability to define a bidder as a non-responsible bidder but this legislation will make the details of those other factors more clear. Those specifications of responsibility could include ability, prior projects, work force, equipment, references and track record, financial resources to finish the project, human resources, and other resources. Those factors would be in the bid processes before the bid is awarded to clarify what responsibilities are needed for that specific project. She mentioned the administration process which includes the language arbitrary and capricious and how that language is substantial.

Joanna Guilfooy introduced Kevin Iwersin to help specify technology issues regarding higher education. He stated that there are no current problems but this legislation would make sure the Department is looking at new technologies that are introduced to ensure that the universities are leveraging over economic scales across the state that is most appropriate. The fundamental change regarding this piece of legislation is to make consistent with the process of the Department to ensure that when new technology is introduced that they are able to cover all areas and ensure that technology investments are maximized most wisely.

Regarding committee questions, Kevin Iwersin commented on the Military Division saying it was added last year and it includes public safety radio and microwave equipment. It does not preclude information technologies such as networks from the Administration over-site of the council at the Department of Administration but not the over-site from the CIO for technology.

Rep. Smith inquired about the publication of bids in the newspaper. She is concerned that this bill will initiate bids to only be publicized electronically and not require new paper publications.

Joanna Guilfooy stated that Rep. Smith was correct with that statement. The publication in the newspaper are up to the Division in which the bid was issued. The current statute requires publication in the newspaper and those ads are paid for by the Department of Administration. She mentioned an education process for vendors to explain all the details of the electronic bidding and awarding.

Vice Chairman Anderson expressed his concern of the fundamental change of only electronic notification for bids. He stated that in rural areas, the news paper always comes but internet access is not always available. He also emphasized that there is nothing in the current statute that is holding the Department and Divisions back from doing online bidding and awarding, but he feels it is only fair to his constituents to keep the newspaper notifications.

Joanna Guilfooy stated again that the decision of printing an ad in the news paper would be left to Division that is supplying the bid. She went into detail regarding the online bidding program used to place and award bids saying that you would sign up with the Department online and would be able to receive email notifications for specific bids. She also mentioned that the Department has not determined a definition for rural.

Rep. King commented that the bill needed to be revised to accommodate gender neutral terms.

Rep. Stevenson commented with the same concerns Vice Chairman Anderson had. He feels it would not be in the best interest of his constituents for all bidding notifications to happen electronically.

Rep. Shepherd shared the same concern.

Jeremy Pisca from the Idaho Associated Daily's testified that all bid notifications be required to be printed in the news papers. He shared the idea of reimbursements for newspaper publications from the sub contractor after a job had been awarded.

Joanna Guilfooy stated that she will work out an amendment to these issues.

**MOTION:** Rep. Crane moved to hold H403 in committee until time certain.

Chairman Loertscher announced that the time certain would be Tuesday, February 5<sup>th</sup>, 2008.

Rep. Rusche supported the motion because he needs more information on powers of the specific directors.

Rep. Mathews supported the motion because of the lack of specification towards rural areas.

**MOTION:** The motion carried by voice vote.

Chairman Loertscher thanked the committee for their questions and comments. He announced that there would be no meeting Friday, February 1<sup>st</sup>, 2008. State Affairs will meeting Monday, February 4<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:** There being no more business, the meeting adjourned at 10:34am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 4th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representatives Crane, Smith

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**RS17733:** Roger Batt from Batt Association introduced **RS17733** to the committee. He started by saying that he has served as the Executive Director of the Idaho Eastern Seed Association, Idaho Ground Owners Association, and the Idaho Mint Growers Association and that all of these associations support **RS17733**.

He explained the legislation by saying it deals with negotiated rulemaking and that it will clarify and help both the agencies and industries . Negotiated rulemaking is a critically important step for state agencies to take in developing rules based on consensus and the best information and expertise available to the private and public sectors. Roger Batt went into detail of the benefits of this legislation such as; strengthening the legislatures statement of support for negotiated rulemaking, clarifying purposes and procedures, making a better foundation for negotiated rulemaking than current administrative rules adopted by the State Attorney General.

This proposal requires agencies to publish notice of negotiated rulemaking on their websites, convene meetings of interested persons for the purposes of negotiation, make agency information concerning the proposed rule available to participants in the negotiated rulemaking process, consider and respond to recommendations of participants in the negotiated rulemaking process, and make those recommendations and agency responses part of the agency record available to the public in any subsequent formal rulemaking. He talked about the right of the agency to be able to write a formal letter claiming specifications of what they expect during the process of negotiated rulemaking. He also mentioned the emergency clause which would immediately make these rules active for the fact that some agencies and industries do not wish to wait for these negotiated rulemaking procedures to take effect on July 1<sup>st</sup>.

Lastly, he mentioned the support for this legislation from agencies and associations such as the Milk Producers of Idaho, the Idaho State Department of Agriculture, Idaho Fish and Game, and others. He talked about these groups giving comments and input that essentially developed the language for this bill. He stated that he is not aware of any opposition regarding this legislation.

Regarding committee questions, Roger Batt mentioned that these rules are clarifying guidelines for negotiated rulemaking to help the negotiated processes. He spoke of negotiated rulemaking meetings where nothing was accomplished because of the lack of guidelines supplied.

Rep. Luker inquired about the emergency clause.

Roger Batt explained that many of the above mentioned agencies would like to conduct negotiated rulemaking in the near future, possibly this month. So with that said, he stressed that this emergency clause exist instead of waiting until July 1<sup>st</sup>.

**MOTION:** Rep. Stevenson moved to introduce **RS17733**. The motion carried by voice vote.

**RS17706C1:** Tim Hurst from the Office of Secretary of State introduced **RS17706C1** to the committee. He explained that this legislation cleans up and clarifies various laws relating to ordering an election, election procedures, election statutes, and the filing office for the recall of special district officers. He stated that it also clarifies the state's responsibility for covering the cost of the Presidential Preference Primary Election.

He went into detail of specific issues on this legislation such as public notice of elections being forty five (45) days prior to polling. This would be done so the clerk has time to complete the ballots and find proper polling locations. He mentioned the Presidential Preference Primary Elections explaining that currently the state pays counties a portion for publications and ballots. This legislation would strike that provision so if the state has a different Presidential Preference Primary Election than the states election, the state would still be responsible for paying for those separate elections. The bill would also deal with the order of the candidates names on the election ballot changing to alphabetical order from rotating names. He mentioned recall elections for special districts and details of elections being administered by the districts themselves. This bill encompasses bond issues and time allowed to deal with bond issues on major and minor election ballots. Tim Hurst stated that he is unaware of any opposition regarding these election procedures.

Rep. Luker inquired about the Presidential Preference Primary Election for parties, asking if a political party decides they want to change from a caucus to a primary and legislators have to vote on the date of the primary, then why is this issue in this particular piece of legislation now?

Tim Hurst informed that currently the state does pay for a portion of publication notices and ballot preparation and this would allow the state to pay for these election procedures which take away the cost from the counties.

Rep. Luker inquired about the amount of input that was obtained from the Idaho counties.

Tim Hurst mentioned that counties were contacted and information regarding funds they receive were obtained.

**MOTION:** Rep. King moved to introduce **RS17706C1**. The motion carried by voice vote.

**H445:** Tim Mason from the Department of Administration presented **H445** to the committee. He went into detail of the chapter requiring that public work contractors employ 95% Idaho residents. He stated that violation of the 95% requirement is a misdemeanor under the chapter. He mentioned that the 95% rule is negatively impacting the ability to obtain bids on work related to the capitol restoration project. This legislation would provide that the provisions of this chapter do not apply to the capitol building retroactively beginning July 1, 2007 and would sunset June 30, 2010.

He mentioned the general contractor hired by the Department for the capital restoration, this contractor then contracts out for the variety of job requirements. He also went into detail regarding bid packages that are irrelevant to local contractors because of the unique requirements of the capitol restoration. He mentioned that if jobs are bid on by Idaho contractors, the amount of money or time may exceed what is necessary because of the lack of competition in only Idaho sub contractors.

Jerry Peterson with the Idaho Building Trades spoke in favor of **H445**. He stated that the statute to hire 95% Idaho resident is not strongly enforced and that the misdemeanor results in a ten (10) dollar fine. He suggested that an amendment to this complete statute be presented explaining that if the current law is not working for the state projects, then it is probably not working for other contractors in Idaho. He reiterated that this is a bigger concern than just the capitol restoration project.

Rep. Black commented that someday that will could be possible legislation but felt that it was best to deal with the capitol project and then move on to other contracting issues.

**MOTION:** Rep. Kren moved to send **H445** to the floor with a do pass recommendation. The motioned carried by voice vote.  
Rep. Kren will carry **H445** to the floor.

Vice Chairman Anderson announced the State Affairs committee meeting to be Tuesday, January 05<sup>th</sup>, 2008 at 9:00am

**ADJOURNED:** There being no more business, Chairman Loertscher adjourned the meeting at 9:32am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** February 5th, 2008
- TIME:** 9:00am
- PLACE:** Room 145
- MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Crane, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King
- ABSENT/ EXCUSED:**
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.
- MOTION:** Rep. Luker moved to approve the minutes as written from the January 30<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- MOTION:** Rep. Mathews moved to approve the minutes as written from the January 31<sup>st</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- Mike Gwartney, Director for the Department of Administration, expressed his understanding of why the committee is concerned with completely understanding the content of this **H403**. He went into brief detail of why this legislation is needed. He also expressed his appreciation for the committee and their input. He introduced Joanna Guilfooy, Deputy Attorney General for the Department of Administration.
- H403:** Joanna Guilfooy presented **H403** to the committee. She started out by referencing the amendments for this bill saying that the main change deals with newspaper publications resulting from the last committee hearing. Other changes were made at the suggestion of Rep. Rusche whom she met with after the last committee meeting. She stated that the purpose of the amendments are to re-insert the requirement of publication in newspaper for formal bids at the Division of Public Works, to add that bids at the Division of Public Works and Purchasing would be opened publicly, and to remove the words "he determines" in the section allowing the rejection of bids. She expressed that these rejections are in the best interest of the state. Included in the additional amendments submitted was an amendment to continue to open all purchasing bids in public. She also made the clarification that the facilities services fund is the proper name of the funding account instead of the permanent building account.

Joanna Guilfooy went into detail of the term discretion in the bill. She was under the impression that those concerns of discretion fell into the area of the Administrator of Purchasing making exceptions to the competitive bid requirements. It also affected the addition in the chapter of statements that decisions are final, not contested cases, and are subject to an arbitrary and capricious standard of review.

She mentioned the particular situations when court cases would be necessary and expressed that the Department is only trying to clarify all aspects for the awareness for the people involved. She stated that the final agency decision is not a contested case and is not subject to a judicial standard of review. Agency action can always be challenged based on being arbitrary and capricious so that there is always a check on agency actions.

She stated that this legislation is not denying appealing court rights but is only clarifying them and that if a vendor is disqualified, they are able to take the case to court. Unlike the statutes governing Purchasing, the Division of Public Works statutes do not address appeals at all. As a result, the common understanding and the approach taken is that a contractor would go to court, usually seeking an injunction to stop the signing of a contract. However, some years ago, a case under a totally different section of Idaho Code, raised some question on this point. These changes are now intended to codify and make clear the way that the contractors and Division of Public Works have dealt with these types of issues.

Joanna Guilfooy mentioned the Director of Administration's rulemaking authority saying this legislation will broaden the rulemaking allowances of the administrator instead of trying to list every narrow issue.

Rep. Kren inquired about vendors being awarded contracts and the final determination regarding that decision.

Joanna Guilfooy stated that the administrator will determine if services have been utilized in or have influenced the procurement process and such determination is the final agency action. She mentioned that consultants regarding these issues have been hired to help the agency make the best appropriate action. She stated that violation of the procurement process section results in a misdemeanor but she has never particularly seen that statute prosecuted, therefore making the penalty irrelevant.

Rep. Pasley-Stuart inquired about newspaper publications.

Joanna Guilfooy reiterated that the attached amendments reinstate the requirement to have newspaper publications for all bids over one hundred thousand dollars.

Rep. Mathews inquired about online bidding and procedures of posting bids.

Joanna Guilfooy went into detail of the online bidding program where you are able to email your bid proposal. The emailed bid proposal is not able to be opened until the time of the bid closure. A contractor is able to retrieve their bid to make changes after it is emailed, as long as the bid is then emailed again on the bid day before the bid is closed. Same standards apply to vendors that mail in hard copy bids.

Rep. Luker inquired about the emergency purchases section and the administrative hearing process.

Joanna Guilfoxy stated that there is no dollar amount in the acquisition in the open market emergency purchases section of the bill. This is because the language in this section is without competitive bidding which is not subject to a dollar limitation. She also stated that the information in the emergency purchases section is being repealed because the Department does not carry maintenance or stocks and the process is simply not being done. She commented that more information regarding that matter can be found in the public statutes.

Joanna Guilfoxy explained the administrative hearing process. She stated that contractors rarely use this process because they usually sue, and go to court. She also went into detail regarding the determinations officer whom review the record of the bidder and submit a recommended order to the director of the bid to affirm or reverse the sole source determination of allowing the bidder to fulfil the job requirements. She explained that the determinations officer is not required to review statements of testimony from any person while participating in any phase of the selection process. This change is to make the document consistent by requiring the determinations officer to only review documents of record and not testimony. She briefly discussed the terms of a responsive bidder being compliant to the job if it meets all the requirements that are contracted out.

Rep. Crane inquired about a specific section being repealed and also the subject of agency action.

Joanna Guilfoxy stated that the section regarding the evaluation program of all leases of facilities is being repealed because the printed date has passed and the action has been done. She commented on the matter of the administrator of the Division of Public Works being able to reject any and all bids prior to award saying that this language is standard to bid contracts. She clarified that the award of a contract under a particular section in the legislation is final agency action saying that this is referring to escrow contracts. If a vendor wanted to get out of the contract that is final agency action, he would have to take the case to court.

**MOTION:**

Rep. Black moved to send **H403** to General Order with committee amendments attached.

Rep. Smith seconded the motion.

The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be Wednesday, February 6<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:**

There being no further business, Chairman Loertscher adjourned the meeting at 9:45am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 6<sup>th</sup>, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representatives Labrador, Kren

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

Rep. Smith made the suggestion of changing the word "severed" to "served" on page one (1) of the Feb. 4<sup>th</sup>, 2008 minutes.

**MOTION:** Rep. Mathews moved to approve the minutes as corrected from the February 4<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.

**H446:** Karen Ewing from the Board of Veterinarian Medicine presented **H446** to the committee. The propose of this legislation is to increase to three (3) years, the time within which the personal representative, executor, or sole surviving heir of a deceased veterinarian must sell the veterinary practice. This would also eliminate a potential conflict between the Veterinary Practice Act and the Idaho Open Meeting Law. Karen Ewing expressed the difficulty to sell the practice in just twelve (12) months after a death because of the emotional state of the individual heir and because of the financial state of the practice. She indicated that three (3) years is adequate time to declare the practice financially stable and sell for a marketable amount. During this time of sale, all actions and decisions regarding the practice do have to be made by a licensed veterinarian. She mentioned the Veterinary Practice Act and the section referring to disciplinary proceedings being closed meeting. This legislation would change the disciplinary proceedings to open meetings with the exception of employee disciplinary proceedings. This section would now reference the Idaho Open Meeting Law.

In regards to the last committee meeting questions, Karen Ewing mentioned the Professional Service Corporation Act which requires certain practices to be owned and operated by a licensee. Some of those specific practices include architecture, chiropractic, dentistry, physical therapy, engineering, psychology, landscaping, law, medicine, geology, social work, nursing, occupational therapy, podiatry, and so on. The only people that can be shareholders are those who are dually licensed with the particular practice.

Rep. Rusche inquired if the section regarding the Idaho Open Meeting Law would change the current procedures of filing reports or referrals for a bad practice.

Karen Ewing stated that it would not. She assured that the Idaho Open Meeting Law is excellent and that is why this legislation is referring to it. She explained the current formal disciplinary procedures.

Rep. Luker inquired about the language in the legislation, suggesting to strike the words on page three (3) line forty five (45) "There is a substantial showing that..." so the sentence would start with "Good faith efforts.."

Rep. Luker expressed that the word substantial could mean a variety of different requirements to individuals that enforce the text.

Karen Ewing mentioned that there was no discussion on the definition of what and how to provide substantial showing of good faith efforts in selling the veterinary medical practice.

**MOTION:**

Rep. King moved to send **H446** with a do pass recommendation.

**SUBSTITUTE MOTION:**

Rep. Luker made a substitute motion to send **H446** to General Orders with committee amendments attached.

Rep. Rusche seconded the substitute motion and expressed that in order to take advantage of the exception that you must show a substantial showing of good faith efforts and there are no conditions of what those good faith efforts are.

**AMENDMENT SUBSTITUTE MOTION:**

Rep. Andrus made an amended substitute motion to hold **H446** until time certain.

Rep. Mathews spoke on behalf of the substitute motion saying that this motion will allow time for Karen Ewing to counsel with her board before it is taken up in General Orders.

Rep. King spoke on behalf of the original motion, that the language in the bill was written by a lawyer and does not feel that the removal of those specific words are a substantial change.

Vice Chairman Anderson spoke in favor of the substitute motion saying that substantial is ambiguous and can be defined differently. He feels that those words do need to be removed.

**AMENDMENT SUBSTITUTE MOTION:**

Amended substitute motion is to hold **H446** in committee until time certain. The motion failed by voice vote.

Rep. Andrus voted Aye.

**SUBSTITUTE MOTION:**

Substitute motion is to send **H446** to General Orders with committee amendments attached. The motion carried by voice vote.

Rep. Luker will prepare the amendment with Karen Ewing.

**S1284:**

John Chapburn, member of the State Racing Commission, introduced **S1284** to the committee. He stated that this bill will clarify the provisions for Idaho bred races and clarify which portion of the purse that breeders awards are paid on. He expressed the need for this law saying that the old law is outdated. He mentioned horse races in Idaho and things to do to promote breeding and racing in Idaho. He talked about the preference of Idaho bred horses for races but that it is not required. He mentioned that this legislation was shared with horsemen and different groups for input.

He feels that this legislation will help clarify how the ten (10) percent of the race winners money will be calculated. He specified problems in the past of track owners not knowing how to calculate the ten (10) percent of the purse for the Idaho breeder of the winning horse. He stated that all purse moneys derived from pari-mutual racing and all purse enhancement moneys from the Idaho state racing commission will be included in the calculation of these breeder payment. All nominating and sustaining fees, and any moneys from out-side sponsors should be excluded from the calculation of these breeder payments.

Chairman Loertscher inquired what nominating and sustaining fee moneys are.

John Chapburn explained that all the moneys that is paid by the horsemen to participate in the race is put into the purse. This legislation is making fair to the track owners, saying the ten (10) percent that is paid to the breeder is paid on the moneys that is put in by the track itself and does not include funds from participants or sponsors. The purse is split by the number of percentages that need to be paid which could include, the race winners percentage, the breeders percentage, and so on.

Chairman Loertscher mentioned the history of horse racing in legislation and wondered why not give more funds to the purse to promote breeding in Idaho?

John Chapburn expressed that the ten (10) percent of the money given to breeders can not be on the total amount of the purse because the ten (10) percent is paid by the track owners. If sponsors give double the amount of money the track owner puts in the purse, the owner is responsible for funding the ten (10) percent of those additional funds. He feels that this is an unfair burden for the track owners. He also gave a brief history and intent of the law.

Rep. King inquired about the success of the current law encouraging Idaho breeders.

John Chapburn replied that he is unaware of those statics.

Rep. Bilbao was curious of the number of Idaho horses that race.

John Chapburn did not have that information. He gave rough percentages being around sixty (60) percent. He mentioned the different races and race tracks that are in Idaho.

Rep. Bilbao commented that he regularly attends horse races and that he supports the encouragement of Idaho breeders because of the lack of victories of Idaho horses against non-Idaho horses.

Chairman Loertscher went into detail of the history of the racing industry. He mentioned its decreasing amount of Idaho bred horses because of the decreasing amount of moneys in the purse.

Rep. Snodgrass feels that the lack of attendance at horse races is due to the mismanagement of the tracks and races. He mentioned that he wants to see this turn around and horse racing back to its original state.

**MOTION:**

Rep. Snodgrass moved to send **S1284** to the floor with a do pass recommendation. The motion carried by voice vote.

Chairman Loertscher announced the meeting for the following day, Thursday, February 7<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:**

There being no further business, the meeting was adjourned at 9:55am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 7th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representative Crane

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

Rep. King suggested to add in the minutes of February 4<sup>th</sup>, 2008, the description in the additional amendments submitted that an amendment to continue to open all purchasing bids in public was included.

Chairman Loertscher announced future meetings and presentations that will be coming up in the State Affairs committee.

There was general conversation among the committee members regarding the up coming presentations and why they are beneficial to the committee.

**S1338:** Mike Nugent, Manager of Legislative Services, introduced **S1338** to the committee. He explained that this bill deals with various codifier corrections to Idaho Code. In the course of a legislative session, multiple amendments to a single code section, chapter, or title are frequently passed. Occasionally, these multiple amendments result in conflicting numbering of sections or subsections. Sections or subsections containing conflicting numbering are redesignated by the codifier.

Mike Nugent gave a brief history of these types of changes coming forward in legislation every year and that he hopes to someday eliminate all of these mistakes. He gave a few small examples of corrections this bill deals with including the headings in legislation and proper naming of departments within a bill. He assured the committee that there would be no substance change to any bills after this legislation passes.

**MOTION:** Rep. Pasley-Stuart moved to send **S1338** to the floor with a do pass recommendation. The motion carried by voice vote.  
Rep. Pasley-Stuart will carry **S1338** to the floor.

**RS17696:**

Representative Pete Nielsen introduced **RS17696** to the committee. He handed out information titled Idaho CP80 FAQ's (See attachments 1 & 2). He started out by explaining that the purpose of this legislation is to protect the physical and psychological well-being of Idaho's children and employees by shielding them from inappropriate materials located on the Internet. He explained that it is impossible for the state of Idaho to deal with this problem alone and this issue would need to be presented at a federal level. The members of the Idaho Legislature will strongly urge the United States Congress to take action to help stop children and employees from accessing Internet pornography and that this legislation be enacted to facilitate a technology-based solution that allows parents and employers to subscribe to Internet access services that exclude adult content.

Rep. Nielsen went into detail of the port that employers and families are able to contract with that will exclude adult content. He mentioned CP80 which is the internet port that would be used to exclude pornography. He encouraged the committee members to read the material that was handed out.

Rep. Mathews inquired of constitutional issues and if Rep. Nielsen had contacted congress to verify of any.

Rep. Nielsen responded that he had not contacted congress regarding constitutional issues. He mentioned the state of Utah's efforts in presenting similar legislation and also, how one state is not able to resolve this internet problem without help at the federal level.

**MOTION:**

Rep. Rusche moved to introduce **RS17696**.

Rep. Vander Woude inquired about current government ports.

Rep. Nielsen explained that there are many ports in the government system but a majority of them are not being used. CP80 is not a government owned port but instead a port that the government could contract and connect with to offer to families and employers in the United States.

**MOTION:**

The motion carried by voice vote.

Chairman Loertscher announced that the State Affairs committee will not meeting Friday, February 8<sup>th</sup>, 2008.

**ADJOURN:**

There being no further business, the meeting was adjourned at 9:26am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** February 11th, 2008
- TIME:** 9:00am
- PLACE:** Room 145
- MEMBERS PRESENTS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Snodgrass, Andrus, Bilbao, Labrador, Crane, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King
- ABSENT/ EXCUSED:** Representative Black
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.
- MOTION:** Rep. Bilbao moved to approve the minutes as written from the February 4<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- MOTION:** Rep. Luker moved to approve the minutes as written from the February 5<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- MOTION:** Rep. King moved to approve the minutes as written from the February 6<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- MOTION:** Rep. Pasley-Stuart moved to approve the minutes as written from the February 7<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- PRESENTATION:** Mike Gwartney, Director for the Department of Administration, made a presentation regarding the finances, goals, and achievements in the Department of Administration for fiscal year 2007 (see attachment 1). He gave a brief description of what the Department does as a whole saying that the Department of Administration is a client-oriented organization committed to offering leadership, expertise, and value-added services. He stated that the Department offers services to all State Departments and Divisions including elected officials. He mentioned that in the months prior to fiscal year 2007, managers responsible for delivering these services to state agencies met to strategize ways to support the changing needs and to ensure the mission the Department is being accomplished.
- Mike Gwartney spoke frequently about maximum use for Idaho's money and how the Department is always looking for new ways to consolidate and spend less tax dollars. He also mentioned customer service and the strides the Department has taken to help meet expectations. He stated that goals

were established to achieve excellence in customer service through continuous improvements in the methods and quality of service delivery, and in internal operations. He mentioned designed performance measures to evaluate and verify improvements, and to collect program data over time for use by management in developing future operations. He went into detail of council given by businessmen that are involved in the private sector that help advise the Department.

Mike Gwartney informed the committee of the Capital Restoration actions, saying that for the next twenty eight months, one of the major projects for the Department will be completion of the restoration and expansion of the State Capitol Building. He mentioned the Idaho State Capitol Commission, which he is a member of, that is composed of many different appointed members. The Commission is charged with developing a comprehensive master plan for the restoration of, and addition to, the Capitol Building. He went into detail of the Budget of State projects and the Capitol Restoration saying that delegation within the Department helps save money for Idaho and its tax payers.

Mike Gwartney mentioned the information technology (IT) responsibilities of the Department. The Department spends on average two hundred million dollars in IT equipment each year. The IT Resource Management Council reviews and evaluates the information technology and telecommunications systems presently in use by state agencies, and prepares statewide short and long-range IT and telecommunications plans. He mentioned duplications of systems and how the IT Resource Management Council is seeking for those kind of mistakes to consolidate and essentially save money. The goal for the IT Department is to save over twenty million dollars over the next two to three years.

He mentioned the Insurance and Internal Support Division saying that the Department spends over two hundred million dollars a year for health benefits. He stressed the need for these types of benefits and mentioned that the Department works with Human Resources to assure that government jobs maintain competitive salary and benefits. He mentioned a separate health benefits plan for part time employees.

Mike Gwartney mentioned the Governor's Housing Committee which is made up of elected officials from the States Legislature and the Director of the Department of Administration. The Governor's Housing Committee oversees the Governor's Residence Fund created to provide a Governor's housing allowance.

He mentioned the efficiency of the Department to help save Idaho money while advising and helping the Divisions within the Department. He stated that there are one hundred and fifty six employees at the Department. He has met with every employee to take into consideration their input on how the Department could be run better and more efficiently.

Rep. Rusche inquired as the largest purchaser of health care in the state, how will the Department participate in the much needed transformation of the health care system?

Mike Gwartney explained that Governor Otter has asked the Department to take an active roll to review the balance of health care within Idaho. He reiterated that the Governor wants to have competitive benefits but also wants efficiency in cost for those benefits. He also mentioned the concern about unfunded liability for retirees and how we can use the states purchasing power for supplemental benefits for individuals over sixty five.

Mike Gwartney went on about employee benefits saying he does believe the Department can help with the needed transformation of the health care system. He emphasized moving premiums to employees. He also mentioned the second health benefits plans for part time employees and the benefits for the state and the Department. Part time employees will have higher deductibles and premiums than full time employees.

Rep. Mathews stated that he was pleased to hear about the Departments open door policy to receive input from individuals of all levels. He inquired about the legislatures roll in helping the Department meet their Divisions goals.

Mike Gwartney stated that the legislative input and advise has been helpful. He stated that when the Department does come to legislature with changes, they are always thinking business case. He also mentioned the hard work that has gone into having a good relationship with Legislators and the Legislative Services Office. Mike Gwartney stated that on a scale of one to ten of Legislation Being Helpful to the Department; Legislation ranges in the eight and a half area.

Rep. Crane inquired about the Governors House and where the Department is regarding that issue.

Mike Gwartney stated that Governors Housing Committee met a couple weeks ago. At this meeting the First Lady gave an overview of her perception of what needs to be done with the house to make it an efficient Governors Mansion. He mentioned some issues with the house such as the cost of maintenance for landscaping, inadequate for children, the State not owning all of the land, not efficient parking, and so on. He mentioned that they are looking at trading or buying the additional land as well as looking for other alternatives. He mentioned property that has been donated to the state that is located in North Boise, within walking distance of the Capital. He stated that the Housing Committee has a terrific balancing problem because of the great generosity of the Simplot family, so these issues need to be dealt with gingerly.

Rep. Vander Woude inquired about the revenue expenses section (see attachment 1) specifically the group insurance rates.

Mike Gwartney introduced Connie Smith, the Chief Financial Officer for the Department of Administration. Connie Smith stated that the information that Rep. Vander Woude is inquiring about is the revenue portion of the financials. That is the amount of money that the Department collects in revenue for health insurance. She stated that the Department has not increased the amount of money for group insurance so the revenue portion has decreased and more money has been needed from the Department's accounts.

Connie Smith later emailed further information for Rep. Vander Woude and it read: Good afternoon Representative Vander Woude. At the State Affairs Committee hearing on February 11, 2008 you inquired in regards to a decrease in Group Insurance revenue from FY06 to FY07. The total revenue collected in FY06 was \$182,766,100 and the total collected for FY07 was \$163,994,599 a difference of \$18,771,501. We wanted to provide further explanation and clarification as to the cause of this decrease. We collected less premium from the state and employees in 2007 due to premium holidays in medical and life coverage. We had a one month premium holiday for medical and 7 month premium holiday for life insurance. Reserves were used in 2007 to pay the required premium for these plans. If you have further questions please let us know. - Connie Smith

Vice Chairman Anderson inquired about the Capitol Restoration expected finished date and if that date is still in place for the 2010 Legislative Session.

Mike Gwartney stated that it was.

Chairman Loertscher inquired if the Department is accomplishing the mission effectively and efficiently.

Mike Gwartney stated that the Department is making progress. He is not satisfied with the way they are accomplishing the mission today but stated that they are working hard with the help of the employees. He is positive that the mission will eventually be accomplished. He mentioned customer service and to make it the number one priority. He stated that each employee should be able to say yes to a customer and when the customer has ideas, that the employee can work with that customer to meet their objectives. He again mentioned the business case thought process and how this will be beneficial to the Idaho tax payer.

Chairman Loertscher thanked the Director and the Department for bringing this beneficial information before the committee.

**RS17594C1:**

Rep. Tom Trail introduced **RS17594C1** to the committee. He stated that the purpose of this Joint House Memorial is to convey the support of the members of the Idaho Legislature that Idaho supports the removal of all trade, financial and travel restrictions related to Cuba, the lifting of trade sanctions and the establishment of permanent and normal trade relations with Cuba. Opening trade with Cuba would benefit both parties. The U.S. severed its trade ties with Cuba in 1959. At that time, Cuba was the largest importer of Idaho peas and lentils. He had traveled in April to Cuba with Governor C.L. "Butch" Otter and a delegation of thirty five representatives of the Idaho Agriculture industry. Much of the former agricultural trade to the U.S. has shifted to Canada. He stated that a lot has changed since the

embargo was put into place. Our current administration seems unwilling to budge on the matter despite the fact that the embargo has failed to accomplish its intended purpose. He stated that Cubans aren't the only ones paying the price. Cuba has shown that they are willing to buy from U.S. growers. The embargo certainly penalizes U.S. agriculture at a time when most farmers are trying to make it. It is a simple matter of economics because Idaho has the supplies while Cuba has the market.

Rep. Trail mentioned that in April, Governor Otter, the Director from the Department of Agriculture, and I met with Pedro Alacron, the leader of the Cuban parliament, and heir to take over when Fidel leaves the scene. Mr. Alacron served fourteen years as Cuba's ambassador to the U.N. He rightly pointed out that the U.S. had restored diplomatic and trade with relations with many former communist countries including China and Vietnam. All of these countries are now moving rapidly ahead in developing free market economics and trade with the U.S. has significantly increased. He feels that the U.S. is using a double diplomatic standard in continuing to isolate Cuba from the world and yet extending full benefits to other former communist countries. Mr. Alacron said that Cuba is ready to integrate the free market system into it's economy.

He stated that normalizing trade relations is more than swapping cigars for legumes. It is about assisting a country that needs help in more ways than one. After his trip to Cuba was over, Governor Otter asked him to develop this resolution.

Vice Chairman Anderson stated that he understands the intent of the legislation but believes that opening up diplomatic channels would probably be a prerequisite to having this legislation passed.

Rep. Trail stated that he shouldn't have mentioned diplomatic in his presentation. He mentioned that the two countries have moved away from each other and would go through many steps before redeveloping a diplomatic relationship. The resolution is primarily on the trade aspects.

Vice Chairman Anderson stated that it would be wonderful to have open trade with Cuba. He is curious how the people in Cuba would feel about trading with Idaho because of their oppression over the years and their desire to see democracy within their nation.

Rep. Trail indicated that over a billion dollars a year moves from the U.S. to Cuba from residents in the U.S. to their family in the Cuba. He stated that second and third generation Cubans simply want to open up trade and travel within the U.S. because they have family members and relatives either in the U.S. or Cuba. He spoke briefly of his travels in Cuba and his conversations with Cuban residents as well as with the Cuban community in Florida.

Rep. Mathews stated that these sanctions were first instigated as a result of human rights issues in communist countries. He inquired about the human rights status in Cuba today.

Rep. Trail mentioned communist countries that are merging into the free trading market. He stated that the Governor and himself had met with high ranking Cuban officials that feel that the time is right to normalize trade.

Rep. Mathews inquired about the normalization and progression of human rights in Cuba regarding this legislation.

Rep. Trail compared Cuba to other countries that have been in this particular situation saying that by opening up this trade, the benefits were primarily to the trading market, but trickled down to the Cuban population itself. He again stated that these benefits will be gradual.

Rep. Rusche inquired about the trade of sugar.

Rep. Trail mentioned that during his travels in Cuba, he came across many abandon sugar mills. He stated that Cuba is importing all sugar for their own personal needs. He also stated that he is unsure if this fact will open up sugar trade from Idaho but again mentioned that a previous base of their economy is now being imported.

Rep. Andrus inquired about the short term and long term effects of sugar trade if these sanctions are removed.

Rep. Trail gave history of the sugar trade with Cuba and how they import all of their sugar. He feels it will be beneficial to Idaho because Cuba will not be co-dependent on one other country for sugar. He stated that removing these sanctions will not have a negative effect on Idaho's sugar.

Rep. Luker was concerned with the language that all restrictions would be removed saying that the language is all inclusive.

Rep. Bilbao inquired about the payment process for traded goods.

Rep. Trail stated that two of the largest income for Cuba are tourism and nickle mines. He stated that all transactions are cash transactions and there will be no increase to the states deficit.

**MOTION:** Rep. Rusche moved to introduce **RS17594C1**.

**MOTION:** Rep. Anderson made a substitute motion to return **RS17594C1** to sponsor.

Rep. Crane spoke in favor of the original motion stating that his father in law is full blooded Cuban. They have had many conversations regarding these issues. He stated that although it has not always been in the best interest to remove the embargo; the time is right to lift that embargo. He reiterated what Rep. Trail had mentioned regarding the older generation that feels that these sanctions are needed, but the younger generation is realizing that we need to move passed that.

Rep. Anderson spoke in favor of the substitute motion stating that he will not support this legislation because the mass population in Cuba believe in free society but their government does not. The government suppresses and confines their people and for our government to trade with these people is spreading the wrong message of how the U.S. feels about this form of government. He stated that he is unaware if the Cuban government would

take all of the proceeds from these trades and the people of Cuba may never see the benefit.

Rep. Rusche spoke in favor of the original motion because he supports the Idaho products benefitting and opening up another market.

**MOTION:** Rep. Mathews made an amended substitute motion to introduce **RS17594C1** deleting the word "all" on line twenty eight.

Rep. Vander Woude spoke in favor of the original motion. He stated that he is still unsure if he will support this bill because of issues regarding human rights in Cuba, but he feels this legislation should have a hearing.

Rep. Labrador spoke in favor of the amended substitute motion stating that the word "all" does need to be removed. He feels that the restrictions that are being removed need to be specified more clearly.

**MOTION:** Amended Substitute Motion is to introduce **RS17594C1** deleting the word "all" on line twenty eight. The motion failed by voice vote.

**MOTION:** Substitute Motion is to return **RS17594C1** to sponsor. The motion failed by voice vote.

**MOTION:** Original Motion is to introduce **RS17594C1**. The motion carried by voice vote.  
One Nay was recorded by Vice Chairman Anderson.

**RS17832:** Rep. Tom Trail introduced **RS17832** to the committee. He stated that the U.S. forest service was established in 1905 as an agency of the USDA for the purpose of managing public lands in national forest and grasslands. In addition, the Wild and Scenic Rivers Act establishes a national wild and scenic rivers system for the protection of rivers with important scenic, recreational, fish and wildlife, and other values. The act designates specific rivers for inclusion in the system and prescribes the methods and standards by which additional rivers may be added. The middle fork of the Clearwater River was included in the wild and scenic river system in 1968, authorizing among other things, the acquisition of easements from private landlords for the protection of the character of the river and its surroundings but was to allow for light ranching and farming.

Rep. Trail mentioned recent experiences that had demonstrated that the U.S. forest service has interfered with the use of such lands by private land owners within the state of Idaho on the middle fork of the Clearwater River. Narrowly defining the scope of light ranching and farming operations and the term livestock, are all to the detriment of private landowners.

He stated that it is the intent of this memorial that the U.S. forest service should be prohibited from interfering, pursuant to the Wild and Scenic Rivers Act, with the legitimate use by private landowners engaged in light ranching and farming operations.

Rep. Trail mentioned Ron and Mark Park who live on two acres along U.S. Highway twelve between Lowell and Kooskia. When the couple bought the land, it came with a scenic easement under the National Wild and Scenic Rivers Act. The forest service which filed a lawsuit in 2005 contends the Parks built a dog kennel in violation of the easement. The case is pending before the ninth U.S. circuit court of appeals.

Rep. Trail introduced Senator Heinrich to present additional information to the committee. Senator Heinrich gave a brief history of the Wild and Scenic Rivers Act and the success of the Act when it was first originated. He stated that new generation that deals with this Act interpreted the information differently than the Act had originally intended. With this legislation they hope to get a mediator dealing with these issues to help council the governors office deal with the bureaucracy because currently, all issues that arise are taken to court. He stated that the public does not disagree with the Act, but just the enforcement of that Act.

Rep. Luker inquired about the ninth circuit and why this legislation could not wait.

Sen. Heinrich stated that they hoped to get this established so they are able to work with the governors office to get these issues resolved. He stated that the appeals process is lengthy and expensive and he feels this is the best course to take care of these issues.

Rep. Luker inquired about the number of property owners that are governed by this particular situation.

Sen. Heinrich stated that he is unsure of that information but it includes the whole Clearwater River.

**MOTION:**

Rep. Andrus moved to introduce **RS17832**. The motion carried by voice vote.

There was some general conversation among the committee regarding where **RS17832** will be heard as a bill. Rep. Stevenson, who is the Chairman of the Resource and Conservation Committee, stated that **RS17832** will most likely end up in his committee where it will receive a full hearing.

Chairman Loertscher announced that the State Affairs committee will meet Tuesday, February 12<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:**

There being no further business, the meeting was adjourned at 10:15am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 12th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Crane, Kren Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**PRESENTATION:** Jeffrey Anderson from the Idaho Lottery Commission presented information from fiscal year 2007 to the committee. He presented a power point (see attachment 1) and handed out an Agency Profile packet (see attachment 2). He stated that the agency is organized into four divisions which include Administration, Operations, Sales and Marketing, and Security. The mission of the Idaho Lottery is to responsibly provide entertaining games with a high degree of integrity to maximize the dividend for Idaho public schools and buildings. Jeffrey Anderson stated that the Commission has never had a vision statement but recently felt it was important to establish. The vision for the Idaho Lottery is to become the highest performing jurisdiction in North America.

Jeffery Anderson went into detail on the products and percentages of the lottery. Lottery products and their percentage of total sales fall into three classifications which are scratch tickets (64%), pull-tab tickets (1%) and lotto tickets, which consist of three game types; Powerball (29%), Wild Card (5%) and Pick-3 (1%). Lottery tickets are sold through approximately eight hundred and fifty full-service contracted lottery retailers statewide, primarily convenience stores, supermarkets, etc. He mentioned that the retailer of winning tickets receive a five percent of sales as a base commission and that the retailer may earn additional payments in the form of sales and cashing bonuses.

He stated that net profits from lottery sales are returned to the State in the form of an annual dividend. One half of the dividend goes to the Permanent Building Fund for use in building and maintaining state buildings. The other half goes to public schools for maintenance and operations. He mentioned Bingo and raffle gaming for charities and stated that in addition to its lottery responsibilities, Title sixty seven, Chapter seventy seven, Idaho Code, grants the Idaho State lottery the responsibility and authority to license and regulate Bingo and raffles conducted by charitable and non-profit organizations within

the state. He mentioned legislation that is in Senate this session regarding some of these issues. He mentioned problems regarding charitable gaming and what the Commission is doing to help regulate those funds. He stated that a goal of the Commission is to bring into alignment enabling legislation and market realities.

Jeffrey Anderson stated that the commission is diligent in monitoring expenses. He mentioned Performance Measures Benchmarks and totals for 2007 and previous years (see attachment 2). He went into detail of the Commissions strategic plan, goals and benchmarks for the next four years. The strategic plans goals include protecting the security and integrity of the games, deliver exceptional customer service, responsibly increase net revenues, rigorously manage costs, and to guard the honesty of charitable gaming. He went into more detail on the strategic plan stating that some major initiatives are to responsibly grow distribution channels, responsibly grow player base, ensure customer satisfaction, improve safety and security, and to strengthen team and organizational capabilities.

Jeffrey Anderson mentioned the awards and achievements received by the Commission. He stated that in 2007 the Idaho Lottery gave seventeen million to the Idaho Public Schools, seventeen million to the Permanent Building Fund, and thirty four million to the State. He mentioned successful new game launches such as the Hot Lotto and the Idaho Million Dollar Raffle. Jeffrey Anderson played a commercial for the committee regarding the Idaho Million Dollar Raffle. He pointed out that at the end of the commercial it stated "to play responsibly" and that "the Idaho Lottery benefits Idaho schools". He mentioned the success of advertisements on Lotto Tickets such as the anti-meth ads. He stated that two hundred and ten thousand to three hundred thousand tickets are sold each week and that the Lottery has advertising down to the store.

He went into detail of Benchmarks and Metrics for the Commission such as what can be measured and also understanding variance. He shared how the Commission sets goals with elements such as being specific, measurable, attainable, result-oriented, and time-limited. He mentioned comparisons with other states that use Video Lottery Terminals.

Jeffrey Anderson stated the challenges the Commission faces with goals that are set. He mentioned weather and how that affects ticket sales and he also stated that gas prices play a part in sales as well. He stated that the Idaho Lottery is a mature industry and that some challenges come from trying to maintain creativity and new products. He stated that the Commission is on track for fiscal year 2008 forecasted dividend of thirty four million five hundred thousand dollars.

Rep. Rusche inquired about the sales and success of the Idaho Lottery when the economy is in a recession.

Jeffrey Anderson stated that the Lottery is not immune to a recession.

Rep. Labrador inquired about the demographics of lottery ticket sales and who the Commission targets for advertisement.

Jeffrey Anderson stated that the demographics are all across the board including age, gender, ethnic background, and so on. The primary age for ticket sales are between thirty five to fifty four. He also stated that it is easy to research those specific statistics.

Rep. Vander Woude inquired about advertisement and who they are currently focusing on appealing to.

Jeffrey Anderson explained promotions to target the age range of eighteen to forty nine such as American Idol themed tickets. He mentioned using mass media to attract younger players.

Rep. King inquired about the Lotteries funds and what percent goes to schools.

Jeffrey Anderson explained that dividend is the net profit. He stated that roughly 24% of every dollar that is spent on the Lottery is returned as the annual dividend and split equally between public education and the State's permanent building fund. The largest percentage, 60%, is returned to the players in a form of prizes. The Lottery's retail partners receive 6%, which help grow local businesses. The lottery uses 8% for their operations. The final 2% is used for advertising and promotions for the Idaho Lottery.

Rep. Mathews questioned while the Commission is trying to grow the player base, how does the Commission avoid attracting younger players such as high school age?

Jeffrey Anderson explained that the Commission is responsible for selling tickets to underage buyers so they put a lot of pressure on the retailers to check ID's. He commented that the Commission does not try to advertise to highschool age students and that if an underage individual does try to play and actually wins, they would not be able to cash in the prize. He also mentioned ticket vendors and how those vendors do need to be in the sight of an employee.

Rep. Pasley-Stuart inquired about the Lottery in schools.

Jeffrey Anderson informed that every year they have a scratch for school in Idaho schools. He stated that the teachers and administration have a scratch off with Lottery tickets and all of the winnings are used by the schools for supplies.

Rep. Stevenson inquired about the term length for commissioners and also how the money for the schools are distributed.

Jeffrey Anderson stated that it was a five year term. He also informed that all of the money from the Idaho Lottery is turned over to the Idaho schools and they regulate how much each district receives.

Chairman Loertscher thanked the Idaho Lottery Commission for all of the beneficial information that was shared.

**RS17486C1:**

Rep. Lynn Luker introduced **RS17486C1** to the committee. He stated that a land use study group made several recommendations for this legislation even though this legislation is only fine tuning and makes additional technical

changes. He stated that this first clarifies that Category A annexation, which requires consent of all property owners, may extend beyond the area of impact so long as the comprehensive plan includes the area of annexation. Second, it would eliminate future implied consent to annexation arising from a property owner's hook up to water or sewer services. He stated that land developers desire to have a clearer statement of Category A annexation. He went into detail of the three different categories of annexation. Category A includes one hundred percent consent, Category B requires fifty plus percent and Category C includes less than fifty percent. He explained that there is an area of annexation and outside the area is an area of impact. The area of impact is included in a comprehensive plan. This legislation makes clearer that under Category A, where there is one hundred percent consent, that this percentage can extend beyond the area as long as it is within the comprehensive plan area. This legislation restructures the format of Category A annexation so it is easier to reference to the different parts of Category A annexation.

The second issue Rep. Luker mentioned was consent. Currently consent includes implied consent when a property owner hooks up to either city water or sewer services. No notification is required to advise that hooking up to those services constitutes consent to be annexed, and no written acknowledgment is necessary verifying that a property owner intended to consent to annexation. Under these amendments, cities are not prohibited from requiring consent to sewer or water services, however, such consent must be given by written, and not simply implied by the hook up. He mentioned some testimony indicating that individuals had been included in an area of annexation and they were not aware that they had given consent by hooking up. Rep. Luker stated that there was considerable discussion between these hook ups and property taxes which is a driving issue within annexation matters. When annexed in, property tax increases because the city rates are higher. He made clear that annexation consent will be transparent, up-front and that something will be signed.

Rep. Luker presented the technical changes to Category A, saying that it creates subparagraphs for different annexation options within the category following the organizational pattern of Category B options. Changes also clarify the procedure for obtaining Category C annexation consent by removing the requirement to collect objections, and clarifying the time frame for which consents must be returned being forty five days.

Rep. Snodgrass inquired if an individual does not return the notice, can the city refuse them services?

Rep. Luker stated that this was correct, the city does not have to extend the services.

Rep. King: questioned that every other home in a subdivision could be hooked up and not hooked up to city services. She also inquired about property taxes and how much those would increase from hooking up.

Rep. Luker stated that with new developers, they are going to consent with the city for annexation. But essentially having every other home hooked up could happen. He stated that for property taxes, the increase would depend. Everyone pays the same property tax but hook up fees and monthly charges are up to the city and are not related to property tax.

Rep Vander Woude inquired that if the majority of particular property owners hook up, are the minority property owners then obligated to hook up to city services?

Rep. Luker stated that they do not have to hook up but that may depend on the area of specification. He also mentioned that this legislation does not deal with those annexation changes.

**MOTION:** Rep. Mathews moved to introduce **RS17486C1**. The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, Wednesday, February 13<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 10:07am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 13th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**PRESENTATION:** Michael Faison, Executive Director of the Idaho Commission on the Arts, presented information to the committee. He stated that he was honored to be the Executive Director and in front of the committee presenting. He have more information on the Arts Commission saying that it is Idaho's principle cultural agency. Administratively under the office of the Governor, it enfolds thirteen volunteer commissioners appointed by the Governor, five at large citizen advisors selected by the chair and eleven staff.

He introduced the current Commission Chair, Mark Hofflund, who is from Boise and was also appointed by President Bush to the National Council on the Arts. He introduced Vince Hannity of Boise, the Chair of the Finance Committee and a Commissioner of seven years. He introduced Dr. Bill Watson, at large Advisor from Nampa and Maria Estrada, office manager.

Michael Faison explained more about the Arts Commission for the committee (see attachment 1) . The Idaho Commission on the Arts was established in 1966 to stimulate the study and presentation of the arts and to also support public participation and expression in the arts. Every state in the union now has such an agency. Accordingly, the Commissions professional staff provides services, assistance, and expertise to artists, communities, and arts businesses. It disburses and manages matching arts grants to individuals and organizations. The Commission encourage, and recognize with awards, innovative artists, as well as those who maintain traditional arts, such as bead work, saddle-making, and Basque dancing.

The Commission endeavors to make the arts part of Idaho's children formal and even informal education. This will contribute creative, literate, productive citizens to our general population. As a community partner, facilitator, and service provider, it is our job to listen to people's needs, to respond to those need with professional services, and to be an artistic presence in their towns. He went into more detail of the Commissions roll in grants, starting that

matching grants are one of the strategies that provide this service. They leverage local dollars or in-kind commitments, thereby multiplying a remarkable statewide cooperation on behalf of the arts. The applications for these grants are reviewed in public meeting by advisory panels in a transparent process that uses published evaluation criteria. The panel scores are used as funding recommendations to the commissioners, who make the final decisions publicly. The grantees provide a final report to the Commission on their funded activity. If our courtesy reviews and technical assistance act as handrails, then final reports act as guardrails.

At present, thirty nine percent of our funding comes from the National Endowment for the Arts; the balance is from our state general fund appropriation. As a requirement of our partnership agreement with the National Endowment for the Arts, the Commission undergoes a rigorous performance review every three years. During this review, the quality of its program evaluation; the effectiveness of its communications, and extent of its collaborations are evaluated.

Michael Faison went into detail with Fiscal Year 2008. He stated that the Idaho Commission on the Arts is concluding its work under its current Long Range Plan. This included a one-year extension on the Fiscal Year 2003-2007 plan, so the new director would be in place as they began the new planning process. With the launch of this plan in 2003, the Commission focused on increasing the availability of agency services in communities around Idaho. He stated the five goals that were established being; one advance the creation, presentation, and excellence of the arts, two inspire greater appreciation of the value of the arts in our lives, three provide central leadership in ensuring quality arts education, four provide under served constituents greater arts access and opportunity for participation, and five be an effective steward of entrusted resources.

He went into detail of ten quantifiable Performance Measures that have been tracked under this plan to gain achievement in reaching more people and communities with services covered in the plan's goals. He stated that nine out of ten Performance Measures were met. The one Performance Measure that was not met was an increase in nominations for the Governor's Art Awards. For 2008, the Commission addressed this by establishing a broader call for nominations, including online submissions and providing greater administrative flexibility in the nomination process.

Michael Faison briefed the committee on the new Fiscal Year 2009-2013 Long Range Plan (see attachment 2) . The new planning process draws upon current research in public value for public agencies. We engaged Dr. Stephanie Witt from Boise State University's School of Public Policy and Administration to coordinate and facilitate regional public planning meetings around Idaho. He listed the twelve locations where the public planning meetings were held and the questions that were asked. The public responses were revealing and we noticed a great consistency across regions. Constituent responses to the first three questions were based in their values, and provided a window through which to view responses to the last question that asks how the Commission may assist them (see attachment 3) .

He mentioned priorities for service saying that at the February, 2008 commission meeting, commissioners engaged in a facilitated planning process that identified alternatives to address the key issues. From these alternatives, staff will identify the priorities of the Commission. From these priorities will rise goals, objectives, and strategies that dress the key issues. Measurable performance indicators will be established to determine whether each strategy is meeting the objectives in the plan.

From February through April, staff will develop a draft plan for review and discussion by the commissioners at the May, 2008 Commission Meeting. After that meeting, staff will make revisions and bring a final draft plan to the August, 2008 Commission meeting for approval. Upon approval, the plan will be published, all participants in the regional planning meetings of Fall 2007 will receive personal copies as promised, and the plan will be implemented.

Rep. Vander Woude inquired about the long range plans and if the Commission has yearly planning updates?

Michael Faison stated that yes they do have yearly reviewing and planning. All reports are filed in October of every year, which is reviewed to assure that they are on track with the long range plan.

Rep. Luker inquired about the federal grants if those require matching funds percent and about quick funds grant.

Michael Faison stated that they require matching state funds one to one and the Commission has been able to meet that requirement. Quick funds grants are a way to move resources to communities quickly. He stated that there are four deadlines a year and that the quick funds process has less paperwork to help deliver resources when needed.

Rep. King inquired about the Commissions interface with counties.

Michael Faison stated that the Commission has some interface with local government and he believes they should have more. The commission does not have a direct relationship with cities and counties. They are over their own policies and regulations while the Commission just assist them.

Rep. King how does the Commission encourage a good mix of the arts?

Michael Faison stated that the Commission is not a cultural policy agency so it is not the Commissions job to tell individuals what to like but instead the Commission responds to what people are interested in. People across the state are involved in all kinds of arts being academic and some non academic. The Commission is in support of apprenticeships and programs of that nature to help pass arts onto the upcoming generation.

Chairman Loertscher thanked Michael Faison and the Idaho Commission on the Arts for the beneficial information that was presented.

**RS17912:**

Roger Batt who represents the Idaho Seed Association, the Idaho Mint Growers Association, and the Idaho Ground Waters Association, presented **RS17912** to the committee. He stated this legislation is a reprint and will replace **H459**. He explained the legislation by saying it adds more communication during the negotiated rulemaking process that deals with

both the agencies and industries involved. Negotiated rulemaking is a critically important step for state agencies to take in developing rules based on the best information and expertise available to the private and public sectors. Roger Batt went into detail of the benefits of this legislation such as; strengthening the legislatures statement of support for negotiated rulemaking, clarifying purposes and procedures, making a better foundation for negotiated rulemaking then current administrative rules adopted by the State Attorney General.

This proposal requires agencies to publish notice of negotiated rulemaking on their websites, convene meetings of interested persons for the purposes of negotiation, make agency information concerning the proposed rule available to participants in the negotiated rulemaking process, consider and respond to recommendations of participants in the negotiated rulemaking process, and make those recommendations and agency responses part of the agency record available to the public in any subsequent formal rulemaking. He mentioned the right of the agency to be able to write a formal letter claiming specifications of what they expect during the process of negotiated rulemaking. .

The changes from **H459** would require an agency that determines a rule non-feasible to include an explanation in the notice of intent. It would require agencies to post notice on both their website, if the agency has a website, and the administrative bulletin. He stated that he has met with agencies and agency directors such as the Milk Producers of Idaho, the Idaho State Department of Agriculture, Idaho Fish and Game, Idaho Lottery Users Association, Idaho Association of Commerce and Industry, and others. He stated that these agencies are some of the biggest rule makers in Idaho and there has been no opposition regarding this legislation.

Rep. Shepherd inquired what had triggered this proposal.

Roger Batt stated that several rulemaking negotiations that have gone on that industries have felt did not go right because of verbal agreements that were not fulfilled. This allows some procedures to be put into place to avoid those kinds of situations.

**MOTION:** Rep. Stevenson moved to introduce **RS17912**. The motion carried by voice vote.

**RS17705:** Representative Marv Hagedorn introduced **RS17705** to the committee. He started off by giving a brief history of this proposal. This legislation proposes an amendment to the Idaho Constitution to provide that the citizens of Idaho have the right to hunt, fish, trap and harvest wild game, subject to reasonable rules approved by the state Legislature. It also provides, consistent with the State's duty, to protect this valued heritage and to preserve, protect, perpetuate, and manage wild mammals, birds and fish. Traditional methods used to take species not protected by Federal law are reserved to the people. To provide that public hunting, fishing and trapping shall be the preferred means of managing and controlling species under State control. Provide that nothing shall be construed to modify any provision of common law or statutes relating to trespass, eminent domain or any other property rights. He stated that there is no concern regarding the current law but he is unaware of the future and who could possibly be in power in 2050.

**MOTION:**

Rep. Mathews moved to introduce **RS17705**.

Rep. Rusche inquired about the language of public hunting, fishing and trapping being the preferred means of managing and controlling a species under state control and how that affects science contributing to controlling species.

Rep. Hagedorn stated that science today specifies hunting, fishing, and trapping as the most efficient way to manage a species but that its not to say that years from now, that case could change.

Rep. Rusche inquired if the construction states that public hunting, fishing, and trapping are the preferred means, there would be other preferred means?

Rep. Hagedorn stated that this amendment does not put side boards on the means for management. He stated that there are other means today but these would be the preferred means.

Rep. King inquired the need for a constitutional amendment.

Rep. Hagedorn stated that hunting and fishing are not rights and that is the purpose of this legislation. This resolution is to put this decision in the hands of the people of Idaho and allow them to decide. He stated that a future government could come along and take away hunting and fishing because it currently is not considered a right. Without it being a right, the people do not have a say in the future to stop legislatures from taking that away from Idaho.

Rep. Shepherd inquired if wolves were included in the term 'state control'.

Rep. Hagedorn stated that when wolves are under state control, then yes they will be included.

**MOTION:**

The motion carried by voice vote.

**RS17900:**

Rep. Tom Trail introduced **RS17900** to the committee. He stated that this concurrent resolution would reject as section of a pending rule of the Department of Agriculture relating to Rules Governing Pesticide Management Plans for Ground Water Protection. There will be no sections added or modified by the rejection of the rule. The effect of this resolution would be to prevent the subsection of the agency rule from going into effect. Both the Senate and House Agriculture committees agreed to reject this section.

Rep. Rusche inquired about what the subsection did, or did not do, to be rejected.

Rep. Trail stated that this section is a long process in which the department would be required to go through to report high levels of harmful pesticides. By removing this section, it allows more flexibility to the department facing these issues, to take care of pesticide issues in a timely manner.

**MOTION:** Rep. Stevenson moved to introduce **RS17900**. The motion carried by voice vote.

**ADJOURN:** Chairman Loertscher announced the State Affairs committee meeting to be Wednesday, February 15<sup>th</sup>, 2008 at 8:30am



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** February 14th, 2008
- TIME:** 8:30am
- PLACE:** Room 145
- MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King
- ABSENT/ EXCUSED:** Representative Black
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 8:30am with a quorum present. A silent roll was taken.
- MOTION:** Rep. Pasley-Stuart moved to send **H465** to the Health and Welfare committee. The motion carried by voice vote.
- MOTION:** Rep. Pasley-Stuart moved to accept as written minutes from the February 11<sup>th</sup>, 2008 State Affairs committee meeting.
- Rep. Luker suggested changing on page six of the minutes, from his question, the word "exclusive" to "inclusive".
- MOTION:** The motion is to accept the minutes as corrected. The motion carried by voice vote.
- PRESENTATION:** Commissioner Jim Kempton presented information on the Public Utilities Commission to the State Affairs committee. He stated that he is a newly appointed Commissioner. He introduced to the committee the individuals that accompanied him to this presentation. He went into detail of how the Commission is different from other Commissions within the state. The Idaho Public Utilities Commission serves the citizens and utilities of Idaho by determining fair, just, and reasonable rates for utility commodities and services to be delivered safely, reliably, and efficiently, and by ensuring safe operation of pipelines and rail carriers within the state.
- Commissioner Kempton stated that the strategic plan gets down to the bare minimum for the Commission. He went over the organizational goals which include the administration to manage and coordinate the overall activities of the PUC efficiently and effectively. The pipeline safety section serves the citizens of Idaho by ensuring that all jurisdictional gas systems operators operate safely. The rail section serves the citizens of Idaho by ensuring that carriers comply with state and federal safety regulations and determines whether or not representing Idaho in rail abandonment cases for the Federal Surface Transportation Board is in the public interest.

He went into the brief history of the PUC with the legislation and introduced Ron Law, the Commissions Executive Administrator, who deals with legislative matters. He went over legislative changes with the PUC which include gas, electric, water and telecommunication issues. The Commission is over rail road and pipeline safety. He also stated that the Commissions funding is not appropriated funding by the state but that all money comes from utilities. He lastly mentioned the performance reports and measures and explained additional information for the plan. The rollover rate for the plan is every ten years.

Chairman Loertscher inquired about rate cases and if the Commission found it was the best policy to not be able to speak with employees during that time.

Commissioner Kempton stated that by law PUC members can not communicate with staff during these situations. In the long run, there are concerns of how the commissions interface with the staff while a case is in progress to indicate thoughts the Commission has on what is coming up in that case. That is why the Commission can not allow direct advice to staff; they can only give council.

Rep. Mathews inquired about the number of comprehensive audits completed annually comparing past years to more recent years. Why the sudden drop in audits from eighty five to thirteen and also what the nature of the increased inquiries is?

Commissioner Kempton stated that information is based on the case load for that particular year. He mentioned that the Commission benchmark for one year is seven, and that the Commission has met that. He explained that those numbers can fluctuate depending on the number of people available to perform those audits. Jim Kempton introduced Ron Law, Commission Executive Administrator, to better explain this area. He explained that the number of rate cases within a year can help determine an amount of audits that are preformed. The Commission has a lot of turnover, so one year you may have returning employees while the next year you are doing more training which hinders that number of people able to perform comprehensive audits. Ron Law later commented that eighty four was a mistype and the number should be nineteen.

Rep. King inquired if during a rate case, if a rate analyst performs a study and brings the information before the Commission. Does the Commission then question the rate analyst or the utilities?

Commissioner Kempton explained the process saying that these cases come up when the utility feels it needs to come before the Commission and ask for rate adjustments which can increase or decrease. The utility files this information and because this is a legal action, there is then a notice sent out to the public, interested parties so they are able to testify at hearings. Some cases may have additional hearings while others can be dealt with rather quickly. He mentioned the different parties that may be involved such as the staff, the utilities, and interveners. The testimony of these parties are recorded and all cases are resolved on the record.

Rep. King inquired if she as a consumer is not able to acquire information

to help contest her case, is she able to rely on the Commissions rate analyst to help her?

Commissioner Kempton stated that as a consumer your comments are on the record and that it is wise to seek personal legal council. He mentioned intervener funding that is made available by the Commission.

Rep. Andrus inquired of the number of Commissioners and if decisions are made by majority vote.

Commissioner Kempton stated that there are three Commissioners. All three are appointed by the Governor, two belonging to the majority party and one to the minority. All decision are made by majority vote.

Rep. Stevenson inquired about the intervener fund and if that is adequate for the number of individuals using this fund.

Commissioner Kempton stated that around eighty four thousand dollars are available to disperse to interveners. This money is dispersed to all intervening groups and individuals that request these particular funds. There are guide lines to examine the interveners merit for the request of money to see if their involvement will add additional information to the case. He also mentioned that adding more money to this fund would not add more information to a case but would rather result in a larger dispersal of these moneys.

Rep. Rusche inquired about the PUC's standard of service and also the role of the Commission regarding rural areas.

Commissioner Kempton stated that the standard of service within the Commission is one of the highest responsibilities. The Commission does not have authority over utilities such as telecommunications in rural areas. The Commission could deal with issues regarding service in rural areas but not the lack of utilities in a particular location.

Rep. Vander Woude inquired about who set the Benchmarks and Targets for the Commission adding that he feels these percentages and numbers are low to help make the Commission look good.

Commissioner Kempton stated the Commission does set the Benchmarks and Targets. The Benchmarks and Targets were not to make the Commission look good; they are set with the PUC in mind and what adequate standards are.

Ron Law stated that the Commission chooses areas they are able to measure and then set standards to those measures in 2005. After the Commission gets a feel for how these benchmarks measure up, they are able to adjust them later.

Vice Chairman Anderson made comments regarding the energy plan and the Energy Committee that focused on thirteen key components for the PUC. They constructed language that is used by the Commission and how the Commission does not go out and instigate that language but the industry or local utilities would.

Commissioner Kempton stated the language is correct in the terms of the word may. He went into brief detail of legislative language situations regarding Vice Chairman Anderson's comments such as language regarding tiered rates.

Chairman Loertscher thanked Commissioner Kempton and the Public Utilities Commission for the beneficial information that was shared with the committee.

**S1322:**

Jeffrey Anderson from the Idaho Lottery Commission presented **S1322** to the committee. He introduced Amber French, Deputy Director, and Mike Gilmore from the Attorney Generals Office who helped assemble this legislation. He stated that this legislation amends current law governing charitable gaming to require charitable bingo and raffle operations to provide documentation of their charitable activities, meet certain minimum record keeping and other financial guidelines. The legislation repeals the authority for unincorporated associations to conduct charitable bingo and raffle operations and clarifies the procedure for denying certain applications.

He went over each change in this legislation including; page one, line twenty eight that includes charitable gaming. Page two, line twenty nine through forty clarifying the funds collected from players on electronic bingo devices must be reported separately on the organization's annual bingo report and must be netted for purposes of determining gross revenues. Page three, line fifty two includes that no funds may be disbursed from this account except the charitable or nonprofit organization may expend proceeds for the rental of electronic bingo devices. This includes the rental fees for electronic bingo devices as an expense.

He continued with the major changes on page four, lines six through ten which requires the licensed bingo operation to maintain records for three years on forms prescribed by the commission. Page four, paragraph i which mentions prizes for charitable bingo games and increases the allocated revenues to prizes to be no more than seventy percent of the gross revenues. Page five, lines forty seven through fifty removes the loop hole that denies licenses to charitable gamers. Page six, line twenty two removes the state tax commission from the list of applications for recognition of exemptions and a determination letter. Jeffrey Anderson stated that those were the major changes and that other changes were minimal and are a form of good clarification.

Rep. Luker inquired about the electronic bingo devices and if this legislation expands gaming in Idaho.

Jeffrey Anderson stated that it does not expand gaming in Idaho. He introduced Amber French, Deputy Director of the Enforcement Division to the committee for further clarification. She stated that legislation that passed electronic gaming did not expand gaming in Idaho but it was left out how charities would report these expenses. They had to amend this to regulate that they were specifically accounting for these funds.

Rep. Luker inquired about the gross revenue and the adjusted gross revenue.

Amber French stated that twenty percent of gross revenues have to be paid

to the charity. The rental cost for the finger device was being included in the twenty percent even though that was what they were paying; this legislation excludes that and incorporates the rental cost as an administrative expense that does not get calculated into the twenty percent.

Rep. Luker inquired about the language in the legislation dealing with non-profit organizations being limited to incorporated and if LLC's were interested in charitable gaming.

Mike Gilmore stated that there are no LLC's dealing with bingo licenses.

Amber French stated that these regulations allow for groups to file through the Attorney General Office to assure that they are legitimate charities. She also stated that she has been with the Commission for twelve years and has never had any problems with only incorporated charities

Rep. Pasley-Stuart inquired about tribal gaming and if this legislation dealt with those issues?

Jeffrey Anderson stated that it does not.

**MOTION:**

Rep. Rusche moved to sent **S1322** to the floor with a do pass recommendation. The motion carried by voice vote.

Rep. Snodgrass will carry S1322 to the floor.

**RS17922:**

Representative Phylis King presented **RS17922** to the committee. She stated that the purpose of the legislation is to allow a tenant association in a mobile home park, which is about to be sold, to have the right of first refusal to purchase the park on the same terms as the landlord's accepted offer. An advocacy organization may also have the same right. She expressed that this legislation gives rights to mobile home park tenants to refuse sale, she also mentioned the benefits of mobile home living. The legislation sets a time limit of ninety days for the tenant association or advocacy organization to match the accepted offer. The legislation also states that after the landlord gives notice of park cessation, the landlord may not increase the rent or charge a fee of rent for moving out of the park. She stated that these sudden sales may result in the relocation of mobile home park tenants; relocations that they are unable to afford. She reiterated the need for the ninety day notice to allow the mobile home park tenants to get financing in order to respond with a competitive offer of sale to the landlord.

Rep. Andrus inquired about more information regarding the association this legislation intends to form.

Rep. King stated that the association would be in comparison to the Home Owners Association.

Rep. Luker inquired about the mechanisms of the time given to the mobile home park tenants being ninety days.

Rep. King stated that ninety days is adequate time for the mobile home tenants to come up with the appropriate amount of money to make a reasonable offer on the development. The ninety days go into the one hundred and eighty days which is the amount of time in which a landlord

must give notice to the current tenants before termination.  
Rep. Luker inquired about the one hundred and eighty days asking specifically when those days start.

Rep. King stated that the landlord would have to first accept an offer of the development and then give the notice to the tenants. The tenants then have ninety days to respond with an offer. If no offer is made then there is another ninety days before the tenant is required to move.

**MOTION:** Rep. Smith moved to introduce **RS17922**.

**MOTION:** Rep. Snodgrass made a substitute motion to return **RS17922** to sponsor.

Rep. Kren inquired about the Idaho Code definition of a mobile home park and if a mobile home park is compared to an RV park, and so on.

Rep. King stated that within Idaho Code, a mobile home park is defined as two or more mobile homes on one lot.

Rep. Vander Woude inquired about the protection of the landowners market stating that he feels the ninety day or one hundred and eighty day limit is excessive and a landowner might lose a sale because of the amount of time.

Rep. Crane inquired if his property had three mobile homes on it, he personally would fall under this legislation?

Rep. King stated that he would fall under this legislation because he would be considered a landowner.

Vice Chairman Anderson stated that the language in this legislation is not consistent. He feels that the time limits could affect the landowner from holding onto buyers and that the mobile home tenants should have their finances in order in case the lot should be purchased, instead of needing those ninety days to get finances in order. He also went into detail of the privacy of sale, stating that if a buyer makes an offer it has to be public knowledge in order for the tenants to make a competitive offer. He feels these offers need to be confidential.

Rep. King stated that there is nothing out there stopping landowners from selling property under tenants. There needs to be different sources of funds shared with these tenants to help them purchase the particular park.

Rep. Kren inquired if he wanted to sell his lot for a considerably less amount to an inheritor and the tenants make a higher offer, is he then obligated to take the higher bid?

Rep. King stated that those situations would fall under inheritance laws that situation would not fit into this context.

Rep. Smith spoke in favor of the original motion stating that she feels this legislation deserves a full hearing.

Rep. Snodgrass, whom is involved in real estate, helped clarify for Rep. Kren regarding the acceptance of bids stating that the bid from tenants will be around the offer from the inheritor. He stated that he is unsure if you can

actually hold a sale for ninety days.

The substitute motion is to return **RS17922** to sponsor. The motion carried with ten Ayes and five Nays.

Chairman Loertscher, Vice Chairman Anderson, Representatives Snodgrass, Andrus, Bilbao, Crane, Kren, Vander Woude, Luker, and Mathews voted Aye.

Representatives, Shepherd, Smith, Pasley-Stuart, Rusche, and King voted Nay.

Representatives Stevenson, Black, and Labrador were Absent or Excused during the roll call vote.

**RS17759C1:**

Representative Margaret Henbest introduced **RS17759C1** to the committee. She stated that this legislation intends to preserve and protect the historic art on the walls of the Capitol Annex Building by covering the murals on the walls between the first, second, and third floors. She gave a brief history of the murals at the Capitol Annex Building stating they were a source of work in the 1940's when they were painted. The intent of the murals are unknown. She stated that there has been minimal objections to this legislation. Some concerns include keeping the history of the building, some is over the controversial paintings on the walls and how those images do not depict historical events in Idaho.

She mentioned different ideas of how to take care of these issues, such as removing the murals, or temporarily removing the murals by using covering panels. They mentioned giving the paintings to the Idaho history of American Indians to be presented in an exhibit. She stressed that they do not want to lose the history but believes that in a public building where the peoples business is being dealt with, these images should not be on display.

Rep. Snodgrass stated that he is involved with interior work and by removing these images, they would be ruined. He inquired if there is any other processes available.

Rep. Henbest stated that research on how to remove the murals has been done and is being done to preserve the history.

Rep. Andrus inquired if only the offensive murals would be covered.

Rep. Henbest stated that all the murals would be covered, not just the offensive ones.

Rep. Bilbao inquired what the historical society, or arts commission suggested to do with this issue.

Rep. Henbest stated that all the ideas will come when made into a bill.

**MOTION:**

Rep. Pasley-Stuart moved to introduce **RS17759C1**.

Rep. Andrus inquired of the groups that reviewed the murals before the sessions and if there was any opposition from them?

Rep. Henbest stated that there has not been a consensus from the Indian Council

Rep. King stated that she is in favor of the motion because she would like to see this have a full hearing.

**MOTION:** The motion carried by voice vote.

Chairman Loertscher announced the meeting to be the following day, Friday, February 15<sup>th</sup>, 2008 at 9:00am.

**ADJOURNED:** There being no further business, the meeting was adjourned at 10:30am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 15th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Andrus, Bilbao, Labrador, Crane, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Rusche, King

**ABSENT/ EXCUSED:** Representatives Snodgrass, Pasley-Stuart

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**PRESENTATION:** Leslie Goddard from the Human Rights Commission presented information to the committee. She gave a brief history of the Human Rights Commission which was instigated because of civil rights laws prohibiting discrimination in 1969. She went into detail of what those discriminations included such as age, race, gender, and so on. The mission of the Commission is to administer state and federal anti-discrimination laws in Idaho in a manner that is fair, accurate, and timely; and to work towards ensuring that all people within the state are treated with dignity and respect in their places of employment, housing, education, and public accommodations.

The Commission is made up of nine appointed Commissioners and the Commission is a state agency with eleven full time positions. The Commission's primary responsibility is to accept complaints from the public and decide if the anti-discrimination law was violated. When the decision is made that the anti-discrimination law was violated, the Commission then tries to resolve these cases informally instead of formally in court. On average the Commission receives over five hundred complaints; majority of them in favor of the employer. She stated that the Commission pushes for the employer and the employee to resolve the discrimination issue within the work place to avoid public record of the discrimination. If the employer and the employee do not resolve this issue off the record, then the case is taken to district court.

Leslie Goddard went over the handouts which included the Human Rights Commission Performance Measurement Report (see attachment 1), the Fiscal Year 2008 Appropriation Status Report (see attachment 2), the Commissions Strategic Plan Fiscal Year 2008-2011 (see attachment 3), and three Human Rights Commission brochures (see attachment 4, 5, &6). She stated that the strategic plan helps develop the performance report. The Commission drafted a new strategic plan in 2006 with the input from Commission staff and Commissioners. The values for the strategic plan are

to respect the principles of civil rights laws, respect for all the people with whom we deal, and to give public service. She also mentioned the case in which a business is not disability accessible. Individuals call the Commission and the Commission will then send a notice to the business to explain the problem. She stated that usually the company is unaware of the problem and is more than willing to accommodate for more customers. If a business does not respond to the notice then the Commission would take the case to a formal complaint which is dealt with in district court. The Commission has been able to avoid taking these accessibility cases to court.

She mentioned the Commissions benchmarks such as improving administration of state and federal anti-discrimination laws, raising public awareness of the significance of human rights issues, and to hire and retain a professional staff committed to civil rights work. She also mentioned survey cards that are sent out after a group or individual works with the Commission to obtain awareness of satisfactory from customers. From all of the surveys returned in 2007, each survey was satisfied at one hundred percent. The benchmark for respondents reporting with the Commission's case handling was eighty five percent. She briefly went over other performance measure benchmarks and how the Commission measured up to those benchmarks.

Rep. Andrus inquired about individuals that work with the Commission and if they come with legal council.

Leslie Goddard stated that the individuals do not sit down with the Commission, but instead they file a complaint with the staff.

Vice Chairman Anderson inquired of the term length for Commissioners.

Leslie Goddard stated that the Commissioners are appointed and there is no set term.

Rep. Rusche inquired about the Commission's excess funds and if those funds are returned to the states general fund.

Leslie Goddard stated that general fund revenue that is left over goes back into the general fund, but all federal funds that are left over carry over to the next year.

Chairman Loertscher thanked Leslie Goddard and the Human Rights Commission for presenting this beneficial information before the committee.

**RS17858:**

Representative Lynn Luker presented **RS17858** to the committee. He stated that this legislation deals with property tax reform. The resolution authorizes the Legislative Council to establish an interim committee to undertake a complete study of the Idaho property tax system. The objective of doing this is to determine if such expenditures might more reasonably be covered from other revenue sources, to focus on property tax expenditures within the justice system courts, and to make recommendations to provide property tax relief while encouraging economic development. He stated that this is a continuing problem among all legislators constituents. This legislation will help take a comprehensive look at the property tax system as a whole.

Rep. King inquired if the new interim committee will start with the recommendations made by the Idaho property tax interim committee in 2005?

Rep. Luker stated that would be a prudent and reasonable thing to do.

Rep. Shepherd stated that the property tax system is a large problem.

**MOTION:** Rep. Shepherd moved to introduce **RS17858**.

Rep. Rusche stated that this legislation is a good idea. The legislature is looking at what they require from the local governments and to see if requirements can be funding through something other than the property tax fund.

**MOTION:** The motion carried by voice vote.

**RS17842 & RS17843:** Heather Reily, Deputy Ada County Prosecuting Attorney, representing the Idaho Prosecuting Attorneys Association, introduced **RS17842 & RS17843** to the committee. She stated that if these two RS's are printed they would be referred to Judiciary Rules and Administration. What this legislation is seeking to do is to enhance penalties for repeated violations of no contact order or violations of protection order issued by a court. Currently under law if a defendant is convicted of violating either a no contact order or protection order they are charged with a misdemeanor. For violation of a no contact order, the maximum sentence is a one thousand dollar fine, and/or up to one year in jail. In the context of a protection order violation, the defendant can be sentenced up to five thousand dollars and/or up to one year in jail.

What the Idaho Prosecuting Attorneys Association is asking of the Idaho Legislature is to consider a defendant who repeatedly violates either a no contact or protection order, on a second offense, within ten years, be charged with an enhanced misdemeanor. The penalty would be up to two years in jail, and/or up to a two thousand dollar fine. The decision is discretionary to allow leeway regarding the case. In addition, a third violation of a protection order or no contact order within a fifteen year time frame may result in a felony conviction with up to five years in jail and/or up to a five thousand dollar fine.

Heather Reily stated that they have modeled the language of this proposal after current legislation such as driving under the influence and others. The main goal of this legislation is to further protect victims that have been found to have a need for these protection orders.

Rep. Crane stated that he feels these are both necessary pieces of legislation and that they deserve a full hearing.

**MOTION:** Rep. Crane moved to introduce **RS17842 & RS17843** with recommendation to send to Judiciary Rules, and Administration.

Rep. King inquired about the length of time protection orders are enforced.

Heather Reily stated these protection orders are enforced up to a year. After the expiration of this protection order, the petitioner must go before the court again and seek an additional time period for the protection order.

Rep. Bilbao inquired about the percentage of protection and no contact orders that fall into further violation. Of those further violations, do the repeating offenses become more violent?

Heather Reily stated that she does not have specific information regarding those particular percentages. Repeated violations do result in more violence. She indicated that currently when repeated violations are presented, they all come up as a first offence, so there is no way to track that information accurately.

Rep. Luker inquired what judges usually sentence on the first and second offenses of violating these orders.

Heather Reily stated that each offense can only be charged as a first offense under current law. She mentioned that the sentence depends on the underlining situation. An example would be thirty days in jail with work release.

Rep. Luker inquired if judges are already using their progressive punishment statute, then why do we need enhanced penalties?

Heather Reily stated the current penalties are not severe enough to stop repeated offenders.

Rep. Labrador mentioned the state policy regarding misdemeanors saying that the state has already decided a six to twelve month sentence was severe enough for misdemeanors.

Heather Reily stated that six months for domestic battery is not enough, but that has been in law, so this legislation works with those statutes to make punishments relevant.

Rep. Kren inquired if a defendant would have the ability to plead guilty to multiple order violations as a first offense.

Heather Reily stated that yes they would be able to amend the charges down with agreement by both parties.

Rep. Mathews stated that he agrees this legislation deserves a full hearing. He inquired about the no contact order and the situation of two parents within this order ending up at a function because of their child.

Heather Reily stated that situations like that would be determined beforehand by the judge. If the judge states that they are not to be in the same place, the individual that has the order put upon them is responsible to leave.

**MOTION:** The motion carried by voice vote.

**S1342:**

James Aydelotte, Bureau Chief of the Bureau of Vital Records and Health Statistics in the Department of Health and Welfare, introduced **S1342** to the committee. He stated that **S1342** is in relation to persons authorized to perform a marriage. The section of Idaho Code that list person authorized to solemnize, or perform, marriages is not clear and can lead to instances of persons solemnizing marriages who are not authorized to do so. This causes a hardship for the couple because the marriage certificate cannot be filed. The purpose of this change is to make the language of the statute easier to understand so these problems can be avoided.

He stated that **S1342** will clarify the list of Idaho officials that can solemnize a marriage. The legislation will continue to recognize marriages solemnized by priests and ministers as it has before. Additionally, the legislation adds Indian tribal judges and Idaho Indian tribe-approved officials to clarify current practice.

**MOTION:**

Rep. Labrador moved to send **S1342** to the floor with a do pass recommendation. The motion carried by voice vote.  
Rep. Labrador will carry **S1342** to the floor.

Chairman Loertscher announced the next State Affairs committee meeting to be Monday, February 18<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:**

There being no more business, the meeting was adjourned at 10:02am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 18th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Kren, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Representatives Labrador, Crane, Vander Woude

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**PRESENTATION:** Kitty Kunz, Director of the Idaho Women's Commission, presented information to the committee. She thanked the committee for allowing her to present today. She handed out the Idaho Women's Commission 2007 Performance Report (see attachment 1). She stated that the Commission was founded in 1965 by Governor Smylie. They are part of the Office of the Governor.

She stated that the Commission has volunteer commissioners and a Director appointed by the Governor. The Purpose of the Idaho Women's Commission, as defined in code, is to encourage women to make social, political, and economic contributions to their communities and to stimulate the development of strong families. It helps Idaho women become self sufficient. The Commission provides a road map to women and families that will help them get off and stay off welfare. The road map is the Commissions book; "Idaho Laws, a Guide for Women and Families". She stated that every edition is updated and reviewed by experts. She gave a hand out titled "A Roadmap to Self Sufficiency" (see attachment 2) which is brief synopsis of each chapter in this book. The chapters contain information to help women and all Idahoans achieve self-sufficiency. The Commission offers information for life from birth to death.

Kitty Kunz stated that in November of 2006 they completed the latest printing of the Commission's book. The Commission has distributed over eleven thousand copies of the fifteen thousand printed. She stated that the next edition is scheduled to be updated this upcoming fall. The Commission has revived a three thousand dollar grant from the Idaho Law Foundation to help in that publication. She handed out two thank you letters from agencies that have used the Commission's book (see attachment 3 & 4).

She stated that all segments of Idaho's population from juveniles to seniors want and need the roadmap the Commission offers. She stated that the main goal of the Commission is to educate women and families. The Commission participated in regional and statewide conferences and seminars helping women all across Idaho. She stated that she receives many calls and emails from women and men throughout Idaho. Many of the calls fall unto three categories: needing legal help, starting a business, and education. She concluded saying that the Commission is always looking for ways to improve and appreciate any suggestions from the Legislature.

Rep. Luker inquired about fiscal year 2007 and the trustee/benefit payments.

Kitty Kunz stated that those funds were set aside for printing but were not needed.

Vice Chairman Anderson inquired about the Commissioners term length.

Kitty Kunz stated that the term was three years.

**ADJOURN:** There being no further business, Vice Chairman Anderson adjourned the meeting at 9:23am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 19th, 2008

**TIME:** 8:15am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Crane, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Vice Chairman Anderson

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:15am with a quorum present. A silent roll was taken. He announced the new State Affairs page to the committee, Jordan Wilson.

**MOTION:** Rep. Bilbao moved to approve the minutes from February 12<sup>th</sup>, 2008 as written. The motion carried by voice vote.

**MOTION:** Rep. Bilbao moved to approve the minutes from February 13<sup>th</sup>, 2008 as written. The motion carried by voice vote.

**MOTION:** Rep. Bilbao moved to approve the minutes from February 14<sup>th</sup>, 2008 as written. The motion carried by voice vote.

**SCR125:** David Hensley, Legal Councilor to the Governor, introduced **SCR125** to the committee. The purpose for **SCR125** is to ratify motor fuel tax agreements between the Coeur d'Alene, Kootenai, Nez Perce and Shoshone-Bannock Tribes and the Governor. (To clarify the effective dates of the agreements and the date, each agreement was signed by the Governor, and representatives of the tribes.) He stated that the committee has copies of each agreement (see attachments 2, 3, 4, & 5) and an executive summary (see attachment 1).

He gave a brief overview of the negotiations that took place upon these agreements. (The agreements between the Governor and the tribes were only regarding motor fuel tax.) The parties agreed to adhere to the statutory deadline of December 1<sup>st</sup>, 2007. This was determined in **H249** in the previous session of the Idaho Legislature. The Governor and the Tribes agreed to negotiate individually so they were able to address each unique situation. He listed benefits from these agreements stating that the agreements provide tax clarity today and in the future. The tribes will charge the same fuel tax per gallon as the state and if the state increase its motor fuel tax, the tribes will as well. He went into detail about the diesel tax situation within the state and within the tribes. He went through the specific tribes and what was included in the agreement and how tribal fuel taxes

would be spent. He stated that this current resolution is a good opportunity for the Idaho Legislature to provide a positive statement of support and to recognize the hard work from all parties involved.

**MOTION:** Rep. Bilbao moved to send **SCR125** to the floor with a do pass recommendation.

Rep. Shepherd stated that because of her district's opinion on this issue, she will be voting Nay on **SCR125**.

**MOTION:** The motion carried by voice vote with one Nay recorded by Rep. Shepherd.

**RS17921:** Representative Curtis Bowers introduced **RS17921** to the committee. He stated that this legislation is to commend the Boise Rescue Mission on fifty years of service in the Treasure Valley. He went into detail on the Rescue Mission and services they have done such as providing shelter, meals, toys for children, encouragement, counseling, and hope to families.

**MOTION:** Rep. Mathews moved to introduce **RS17921** and send to the second reading calendar. The motion carried by voice vote.  
Rep. Bowers will sponsor on the floor.

**RS17951:** Representative Lynn Luker introduced **RS17951** to the committee. He stated that this legislation is familiar because it was presented at a earlier time in this committee. After that earlier legislation was printed the City of Boise had reasonable suggestions that they felt were significant enough to present a new proposal. He briefly went over the changes of this legislation stating that this first clarifies Category A annexation, which requires consent of all property owners, and that it may extend beyond the area of impact so long as the comprehensive plan includes the area of annexation.

The second issue Rep. Luker mentioned was consent. Currently consent is implied when a property owner hooks up to either city water or sewer services. No notification is required to advise that hooking up to those services constitutes consent to be annexed, and no written acknowledgment is necessary verifying that a property owner intended to consent to annexation. Under these amendments, cities are not prohibited from requiring consent to sewer or water services, however; such consent must be given in writing, and not simply implied by the hook up. Changes also clarify the procedure for obtaining Category C annexation consent by removing the requirement to collect objections.

**MOTION:** Rep. Rusche moved to introduce **RS17951**. The motion carried by voice vote.

**PRESENTATION:** Dyke Nally, Superintendent of the Idaho Liquor Dispensary, presented information before the committee (see attachments 6 & 7). He gave a brief overview of the Liquor Dispensary and why the state is in this particular business. He stated that the Liquor Dispensary was established in 1935 as a means of providing greater control over the distribution, sale, and consumption of liquor.

Dyke Nally briefed the committee on the history of states given the right of distilled spirits. By doing this, the state is able to regulate the traffic of liquor

sales and consumption, and understands that it would help minimize the social cost of alcohol problems. He brought up neighboring states that have privatized liquor stores and their overwhelming amount of stores and lengthy, late hours. He mentioned the important fact of taxes on alcohol and how that revenue significantly helps the state. He stated that some things should be privatized if they are more efficient and cost less but in the case of distilled spirits, those qualities would not apply.

He mentioned the Dispensary's central office and warehouse which is located in Boise. All aspects of the business, including purchasing, accounting, information technology, human resources, contracts, and store supervision are administered by a central office staff. He stated that the warehouse is eighty three thousand square feet and inventories about one hundred and forty thousand cases valued at seven to eight million dollars. He compared the new warehouse system to the old and stated how efficiently the new system works.

Larry Maneely went over the objectives and performance measures for 2007. The first goal was to maintain low per capita consumption of distilled spirits in Idaho. He listed the strategies for this goal and how the Dispensary measured up last year. The second goal is to maximize financial returns to the state by operating an efficient wholesale and retail business operation. He listed the three performance measures in place to regulate this goal. The Dispensaries third goal is to develop a human resource succession plan. He mentioned the hiring processes of the employees. He went into detail of the appreciation the Dispensary has for their employees. Goal four deals with information technology enhancements. He explained that contract liquor stores have been updated with DSL internet equipment that allows to keep inventory, and help employees with transactions. The fifth goal is to support statewide educational programs to reduce youth access adult alcohol abuse and strengthen local prevention programs. The last goal is to establish a document management system. This system is to efficiently manage the creation, use and disposition of all records, as well as minimize legal risks, ensure regulatory compliance, and preserve necessary documents.

Rep. Black inquired about the Dispensaries expansion and if that would involve equipment or building.

Larry Maneely stated that the building warehouse is expanded and can now hold forty percent more liquor than before because the racks go from the floor to the ceiling. With new technology, the crates are retrieved by robot. He invited the committee to come take a tour of the new warehouse.

Rep. Rusche inquired about the distribution of profits and where those funds go.

Larry Maneely stated that within the agency performance measurement report (see attachment 6) there is a table that breaks down where all funds are distributed. He mentioned how those percentages were determined and that those percentages are set in code.

Chairman Loertscher thanked the Idaho Liquor Dispensary for the beneficial information that was presented. He announced the next State Affairs committee meeting for the following day, Wednesday, February 20<sup>th</sup>, 2008 at 8:15am.

**ADJOURN:** There being no more business, the meeting was adjourned at 9:30am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 20th, 2008

**TIME:** 8:15am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Stanik, Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representative Snodgrass

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:00am with a quorum present. A silent roll was taken.

**PRESENTATION:** Larry Johnson from the Idaho Endowment Fund Board presented a power point presentation (see attachment 1) to the committee. He gave a brief overview of the Endowment Fund Board and what the overall mission is for the board. The Endowment Fund mission is to provide professional investment management services to our stakeholders consistent with our constitutional and statutory mandates. He explained the management of Idaho's endowment assets and related activities.

Larry Johnson stated the goals of the Endowment Fund Board. The goals are to develop a prudent long-term investment strategy. Select the best portfolio managers and other agents to execute that strategy. Diligently evaluate performance over time. Develop an effective spending policy (for the land grant endowments), and help the clients fulfill their fiduciary responsibilities and communicate with its stakeholders. He went into detail of the four portfolios that the Endowment Fund manages.

He mentioned the Endowment Fund Investment Board and the members that make up that board. There are nine members, appointed by the Governor and confirmed by the Senate. One Senator, one Representative, one professional education, and six members of the public make up the Board. The Board meets at least quarterly and has a full time staff of four. He recognized each member of the board which included Representative Max Black.

Larry Johnson mentioned portfolio management stating that most portfolio management within the Endowment Fund is based on "mean variance optimization" asset classes, which is a mathematical way of determining the right level of diversification. The long-term return expectation, the mean, would include the stock markets or bonds. The expected volatility, the variance, and correlation with other assets, the optimization.

Larry Johnson explained the structure of the Endowment assets which include the permanent assets, available reserve, and spendable funds. The permanent assets include the land assets, land bank, and the permanent fund. The permanent fund includes seventy percent equities and thirty percent fixed income. Within the permanent fund, only earnings can be spend. He mentioned information on the available reserve, and spendable funds. Larry Johnson listed the land grant endowment beneficiaries which include public schools, hospitals, the penitentiary, and so on.

He went into detail of the responsibilities of the board of lands commissioners. Also the responsibilities of the Endowment Fund Investment Board. Those responsibilities include determining investment policy, recommend allocation of earnings reserve to the Land Board. Select and monitor investment managers, and to select and direct staff. He mentioned the responsibility of Endowment Board to work with the Idaho Legislature. Some of the responsibilities between the Endowment Board and Legislature are to legislate operating guidelines, including purchasing power protection and method of restoring losses to the Public School and Ag College funds. Appropriate earning reserve funds for operation of Dept. Of Lands and Endowment Fund Board and to consider approved endowment distributions in setting beneficiary appropriations. Larry Johnson also covered the spending policy strategic objectives which were adopted by the Endowment Fund board under consideration by the Land Board. He briefly covered the Endowment Funds key performance measures which included the judges' retirement fund, and state insurance fund key performance measures.

Chairman Loertscher inquired about the reason for the shortfall in the judges' retirement fund.

Larry Johnson stated that in '03 and '04 the judges' fund had a different investment structure. The structure was corrected to better those investments.

Rep. Stanik inquired about the prohibited investments.

Larry Johnson stated that prohibited investments would prohibit managers from buying high-risk bonds and making bad investments.

Rep. Pasley-Stuart inquired of the total asset size.

Larry Johnson stated that the Endowment Fund asset size is at one point one eight billion dollars.

Rep. Vander Woude inquired about the percent for investments.

Larry Johnson stated that for the Endowment Fund, the percent is around seventy percent.

Chairman Loertscher thanked Larry Johnson for presenting information on the Idaho Endowment Fund to the committee.

**RS17869:**

Liza Carberry, Investment Manager for the State Treasurer's Office, introduced **RS17869** to the committee. She introduced Julie Weaver from the Attorney Generals Office to help answer technical questions that may arise regarding this legislation. Liza Carberry gave a brief history and

overview of the Idaho College Savings Program.

The reason for the proposed legislation is an increase in savings account owners making a deposit to their account on December 31<sup>st</sup>, taking the generous Idaho tax deduction, and then quickly rolling the funds into another state's program in January. She stated that this process is inconsistent with the tax deduction's purpose of encouraging participation in the Idaho College Savings Program. In response to this problem, this legislation limits the period in which a rollover is taxed to twelve months after the funds are deposited and provides that an account owner is only taxed on deposits made by the account owner.

**MOTION:** Rep. Labrador moved to introduce **RS17869**. The motion carried by voice vote.

**RS17928:** Representative George Eskridge introduced **RS17928** to the committee. He gave the history of the National Purple Heart Trail that was established in 1992 (see attachment 2). This legislation will add a new section that will designate a portion of Interstate I-90 location in Idaho as Idaho's portion of the Nation Purple Heart Trail. He stated that thirty eight states currently have a trail designated. The Idaho Transportation Department will not expend any state funds required to design, construct, to erect signs and markers.

Rep. Rusche inquired if this trail is connected with other Purple Heart Trail highways.

Rep. Eskridge stated that was the idea. By designating I-90 as Idaho's trail, it will connect with Washington and Montana.

**MOTION:** Rep. Mathews moved to introduce **RS17928** and send to the second reading calendar. The motion carried by voice vote.

**RS17932:** Liza Carberry, Investment Manager for the State Treasurer's Office, introduced **RS17932** to the committee. She stated the College Savings Program Board recently completed a successful transition to a new program manager. During the transition, the Board and the incoming program manager determined that minor adjustments and clarifications to the statutory provisions governing the program will aid in the administration of the program. She mentioned the changes in this proposal which requested changes to definitions clarifying who can own an account and be identified as a beneficiary. This will align the definitions used in the statute with the Internal Revenue Code. New language will allow the Board to authorize minors to open accounts. This will encourage young people to save for their own education. Lastly, a new section clarifies when dormant accounts will be subject to the unclaimed property laws.

Rep. Luker inquired about the state or local government organization being an account owner.

Julie Weaver stated that language is to allow these organizations the right to an account for scholarship reasons.

Rep. King inquired about the definition of an eligible educational institution.

Julie Weaver stated that any education institution that accepts student loans is considered an eligible education institution.

Rep. King inquired if an account owner decides not to participate in higher education, then what happens to the funds?

Liza Carberry stated that the owner can designate another account beneficiary or the moneys can be withdrawn. That withdrawal will result in a ten percent charge along with taxes that will be taken out by the state.

**MOTION:** Rep. Luker moved to introduce **RS17932**. The motion carried by voice vote.

**RS17946:** Steve Tobiason introduced **RS17946** to the committee. He stated that this legislation helps keep consistency between Federal and State law defining the term terrorism in fire insurance policies issued in the state of Idaho. The legislation is needed because of a recent change in Federal law Terrorism Risk Insurance Act (TRIA) which was effective December 31<sup>st</sup>, 2007. He stated that if we printed this bill, it would receive a full hearing in the House Business Committee.

Rep. Luker inquired if the Federal law required this change.

Steve Tobiason stated that it was not a mandatory change but that they are trying to maintain consistency.

Rep. Luker inquired why the Federal Government is involved to this extent.

Steve Tobiason stated that these procedures were presented after the events on September 11<sup>th</sup>, 2001. He stated that acts like that could literally wipe out an insurance company so the Federal Government came up funding to help when these tragedies arise.

Rep. Luker inquired when the decision is made whether an attack was a form of terrorism and if a insurance company can refuse service to clients before the government determines an act a form of terrorism.

Steve Tobiason stated that he was unsure of that information but would get back with Rep. Luker.

**MOTION:** Rep. Stevenson moved to introduce **RS17946** and recommend that it be referred to the House Business Committee.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, February 21<sup>st</sup>, 2008 at 8:30am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:12am.

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Representative Thomas Loertscher  
Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 21st, 2008

**TIME:** 8:30am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Stanek, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:30am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Pasley-Stuart moved to accept minutes as corrected from the February 15<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.

**H531:** Roger Batt, representing the Idaho Seed Association, the Idaho Mint Growers Association, and the Idaho Ground Waters Association, presented **H531** to the committee. He handed out a list of supporters for this legislation (see attachment 1) and said that he is unaware of any opposition regarding this proposal. He briefly went over the legislation and the changes it makes to help feasible negotiated rulemaking. The changes would require agencies to publish notice of negotiated rulemaking on their website (if the agency has a website), make agency information concerning the proposed rule available to participants in the negotiated rulemaking process, consider and respond to recommendations of participants in the negotiated rulemaking process, and make those recommendations and agency responses part of the agency record available to the public in any formal rulemaking. He went into detail of agency agreements being in written record instead of oral agreements during negotiations. Lastly he mentioned that he is unaware of any fiscal impact to the state and that an emergency clause does exist on this legislation so agencies are not required to wait until July 1<sup>st</sup> to implement these new rulemaking procedures.

Rep. Stevenson inquired if this legislation is giving more credence to written agreements than oral agreements.

Roger Batt stated that oral agreements do not mean the agreement will not go through but that the agreement is not included in formal public record. This legislation will require those agreements to be in a written format.

Rep. Rusche inquired if the negotiated rulemaking meetings were open meetings.

Roger Batt stated that the negotiated meetings are open to the public.

Rep. Luker inquired about the written summary.

Roger Batt stated that the written summary must be published on the agencies' homepage of their website (if the agency has a website).

Rep. King inquired about the penalties for not following these negotiated rulemaking changes.

Roger Batt gave examples of why these negotiated rulemaking procedures may not work and/or apply to certain negotiations, so there are no penalties.

**MOTION:** Rep. Stevenson moved to send **H531** to the floor with a do pass recommendation.

Norm Semanko, Executive Director for the Idaho Water Users, spoke in favor of this legislation.

**MOTION:** The motion carried by voice vote.

**PRESENTATION:** John Chatburn from the Idaho Racing Commission presented information to the committee. He handed out packets to the committee members which included the Racing Commission's Strategic Plan for Fiscal Years 07-12 (see attachment 2), Performance Measurement Report (see attachment 3), 2006 Annual Report (see attachment 4), and 2005 Annual Report (see attachment 5).

He stated that the 2007 Annual Report has not been approved by the Governor and that is why the information is not supplied to the committee. John Chatburn referenced Fiscal Year 2007 and read information from the report that is under consideration by the Governor. He went into detail about where funds from Idaho races are distributed which include Idaho schools, racing tracks, etc.

Rep. Black inquired about the distribution of revenue from races.

John Chatburn stated that information is in the Fiscal Year 2007 report. He explained Commission expenditures for races. The Commission in 2007 had an expenditure deficit of twenty three thousand dollars. The Commission has increased licensing fees to help make up that deficit.

Rep. King inquired about previous legislation that was presented in the House State Affairs committee regarding purse moneys for Idaho breeders.

John Chatburn explained that the legislation had passed through both bodies this session, so the success of this legislation being implemented has not yet been evaluated.

Rep. Vander Woude inquired if the Commission has a reserve account to maintain moneys when there is a deficit.

John Chatburn stated that the Commission does have a fund that can grow to the amount of four hundred thousand dollars. If the balance is over four hundred thousand, then the remaining funds are distributed to the first district accounts for race tracks.

Chairman Loertscher thanked the Idaho Racing Commission for the beneficial information that was presented to the committee.

**HJM7:**

Representative Peter Nielsen presented **HJM7** to the committee. He gave a brief history of this legislation and why he is involved and stated that he is a father of eight children with many grandchildren. He is concerned for their well-being regarding media and the Internet today. The purpose of this legislation is to protect the physical and psychological well-being of Idaho's children and employees by shielding them from inappropriate materials located on the Internet. This will be done by the United States Congress taking action to help stop children and employees from accessing Internet pornography by facilitating a technology based solution that allows parents and employers to subscribe to Internet access services that exclude adult content.

Rep. Nielsen referred to a letter from the Idaho Office of the Attorney General (see attachment 6). This letter reiterated that in order to fight this issue, Idaho will need the help of US government. He went over the letter in more detail stating that the first step to take is a resolution.

Rep. Snodgrass inquired if the Internet port offered would be an additional cost to the port subscriber.

Rep. Nielsen stated that the port would not cost extra to use. He then introduced Craig Cobia to further testify on **HJM7**.

Craig Cobia from Sugar City, Idaho testified in favor of **HJM7**. He started by explaining why he is involved with this legislation by sharing a story of a friend that suffered from a pornography addiction. He expressed the responsibility Idaho has towards its children and employers to help prevent this adult content from being so accessible. He talked about the economic effect pornography has if accessed in businesses.

Chairman Loertscher inquired how the port operates.

Craig Cobia stated that he is not a technology expert but that a port is better than a filter because the adult content is not on the port, so it is impossible to access.

**MOTION:**

Rep. Crane moved to send **HJM7** to the floor with a do pass recommendation.

Rep. King stated that she is concerned about the many technological challenges stated in the letter from the A.G.'s office.

Craig Cobia explained that this legislation will be sent to Congress where it can researched by experts to sort out the technology problems.

Rep. Mathews stated that he supports the motion because this gives the people of Idaho the choice to access this port.

Rep. Labrador stated that he shares the same concerns as Rep. King. He feels the solution to this issue is not specific enough, but he is willing to pass this legislation to see what the Congress can do with it.

**MOTION:** The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, February 22<sup>nd</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:28am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 22nd, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Black, Snodgrass, Bilbao, Crane, Labrador, Vander Woude, Luker, Mathews, Shepherd(2), Stanek, Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representatives Stevenson, Andrus, Kren

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken

**H518:** Lynn Tominaga presented **H518** to the committee. He first stated that this legislation is not sponsored by the Idaho Ground Appropriators but instead the Lindsey Lateral Water Users Association. He handed out a letter from the Association of Idaho Cities that list supporters for **H518** (see attachment 1). He gave a brief history of why this legislation was drafted saying that the Lindsey Lateral Association is a water users group that supplies water to lands in the Boise area. The present system is forty to fifty years old and is in need of repair or replacement. After reviewing finance and restructure for this new system, it came to the realization of the Association that some property owners wanted to get out of the Associations services. The current law could not let these individuals out of the local improvement district (LID) unless consent from all other property owners within the area of impact was obtained.

The purpose of this legislation is to allow the sponsoring governing body the ability to include or exclude property owners and address the property assessment in a modified local improvement district. The present law only allows a modified local improvement district inclusion or exclusion by unanimous agreement of all property owners.

Rep. Snodgrass inquired if this legislation would include individuals that do not want to be included.

Lynn Tominaga stated that the legislation included that language to keep the language consistent. He stated that they are not opposed to adding that a written consent be required before a property owner is included.

Rep. Labrador stated that this legislation allows purchasing by the council without the vote of the people and he is not okay with that.

Lynn Tominaga stated they are willing to make amendments to this legislation regarding these issues because these issues would not change the intent of this proposal.

Rep. Labrador inquired about the difference between a modified district and a regular district.

Lynn Tominaga stated that with a regular LID, you are always entitled to the benefits you receive within the LID. A modified LID allows people to be included or excluded from these benefits.

Rep. Vander Woude pointed out that this legislation also gives the council the right to keep individuals in the LID even if they wish to be excluded. He also stated that he feels this legislation is taking away flexibility from the voter and giving it to the city council.

Lynn Tominaga stated that the decision of individuals wanting out of the LID would be made by the city council.

Rep. Bilbao inquired about the percentage of people that were contacted regarding this issue.

Lynn Tominaga stated that there was a petition process. The Association knocked on doors and came into contact with seventy five percent of the people the Association tried to reach. He stated that the Association sent out postcards and letters every time there was a public hearing and that over sixty two percent of the people contacted attended public hearings.

Rep. Luker recapped the legislation to assure that he understood the intent. He inquired if this legislation was an alternative process for an individual to be excluded from the LID?

Lynn Tominaga stated that yes, that was the intent.

Rep. Luker inquired if an individual is able to be excluded, then what happens to the rates for the remaining people in the district?

Lynn Tominaga stated that those rates would be calculated and increased. If those rates became too high for the remaining individuals, then a process of dissolving the LID would begin.

Rep. Labrador stated that the language in this legislation needed to be revised.

**MOTION:**

Rep. Labrador moved to hold **H518** in committee until time certain; the time certain being Wednesday, February 27<sup>th</sup>, 2008.

Rep. Black spoke in favor of **H518** saying that these are problems that need to be solved. He stated that he is in favor of the language of the bill being modified as long as the intent of the legislation is still intact because these provisions are needed.

Rep. Andrus inquired about the language in the bill that requires the consent of the full city council.

Lynn Tominaga stated that by requiring the consent of the full council, this sets the council's decision on a higher standard.

**MOTION:** The motion carried by voice vote.

**RS17978:** David Bennion from CH2MHill introduced **RS17978** to the committee. He gave the history and reasoning for this legislation. The proposed legislation clarifies that energy savings performance contracting is applicable only to existing facilities. This being performance contracting methodology is not applicable to new facilities constructed. New facilities are already required to comply with the provisions of the International Energy Conservation Code, and legislation is being considered that will encourage new facilities to surpass code requirements. The need for this clarification results from public entities attempting to construct new facilities under the performance contracting umbrella.

Rep. Rusche inquired about how performance contracting applies to new buildings.

David Bennion stated that this was the problem because new buildings already have energy saving requirements so performance contracting does not apply.

**MOTION:** Rep. Pasley-Stuart moved to introduce **RS17978** with the recommendation that it be referred to the Business committee. The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be February 25<sup>nd</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:40am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 25th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Vander Woude, Luker, Mathews, Shepherd(2), Stanek, Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Vice Chairman Anderson, Representative Kren

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Luker moved to approve the minutes from February 19<sup>th</sup>, 2008 as written. The motion carried by voice vote.

**MOTION:** Rep. Pasley-Stuart moved to approve the minutes from February 20<sup>th</sup>, 2008 as written. The motion carried by voice vote.

**RS18000:** Representative Ken Roberts introduced **RS18000** to the committee. He stated that this legislation repeals the Smoke Management and Crop Residue Disposal Act administered by the Idaho Department of Agriculture and creates a new statute providing the Department of Environmental Quality (DEQ) with the authority to administer the open burning of crop residue. The proposed legislation requires approval from DEQ prior to the burn and prohibits DEQ from granting that approval if it determines that ambient air-quality levels exceed or are projected to exceed seventy-five percent of the level of any national ambient air quality standard. It sets a two dollar per acre fee for burning crop residue. He also stated that this legislation requires DEQ to conduct further air-quality analysis prior to allowing the burning of more than twenty thousand acres of bluegrass within the state. This legislation also revises the public records act to specifically allow the public disclosure of the names of individuals responsible for the burning, the location, the crop type, the number acres to be burned, and the time of burning.

Rep. Rusche inquired about the exemptions from public record.

Rep. Roberts stated that the names of individuals responsible for the burning, the location, the crop type, the acres to be burned, and the time of burning would be exempt from public record after the passage of this legislation.

- MOTION:** Rep. Mathews moved to introduce **RS18000** and recommend that it be referred to the Environment, Energy, and Technology committee.
- Rep. Stevenson inquired if this legislation only applied to crop residue burning.
- Rep. Roberts stated that yes, it only applies to crop residue.
- Rep. Vander Woude inquired if the fiscal impact was ongoing or a one time fee.
- Rep. Roberts stated that the fiscal impact was ongoing.
- MOTION:** The motion carried by voice vote.
- RS17937C1:** Representative John Rusche introduced **RS17937C1** to the committee. He stated that this legislation deals with the Constitutional Defense Council Fund (CDCF). He explained that the CDCF is made up of the Governor, the President Pro Tempore, the Speaker of the House, and the Attorney General. The purpose of the council is to defend the sovereignty and authority over issues that affect the well being of the state and its citizens. An annual report submitted by the council will report actions taken and money spent, and the legislation will provide for the audit of the constitutional defense council as with other funds.
- Rep. Luker inquired if the report is based off of a calender or fiscal year.
- Rep. Rusche stated that he is unsure but assumes it would be reported on a fiscal year because of the emergency clause that puts this proposal into effect after the passage and approval of this legislation.
- Rep. Luker inquired of how the date of January 15<sup>th</sup> was determined.
- Rep. Rusche stated that the date of January 15<sup>th</sup> was set in this legislation in order to have the reports by the beginning of the Idaho Legislative session.
- MOTION:** Rep. King moved to introduce **RS17937C1**. The motion carried by voice vote.
- RS17849C3:** Representative Lynn Luker introduced **RS17849C3** to the committee. He stated that under current law, the Department of Health and Welfare are required to publish printed material for the purpose of providing information to pregnant patients considering an abortion. This bill requires the Department of Health and Welfare to place that material on a secure website. He stated that this bill also requires physicians or their agents when setting an abortion-related appointment to advise the patient of the website address. This new statute will be in effect on January 1<sup>st</sup>, 2009.
- Rep. Rusche inquired at what point a physician is required to give out the website address containing this information.

Rep. Luker stated that when an individual calls to make an appointment to abort is when the physician is required to refer the patient to the web address.

Rep. Rusche inquired if this information is in addition to currently available printed material.

Rep. Luker stated that was correct.

**MOTION:** Rep. Mathews moved to introduce **RS17937C1**.

Rep. Bilbao stated that he will vote aye for the print hearing but is unsure how he will vote on the bill.

**MOTION:** The motion carried by voice vote with three Nays recorded from Representatives Pasley-Stuart, King, and Stanek.

Chairman Loertscher announced the next State Affairs committee meeting to be February 26<sup>nd</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:21am.

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Representative Thomas Loertscher  
Chairman

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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 26th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Stanek, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**PRESENTATION:** John Norris, General Lafrenz's Executive Office for the Idaho Military Division, presented a power point presentation (see attachment 1) to the committee. He stated that there are four major elements within the Division. Those elements are the Air and Army units, the Joint Staff, and the Bureau of Homeland Security. He noted that last year the Governor and the Legislature moved the Public Safety Communications and the E911 Commission to the Military Division. The National Guard State Mission is to provide Soldiers and Airmen that are trained and ready to assist the citizens of Idaho during emergencies and disasters in a State Active Duty.

He went into detail of the current unit and individual deployments for the Idaho Guardsmen Army Guard. He stated that forty Idaho Guardsmen are in Oklahoma for seventy five days of training and are scheduled to return in May of 2008. There are sixteen Idaho Guardsmen in Afghanistan that will train basic soldier skills to Afghan Army personnel. They are scheduled to return home in December of 2008. He mentioned Deployed Idaho Guardsmen Air Guard that are currently deployed on missions around the world.

John Norris explained what the E911 Commission and also the Public Safety Communications are. Public Safety Communications (PSC) includes a statewide microwave system, two-way radio repeaters, two-way mobile and portable radios, interconnecting wires, cables, fiber optic and any other equipment necessary for the efficient and effective operations of the PSC systems. He stated that the PSC main headquarters are located in Meridian with six other locations around Idaho. He went into more detail on the microwave system that is used and the updates that are being done on that system.

He went over the performance objective for the Military, the Bureau of Homeland Security, and the PSC. He stated that the Military component

represents ninety seven percent of the Division's personnel strength. Both the Army and the Air Force are buying fewer, more expensive weapons systems and many are going robotic. Fewer weapons systems and less manpower means fewer units to distribute to both the Active Services and the National Guard. He stated that the Bureau of Homeland Security is on track to accomplish its strategic objectives. By mid-year 2008 the Bureau will have completed construction of a new facility which will house both the State Emergency Operations Center and the military JOC. This action will allow the Bureau to consolidate and leverage both operations for more comprehensive coverage as well as bring both facilities up to date technologically. He mentioned the performance objectives for the Public Safety Communications. He stated that the Governor created the PSC Governance Council this year which will serve as the public safety interoperable communications policy-making body. The governance council in coordination with the Statewide Interoperability Executive Council (SIEC) will utilize the federally funded Operational Needs Assessment study that will service as the foundation for the state public safety interoperable communications strategic and business plans. He also stated that the Bureau has leveraged four million three hundred thousand dollars in federal grants to create and establish the Idaho Broadband Partnership Project as well as the Idaho Broadband Network with Voice over Internet Protocol.

Rep. Labrador inquired about the procedures being taken at the border for illegal immigration.

John Norris stated that the Guard is patrolling the borders but that they are not armed.

Rep. Black inquired about the status of runway issues.

John Norris stated that those issues are being addressrd and the airport is working on a plan for longer runways for Military use.

Rep. Rusche inquired about the telecommunications network that is used by the Military Division and asked if that system was shared with public television.

John Norris stated that the network is owned by the state and that it was the same system that is used by Idaho Public Television.

Chairman Loertscher thanked John Norris and the Idaho Military Division for the beneficial information that was presented.

**H458:**

Tim Hurst from the Office of the Secretary of State presented **H458** to the committee. He stated that this legislation cleans up and clarifies various laws relating to elections. Some of those changes include the ordering of names on an election ballot, election procedures, and the filing office for the recall of special district officers. It also clarifies the state's responsibility for covering the cost of the Presidential Preference Primary Election.

He went into detail of the cost and time spent with the rotation of names on a ballot and how switching to a random alphabet order each election would be more cost efficiency for the districts hosting the election. He stated that districts would save on average forty five thousand dollars per election for organizing ballots this way.

Regarding bond elections, this legislation would change the current statute that requires bond elections to be every six months and change it to every five months. He explained that by doing this it would allow bond elections to occur every minor and major election instead of having to wait a year for the elections.

Rep. Snodgrass inquired if there has been any scientific evidence proving that the order of names on the ballot does not change the outcome of votes cast during an election.

Tim Hurst stated that California Tech has done many studies regarding these issues. He stated that the studies go both ways and that being first or last on a ballot does not make a difference to a voter. He also stated that with rotating names, there is higher room for error instead of the names being the same on each ballot.

Rep. Rusche inquired about the bond levy and if that included school levies.

Tim Hurst stated that it is not included because those are under different rules then are referred to in this legislation.

Rep. Rusche inquired if the random alphabet is applied to all election ballots across the state.

Tim Hurst stated that yes, the whole state would prepare ballots with the same random alphabet for that election. He also mentioned that other states that use the random alphabet only use one random alphabet for the whole state per election.

Rep. Luker inquired if changing the bond statute from six to five months would make it easier to pass bonds.

Tim Hurst stated that it would not make it easier but would allow a bond to be presented every major and minor election instead of only in one or the other. He mentioned that minor elections have smaller voter turnout and that more people should be voting on these issues.

Rep. Mathews inquired about the county clerks responsibilities being stricken within the legislation.

Tim Hurst explained that through out the bill, language defining the responsibilities of the county clerk is there to clarify what was stricken.

Rep. Mathews inquired if the clerks are elected.

Tim Hurst stated that they are elected.

Rep. Luker inquired about the money that is given back to the county during primary elections.

Tim Hurst stated that counties will be saving money during primary elections because of the money they are not spending on rotating names on a ballot. He stated that by replacing the current rotation of candidate names on the ballot and ordering names based on a random alphabet there is a projected savings to the counties of approximately forty five thousand in each general election and a little less for primary elections.

Rep. Luker inquired if there are other options that other states use other than rotating names or the random alphabet?.

Tim Hurst stated that he surveyed other states and the majority used either rotation of names or random alphabet. He stated that some use a draw box for names on a ballot.

**MOTION:**

Rep. King moved to send **H458** to the floor with a do pass recommendation.

Rep. Snodgrass stated that he even though he would like to save money for the counties; he does not agree with changing the rotation of the names to a random alphabet.

Rep. Stevenson stated that he supports the motion because he has seen rotating names on a ballot in error before. If the clerk doesn't catch that the rotation is off, then the computer counts the votes incorrectly.

Rep. Anderson feels that it is contradictory to say that evidence proves that it doesn't matter what order names are on a ballot yet still require a random alphabet for each election.

Rep. Rusche stated that he supports the motion. He feels that this legislation will help minimize error when obtaining ballots.

Chairman Loertscher stated that there are test decks in place before elections to test ballots before votes are cast. He stated that the process of rotating has never been a technical issue.

Rep. Labrador stated that he is uncomfortable with the bonds section of this bill. He feels that if bond elections are able to be presented every election, then people might feel obligated or pressured to vote for the bill after seeing it so many times on the ballot.

Rep. Snodgrass inquired about the error within rotating names and when those errors occur.

Tim Hurst stated that the mistake could happen before the election if the clerk messes up the position of names on a ballot. The machine that counts the votes would be off and would not count votes correctly.

Rep. King spoke in favor of the motion. She stated that simplicity is better and that this legislation eliminates error in voting.

Rep. Labrador inquired why this legislation is not dealt with at a district or precinct level.

Tim Hurst stated that by doing it statewide, it will lesson confusion for the voters and all elections procedures will remain consistent.

Rep. Andrus spoke against the motion stating that some issues in this legislation he agrees with, but others, he does not.

Rep. Luker stated that with the time limit on bond issues being changed to five months, this allows bonds to be presented at every minor election and he feels that more people should be voting on these issues. He stated that he agrees with the ordering of the election ballot names but does not agree with the bond voting section of this legislation.

**SUBSTITUTE  
MOTION:**

Rep. Luker made a substitute motion to send **H458** to general orders with committee amendments attached. The motion failed by voice vote.

**MOTION:**

The original motion carried by roll call vote with ten Ayes and eight Nays recorded.

Representatives Stevenson, Black, Bilbao, Crane, Kren, Shepherd, Stanek, Pasley-Stuart, Rusche, and King vote AYE.

Chairman Loertscher, Vice Chairman Anderson, Representatives Snodgrass, Andrus, Labrador, Vander Woude, Luker, and Mathews voted NAY.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, February 27<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:**

There being no further business, the meeting was adjourned at 10:18am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 27th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Stanek, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Luker moved to accept minutes as written from the February 21<sup>st</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.

**MOTION:** Rep. Rusche moved to accept minutes as written from the February 22<sup>nd</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote

**RS17992C2:** Representative Robert Schaefer introduced **RS17992C2** to the committee. He stated that this concurrent resolution modifies the Governor's recommendation from a five percent personal funding increase and two thousand and seventy five dollar per employee for employer benefit costs increases to a three percent increase in personal funding and a one thousand, five hundred and seventy five dollar per employee for employer benefits cost increases. He stated that by the time all sponsors were determined and the legislation was produced, the means for a five percent increase would not be there.

He went into detail about insurance for state employees stating that the Department of Administration is required to establish a third high-deductible insurance plan and keep the current Traditional and PPO insurance plans at equal benefit coverage levels for fiscal year 2009. Lastly, this resolution requires state agencies to develop compensation distribution plans, directs the use of the salary savings by state agencies, and recommends that elected officials, judges, and commissioners be treated in the same manner as the state employees.

Chairman Loertscher inquired if the legislation came about by the action of the CEC committee.

Rep. Schaefer stated that yes, essentially this was the product of that committee.

Rep. Rusche stated that a three percent increase is significantly less than a five percent increase. He inquired why they did not drop back increases to four percent.

Rep. Schaefer stated that this was the product of the committee which is dictated by conditions of funds available.

Rep. Mathews stated that one percent of the increase is to the base of the employees and the other two percent increase is based on merit and asked whether the merit pay system had been working.

Rep. Schaefer stated that regulating these changes are difficult because of constant change within departments.

Rep. Pasley-Stuart mentioned the interim committee that focused on state employee compensation and the implied promises for employee compensation that were determined by that committee.

Rep. Schaefer stated that based on the interim committee there were several issues that were not able to be fulfilled because of factors that were outside their control.

Rep. Stanek inquired about the term Compa-Ratio.

Rep. Schaefer introduced Cathy Holland-Smith to the committee to better answer this question.

Cathy Holland-Smith from Legislative Services stated that the term Compa-Ratio is a scale used when comparing agency salaries to other agency salaries.

Rep. Rusche asked how many individuals would lose money because of the one percent increase and the higher percentages for health care.

Cathy Holland-Smith stated that how higher primum cost for employees have not been determined to who will pay a higher rate. She stated that premium cost may be adjusted for different employees and that those issues are currently being looked at.

Rep. Kren inquired if the total sixty four million is what is calculated as an overall three percent raise.

Rep. Schaefer introduced Representative Ken Roberts to better answer the question.

Rep. Roberts stated that with benefits and the percentage increase, you are looking at a five and a half percent increase. That is what is incorporated in the sixty four million number.

Rep. Luker inquired about the benefits portion of this legislation.

Cathy Holland-Smith explained in detail the cost and percentages for employee and employer health benefits and premiums. She mentioned options within the health benefits which included high deductible insurance that costs less for employees. She stated that the higher the deductible, lower the premium and that these figures do not include premium holidays.

**MOTION:**

Rep. Stevenson moved to introduce **RS17992C2** and send it directly to the second reading calendar.

Rep. Labrador inquired about the increase in premiums and asked why, if the state is the largest health care provider, they don't negotiate with the insurance companies for lower rates.

Rep. Roberts stated that these increases were absorbed by reserves for the last three years and that is why this increase is so high.

Rep. Snodgrass stated that he doesn't feel prepared to make a decision on the CEC because he is unfamiliar with the contents within the legislation. He feels that it is not wise to send **RS17992C2** to the second reading calendar.

**SUBSTITUTE MOTION:**

Rep. Snodgrass moved to introduce **RS17992C2** with recommendation it be referred to the Human Resources Committee.

**AMENDED SUBSTITUTE MOTION:**

Rep. Rusche moved to introduce **RS17992C2** with committee amendments attached. Those amendments changing the three percent increase to four percent and the one percent increase to two percent.

Rep. Pasley-Stuart spoke in favor of the amended substitute motion. She stated that Idaho needs to work on keeping their current employees by paying them better.

Rep. Andrus spoke against the amended substitute motion. He stated that there has been a lot of input regarding this legislation and if the state could give more, they would.

Rep. Black spoke against the amended substitute motion. He stated that a one percent increase results in millions of dollars spent and inquired where that money is going to come from.

Rep. Rusche stated that the state should generate revenues to help sustain its employees.

Rep. Stevenson stated that the one percent increase should be six hundred dollars per employee and that would cover the increase in health benefits cost. He mentioned the situation of hold backs with funds and how that disrupts an agency more than a smaller increase.

Chairman Loertscher inquired what the effect of the amended substitute motion would be.

Cathy Holland-Smith stated that for every one percent increase, the total cost would approximately be eleven million dollars and the general fund impact would be around six and half million dollars.

Rep. Mathews spoke against the amended substitute motion and in favor of the original motion. He stated that he would like to give more but the money is just not there.

Rep. Labrador spoke in opposition to the amended substitute and substitute motion. He stated that he realizes that increases need to be given but that he made promises to constituents to reduce taxes.

**AMENDED  
SUBSTITUTE  
MOTION:**

The motion failed by roll call vote with fourteen Ayes and three Nays recorded.

Representatives Stanek, Pasley-Stuart, and King voted AYE.  
Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, and Shepherd voted NAY.

**SUBSTITUTE  
MOTION:**

The motion failed by voice vote.

**MOTION:**

The motion carried by voice vote with three Nays recorded.  
Representatives Stanek, Pasley-Stuart, and Rusche voted NAY.

**H518:**

There was general discussion among the committee as to where **H518** should be referred to.

**MOTION:**

Rep. Mathews moved to refer **H518** to the Revenue and Taxation Committee. The motion carried by voice vote.

**S1321:**

Ann Joslin, State Librarian, presented **S1321** to the committee. The Board of Library Commissioners' intent with S1321 is to expand citizen access to the information in state publications by replacing the outdated depository system with a web-accessible digital repository of state publication. She stated that this legislation arises out of a task force she convened in 2006 that found the current depository system for state documents both inefficient and ineffective.

She presented the problems of the current system saying that compliance with current statute is relatively low and because of low compliance, the state and its citizens are losing access to a number of Idaho financial, legal, and historical publications. She went into detail of the reasons for low compliance.

She stated that the Board's solution is to make it as easy as possible for agencies to comply with law. This legislation requires agencies to submit one digital file of the publication instead of twenty hard copies and also requires two printed copies if the agency actually prints the publication. She stated that the Board is given the authority to exempt certain publications or classes of publications to allow time to identify software solutions for digital formats and to address copyright and licensing provisions. She also mentioned the

benefit of having searchable information online so you are able to find these documents easier.

Ann Joslin went into detail about the process of submitting the files. She stated that the agency sends the digital copy to the Commission and the Commission does the rest. As part of the implementation, the Commission will notify and periodically remind agencies about the digital repository and the benefits of compliance.

Rep. King stated that she thought this was a great idea and inquired if there would be a print option online for these documents.

Ann Joslin stated that all documents online will have print capability.

Rep. Luker inquired about the twenty copies and where those currently go.

Ann Joslin stated that usually all twenty copies are not distributed and said that is another flaw in current statute. She stated that there are eighteen depository libraries that are required to have these documents on file and that is where those copies are sent to.

Rep. Luker inquired if this legislation is going too far the other way and suggested that maybe there should be copies at more libraries.

Ann Joslin stated that many state agencies have gone completely digital. She stated that two copies will be sent out to the Idaho Historical Society and the library at the University of Idaho.

Rep. Luker inquired if any other universities were interested in receiving hard copies other than the University of Idaho.

Ann Joslin stated that all libraries were notified of the change and all other universities were okay with not receiving a copy of the documents.

**MOTION:** Rep. Labrador moved to send **S1321** to the floor with a do pass recommendation. The motion carried by voice vote.  
Rep. Rusche will sponsor **S1321** on the floor.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, February 28<sup>th</sup>, 2008 at 8:45am.

**ADJOURN:** There being no further business, the meeting was adjourned at 10:21am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 28th, 2008

**TIME:** 8:45am

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Stanek, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:45am with a quorum present. A silent roll was taken.

**RS17985:** Representative Bill Killen introduced **RS17985** to the committee. He stated that this legislation is an implementation of one of the recommendations originating with the Interim Joint Land-Use Study Group. He stated that this legislation would require to highlight provisions already in the Property Disclosure Form to help emphasize to those purchasing residential properties the status of the property relative to the annexation criteria presently in the law. He stated that the text would be required to be bolded and written in larger font.

**MOTION:** Rep. Rusche moved to introduce RS17985. The motion carried by voice vote.

**RS18050:** Representative Liz Chavez introduced **RS18050** to the committee. She started out by providing statistics of car accidents and the percentage of accidents that involve underage alcohol consumers. She stated that the purpose of this legislation is to require mandatory training for all retail clerks and servers of alcohol sales in state liquor store for identification of minors to decrease illegal purchase alcohol. She went into detail about the free training courses that are offered online. If you do not pass the course, then you do not receive the card to be employed. She stated that the Director of Idaho Liquor Dispensary is in support of this legislation and the training programs.

Rep. Vander Woude inquired about the expiration date for the training.

Rep. Chavez stated that at the end of the time period, the individual must renew their training card .

Rep. Vander Woude inquired if this would be considered a job requirement instead of training at the job.

Rep. Chavez stated that yes, that was the case and that this would insure that all training is consistent.

**MOTION:** Rep. Mathews moved to introduce **RS18050**.

Rep. Snodgrass inquired about the one hundred dollar violation fee and what days those fees are calculated.

Rep. Chavez stated that the Idaho Liquor Dispensary regulates those violations. She also mentioned a thirty day grace period.

**MOTION:** The motion carried by voice vote.

**RS17991C1:** Representative George Eskridge introduced **RS17991C1** to the committee. He stated that the Idaho Legislature recognizes the significant personal commitments of Idaho's service men and woman. In an effort to acknowledge those commitments and sacrifices, the Idaho Department of Parks and Recreation will consider developing and initiating a three-year, pilot fee discount program. The pilot program will provide a waiver of campsite fees to an Idaho resident who is a disabled veteran and whose service-related disability is rated at fifty to ninety percent permanent and total disability. He stated that a waiver of fees for those at one hundred percent disabled is already in force.

Vice Chairman Anderson inquired if the veterans carry a card that states their disability percentage.

Rep. Eskridge stated that was correct and that the percentage of disability is regulated in increments of ten.

Rep. Rusche inquired if the fiscal note was regarding the general fund.

Rep. Eskridge state that was correct.

Rep. Black inquired if the discount includes family members.

Rep. Eskridge stated that yes it includes family members if the veteran is the individual applying.

**MOTION:** Rep. Rusche moved to introduce **RS17991C1**. The motion carried by voice vote.

**RS17981C1:** Representative Brent Crane introduced **RS17981C1** to the committee. He stated that this concurrent resolution allows the Legislative Council to form a committee to Idaho finances including study statutory increases, the idea of zero-based budgeting, and other policies that may lead to reducing the state tax burden. He stated that it has been almost thirty years since these state policies have been reviewed.

Rep. Snodgrass inquired what this committee can do that JFAC doesn't already do.

Rep. Crane stated that it would be beneficial to have new eyes look over policies and check spending. He has spoken with Senator Dean Cameron, Senator Chairman for JFAC, and he is in support of this legislation.

Rep. Snodgrass inquired about the zero-based budgeting and asked how most of the state budget is already in statute.

Rep. Crane stated that the idea of zero-based budgeting came from the governor and so the legislature will take a look at that idea.

Rep. Rusche inquired if this committee would come back with recommendation of statutory changes.

Rep. Crane stated that this legislation will not tie the committee to those requirements. If the committee feels that some recommendations need to be made, then they will have the ability to do it. He also stated that in the last twenty five years, the states budget has increased annually by eleven percent.

Rep. Luker inquired if the committee that looked over policies thirty years ago, formed the committee by concurrent resolution and if so, how this legislation stacks up to the past legislation.

Rep. Crane stated that the legislation is similar. The committee then was a management task force that was directed to review the states efficiencies or lack there of. He feels that those directions are even more broad then the legislation being presented.

**MOTION:** Rep. Labrador moved to introduce **RS17981C1**.

Rep. King inquired what agencies would be reviewed.

Rep. Crane stated that this legislation will not contain those restrictions so the committee is tied to certain issues.

**MOTION:** The motion carried by voice vote.

**RS18029:** Representative Marv Hagedorn introduced **RS18029** to the committee. He stated that this legislation is very similar to legislation that was presented in the House State Affairs committee a couple weeks prior. He started off by giving a brief history of this proposal. This legislation proposes an amendment to the Idaho Constitution to provide that the citizens of Idaho have the right to hunt, fish, trap and harvest wild game, subject to reasonable rules approved by the state Legislature. Traditional methods used to take species not protected by Federal law are reserved to the people. He briefly went over the changes from the last piece of legislation.

Rep. Luker inquired about the term harvesting wild game and if that language was a necessity in this legislation.

Rep. Hagedorn stated that term encompassed any other form of hunting other than the ones listed.

Rep. Black clarified that language is normal for information regarding fish and game.

**MOTION:** Rep. Stevenson moved to introduce **RS18029** with recommendation that it be referred to the Resources and Conservation Committee. The motion carried by voice vote with two Nay votes recorded. Representatives Pasley-Stuart, and King voted NAY.

**S1382:** Scott Turlington, representing Tamarack Resort LLC, introduced **S1382** to the committee. He started by presenting information on the Tamarack Resort which included the Tamarack Economic and Fiscal Impact Analysis report (see attachment 1). He mentioned different plazas and hotels that are within the Tamarack Resort and moneys and jobs generated by the growth of this company. He focused on the economic stimulus that Tamarack Resort has had on the state and why the Legislature should be in support of the growth of this Resort.

He stated that the purpose of this legislation is to provide nine additional licenses for lodging, beverage and dining facilities located within the contiguous boundaries of a year-round resort. This legislation also provides a one-time fee of twenty five thousand dollars per license and an annual renewal fee of thirty five hundred dollars per license.

Rep. Bilbao inquired about air transportation from Boise to Tamarack.

Scott Turlington stated that Tamarack has been engaged in working with the city of McCall to help enlarge their airport to accommodate for commercial airlines. He stated that the plan to expand the airport was recently approved and the construction will start in 2009.

Rep. King inquired about the amount of the condos sold at the resort that were purchased by Idahoans.

Scott Turlington stated that over five hundred units have been sold and that about thirty percent of those buyers were Idaho residents.

Rep. Luker inquired about the previous three allotted licenses and why the jump from three licenses to twelve.

Scott Turlington stated that three licenses were given to Tamarack for hotels. He stated that when those licenses were given and he was told by the legislature to come back when there was a need for more licenses. That is what brought about this legislation. He stated that Tamarack is losing business because they are not able to provide licenses at the negotiating table. He also stated that Tamarack is ready to use six of those twelve licenses today and by obtaining twelve licenses, they are hopefully putting this issue to rest.

Rep. Luker inquired if facilities are able to obtain licenses for beer and wine.

Scott Turlington stated that yes they are able to obtain those licenses.

Rep. Andrus inquired about the amount of family oriented locations that would not have liquor licenses.

Scott Turlington went into detail of the different hotels that are children-oriented with themed rooms and would not have liquor licenses. He also stated that after the resort is fully developed, there will be a number of small shops and food locations where hard alcohol is not sold.

**MOTION:**

Rep. Bilbao moved to send **S1382** to the floor with a do pass recommendation.

Rep. Vander Woude inquired why the amount for Tamarack to obtain a liquor license is only twenty five thousand dollars.

Scott Turlington stated that the state sells liquor license for two hundred and fifty dollars and so Tamarack is paying well in excess of that price. He also mentioned the forty two thousand dollars that will be paid to the state annually for these licenses.

Rep. Mathews spoke in favor of the economic development and the revenue Tamarack has generated for the state but he had some concerns.

Rep. Labrador inquired if licenses under Tamarack names can be used by another company using a spinoff name.

Scott Turlington stated that current statute regulates those kind of situations and it is not allowed.

Rep. Snodgrass clarified for the committee that a liquor license in the state is seven hundred and fifty dollars, not two hundred and fifty dollars. He stated that this is good legislation because it is helping more businesses open up in Idaho. He spoke in favor of the motion.

Rep. Labrador spoke against the motion stating that he will not vote for legislation that only deals with one group or one company. He suggested working with the liquor task force to resolve this issue at a state level instead of individual cases.

Rep. Rusche spoke in favor of the legislation stating that Tamarack has been a benefit to Idaho and its unemployment rates.

Rep. Luker stated that he appreciates that economic development from the resort but he is concerned with the amount of liquor licenses being so high when beer and wine licenses are already available. He will be voting no on the motion.

Rep. Bilbao spoke in favor of his motion stating that the state works hard to attract businesses to Idaho so you can not hinder a company from bringing more money into the state.

Rep. Andrus stated that he hears so much about preventing health problems that he does not feel comfortable voting for this legislation.

Rep. Pasley-Stuart stated that this legislation is not encouraging drinking. Tamarack is a large facility and she stated that it is only fair to grant these licenses when he was told to come back if Tamarack needed more licenses.

Vice Chairman Anderson spoke in favor of the motion stating that this legislation is not encouraging drinking but just giving more options for guest that are staying at the resort.

**SUBSTITUTE MOTION:**

Rep. Mathews moved to send **S1382** to general orders with committee amendments attached. Those amendments being to change the number of licenses granted from twelve to six.

Rep. Snodgrass spoke against the substitute motion stating that six licenses are needed right now and by only granting those six, you are hindering the resorts opportunity to obtain business.

Rep. Rusche spoke against the substitute motion stating that limitations of licenses has not reduced alcohol consumption.

Rep. Labrador spoke in opposition to the substitute motion stating that twelve licenses are all Tamarack will need, so the number does not make a difference.

**SUBSTITUTE MOTION:**

The motion failed by roll call vote with two Ayes and fifteen Nays recorded. Representatives Vander Woude, and Mathews voted AYE. Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Luker, Stanek, Pasley-Stuart, Rusche, and King voted NAY.

**ORIGINAL MOTION:**

The motion passed by roll call vote with eleven Ayes and six Nays recorded. Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Bilbao, Crane, Kren, Stanek, Pasley-Stuart, Rusche, and King voted AYE. Chairman Loertscher, Representatives Andrus, Labrador, Vander Woude, Luker, and Mathews voted NAY. Representative Ken Roberts will carry **S1382** to the floor.

Chairman Loertscher announced the next State Affairs committee meeting to be the following day, February 29<sup>th</sup>, 2008 at 9:30am.

**ADJOURN:**

There being no further business, the meeting was adjourned at 10:29am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** February 29<sup>th</sup> , 2008

**TIME:** 9:30am

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, Stanek, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Representatives Stevenson, Black, Shepherd

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:30am with a quorum present. A silent roll was taken.

**RS18044C1:** Bethany Gadzinski, Bureau Chief at the Idaho Department of Health and Welfare, introduced **RS18044C1** to the committee. She stated that the purpose of this legislation is to add an exempted entity to managed care reform. This statute change was requested by the Interagency Committee on Substance Abuse Prevention and Treatment. The legislation would allow for preferred contracting within Health and Welfare's Bureau of Substance Use Disorders. She mentioned that this is one of the first pieces of legislation being brought forward that addresses the legislative intent of what is working and what is not working and also to reduce duplication of services in the State Substance Abuse Treatments System. Currently, for a private treatment provider to provide substance use disorder treatment services in Idaho and be paid through public funds, the provider needs to complete two approval processes.

She stated that because H&W is bound by the managed care reform statutes, they must accept all applications for providers who wish to be facility-approved regardless of whether the Department needs additional capacity in the area they will be serving. This process has created inconsistency where providers are located throughout the state because there are currently too many providers in some areas and not enough in others like rural areas. She stated that the issue of free market is a hindrance, not a help in situations like these. She mentioned that a typical person looking for medical care has the capacity to judge one provider against another but in the case of substance abuse, the client is usually unstable with no guidance from family or friends. Currently, the client may have a choice of eight to ten providers in a given area of the state therefore their decision is typically not based on the best provider.

Bethany Gadzinski stated that this legislation would reduce duplication of services and would help ensure that the services that are needed are provided in those areas. She also stated that this legislation will not have a bearing on current providers.

Rep. Rusche stated that this legislation looks similar to legislation brought before the Health and Welfare Committee.

Bethany Gadzinski stated that it is similar, but that changes to the SOP were needed, such as eliminating redundancies.

Rep. Bilbao inquired about the success this legislation would have in rural areas.

Bethany Gadzinski stated that this would help provide services to rural areas.

**MOTION:**

Rep. Labrador moved to introduce **RS18044** with the recommendation that it be referred to the Health and Welfare Committee.

Rep. Vander Woude inquired if this legislation would require new providers to move to rural areas.

Bethany Gadzinski stated that this would concentrate on new providers moving into rural areas instead of an area with many providers.

Rep. Pasley-Stuart inquired why this committee was hearing this legislation after it had been discussed in Health and Welfare.

Bethany Gadzinski stated that when this legislation was presented in Health and Welfare, the Department did not go into enough depth on the legislation so members were not comfortable with the changes. She stated that the legislation is not different, but they are providing more information when presenting this time.

Chairman Loertscher spoke in favor of the motion stating that in Health and Welfare there was not enough information to pass the legislation but after reviewing the proposal, he feels that this would be beneficial.

Rep. King inquired about the standards needed to make the providers list and why a bad provider is not dropped.

Bethany Gadzinski stated that to be a provider the standards are minimal. The Department is working on implementing higher standards.

Rep. Mathews spoke in favor of the motion because he supports getting individuals help for these problems.

Rep. Rusche spoke in favor of the motion stating that the state needs qualified providers.

**MOTION:**

The motion carried by voice vote.

**RS17975C1:** Representative Eric Anderson introduced **RS17975C1** to the committee. He stated that this legislation establishes a program to grow the media production industry in Idaho. The Department of Commerce would utilize the program as an economic stimulus and to develop a media industry workforce by providing a cash rebate on specific Idaho expenditures on qualified media production projects.

**MOTION:** Rep. Rusche moved to introduce **RS17975C1**.

Rep. Labrador stated that other states give more to film industries so why would the industry choose Idaho to film?

Rep. Anderson listed benefits that Idaho has to offer to the film industry.

Rep. Luker inquired if the film industry is different than other industries in Idaho.

Rep. Anderson stated that this type of legislation is not different than other incentives for industries.

Rep. Kren inquired about the certified and licensing dates ending in 2013 and the provisions of this act being null and void in 2014.

Rep. Anderson stated that he was unsure on how those dates fell.

Rep. Luker inquired if this legislation would impact the general fund.

Rep. Anderson stated that this would run through JFAC and would impact the general fund. He stated that this legislation would help the surplus in Idaho.

**MOTION:** The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be March 4<sup>th</sup>, 2008 at 9:30am.

**ADJOURN:** There being no further business, the meeting was adjourned at 10:15am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** March 4th, 2008
- TIME:** 9:30am
- PLACE:** Room 145
- MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Andrus, Bilbao, Crane, Kren, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King
- ABSENT/  
EXCUSED:** Representatives Snodgrass, Labrador
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 9:30am with a quorum present. A silent roll was taken.
- MOTION:** Rep. Luker moved to accept the minutes from the February 25<sup>th</sup>, 2008 State Affairs committee meeting as corrected. The motion carried by voice vote.
- MOTION:** Rep. Pasley-Stuart moved to accept the minutes from the February 26<sup>th</sup>, 2008 State Affairs committee meeting. The motion carried by voice vote.
- MOTION:** Rep. Luker moved to accept the minutes from the February 27<sup>th</sup>, 2008 State Affairs committee meeting as corrected. The motion carried by voice vote.
- MOTION:** Rep. Luker moved to accept the minutes from the February 28<sup>th</sup>, 2008 State Affairs committee meeting as corrected. The motion carried by voice vote.
- RS18053:** Representative Max Black introduced **RS18053** to the committee. He stated that this concurrent resolution would reject a pending rule of the Division of Building Safety relating to Rules Governing Plumbing Safety Licencing. The rule that is being rejected deals with administrative fines and if this legislation is adopted, it would prevent the agency rule from going into effect.
- Rep. Luker inquired if the Department usually licences by rule instead of statutorily.
- Rep. Black stated that an agency can create rules in detail as long as it is consistent with the intent of current legislation.
- MOTION:** Rep. Rusche moved to introduce **RS18053** and send to second reading calendar. The motion carried by voice vote.

Chairman Loertscher announced the next State Affairs committee meeting to be March 5<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:40am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** March 5th, 2008
- TIME:** 9:00am
- PLACE:** Room 145
- MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King
- ABSENT/ EXCUSED:** Representative Labrador
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.
- MOTION:** Rep. Vander Woude moved to approve the minutes from the State Affairs Committee meeting on February 29<sup>th</sup>, 2008 as written. The motion carried by voice vote.
- MOTION:** Rep. Pasley-Stuart moved to approve the minutes from the State Affairs Committee meeting on March 4<sup>th</sup>, 2008 as written. The motion carried by voice vote.
- RS18062:** Representative Steve Kren introduced **RS18062** to the committee. He started off by presenting a letter from the Attorney Generals office (see attachment 1), which was requested by Senator Bart Davis. He stated that this legislation add's the term "conducted energy device" into the definition of what a person cannot carry without a concealed weapons license. He mentioned this legislation includes the prohibition to sell to a minor and the prohibition of possession of certain weapons by a minor. He concluded by stating that seven states have already adopted similar legislation and that Idaho would be wise to pass this proposal before bigger issues arises.
- Rep. Luker inquired if the term "conducted energy device" included lasers.
- Rep. Kren stated that it would not be included because in this legislation that specific term is defined as an electrical current not a light beam, such as a laser.
- MOTION:** Rep. Pasley-Stuart moved to introduce **RS18062**. The motion carried by voice vote.
- RS18063:** Representative Tom Trail introduced **RS18063** to the committee. He stated that this legislation is similar to a proposal that was presented in the State Affairs committee on February 11<sup>th</sup>, 2008 as **RS17832**. He mentioned the changes of the legislation stating that there have been instances where the

U.S. Forest Service has initiated litigation against private property owners who hold easements pursuant to the Wild and Scenic Rivers Act relating to their ranching and farming operations without exhausting every effort such as mediation, consultation and coordination. He stated that it is the intent of this Joint Memorial that the U.S. Forest Service should exhaust every effort such as mediation, consultation and coordination with private property owners who hold easements pursuant to the Wild and Scenic Rivers Act, and have operated in good faith under such terms and conditions of said easement, before initiating litigious efforts against such citizens of the State of Idaho.

Senator Lee Heinrich spoke in favor of the legislation stating that this proposal, if adopted, will be beneficial.

**MOTION:** Rep. Rusche moved to introduce **RS18063**. The motion carried by voice vote.

**S1415aa:** Roger Batt from Batt & Associates presented **S1415aa** to the committee. He started by passing out a letter from the Food Producers of Idaho, Inc. that are in support of **S1415aa** (see attachment 2). He stated that the purpose of this legislation is to alphabetize the definitions because they appear out of order. This legislation also allows that two or more wineries may use the same premises and the same equipment to manufacture their wines to the extent permitted by federal law.

Rep. Luker inquired why these issues were addressed in the definitions section of the legislation instead of a stand alone section.

Roger Batt stated that these issues were originally in their own section but that they were advised to add the language into the definitions legislation instead.

Rep. Snodgrass inquired if there is a process of knowing whose wine is whose while combining operations.

Roger Batt stated that when a winery is in the process of pressing grapes, they can only do it one winery at a time because they want to manufacture that specific grape.

Rep. Rusche stated that if this legislation remains consistent with wine co-op's then Idaho growers are at a disadvantage if they are not able to do this.

Roger Batt stated that was correct because this is a direct market product.

Rep. Vander Woude inquired about the need for the emergency clause.

Roger Batt stated that currently producers are sharing productions. These individuals are in compliance under federal law but not state law.

Ron Bitner, Bitner Vineyards, spoke in favor of **S1415aa**. He gave a brief history of his vineyards and the necessity of this legislation. He stated that this legislation will help jumpstart new vineyards in Idaho.

Rep. Snodgrass inquired about Idaho grapes that are used in Idaho winery production.

Ron Bitner stated that any wine bottle that advertises Idaho grapes must contain eighty five percent of Idaho grown grapes.

**MOTION:** Rep. Crane moved to send **S1415aa** to the floor with a do pass recommendation. The motion carried by voice vote.  
Rep. Bolz will sponsor **S1415aa** on the floor.

Chairman Loertscher announced that the State Affairs committee will meet Thursday, March 6<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:21am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 6th, 2008

**TIME:** 9:00am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Crane, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 9:00am with a quorum present. A silent roll was taken.

**MOTION:** Rep. Stevenson moved to approve the minutes from the March 5<sup>th</sup>, 2008 State Affairs committee meeting as corrected. The motion carried by voice vote.

**RS18069:** Jane Wittmeyer, Vice President of Idaho Affairs for the Intermountain Forest Association, introduced **RS18069** to the committee. She stated that the purpose of this legislation is to recognize that the diversion of de minimis amounts of water from a natural water course for use in forest dust abatement and forest practices may occur without a water right. She stated that water traditionally has been diverted in de minimis amounts to satisfy these purposes without water rights being obtained because of the continuing and frequent change in location of both points of diversion and the places of use. She stated that this legislation will make these procedures in compliance with the Forest Practices Act. She briefly went over the legislation sections with the committee and explained the changes of the proposal.

Rep. Black inquired about how this legislation would effect the Department of Transportation.

Jane Wittmeyer stated that this legislation was drafted very narrowly to only include specifically forest lands and dust abatement so it does not deal with highways.

**MOTION:** Representative Stevenson moved to introduce **RS18069** with recommendation it be referred to the Resource and Conservation committee.

Rep. Luker inquired about language in the bill regarding what water can be used by fire fighters during an emergency water use.

Jane Wittmeyer stated that this legislation makes clear the use of natural water forces and not irrigation use.

George Bacon, Director at the Department of Lands, stated that those waters are not usually needed and that this legislation does not deal with rural subdivision issues but specifically deals with forest locations.

Rep. Luker directed a comment to Rep. Stevenson stating that this legislation does not apply directly to forest issues but to all water users and that he hopes the Resource and Conservation committee will take that into consideration while holding a hearing on this legislation.

Rep. Rusche inquired if they had contacted Fish and Game and found out whether this legislation will be harmful to fish in any way.

Jane Wittmeyer stated that the Fish and Game Department had been contacted and that there are no issues regarding fish.

Rep. Kren inquired if there was a current appeals process where a water right holder could appeal the use of water in the extinguishing of a fire.

Jane Wittmeyer stated that there was not.

**MOTION:** The motion carried by voice vote.

**RS18033:** Representative Phil Hart introduced **RS18033** to the committee. He stated that this legislation deals with the Real ID Act that was passed through the U.S. Congress in 2005 which would encourage states to comply with the regulations of the Real ID Act. He stated that this legislation would prohibit the Idaho Department of Transportation from implementing the provisions of the federal Real ID Act. He stated that the final rule for this Act was published in January of 2008 and that it took thirty two months to construct the last rule. He felt this was significant because the law was to be implemented in Idaho in four months. The Department of Homeland Security offered states an extension until December 2009. Idaho applied for that extension, and received it. He mentioned that seventeen states have objected to the Real ID Act and that seven states have already passed legislation to not comply with this Act. He went into detail of the flaws in the financing for this Act and also the insecurities of the data system which would contain private information of its users.

Rep. Rusche inquired what funds would be withheld from Idaho if we did not comply with this Act.

Rep. Hart stated that there has not been a threat of withholding funds to Idaho.

Rep. Snodgrass inquired how Idaho's congressional elected officials voted on this legislation.

Rep. Hart stated that this bill was not debated in the Senate because it was attached to a bill that had already been heard in the Senate. Congressmen Bill Sali has expressed opposition to this Act.

Rep. Bilbao mentioned his constituents that are in a panic over this Act and inquired if there was an emergency clause in place to assure that Idaho will not have to comply with this Act after December 31<sup>st</sup>, 2009.

Rep. Hart stated that there is not an emergency clause but he did mention that states have to be in compliance by December 2009 but the act will not be enforced until 2011.

Rep. Mathews inquired about the status of these immigration problems at the borders.

Rep. Hart stated that he went to the borders in November of last year to assess the status. He feels the government is doing very little.

**MOTION:**

Rep. Mathews moved to introduce **RS18033**.

Rep. Luker inquired if any court challenges had been initiated.

Rep. Hart stated that he was unsure but would provide that information at the hearing.

Rep. Rusche inquired about the organization of the legislation stating that the first section summarizes the Act and then section two starts the prohibition.

Rep. Hart stated that the bill drafters who worked on this legislation suggested it be written that way.

Rep. King inquired what legislation was presented and passed last session.

Rep. Hart stated that **HJM3** was presented and passed by both bodies.

**MOTION:**

The motion carried by voice vote. Rep. Rusche recorded on voting NAY.

**RS18066:**

Representative Lynn Luker introduced **RS18066** to the committee. He stated that this resolution declares the policy that the State of Idaho should not use prison facilities for the treatment or confinement of people with mental illness who have not been convicted of a crime. He stated that there should be a secure facility for treatment persons with serious mental illness established under the administration of the Department of Health and Welfare, separate from the secure facility proposed by the Department of Corrections. Rep. Luker mentioned the expenditures for these situations and the need for a policy before that state money is spent. He mentioned two changes to **RS18066** which include lines twenty six and thirty three of the legislation. He stated that on line twenty six and thirty three after the words "have not been" add "charged, or convicted..."

Rep. King inquired if the changes should include the reference to dangerous crimes and not just any crime.

Rep. Luker agreed, so the changes on lines twenty six and thirty three will read after the words "been convicted of" add "a crime or otherwise charged with the commission of a violent crime,..."

Rep. Kren inquired of Brent Reinke, Director of the Department of Corrections, if the Department was in support of this proposal.

Director Brent Reinke stated that the Department has been working on these issues but has not had time to study and agree with this specific legislation.

**MOTION:** Rep. King moved to introduce **RS18066** with the corrections on lines twenty six and thirty three. The motion carried by voice vote.

Chairman Loertscher announced that the State Affairs committee will meet Friday, March 7<sup>th</sup>, 2008 at 8:30am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:42am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 7th, 2008

**TIME:** 8:30am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Crane, Vander Woude, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/ EXCUSED:** Representative Luker

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:30am with a quorum present. A silent roll was taken.

**RS18074:** Representative Phil Hart introduced **RS18074** to the committee. He started by providing the history of this legislation and that it conforms with the federal Immigration Reform and Control Act of 1986 (IRCA). He stated that this proposal would prohibit Idaho employers from hiring persons who are illegally in the United State. The federal government provides criminal penalties to employers for hiring individuals who are illegally in the United States. He mentioned the IRC Act and where it addresses states employing illegal aliens. He mentioned that this legislation will be enforced primarily by the counties. The state attorney general will also have enforcement authority. Overall, this legislation will allow for Idaho employers to have their state, county or city licenses suspended for employing illegal aliens. For a first offense, a licenses will be suspended until the employer signs an affidavit stating that the employer will not hire an unauthorized alien in the future. If the employer signs the affidavit within three days of the court ruling, no suspension of the license will take place. For a second offense, the license will be suspended for up to ten days and for a third offense the license will be permanently revoked.

Rep. Bilbao inquired if there had been opposition expressed towards this legislation.

Rep. Hart stated that because this proposal is still in an RS form, it has not been opposed.

Rep. Labrador declared conflict and will not be voting on **RS18074**.

Rep. Labrador inquired if Rep. Hart had studied reports from similar legislation that has been implemented in Arizona.

Rep. Hart stated that he has not researched or studied those issues.

Rep. Stevenson inquired about business or individuals that hire employees without a business license.

Rep. Hart stated that this legislation would only apply to employers with a business license or permit.

Rep. Stevenson inquired if a licensed employee examined an individual's documents and they appear to be legit, is the employer responsible for hiring that individual.

Rep. Hart stated that the employer has to have shown a good faith effort to be exempt from this enforcement.

Rep. Stevenson stated that employers are only allowed, by law, to ask certain questions while in the processes of verifying documents such as social security numbers, where does the employer stand with the law regarding this legislation.

Rep. Hart mentioned different verification programs that are able to immediately detect an incorrect social security number.

Rep. Rusche inquired about the process of reporting an illegal employee and competitors making false accusations to hinder the company.

Rep. Hart stated that the complaint will be made at a county level and that all false complaints result in a misdemeanor.

Rep. Black inquired about what licenses would be revoked and if a corporate license is included in that.

Rep. Hart stated that a corporate license would not be included in this legislation and he clarified that this legislation would only close the facility where the illegal employee was working.

Rep. Pasley-Stuart inquired if he had obtained the Attorney General's opinion on this legislation. She also commented that she disapproved of the use of the word "alien" in this legislation.

Rep. Hart stated that he had not taken this specific legislation to the Attorney General's office.

Rep. Andrus inquired about the definition of a good faith effort in this legislation.

Rep. Hart stated that definition needs to be better defined but it has to deal with the documents used to verify legal status of an individual.

Rep. King inquired about the number of Idaho farmers that have a license that would fall under this legislation.

Rep. Hart stated that he is unsure of the number of farmers and the different licenses.

Rep. King inquired about the language stating harm resulting from the violation of this legislation.

Rep. Hart stated that he would need to obtain an opinion on that.

Rep. Vander Woude inquired about the hiring process in which an employer is restricted within what questions he is able to ask the potential employee to decipher whether he is legal to work. He mentioned a no-match letter being in possession of the employee and the employer not being able to contest their eligibility.

Rep. Hart stated that the federal law requires companies to not hire illegal immigrants and it would not require that if it were not possible.

Rep. Vander Woude inquired why this legislation is requiring employers to police federal immigration.

Rep. Hart stated that the employer goes to the Attorney Generals office and the Attorney Generals office will go to the federal government.

Rep. Vander Woude inquired about the number of people that this legislation would effect.

Rep. Hart stated that research shows that over thirty five thousand illegal individuals currently live in Idaho.

Rep. King inquired if sub-contractors fall under this legislation.

Rep. Hart stated that it would be the sub-contractors responsibility to hire legal employees.

Rep. Smith inquired about the differences in licenses being professional or not.

Rep. Hart stated that professional licenses are licenses obtained when working for yourself.

**MOTION:** Rep. Kren moved to introduce **RS18074**.

**SUBSTITUTE MOTION:** Rep. Rusche made a substitute motions to return **RS18074** to sponsor. The motion carried by voice vote.

**S1414a:** Roger Batt from Batt and Associates presented **S1414a** to the committee. He started out by issuing two letters of support for **S1414a** (see attachment 1 & 2) to the committee. One being from the Idaho Grape Growers and Wine Producers Commission and the second being from the Food Producers of Idaho, Inc. He stated that this legislation will allow Idaho wineries that wish to also have restaurant facilities be permitted to sell beer, liquor and wines not produced within that specific winery. He mentioned the conflict within current legislation regarding the retail business. This legislation will clarify that conflict and clarify the prohibition to help the retail market of wine. He stated that an emergency clause does exist in this proposal to help wine owners in Idaho such as Erik McLaughlin who owns 8<sup>th</sup> Street Wine Company.

Erik McLaughlin spoke in favor of **S1414a** stating that this proposal will be beneficial to the development of the Idaho wine industry. He gave a history of his background all over the country in wine sales and his current business in Boise. He mentioned that this legislation will make clear regulations for existing and new wine businesses.

**MOTION:** Rep. Rusche moved to send **S1414a** to the floor with a do pass recommendation. The motion carried by voice vote.  
Rep. Bolz will sponsor the bill on the floor.

Chairman Loertscher announced that the State Affairs committee will meet Monday, March 10<sup>th</sup>, 2008 at 8:30am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:20am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 10th, 2008

**TIME:** 8:30am

**PLACE:** Room 145

**MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Labrador, Crane, Vander Woude, Luker, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Vice Chairman Anderson called the meeting to order at 8:30am with a quorum present. A silent roll was taken.

**RS18085:** Chairman Tom Loertscher introduced **RS18085** to the committee. He stated that this legislation is to deregulate the manner in which political parties in Idaho do their business. He stated that all procedures of political parties are in rule and are not needed in Idaho Code as well. This legislation takes out references to how the parties direct business by doing things such as striking the provision that state political parties shall hold a convention. He stated that on page two, the section that is repealed is already in party rule and are not needed in Idaho Code. The same applies to the section regarding how delegates are selected because that information is already stated in Idaho Code. Lastly he mentioned the emergency clause that allows this legislation to control the upcoming election.

Rep. Andrus inquired about national mandates concerning parties within the state.

Chairman Loertscher stated that political parties are private entities and that the parties themselves have mandates.

Rep. Rusche inquired if local primary elections would be included in this legislation.

Chairman Loertscher stated that those elections would not be effected.

**MOTION:** Rep. Mathews moved to introduce **RS18085**. The motion carried by voice vote.

**RS18084:** Representative John Rusche introduced **RS18084** to the committee. He stated that this proclamation recognizes the Calam Shrine Temple for its one hundred years of philanthropy and service to the children of Idaho. He informed the committee about the Calam Shrine Temple stating that they are based out of Lewiston Idaho and are known for their series of health clinics

that focus on children health care. He stated that without this organization; this health care might not be available.

**MOTION:** Rep. Labrador moved to introduce **RS18084** and send it the second reading calendar. The motion carried by voice vote.

**S1434:** Jeff Youtz from the Legislative Services Office presented **S1434** to the committee. He stated that this proposal simply allows the State Administrative Rules Coordinator to make clerical revisions and correct typographical or grammatical errors to proposed rules prior to sending a copy to the Legislative Services Office. He went through the process of these administrative rules and stated that currently, the Administrative Rules Office and the Legislative Services Office receive these original rule proposals from state agencies simultaneously. LSO analysts then review these rules and send them out to Legislators. He stated that often times the Administrative Rules Coordinator will make corrections to these proposals prior to their being published in the Administrative Bulletin, resulting in the Legislators having slightly differing versions which can cause some confusion in the reviewing process. He stated that this small change will result in a cleaned up version of proposed rules going out to Legislators and being published in the Administrative Rules Bulletin.

Rep. Rusche suggested coordinating the rules that are searchable on the web and the hard copies that are handed out so that the page and line numbers match up.

**MOTION:** Rep. Smith moved to send **S1434** to the floor with a do pass recommendation. The motion carried by voice vote.

Vice Chairman Anderson announced that the State Affairs committee will meet Tuesday, March 11<sup>th</sup>, 2008 at 9:00am.

**ADJOURN:** There being no further business, the meeting was adjourned at 8:45am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 11th, 2008

**TIME:** 8:30am

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Luker, Labrador, Crane, Vander Woude, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:**

**GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.

Chairman Loertscher called the meeting to order at 8:30am with a quorum present. A silent roll was taken.

**RS18090:** Speaker of the House, Lawrence Denney, introduced **RS18090** to the committee. He mentioned earlier legislation on this issue and revisions based on input that was given to develop this proposal. He stated that this legislation deals with the Idaho Code as it relates to the State Fire Marshall and the application of the International Fire Code.

**MOTION:** Rep. Pasley-Stuart moved to introduce **RS18090** with recommendation it be referred to the Business Committee. The motion carried by voice vote.

**RS18017:** Representative Tom Loertscher introduced **RS18017** to the committee. He stated that this legislation deals with permanent absentee measures regarding a very narrow group of people. The purpose of this legislation is to allow for permanent absentee ballot status for individuals who are disabled, who are serving full time in the military or who are full time missionaries. He stated that the definition of disabled in this legislation is the same definition used when determining if an individual is eligible to use a handicap parking space. He also clarified that the absentee voter status would be revoked upon termination of military or missionary service.

Rep. Smith inquired about the process of sending a ballot to an individual in the military and what address the ballot is sent to.

Rep. Loertscher stated that the ballot would be sent to the home address unless an updated address was supplied.

**MOTION:** Rep. Bilbao moved to introduced **RS18017**.

Rep. Crane stated that he will vote Aye in the print hearing but will not be supporting this legislation during the testimony hearing.

**MOTION:** The motion carried by voice vote.

**RS18087:**

Representative Mark Snodgrass introduced **RS18087** to the committee. He started out by explaining the situation of patients receiving health care from a particular non-contracted provider. He stated that after medical treatment, patients may discover that their health care provider has not contracted with their insurance company. As a result, they are often faced with payment of the balance of the bill out of their own funds. He stated that this proposal will require disclosure to the patient at the time of initial contact by the health care provider as to whether they contract with the insurer. If the disclosure is not provided, the health care professional will not be able to balance bill the patient. He stated that this will benefit patients because of the supplied notification from the physician before services.

Chairman Loertscher inquired if this was the same legislation that was proposed in the Health and Welfare committee last legislative session.

Rep. Snodgrass stated that it was similar but that some changes were made at the request of individuals and groups that were involved in drafting this legislation.

Rep. King inquired if this system was similar to insurance co-pay and deductibles.

Rep. Snodgrass stated that this was a different situation because balance billing is different than insurance.

Chairman Loertscher helped clarify by stating that insurance companies will not work with non-participating physicians so patients are responsible for being reimbursed by the insurance companies.

**MOTION:**

Rep. Pasley-Stuart moved to introduce **RS18087** with recommendation it be sent to the Business committee.

Rep. Labrador inquired if this legislation would receive a hearing or if this was brought about to just start conversation.

Rep. Snodgrass stated that he did not see this legislation receiving a full hearing but he feels that having these ideas and proposals on paper will help guide participating groups in finding a resolution to these issues.

Rep. Bilbao inquired about not being in a stable mind set when consenting to a hospital service and if the provider is able to balance bill you in those occasions.

Rep. Snodgrass stated that those situations would fall under the emergency care section of this legislation.

Rep. Pasley-Stuart commented that she is in support of the idea of having this issue on paper to provide formatting for groups wanting to find a solution to these balance bill issues.

Rep. Rusche mentioned the excess hassle for physicians trying to make all patients aware if they are contracting or non-contracting. He inquired if Rep. Snodgrass had conversed with private physicians.

Rep. Snodgrass stated that he has met with physicians and different medical groups.

**MOTION:** The motion carried by voice vote.

**RS18095:** Jane Wittmeyer, Idaho Forest Association, introduced **RS18095**. She stated that the text is the same from **RS18069** which was presented in the State Affairs committee on Thursday, March 6<sup>th</sup>, 2008. There was one change to the language regarding fire fighting. She stated that language referred to an incorrect subsection. The proposal now refers to the correct subsection of Idaho Code which makes more specific to forest roads . She stated that she would be willing to go through the legislation section by section like she did for **RS18069** upon request.

**MOTION:** Rep. King moved to introduce **RS18095** with recommendation it be referred to the Resources and Conservation committee. The motion carried by voice vote.

**H584:** Representative Liz Chavez presented **H584** to the committee. She started by referencing to the attached amendment. The amendment changes the bill in that any person subject to this training requirement on the effective date would have to complete training within ninety days instead of sixty days and any person who becomes subject to this training requirement would have to complete the training in sixty days instead of thirty. She stated that she feels these times are more sufficient to people that fall under this legislation. She also mentioned that the online training does have a cost per course of thirty to forty dollars. She stated that more than one person is able to take the class at one time and that the certificates last for three to five years before individuals are subject to a refresher course. She reiterated the need for this legislation stating that it will reduce the sales of alcohol to minors and to excessive drinkers. She introduced her co-sponsor Representative John Rusche to testify on this legislation.

Representative John Rusche gave a brief history of how this legislation came about. He stated that he sits on the Governors Task Force on Beverage Control. He mentioned what the Task Force has talked about regarding these types of measures to help inform retailers of alcoholic beverages how to properly check ID as well as knowing when to stop serving an individual that has consumed excessive amounts of alcohol. He stated that the Task Force agrees that if the state is going to punish these individuals for selling to minors then they need to first be properly trained in identifying buyers first.

Rep. Labrador inquired about the online training programs and the accessibility of those programs.

Rep. Chavez mentioned different training programs that are offered online and that they are easy to access. She also mentioned that you are able to hire live teachers to come and do a class for a group and that would also qualify.

Rep. Kren inquired about the youth education fund that all violations moneys would go into.

Rep. Chavez stated that fund is not yet established.

Rep. Luker inquired about who would fall under this legislation and whether it was restricted to servers and sellers or all individuals that handle alcohol.

Rep. Chavez stated that it would apply to any individual that handles alcohol within retail and are subject to sting operations.

Rep. Vander Woude inquired about the extent the Governors Task Force on Beverage Control has in supporting this legislation.

Rep. Rusche stated that the Task Force discussed bringing forward similar legislation but that this proposal was not introduced by the Task Force.

Vice Chairman Anderson inquired if the Task Force was still intact and if they currently hold meetings.

Rep. Rusche stated that the Task Force does meet infrequently.

Rep. Black inquired about the civil penalty and the youth education fund. He inquired when and how that fund would be created.

Rep. Chavez stated that those issues would be in rule.

Rep. Labrador inquired about the compromise made within this legislation and why retailers are now being unsupportive.

Rep. Rusche stated that the issue everyone agrees on within this legislation is that there needs to be mandatory training but they are unhappy that the penalties only fall onto the licensee.

Rep. Crane inquired who was responsible for paying for the training and the renewal for the certificates.

Rep. Chavez stated that those decisions would be made on a business to business basis in rule and not for the legislature to decide.

Rep. Crane inquired if the Idaho State Police will facilitate these provisions.

Rep. Chavez stated that yes, that was the case.

Chairman Loertscher opened the floor for further testimony on **H584**.

**TESTIMONY:**

John May, Owner and General Manager at the Owyhee Plaza, spoke against **H584**. He stated that this legislation came quickly and that most facilities did not have time to prepare to fight for or against this legislation. He stated that the research he has done within the short amount of time was beneficial and that he has found that many are not in favor of this legislation. He stated that he is in support of training programs and that his company requires their employees to take a training program regarding alcohol sales. He feels that this procedure does not need to be mandatory. He does not agree that the company or licensee should take the penalty for a trained individual selling alcohol to a minor. He also stated that he would like these penalties to follow the employee so he, as an employer, is able to background check potential employees. He stated that without the individual selling the beverage being penalized, there is no incentive to do better.

Rep. King inquired if John May is suggesting both the licensee and the employee be fined.

John May stated that was correct; both need to be held responsible.

**TESTIMONY:** Richard Riggs from Caldwell, Idaho representing himself, spoke in favor of **H584**. He gave a history of his involvement in alcohol training. He stated that this legislation would hold people responsible for selling to minors as well as educating people within alcohol sales.

**TESTIMONY:** Kevin Settles from Bardenay Restaurant spoke in opposition of **H584**. He stated that he has been actively working with server training and that this legislation supplies programs that target only restaurant alcohol sales. He stated that this legislation should exclude retail sales of alcohol such as supermarkets. He would support this proposal if it applied to only restaurant sales.

**TESTIMONY:** Sargent Gregory Harris from the Idaho State Police Department spoke in favor of **H584**. He stated facts about alcohol involved vehicle wrecks, sexual assaults, vandalism and so on. He stated that Idaho needs mandatory training for all individuals selling alcohol and that there is not a difference between a restaurant or a store clerk.

Rep. Labrador stated that industries are willing to be supportive of this legislation with some adjustments and inquired why they don't work with the industries.

Sargent Gregory Harris stated that licensees need to be held responsible for illegal transactions within their facility and that those aspects for penalties need to stay the same.

Rep. Labrador suggested working with the industries to have better results regarding these issues.

Rep. Vander Woude inquired how a licensee could be held accountable for an action his employee did.

Sargent Gregory Harris stated that employer needs to be aware of what is going on in his facility.

Rep. Vander Woude inquired why retail shops were included in this legislation when you technically can't regulate excess drinking.

Rep. Rusche stated that the training would be the same regarding sales to minors.

**TESTIMONY:** Pam Eaton, President/CEO of Idaho Retailers Association and Idaho Lodging and Restaurant Association spoke in opposition to **H584**. She clarified that there are differences between sales at a restaurant and sales at a store. She stated that her associations are working on organizing training programs. Lastly she mentioned that penalties need to fall on the employee that over sells or sells alcohol to minors.

Rep. Labrador inquired about employee penalties and if the licensee would be effected by these penalties also.

Pam Eaton stated that a business that has adequately trained their employees should not be fined. She stated that on the second offense the business would be fined.

**MOTION:** Rep. Labrador stated that to help make this legislation more successful he moves to hold **H584** in committee until time certain.

Chairman Loertscher announced time certain to be Friday, March 14<sup>th</sup>, 2008.

Rep. Snodgrass stated that many groups including the Governors Task Force have been working on these ideas and he feels that this time certain would not allow proper changes to be made. He stated that these are complex issues and that he agrees with some of this legislation but not all of it.

**TESTIMONY:** Ken Burgess, Legislative Advisor to the Idaho Licensed Beverage Association, spoke in opposition to **H584**. He stated that he supports the idea of this proposal but because the penalties were shifted from the employees back to the employer, he does not support this legislation. He stated that in the long run he sees these problems as resolvable but not with this particular legislation.

**MOTION:** The motion carried by voice vote.

Chairman Loertscher announced that the State Affairs committee will meet Wednesday, March 12<sup>th</sup>, 2008 at 8:30am.

**ADJOURN:** There being no further business, the meeting was adjourned at 10:20am.



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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** March 12th, 2008
- TIME:** 8:30am
- PLACE:** Room 145
- MEMBERS PRESENT:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Luker, Labrador, Crane, Vander Woude, Mathews, Shepherd(2), Smith, Pasley-Stuart, Rusche, King
- ABSENT/ EXCUSED:**
- GUESTS:** Sign in sheet attached to original minutes on file in the Committee Office until the end of the 2008 legislative session, after which it will be retained in the Legislative Library.
- Chairman Loertscher called the meeting to order at 8:30am with a quorum present. A silent roll was taken.
- MOTION:** Rep. Luker moved to approve the minutes from the March 6<sup>th</sup>, 2008 State Affairs committee meeting as written. The motion carried by voice vote.
- MOTION:** Rep. Vander Woude moved to approve the minutes from the March 7<sup>th</sup>, 2008 State Affairs committee meeting as written. The motion carried by voice vote.
- MOTION:** Rep. Stevenson moved to approve the minutes from the March 10<sup>th</sup>, 2008 State Affairs committee meeting as written. The motion carried by voice vote.
- MOTION:** Rep. Luker moved to approve the minutes from the March 11<sup>th</sup>, 2008 State Affairs committee meeting as written. The motion carried by voice vote.
- RS17983:** Representative Ken Roberts introduced **RS17983** to the committee. A letter titled Election Reform was distributed to the committee members (see attachment 1). He stated that this legislation is lengthy but the changes are simple. The title pages of this legislation gives a concise description of what is in this proposal. He stated that this legislation would provide uniform, comprehensive, and objective information to voters and to conduct all elections in the most consistent and professional manner possible. He stated that this will invest in the county clerks. This proposal will increase voter participation and enhance predictability for voters regarding when to vote. He went over the four consolidated dates that will be changed. He stated that all federal, state, and county elections will be held on the fourth Tuesday in May and the Tuesday following the first Monday in November in even numbered years. All city, district, and board elections will be held on the fourth Tuesday in May and the Tuesday following the first Monday in November in odd numbered years. Schools receive two additional dates during any year for conducting supplemental levy elections which are the second Tuesday of March and the Tuesday following the first Monday of September.

He also mentioned that included in odd numbered years will be local levy, bond, and ballot questions. In even numbered years there will be bond or levy questions as allowed by law, state-wide ballot questions, and judicial races. He stated that this legislation will also amend the term of office for some boards to transition into the new voting dates and election cycles. Rep. Roberts mentioned the fiscal impact on the state and that this legislation distributes annually four million dollars from the total state sales tax receipts to the election fund, then subsequently disbursed to all counties based upon a formula for the conduct of elections. He stated that the first million dollars will be distributed equally to each county and the remaining three million dollars will be distributed based on total county population. Because of those distributions being a diversion of sales tax dollars before statutory distribution to the cities and counties, the actual impact to the general fund is three million, five hundred and eighty thousand dollars.

He stated that school trustee member terms will be extended from a three year term to a four year term. He mentioned the library trustees and their term of service extending to six years. Within these changes are transition methods that will help implement these changes.

He went over, within the legislation, the election dates that will change. Ground water districts are exempt from these date changes because of the unique situation in which they hold elections. He mentioned the months in which bond elections can be held, changing from six months to every five months. This would allow bond issues to be presented twice a year. He stated that there are two changes that will need to be made before this proposal has a full hearing. Those changes include switching elections within the legislation from even to odd numbered years.

Rep. Roberts summed up by thanking the Secretary of States Office, Legislative Services Office, and John Watts for their hard work in organizing and drafting this legislation.

Rep. Pasley-Stuart inquired if this legislation was endorsed by the Secretary of States office.

Rep. Roberts stated that it was not endorsed by them but they will be making comments at the full hearing on this legislation.

Rep. Pasley-Stuart inquired how much the state is currently paying for its elections.

Tim Hurst stated that information would be hard to determine because the state does not have record of all election expenses from the districts. For primary and general elections, the state estimates about one and a half million dollars.

Rep. Pasley-Stuart inquired if in total, that amount would equal four million.

Tim Hurst stated that their estimate would be around four and a half million.

Rep. Mathews inquired how this legislation would be communicated to the public.

Rep. Roberts stated that he will work on that issue.

Rep. Rusche inquired about irrigation districts being excluded in this legislation and how that may be confusing to voters.

Tim Hurst mentioned that counties and commissions gave beneficial input on this legislation. He stated that when you go to a location to vote, you will be given ballots based on your address.

Rep. Labrador inquired why the fiscal impact was still four million dollars when this legislation is based on consolidation.

Tony Poinelli mentioned the ongoing expenses for elections such as electronic machines, polling locations and workers, etc. He stated that they estimate these expenses will be consistent every year.

Rep. Andrus inquired if a school district would be covered by this legislation if they decided to hold their own election.

Rep. Roberts stated that yes it would be covered and the school district is then able to spend that money elsewhere.

**MOTION:**

Rep. Anderson moved to introduce **RS17983**.

Rep. Luker inquired if a provision was in this legislation for inflation and if those funds would be appropriated every year.

Tim Hurst stated that the fiscal impact will be adjusted annually by the CPI.

Rep. Bilbao inquired about legislators terms in office and if those would be increased within this legislation.

Rep. Roberts stated that there has been significant discussion regarding that issue but that it was not included within this proposal.

Rep. Rusche inquired if this legislation would receive a full hearing and if the sponsors anticipate it being passed this session.

Rep. Roberts stated that this legislation has been in the works for over two years. He does not see it passing this session but he feels it should be online for individuals to review and submit changes to this proposal.

Rep. Shepherd inquired if this legislation was forwarded to all cities and counties.

Rep. Roberts stated that it was not but they will be able to weigh in at the full hearing.

**MOTION:** The motion carried by voice vote.

Chairman Loertscher announced that the State Affairs committee will meet Thursday, March 13<sup>th</sup>, 2008 at 8:30am.

**ADJOURN:** There being no further business, the meeting was adjourned at 9:20am.

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Representative Thomas Loertscher  
Chairman



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Camille Luna  
Secretary



## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 13, 2008

**TIME:** 8:30 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Black, Stevenson, Andrus, Shepherd, Smith, Pasley-Stuart, Rusche, King, Bilbao, Vander Woude, Crane, Snodgrass, Labrador, Kren, Luker, Mathews

**ABSENT/  
EXCUSED:** Representative Bilbao

**GUESTS:** please see attached sign-in list

**RS 18111:** Representative Anderson presented the proposed legislation to address the increasing threat of invasive species, specifically Quagga Mussels. This species was first introduced to U.S. waterways when a freighter in Lake Erie emptied its bilge. They proliferated quickly throughout eastern waterways, but were held back at the 100<sup>th</sup> meridian until 1989. In 2007, they were detected on a test PVC pipe in Lake Mead and now number in the trillions. They pose a serious threat to fisheries, competing for the same food sources and destroying habitat, and are considered the greatest environmental threat to the state of Idaho. This legislation allows the authority to promulgate rules for boat inspection stations and practices.

Questions were raised regarding what natural mechanisms keep the species in check, and how long the species can survive out of water. The species requires calcium and the natural habitat is low calcium; our waterways have a high calcium content. The species is highly resilient, and can enter a dormant state and survive without air or water for up to two weeks. Chlorine is the only kill method and chlorine treatment would have to be sustained for a two week period. It was asked whether this legislation was well enough defined, given that it includes all invasive species and the possible ramifications for garden plantings. The response was that there is a distinction between noxious weeds and invasive species, and invasive species must meet higher criteria for list inclusion. There was a suggestion that an amendment be considered, however, Representative Anderson stated that there was a need to go forward now in order to meet the emergent threat of Quagga Mussels.

**MOTION:** Representative Stevenson moved to introduce **RS 18111**.

**SUBSTITUTE  
MOTION:** Chairman Loertscher moved to send **RS 18111** to the Second Reading Calendar. The motion passed on a voice vote.

**SB 1398a** Representative Rusche presented legislation requiring that only reduced

ignition propensity cigarettes be sold in the State. It is anticipated that they will reduce loss of life, injury and property loss related to fires caused by cigarettes. Twenty-two states have legislation in place to this effect.

Mark Wendelsdorf, Fire Chief for the Caldwell Fire Department, testified in support of the bill. In his twenty-seven year career, he responded to two house fires caused by cigarettes resulting in death. Between 1993 and 2005, there were 72,000 house fires in Idaho

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Representative Thomas Loertscher  
Chairman

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Margaret Major  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 14, 2008

**TIME:** 8:30 A.M.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Andrus, Bilbao, Vander Woude, Crane, Snodgrass, Labrador, Kren, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** None.

**GUESTS:** See attached list

Chairman Loertscher called the meeting to order at 8:30 A.M. and a silent roll was taken.

**RS 17955C1:** **Rep. Bob Nonini** presented this RS to the Committee. He explained that this legislation cleans up the language in last year's STAR (State tax anticipated revenue), legislation and more clearly defines the definition of "highway improvements." He further explained that it would make changes to **HB 250** which was passed last year. He explained that this bill helped to drive economic development. He explained that the reason for the proposed legislation is to allow a little extra work to be done on a non-interchange road. He reported that Eagle Road in Boise would benefit from this legislation and it would spur some economic development. The proposed legislation would make the language more clear in the Code.

In response to question regarding taking sales tax revenue and would the existing road allow for expansion using existing sales tax funds that could go to the general fund, **Rep. Nonini** explained that this is not the purpose of this legislation. He further explained that there are existing businesses that are collecting sales tax, and this could be diverted to go to the highway fund to pay for development, but would also allow for new businesses to pay sales taxes. He explained that money is put up front by a developer and the money is used for the footprint where the expansion may be.

Rep. Snodgrass, commented that this area is in his district. He explained that new business wants to come in, but the corridor is so congested that they do not want to come in. He mentioned that the state should be encouraging public and private partnerships, lower costs, and trying to come up with solutions that are less expensive.

**MOTION:** Rep. Snodgrass **made a motion to introduce RS 17955C1 to print.** In the discussion on the motion, **Rep. Nonini** explained that the bill last year allowed for 60% of the sales tax to go back to the developer and 40% to the state. He further explained that the new language in the bill, if the existing development is within the footprint, a portion of the sales tax would go back to the developer.

In response to a question as to how the footprint is defined, **Rep. Nonini** clarified that the development defines the footprint. It was mentioned that the main part of the infrastructure that needs to be improved is from the freeway to Eagle Road. **Rep. Nonini** explained that in the existing language in the law, there are benchmarks for the developer. These benchmarks include; the developer has to provide at least \$8 million for improvements, and \$4 million dollars for developments and then they qualify for the rebate. He further clarified that it would be one main developer doing the project, but other small retailers could open something in this area.

On a voice vote, the motion carried.

**RS 18112:** **Rep. Bob Nonini** also presented this RS to the Committee. He explained that this legislation seeks to make it illegal to coerce or otherwise force a woman or girl into aborting her baby. He explained that this is a new piece of legislation, and if it is introduced for print, he will be pulling **HB 464** which is currently on the third reading calendar. He further explained that the proposed legislation includes the identical language suggested by the Attorney General's Office.

**MOTION:** Rep. Mathews **made a motion to introduce RS 18112 to print.** In the discussion on the motion, **Rep. Nonini** explained that he did not consider addressing any other reproductive services in the proposed legislation. He further explained that the penalties for assault would be increased in the proposed legislation. On a voice vote, the motion carried, with Representatives King, Pasley-Stuart, and Smith (30) voting NAY.

**H 584:** **Rep. Liz Chavez** presented this bill to the Committee. She explained that the purpose of this legislation is to require mandatory training for all retail clerks and servers of alcohol, retail sales in state liquor stores for identification of minors to decrease illegal purchase of alcohol. She explained that when she presented this bill two days ago in Committee, there were concerns regarding oversight and training and the availability of training programs. The Committee held bill for time certain, March 14<sup>th</sup>. She reported that the interested parties have not agreed on all of the issues but will continue to work together. Rep. Chavez asked that the committee hold this bill in the Committee so they can return next year with consensus legislation.

**MOTION:** Rep. Rusche made a motion **to hold HB 584 in Committee.** He explained that he has had a meeting with retailers and other interested parties, and there was pressure to come up with a product in two days, but the issues regarding compliance checks and the question of what putting in a training program might buy could not be done in 48 hours. He explained that they will come back with another bill next year. On a voice vote, the motion carried.

**S 1446:** **Speaker Denney** presented this bill to the Committee. He explained that this legislation clarifies the Sunshine Law with regard to lobbyist reporting. **Pro Tem Geddes** indicated that he is supportive of this legislation.

**Senator Brad Little** explained that this bill modernizes law, and expands the definition of "executive official" to include persons with major policy making roles within the constitutional offices and clearly defines "lobbying" to include building relationships and promoting goodwill with legislators and executive officials.

It also makes it easier for those people who have to report. It also adds members of household, and adds clarity and transparency. In response to questions, **Sen. Little** explained that there is no upper limit under this bill, but it has to be reported. He further explained that each member of the household would be counted separately and it would be \$75 limit per person.

**MOTION:**

Rep. Bilbao made a **motion to send S 1446 to the Floor with a DO PASS recommendation**. In the discussion on the motion, **Secretary of State Ben Ysursa** explained that this bill is a consensus piece of legislation, both bodies agree, and the lobbyists also agree. He further explained that the sunshine law needed clarity, and there was a need to make clear what the rules are. He explained that this is an attempt to be proactive and make things clear for everyone. In response to a question regarding if this legislation would raise campaign donors up to \$75, **Mr. Ysursa** explained that this legislation does not address this issue, but it has been thought about. He further mentioned that they are also discussing the idea of going to online filing in the next couple of years.

**Skip Smyser**, president of Legislative Advisors Association spoke in support of this legislation. He explained that the Secretary of State has involved all of the players and this legislation has been needed for a long time. He further explained that it does modernize dealing with elected and appointed officials. In response to a question regarding if other states have upper limits, **Mr. Smyser** explained that other states do have limits. He explained that this legislation gives more confidence in the system and takes out a lot of the uncertainty.

On a voice vote, the motion carried. Rep. Labrador will sponsor the bill on the House Floor.

**H 612:**

Chairman Loertscher presented this bill to the Committee and Vice Chairman Anderson chaired the meeting. Chairman Loertscher explained that purpose of this legislation is to deregulate the manner in which political parties in Idaho do their business. He further explained that the proposed legislation clarifies that political parties have the ability to govern themselves by rule and removes all reference in Idaho statutes to their convention processes and delegate selection for national conventions. He explained that all other activities by the party are controlled by the party rules. He further explained that a party can choose whether or not to hold a convention and if they do, they adopt rules about how they govern their affairs.

In response to a question regarding what prompted this legislation, Chairman Loertscher explained that at the last Idaho Republican party convention there was a resolution passed by the body to deregulate and that is why he brought this legislation forward. He further explained that this legislation does not address primaries, and they are addressed in other parts of the Code.

**Mr. Ysursa** explained that he is concerned about the emergency clause in the proposed legislation but agrees with the concept.

Chairman Loertscher explained that he does not know if there are other organizations in the state that would be affected by this legislation other than political parties. He reported that this proposed legislation has nothing to do with the primary elections. He further reported that all this bill does is address how delegates are chosen is by party rule and should not be in Code. He explained that he does not know of any other state that has this type of legislation. When questioned why the proposed legislation has an emergency clause, Chairman Loertscher explained that this has generated some controversy and if the emergency clause is taken out, he would not have a problem with this . It was mentioned that the Republican party has already chosen their delegates for the presidential convention, so this emergency clause would not apply. When questioned as to the purpose of the legislation, Chairman Loertscher explained that he is trying to take unnecessary laws out of Idaho Code. When asked a question regarding if the proposed legislation would get the states out of primaries, Chairman Loertscher replied that is not the intent of this bill. It was also mentioned that there is a process as to when delegates names are made public, this legislation does not address this issue.

**Mr. Yursa** explained that since a Supreme Court decision in 1981, national party rules supercede state law when choosing delegates for the national convention. He further explained that state rules rely on partly what is in state Code, and the reference to a public list of proposed delegates would be stricken in this legislation. He also explained that party rules have no reference to uncommitted delegates. The emergency clause does change the rules for presidential candidates and no list of proposed delegates would be filed with Secretary of State's office. He explained that changing the rules should be done down the road in a reflective manner instead of doing it now. He explained that if the emergency clause is stricken, the Secretary of State's office would not have a problem with this legislation.

**Kitty Kunz**, secretary of the Idaho Republican Party addressed the Committee. She read a letter from the Chairman of the Idaho Republican Party, **J. Kirk Sullivan**. (See attached letter) She explained that the IDGOP conditionally recommends passage of the proposed legislation if the emergency clause is removed. She explained that the IDGOP is favorable to an optional convention.

**Trenten Kammermen** , spoke in support of this bill. He questioned the affect the proposed legislation would have on the independents. Chairman Loertscher explained that the legislation does not affect independents at all.

**MOTION:**

Rep. Luker made a motion **to send H 612 to General Orders with Committee amendments**. **Mr. Yursa** explained that the legislation might have a problem with a newly formed party's candidate on the ballot and there ought to be one type of general meeting to give the Secretary of State's office a list of their candidates. He further explained that this would be a rare occurrence. The Committee amendments are; on page 2 of the bill, delete lines 14 through 19 and insert: "The newly certified party shall proceed to hold a state convention in the manner provided by law; provided, that at the initial convention of any such political party, all members of the party shall be entitled to attend the convention and participate in the election of officers and the nominations of candidates.

Thereafter the conduct of any subsequent convention shall be as provided by ~~law~~ party rule. The emergency clause is deleted on page 4, lines 13 through 15. The motion was seconded by Rep. Stevenson. On a voice vote, the motion carried with Rep. Crane voting NAY.

Chairman Loertscher announced that the Committee will meet at 8:30 A.M. Monday morning.

**ADJOURN:**

There being for further business to be brought before the Committee, Chairman Loertscher adjourned the meeting at 10 A.M.

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Representative Thomas Loertscher  
Chairman

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Claudia Howell  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 17, 2008

**TIME:** 8:30 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Luker, Mathews, Kren, Vander Woude, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** None

**GUESTS:** See attached sign-in sheet and highlighted presenters below.

**CALL TO  
ORDER:** **Chairman Loertscher** called the meeting to order at 8:32 a.m.

#### APPROVAL OF MINUTES:

**Chairman Loertscher** said if there are no objections, he is changing the order of the agenda, as he needs to leave at 9:00 a.m. for a scheduled interview. There were no objections from the committee. Chairman Loertscher turned the meeting over to Vice Chair Anderson.

**H624** **ELECTIONS/PERMANENT ABSENTEE VOTER: Rep. Loertscher** presented **H624** and said there is the need for some type of permanent absentee voter status for certain groups. The groups identified in the bill are those who serve full time in the military, those that are disabled and those serving as full time missionaries. All of these groups are out of town on a permanent basis and this bill will be a help to them by receiving their ballots automatically. The disabled are defined as those who qualify for a handicap tag in their automobile. Rep. Loertscher referenced page 3 and noted the reasons to terminate permanent absentee voter status are: when full time service in the military ends or the person is no longer a missionary.

**Tony Poinelli**, Idaho Association of Counties (IAC), addressed the committee and stated the IAC is in support of this bill as a good first step, however they liked the earlier bill more as it was broader. **Mr. Poinelli** said they question how, on page 3, subsections 5 and 6, the clerks will be able to identify when the voter terminates their mission or military status. Will it be by a rule of the Secretary of State when they originally sign their voter card by listing a termination date or will it be spelled out by legislation. **Mr. Poinelli** said they are asking this question for the protection of the County Clerks. **Rep. Pasley-Stuart** asked if Mr. Poinelli's question could be dealt with by adding on page 3, after what is line 16, "...upon failure to vote.." Ms. Pasley-Stuart said the County Clerk will know they hadn't voted and that would then terminate their permanent status. **Mr. Poinelli** said that could be a possibility or on the voter card list a date when they anticipate being back. **Ms. Pasley-Stuart** stated that with regards to military

service, sometimes they expect to come back at a certain time but their tour is extended. **Rep. Vander Woude** asked what constitutes being a full time missionary - 6 months, 1 year, 5 years, as there is nothing in this that defines what that is. **Mr. Poinelli** said his understanding of missionary work is that usually the missionary is out of the country or not within their home state and it typically is for 1 ½ years or longer. These individuals do vote and they should have the ability to request a longer status than each election year. **Rep. Pasley-Stuart** said that in many churches being a missionary is a life-long work and they usually are out of the U.S. **Vice Chair Anderson** asked when talking about full time missionaries, why couldn't we say full time volunteers? **Mr. Poinelli** said he would have to defer to the sponsor of this bill, as their earlier bill in his view would have covered the gamut, but there were concerns raised since anyone would have been eligible. He said he doesn't know how to determine the time of status talked about earlier (full time or part time), but thinks this bill is a first step. **Rep. Rusche** and **Rep. King** discussed including those in the Peace Corp, AmeriCorp, and college students who attend college outside of Idaho. **Chairman Loertscher** said what usually happens with college students is there are voter registration drives at their college and they will vote where they attend college. This created a problem in Utah with students voting there instead of their home town and Utah was shorted a congressional seat. **Rep. Matthews** stated he sees the Peace Corp and the like as missionaries. **Mr. Poinelli** said it's a good question and originally thought missionaries are considered to be religion based, but his role is to look out for the County Clerks and would like to have it specified. **Tim Hurst**, Deputy Secretary of State, stated they do support this legislation but it may not go far or broad enough. **Mr. Hurst** said that for disabled individuals, as well as those individuals out of the country, this is another convenient method for them to vote and they would like to see it go further.

**MOTION:**

**Rep. Black** made a motion to send **H624** to the floor with a "Do Pass" recommendation.

**Rep. Black** said good points were raised and next year legislation can take care of any clarifications that are needed. **Vice Chair Anderson** asked for any further discussion. **Rep. Crane** said that he personally believes that the individuals should ask for absentee ballots at each election cycle and is philosophically opposed to a permanent absentee status.

**SUBSTITUTE MOTION:**

**Rep. Crane** made a substitute motion to hold **H624** in committee.

**Rep. Labrador** spoke in support of the substitute motion and indicated he doesn't like a permanent absentee status because of possible fraud. While the current system is not the most convenient, we do have the right to vote. We have service people risking their lives for these rights and we need to risk ourselves, go to the polls and do the things necessary to vote. **Rep. Vander Woude** spoke in favor of the substitute motion, saying he doesn't think we should pass legislation containing what we see as problems. **Rep. Rusche** said he doesn't think we need to wait until next year to take action on this legislation.

**AMENDED SUBSTITUTE MOTION:**

**Rep. Rusche** made a motion to amend the substitute motion and send **H642** to General Orders with amendments.

**Rep. Rusche** said he would like to the following amendments to be made: insert

“volunteer community service worker”, which would then include the AmeriCorp and Peace Corp volunteers; on page 2, line 51, delete after “elector” through “missionary” on line 53; and on page 3, delete lines 15, 16, 17 and 18. **Rep. Snodgrass** stated that should this bill go to general orders any number of amendments could be made. Discussion followed and it was noted that if the bill was sent to general orders, anyone can make amendments to the bill. **Vice Chair Anderson** asked for further discussion and there being none, called for a vote on the amended substitute motion.

**ROLL CALL  
VOTE ON  
AMENDED  
SUBSTITUTE  
MOTION:**

A roll call vote was requested. **The substitute amended motion to send H624 to General Orders with amendments failed by a 7-11 vote.** Voting **AYE:** Representatives Anderson, Snodgrass, Bilbao, Shepherd, Smith, Rusche and King. Voting **NAY:** Representatives Loertscher, Stevenson, Black, Andrus, Crane, Labrador, Kren, Vander Woude, Luker, Mathews, and Pasley-Stuart.

**Vice Chair Anderson** asked for further discussion on the substitute motion and hearing none, called for a vote.

**ROLL CALL  
VOTE ON  
SUBSTITUTE  
MOTION:**

A roll call vote was requested. **The substitute motion to hold H624 in committee passed by a 11-7 vote.** Voting **AYE:** Representatives Anderson, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, Luker, Pasley-Stuart and King. Voting **NAY:** Representatives Loertscher, Stevenson, Black, Mathews, Shepherd, Smith and Rusche.

**SB 1433a**

**FLOATING HOMES/RENTAL RATES: Lyn Darrington**, representing the Idaho Float Home Association, presented **SB1433a** and said the objective is to provide for two positions: 1) factors to be considered for determining reasonable rental rates; and 2) a way to resolve disputes on unreasonable rate increases. **Ms. Darrington** said the Idaho Float Home Association was formed in 1994 due to significant rental rate increases and because they were not covered by the Landlord Tenant Act. In 1998 legislation was passed, modeled after the mobile home residency act, which grand fathered all existing float homes, but also prohibited any new commercial marinas being built for the purpose of mooring float homes. During 2005 to 2006, moorage rates increased as much as 110% per year. **Ms. Darrington** said there are 350 float homes in Idaho and 95 of those are moored in 5 commercial marinas, with some on private property. Only those float homes moored in commercial marinas are addressed in this bill. To move a float home is very expensive, and requires a permit. **Ms. Darrington** stated that section 2 outlines the factors being considered for reasonable rates. The second part of the bill speaks to the process for dispute resolution and defines arbitration. **Ms. Darrington** concluded that currently in Idaho, the landlord holds all of the cards.

**Rep. Stevenson** asked if an emergency clause was added as part of the amendment. **Ms. Darrington** said, yes, and should the bill pass it will go into effect on the Governor’s signature versus July 1st. **Rep. King** asked how many marinas are in Idaho. **Ms. Darrington** said that currently there are 5 commercial marinas, with the 95 homes in Bayview Marina being primarily affected by this. **Rep. King** said that a 180 day notice of an increase is required for mobile home owners and asked if this is the same. **Ms. Darrington** said that Idaho doesn’t speak to that and it is why we are here today and why they need a process. **Rep. Kren** asked if this bill only affects 5 commercial marinas? **Ms. Darrington** said yes, plus the Coeur d’Alene Yacht Club.

**Dennis Scott**, Development Manager of Waterford Park Homes distributed a handout depicting a PowerPoint presentation by Chan Karupiah, owner of JD and Scenic Bay Marina, and said he has 2 particular portions he wants to touch on. Specifically, page 16, Reasons for Float Homes from Owner's Perspective and page 15, Summary of Facts, as the marina owners see them. **Mr. Scott** said from the marina owners' perspective there is no guarantee that float homes will remain in the marina forever. Currently in Bayview there are 90-95 float homes and in the 5 marinas, there are 10 vacancies which allow the float homes to move from one marina to another. The cost to move a float home is approximately between \$500 - 1,000 which is less than what it costs for regular homeowners to move from one residence to another. So to say it is burdensome and expensive to move float homes doesn't play with the actual facts. The majority of float home owners are from out of state and in Scenic Bay only 5 are full time residents. Float homes are typically a 2<sup>nd</sup> or 3<sup>rd</sup> home which allows them access to the lake. **Mr. Scott** said that once you request arbitration it is rent control. This is a special class of citizens that don't require residency. **Mr. Scott** asked the committee to pretend they are a marina owner and read the current legislation.

**Rep. Luker** asked what the useful life of a float home is and what happens when it is ready to be demolished. **Mr. Scott** said that he learned from the Department of Lands that a float home owner can, one time only, completely remove and replace an entire float home by taking it out, demolishing it and putting in a new package with today's technology; as long as it doesn't change the dimensions. So, a float home can last a very long time. **Rep. Luker** asked what are the concerns of the owners regarding the ability to resell these homes and in terms of the market, what is his observation for turnover. **Mr. Scott** said there is a specific example in Harbor View Marina which is currently undergoing some upgrading. Out of 18 float homes, 12 recently sold and 5 are for sale by owners. What drives this is that out of state individuals have discovered Idaho lakes and float homes present an opportunity to be in a prime location with all services provided. **Rep. Andrus** asked how many moorage sites are available that are not currently being utilized. **Mr. Scott** said there are 10 sites in Scenic Bay alone, with 2 existing permits he is aware of to move from one location to another. **Rep. Shepherd** asked if the docks the float homes are attached to are open to the public. **Mr. Scott** said that some are and some are not. Normally he would say they are, but float home owners lobbied marina owners to place gates so that access on docks that pass in front of their homes is restricted. Most are not occupied year round so they feel vulnerable. **Rep. King** asked Mr. Scott if he would categorize the float homes as affordable primary or 2<sup>nd</sup> homes. **Mr. Scott** said that definition is different for each person, but stated that he knows of a float home that was originally purchased for \$100,000 and is now for sale for \$300,000. **Rep. Black** asked how the rental charge is established and what constitutes a site? **Mr. Scott** said that float homes vary in size from 18 to 22 feet in width and 25 to 40 feet in length and generally speaking, float homes take up approximately 2 boat slips. As for the rental charge, **Mr. Scott** said another speaker may be better suited to answer that question. **Rep. Snodgrass** asked for clarification that right now there are a fixed number of moored spots in different places and we aren't allowing any new building of new float homes. **Mr. Scott** said that is true. **Rep. Snodgrass** said that is a sort of altered market as they are not able to build new float homes, so there is no active competition and what's to keep owners from raising rents on an ongoing basis. **Mr. Scott** said that another speaker could answer better than he, but he thinks with 3 different marina owners there is competition involved, at least at Scenic Bay, but there is

no restriction to add moorage sites to his knowledge. **Rep. Snodgrass** said if no new float homes are being built, then why build more moorage sites, is it possible to lure float homes from another area to his marina. **Mr. Scott** said it is market driven and that is a fair statement and where competition comes into play. He further stated that if your rates are so high that you can't fill your marina, then your choice is to either go out of the moorage space rental entirely or lower your rates.

**Chan Karupiah**, owner of JD and Scenic Bay Marina, spoke to the committee and said that he has been a marina owner since 1993, so has a history of this process. **Mr. Karupiah** stated that marina owners can't keep jacking up rental rates, as there is no guarantee they will stay in his marina. **Mr. Karupiah** addressed the issue of how much rent is being charged for float homes relative to house boats. He referenced page 4 of his handout, and said that house boats pay .50¢ per square foot while float homes pay .23¢ per square foot. He said furthermore, if not for upland, float homes would be in the middle of the lake and would be almost worthless. By providing moorage sites, the marina owners offer significant value and also referenced the amenities the marina owners offer and stated this still offers the cheapest ownership on the water. **Mr. Karupiah** asked the committee to reject this bill per the reasons outlined on page 20 of his handout.

**Erica Grubbs**, representing Bob Holland, owner of 2 of the 5 marinas, addressed the committee. **Ms. Grubbs** said it is important to consider that this bill affects a small number of Idahoans. Mr. Holland issued a 90 day notice in February of a rent increase and feels this legislation is primarily to thwart that particular rent increase. **Ms. Grubbs** said that this legislation has been represented to protect Idaho, however the group we are really talking about offering subsidized rent to, consists primarily of people who are not Idahoans, own 2<sup>nd</sup> and/or 3<sup>rd</sup> homes or rental commodities and are hardly in need of your protection. The current legislation more than adequately protects float home owners. She said there is great protection in existence today and little need. **Ms. Grubbs** noted the distinction that home owners pay property taxes, but float home owners expect permanency without responsibilities, all at the marinas owners expense. **Ms. Grubbs** said she thinks the legislature's goal should be to walk out of these sessions passing laws that are constitutionally sound. This legislation contains ambiguities and doesn't address the time frame of the arbitration process and it should be defined. **Ms. Grubbs** gave an example of owning a sailboat that is moored at Coeur D'Alene Lake. There are improvements being looked at and she will expect a healthy increase, but she doesn't expect legislation to protect her from that increase; she can suck it up and pay the increase or go look for another slip. **Ms. Grubbs** asked the committee to please reject the bill.

**Rep. Snodgrass** asked Ms. Grubbs what was the amount of rent increase she referred to. **Ms. Grubbs** said there were two separate rent increases, she believes based on size, each with a 90 day notice: 1) \$490 to \$690 per month and; 2) \$490 to \$990 per month. **Rep. Snodgrass** said then if a marina with 35 spaces increases the rent by 100%, they know that with 10 spaces available 10 can leave, but the other 25 are stuck. He said if the marina owners would increase facilities on existing sites, the float boat owners may feel better about paying more for that. **Ms. Grubbs** said that her client in particular has put a couple of million dollars into improving the sites. It is a competitive market, with

multiple owners and no restriction on building more moorage sites. Her client has an application in to create more moorage sites and feels some obligation to float home owners and would like to see them continue.

**Ms. Darrington** said the timing of the opposition is interesting as there was none when this legislation was in the Senate. The intent of the legislation is to allow a resolution process for float home owners that have a reasonable concern with the rental rates being charged. Unlike boats that can move anywhere, these homes are subject to the existing marinas.

**MOTION:** **Rep. King** made a motion to send **SB1433a** to the floor with a “**Do Pass**” recommendation.

**Rep. King** said she thinks this is a unique kind of home and going from \$490 to \$690 per month is an unreasonable increase. The float home owners should have some way for arbitration and this is a fair and reasonable way to do this. **Rep. Luker** asked Ms. Darrington at what point did the amendment with the emergency clause come into being. **Ms. Darrington** said it is her understanding that it happened on the floor of the Senate. There being no further discussion, **Vice Chair Anderson** called for a vote on the motion.

Voting “**Nay**” were Representatives Loertscher, Andrus, Mathews and Crane. **Motion carried** with a voice vote. Rep. Hart will carry the bill.

**ADJOURN:** There being no further business before the committee, Vice Chair Anderson adjourned the meeting at 10:18 a.m.

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Representative Loertscher  
Chairman

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Darlene Reed  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 18<sup>th</sup>, 2008, 2008

**TIME:** 8:30 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Black, Stevenson, Andrus, Bilbao, Vander Woude, Crane, Snodgrass, Labrador, Kren, Luker, Mathews, Shepherd, Smith, Pasley-Stuart, Rusche, and King

**ABSENT/  
EXCUSED:** Representative Labrador

**GUESTS:** please see attached sign-in sheet

The meeting was called to order at 8:32 a.m.

The first order of business before the committee was approval of the minutes for 3-13-08. Representative Pasley-Stuart moved to approve the minutes as written, and the motion was carried on a voice vote. She further moved to approve the minutes for 3-14-08 as written, and the motion was carried on a voice vote.

**SJM 111** Senator McKague stated the purpose of this memorial is to remind the Congress of their oath to protect the Constitution of the United States by securing our borders; removing incentives for illegal immigration; and immediately implementing a guest-worker program, requiring work visas and establishment of enforcement standards. She stated that all states are feeling the impact of this burden, in hospitals and other support systems.

A committee member asked the Senator if she felt that Line 21 (NAFTA) enhanced immigration and she responded, yes, in so much as it opened our borders. Clarification was requested regarding how NAFTA nullifies the Constitution and the response was, by relaxing our borders and removing our God given rights to protection. A committee member commented that, while most would agree that our current immigration situation is not good, the memorial includes broad assumptions. Another member took issue with the language "invasion", finding the term too strong, with serious implications.

When asked what incentives exist to encourage immigration, the Senator gave the example of high numbers of alien mothers and children in the Social Security Office, signing up for welfare support. She also referenced the number of incarcerated aliens. She responded to a question about the economic impact to Idaho, stating that this information has not been researched. A committee member noted that guest worker programs already exist that include amnesty, and asked the Senator if she supported that amnesty; she does not.

**MOTION:**

Representative Andrus moved to send **SJM 111** to the floor with a **DO PASS** recommendation, and gave historical perspective on NAFTA. In 1995, NAFTA used agricultural products to balance trade by export. It was the first time in history that this nation imported more agricultural product than we exported, and this memorial sends an important message to Congress.

A committee member requested a substitute motion for amendment. The motion was ruled out of order by the Chairman, because our rules do not allow the House to amend a Senate memorial.

**Roll Call Vote  
On Original  
Motion:**

A roll call vote was requested on the original motion.  
**The original motion passed, 10-6-1.**  
Committee members voted as follows:

Ayes: Chairman Loertscher; Representatives Stevenson, Andrus, Bilbao, Crane, Kren, Vander Woude, Luker, Mathews, and Shepherd

Nays: Vice Chairman Anderson; Representatives Black, Snodgrass, Smith, Pasley-Stuart, and King.

Absent: Representatives Labrador and Rusche.

**SB 111** will be sent to the floor with a **DO PASS** recommendation.  
Representative Hart will sponsor the bill on the floor.

**SB 1276**

The intent of the legislation is to clarify current law regarding the issuance of weight tickets for products sold and weighed on certified scales. Current law allows the purchase of scrap metal by the ton, without providing proof of weight. The amendment will require that all bulk sales and deliveries must produce scale tickets. This legislation originates with a constituent who questioned the assessment made by a scrap hauler and contacted his representative. Currently there is no requirement for a scale ticket including gross, tare and net weight measurements.

In response to a question about the stipulation for a 3-year waiting period, Senator Corder stated that Ways and Means had already agreed to strike that language, and the Chairman noted that it will have to be sent to General Orders for amendment.

The committee raised a number of questions and the responses from Senator Corder follow. The proposed legislation will have no impact on the dairy industry or other commerce as it stands, with the exception of the intended amendment. It was written in deference to agricultural laws and practice; the Department of Agriculture was consulted in development of the language. A "scrap metal bulk sale" is defined as any metals in a truck or delivered in a large container. The concern was then raised that requirements are already in place for some commodities, including scrap metal dealers, and we should not introduce a change if the need is already covered under existing law. The Senator responded that this legislation was generated to secure ownership, and the worst case scenario would simply be that a ticket is already in place. The Senator went on to explain that the Department of Agriculture also supports this legislation, to close loopholes. Under this regulation all bulk must produce a ticket.

When the load is weighed, the ticket is generated, but this is not defined in the legislation. In the case of different metals in one truckload; first a gross weight will be measured for the fully loaded truck, prior to off-loading any sub-load of a different metal.

**MOTION:** Representative Rusche moved to send **SB 1276 to General Orders.**

Representative King recused herself from this vote due to a conflict of interest.

The motion was carried on a voice vote to send **SB 1276 to General Orders.** Representative Rusche will sponsor the bill on the floor.

**SB 1435a**

Mr. Kevin Iwersen, Chief Technology Officer for the Department of Administration, presented this bill to repeal code, and allow for the transfer of the integrated property records system from the Department of Lands to the Department of Administration.

Existing Idaho code requires the Department of Lands to maintain an integrated property records database for state real estate interests. Transfer of this responsibility to Administration will facilitate access to, and the effective use of, integrated information via a web browser.

The Department of Administration, by virtue of its statutes and expertise in public works, commercial leasing to state agencies, and state information technology, is well suited to accept this transfer of responsibility.

Gail Ewart, G.I.O. for the Department of Administration, testified in support of the bill. Benefits include “one-stop shopping” for information access; data spatially presented in a map-based format; and cross-matching of data sources, while allowing those records to stay in the originating department’s custody. In summary, it provides better service, should result in eventual cost savings, and can be a model for other state collaborative efforts.

Ms. Ewart then took questions from the committee and her responses follow. The original concept of the property records system was more singularly focused. Over time, the mission expanded and the use of the information expanded, creating a burden for the Department of Lands. Administration is well positioned to accept the system and bring all data under one umbrella. Only stated-owned property and structures will be included at this time; private properties are managed by the Tax Commission. The technology allows for virtual integration of actual records still maintained by departments. An additional \$33,000 is required to allow for one additional full-time employee to maintain the system. This does not represent a duplication of effort, rather, allows an interface and integration of data across a wide span of departments and divisions. Cost savings are already being realized in commercial real estate.

Kathy Opp, Deputy Director for the Department of Lands, testified in support of the bill. Her department began to see requests for information beyond their expertise and approached The Department of Administration for assistance. Currently the system is housed on a server in Administration. The Department of Lands remains custodian of lands owned. Management of the information system is simply a better fit for the Chief Information Officer under Administration. Much of the data is already in the system, but it will take years to complete the input.

**MOTION:** Representative King moved to send **SB 1435a** to the floor with a **DO PASS** recommendation. It was carried on a voice vote and Representative King will sponsor the bill on the floor.

**ADJOURN:** There being no further business before the committee, the meeting was adjourned at 9:32 a.m.

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Representative Thomas Loertscher  
Chairman

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Margaret Major  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 19, 2008

**TIME:** 8:15 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Luker, Mathews, Kren, Vander Woude, Shepherd, Smith (30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Rep. Anderson

**GUESTS** John Watts, Duane Smith, Rob Winslow, Tim Hurst, Sharon Burke, Tony Poinelli

Meeting was called to order at 8:25 a.m. by Chairman Loertscher.

**H 637** In the absence of Rep. Roberts, the bill's sponsor, **John Watts** presented **H 637**. Mr. Watts testified he had been working on this issue since last summer, when he began conversations with Tim Hurst, Deputy Secretary of State, Ben Ysursa, Idaho Attorney General, and majority leadership. Mr. Watts said there are still considerable problems with H 637 and it is not possible to get the bill adequately amended at this time. Therefore, he said, he will request that the committee hold the bill in order to allow further discussion during the interim. He said he will continue to work with counties, cities, school districts and other entities involved in this issue.

Mr. Watts briefly outlined the goal of this legislation, which is to simplify and consolidate elections throughout the state. He explained that at the present time separate taxing districts can hold elections when and where they choose, and each district makes announcements and distributes voter materials. Mr. Watts said the authority for districts to conduct elections appears in various chapters of Idaho Code, which explains the length of the current bill. He said there are numerous local districts, including schools, libraries, even weather modification districts. In the current situation, each of them spends a considerable amount of money advertising and conducting elections, sometimes not accomplishing their goals because the election turns out to be unsuccessful. Mr. Watts said holding consolidated elections will simplify the attainment of the basic goals of any election, which is to inform the voters of the timing, the location and the purpose of upcoming elections.

A question was raised about whether it would be simpler to consolidate all taxing districts rather than consolidating elections. Mr. Watts responded that district consolidation is probably not an attainable goal since each taxing district exists for a different reason and has a different constituency. He said the most reasonable effort will be to try consolidating the notification and election process, the informational process, and the voting locations.

Mr. Watts continued with an overview of H 637, saying that it attempts to

create two distinctive ballots, with a view toward enhancing the election process and therefore creating greater excitement and greater voter participation. He said the first ballot will be used in even-numbered years and will include partisan races, bond levies for schools, elections of judges and ballot initiatives or referenda. The odd-numbered year ballots will include non-partisan elections, such as for mayors, city council members, taxing district boards, and bond levies. The bill will also shorten the time period from six months to five months before a question can be brought to the ballot. Mr. Watts said this will allow two opportunities for elections each calendar year. He said the bill also includes two additional election dates for school districts, which was done at the request of the schools. He said the specific dates will be identified by the schools themselves; he said that March and September had been chosen by them as optimum months for school bond elections.

Mr. Watts said one of the factors that will need to be monitored is whether this arrangement will result in "loading up" any particular dates. He pointed out that, under this legislation, all election authority is being vested in county clerks and that this will be a relatively new arrangement which will take some time to adjust for and administer. He said the county clerks will pick election dates and polling places, so they should be able to avoid any overload.

In further testimony, Mr. Watts said there remains a question about who should canvass the election. There is some discussion about whether a district should do its own canvassing and then issue bonds, or whether the clerks, who will be empowered as chief election officers, should certify the results and count the ballots, and then have districts announce the results and issue certificates.

Explaining the funding for H 637, Mr. Watts said the current plan is to take approximately \$4.5 million from sales tax revenue, issue \$50,000 as a base amount to each county, and then allocate the remaining funds to counties based on their population. He said the \$4.5 million figure resulted from a collaborative effort of the Idaho Association of Counties and the Secretary of State's office. The figure is based on the best estimates of the counties and the Secretary of State's office as to the cost of running elections. He noted that the \$4.5 million is not new money, but will just be dedicated to a different fund. Mr. Watts further testified that the existing percentages for election turnout and passage remain the same as they are at present. In concluding testimony, Mr. Watts said he will continue to work during the interim and hopes to return next session with a good bill that will effect significant election reform. He also said he hopes to present this information to the Senate committee before the end of this session in order to apprise them of the ongoing efforts on this legislation.

Responding to committee questions, Mr. Watts said groundwater districts and irrigation districts are not included in the legislation because they have a different suffrage requirement. Because a person has to own land and own water in order to participate in these elections, they are different from all other elections in the state. Rep. Smith (30) asked whether the interim study committee could consider moving the school election dates from March to February, saying that budgets have to be set by the end of March in order to be reviewed in April, heard by the public in May, and approved in June. She said a February date would be preferable. In response, Mr. Watts said the March and September dates were chosen by the school

boards as the optimum months for school elections.

An issue was raised about the requirement in H 637 to hold an election in a special district at the same time and in the same place as an election in a political precinct. A problem arises when the boundaries of the precinct do not coincide with the boundaries of the special taxing district. In such case, a single polling place for an election would not be possible. Mr. Watts said **Tim Hurst**, Deputy Secretary of State, is aware of this and other difficulties and is working toward a resolution. Mr. Watts invited committee members to submit any additional questions or concerns to him so he can include them in further deliberations. He also distributed a list of questions and concerns drawn up by the Idaho Association of Counties and said the Secretary of State's office is dedicated to developing a good bill that will fulfill the basic goals of election consolidation.

**Tim Hurst**, Deputy Secretary of State, testified in support of holding **H 637** for further refinement. He said Secretary of State Ben Ysursa has been in favor of election consolidation for at least 20 years. He said Mr. Ysursa is concerned that election responsibility be consolidated in county clerks' offices and that counties have adequate funding to conduct elections. Mr. Hurst said it is advisable to take more time to clear up the inconsistencies in H 637 and develop a sound bill for next legislative session. He also recommended that all interested parties be involved in the interim deliberations, saying that counties, cities, school districts and other taxing districts should be included.

**Duane Smith**, Minodoka County Clerk for 25 years, testified in support of holding H 637 for further study. Mr. Smith said he represented the County Clerks' Association and his testimony is based on comments received from county clerks. Mr. Smith said the clerks look forward to the opportunity of getting actively involved in further development of legislation for election consolidation.

**Rob Winslow**, Executive Director of the Idaho Association of School Administrators, testified in support of further refinement of H 637, saying he had worked with John Watts in developing the bill. He said the school administrators have struggled with the issue of election dates but they think the four dates proposed by the legislation will be workable. Mr. Winslow said he also welcomes the opportunity to be included in further deliberations on this issue, and he noted that input is needed from all school districts and school boards.

**MOTION**

As requested by the sponsor, **Rep. Pasley-Stuart** moved to **HOLD H 637** in committee; **motion carried on voice vote.**

**SCR 136**

**Sen. Brad Little** presented **SCR 136** to the committee. Sen. Little explained that this resolution was deemed necessary according to an opinion from the Deputy Attorney General. He explained that the group of citizens interested in establishing a community college in the Treasure Valley accomplished this goal by getting the required two-thirds majority vote on the issue, since the Code dealing with community colleges has not been changed. He noted that efforts to establish a community college began as early as 1984 and said Boise State University President Bob Kustra has advocated for such a community college effort since his earliest days at BSU. Since BSU is

limited geographically at its Boise campus, President Kustra has been interested in moving technical education to a different site in order to better utilize the available space in Boise. Sen. Little stated that several years ago the Legislature appropriated funding for higher education facilities which included the new Nampa campus. He said the agreement was that if a community college was established, it would be located at that site. He said this concurrent resolution simply directs the Department of Administration and the Building Authority to continue making the necessary payments on this project. Sen. Little noted that Rep. Bolz had been heavily involved in and is supportive of this legislation.

**MOTION**

**Rep. Mathews** moved to send **SCR 136** to the floor with a **DO PASS** recommendation.

In response to committee questions, Sen. Little said the State Board of Education and the duly appointed board of the Western Idaho College had already signed a memorandum of understanding regarding the transfer of property. He said the MOU addresses primarily what the state is already paying; he said the resolution covers buildings included in the MOU as well as certain real estate. He said the State Board is retaining certain real estate since it envisions that some higher education entity -- whether it be BSU, U of I, LCSC or ISU -- will eventually have a presence at the Nampa location.

**VOTE ON MOTION**

**Chairman Loertscher** called for a vote on the motion to send **SCR 136** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Bolz** will sponsor the bill on the floor.

**ADJOURN**

Chairman Loertscher announced that the committee would not meet on Thursday, March 20. There being no further business to come before the committee, the meeting was adjourned at 9:05 a.m.

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Representative Tom Loertscher  
Chairman

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Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** March 21, 2008

**TIME:** 8:30 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Luker, Mathews, Kren, Vander Woude, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Vice Chairman Anderson

**GUESTS:** See attached sign-in sheet and highlighted presenters below.

**CALL TO  
ORDER:** **Chairman Loertscher** called the meeting to order at 8:30 a.m.

**APPROVAL OF  
MINUTES:** **Rep. Pasley-Stuart** made a motion to **approve the March 17, 2008 Minutes** as written. **Motion approved** by voice vote.

**Rep. Stevenson** made a motion to **approve the March 18, 2008 Minutes** as written. **Motion approved** by voice vote.

**Rep. Black** made a motion to **approve the March 19, 2008 Minutes** as written. **Motion approved** by voice vote.

**RS 18125** **RECOGNITION OF JOHN P. MOLITOR:** **Rep. Nonini** presented **RS 18125** to the committee and said this resolution is to honor the lifetime achievements of John P. Molitor. **Rep. Nonini** said he read Mr. Molitor's obituary as he recognized the Molitor name, primarily because of House Secretary Mary Lou Molitor. After reading Mr. Molitor's obituary he was struck by his life and talked to Rep. Black about honoring Mr. Molitor. Mr. Molitor was one of the founders of AGC and spent 25 years in the Capitol as a legislative advisor and set a high mark for all legislative advisors. **Rep. Nonini** stated Mr. Molitor gave a positive light to legislative advisors and they are an integral part of what we do here, as legislators rely on their expertise. **Rep. Black** spoke to the committee and said that he met Mr. Molitor when he was 93 years old. When he looked into Mr. Molitor's career, he noted the third house (legislative advisors) strives to maintain integrity and police their members, and this is largely due to Mr. Molitor's early involvement. He was a skilled golfer and developed his children into golfers. **Rep. Black** said Mr. Molitor had a skill, depending on how close the score was he would point out how you could improve your game, which has an immediate effect on a golfer. **Rep. Nonini** stated those that play golf realize just how difficult it is and that Mr. Molitor maintained a single digit handicap.

**MOTION:** **Rep. Pasley-Stuart** made a motion to introduce **RS 18125** to print and to go to the second reading calendar.

**Rep. Smith** stated as Rep. Black's name was on the legislation as a co-sponsor, we should add Rep. Black's name to the SOP. **Chairman Loertscher** said that would be done.

**Motion approved** by voice vote.

**RS 18133**

**ILLEGAL IMMIGRATION/REVISED: Rep. Hart** presented **RS 18133** to the committee and said Rep. Anderson had some issues with the original legislation, SJM111 - Illegal Immigration Crisis Memorial, so they came up with the RS before us today. One of the changes is dealing with the usage of the word "invasion" as Rep. Anderson didn't feel it was the right way to use it. **Rep. Hart** said that he looked up "invasion" in several dictionaries and of the several definitions he found, the one closest is "to overrun" for example, an annual invasion of tourists. The issue we are dealing with in this legislation is these individuals are not tourists; they plan on staying. **Rep. Hart** said that he visited within 25 miles of the Mexican border and saw that it is a lawless place. He met with a landowner, the Border Patrol and an Arizona state legislator who is trying to deal with this problem. **Rep. Hart** said he also visited a portion of the wall being built and saw a spot where groups gather to cross into the U.S. It was filled with garbage and he saw evidence of labor inducing drugs, so that once pregnant females cross, they induce labor and have their baby on U.S. soil. **Rep. Hart** stated that this is a good memorial and asked for the committee to send it to print. **Rep. Snodgrass** stated that he worked on this legislation with Rep. Anderson, and they changed it so the inflammatory language was taken out. **Rep. Snodgrass** further stated that we do have a situation in the U.S. that needs to be addressed in a timely manner.

**MOTION:**

**Rep. Snodgrass** made a motion to introduce **RS 18133** to print and send to the second reading calendar. **Motion approved** by voice vote. **Rep. Pasley-Stuart** asked to be recorded as voting "Nay."

**S1413a**

**LIQUOR LICENSE, CERTAIN, REVISED: Sen. Heinrich** presented **S1413a** to the committee. **Sen. Heinrich** said this enhances a former decision of the legislature and this special request will allow the owner/operator/lessees in small rural communities the capability to obtain nontransferable licenses, subject to the city mayor and local city council. At this time, **Ron Lundquist**, Marketing Director for The Ashley Inn in Cascade, Idaho addressed the committee. **Mr. Lundquist** said that once the Boise Mill closed in Cascade, the only businesses left were tourism related industries. This is a specialty request to accommodate The Ashley Inn, as they are faced with having to hire off-site caterers to handle liquor for their events. It is important for The Ashley Inn and Cascade, as AAA won't give them a 4 star rating unless they have onsite food and beverage service. That is a very important component on high end restaurants. **Rep. Vander Woude** said that if he reads this proposed legislation correctly, anyone else that builds a 60 room hotel can apply for a liquor license. **Mr. Lundquist** said, yes, but in a town of 6,200 this bill doesn't accommodate them. **Rep. Vander Woude** asked if this limits the number of liquor licenses the city can give. **Mr. Lundquist** said no.

**Katrin Thompson**, co-owner of Ashley Inn, addressed the committee and stated they moved to Cascade about 16 years ago from Boise because they loved rural Idaho. When the Boise Mill went out, they decided to build The Ashley Inn. They have conferences, and retreats and are doing well, but when

they were building they didn't realize how important a liquor license was to restaurateurs. AAA would give them a 4 Diamond rating if they have a liquor license. **Ms. Thompson** said this is a speciality license and hopes it will be broad enough to encourage other business people to spend \$5 million in small rural towns throughout Idaho. **Rep. Kren** said The Ashley Inn is wanting to put a restaurant out in front of the hotel, but as he reads this, it says they have to have a facility with a minimum of square footage and rooms, and asked if this bill would even affect them as their restaurant would be out in front and not attached. **Ms. Thompson** said they have three pads on the 4 acre property and prefer that the restaurant not be attached, but if the law says it has to be attached, they would do so. **Rep. Vander Woude** asked Ms. Thompson if The Ashley Inn is doing fine without the liquor license, then why is this legislation before us, as the timing seems to be ahead of the Governor's Task Force. **Ms. Thompson** said they would love to have gone through the Task Force and the Task Force may get it worked out, but they don't know when. She said it takes several years to get this process worked through and they want to start pursuing it now. **Rep. Crane** asked Sen. Heinrich if he had talked to the Governor on this and where he would be, as they received a letter from the Governor making it clear he is tired of specific bills with specific entities. **Sen. Heinrich** stated he had discussed this with the Governor and he encouraged him to do this, so that perhaps it would create some attention and show people on the Task Force that there needs to be immediate decisions made on this. **Sen. Heinrich** said however, he also received a letter from the Governor stating he will veto these bills, if they don't do anything after this session. **Rep. Snodgrass** stated there is no attached value with a non-transferrable license, but people would like to be compensated for their "belief" value and asked if there is a movement by the non-transferrable license community to be compensated for the value of non-transferrable licenses. **Sen. Heinrich** said his opinion of those with non-transferrable licenses he's talked to is, they don't think they have property rights. **Rep. Snodgrass** mentioned to the committee if they have the opportunity to attend a Task Force meeting they can. He said even with the Governor on this, there's no guarantee they will make progress because with the current budget situation they are not sure where they would come up with \$2 million for a compensation program.

**Rep. Paul Shepherd(8)** spoke to the committee and said he doesn't want to jeopardize the prospects of The Ashley Inn and appreciates their risks on their undertaking. **Rep. Shepherd(8)** said they are asking with the amendment to tweak the figures a little bit so that Salmon Rapid Lodge would fit under this and reviewed the amendment with the committee. **Chairman Loertscher** asked how many other facilities would be covered under this amendment? **Rep. Shepherd(8)** said he doesn't know. **Rep. Mathews** asked if we have time to go to general orders. **Chairman Loertscher** said if it goes to general orders, the Senate will consider it when they get it back and with the momentum they have behind it, there shouldn't be a problem.

**MOTION:**

**Rep. Snodgrass** made a motion to send **S1413a** to general orders with amendment attached.

**Rep. Snodgrass** stated we have to tackle this in some sort of way and get a handle on it, as others will be coming and asking for special bills. **Rep. Rusche** said the Task Force has been working on this since May or June and they hope to come before the next legislative session with some solutions, but he doesn't think we should ask economic development in the rural parts of

Idaho to wait and hold their breath. The motion was seconded by **Rep. Pasley-Stuart**.

**Chairman Loertscher** said this has been an issue since the first year he was here and it is a difficult issue. **Rep. Vander Woude** said passing this legislation would not put pressure on the Task Force, and he sees this as taking the pressure off. **Rep. Snodgrass** said he thinks the pressure comes from the Governor as he alluded that he's not going to sign anymore of these bills. **Rep. Snodgrass** said that he is very resolved to address this issue from his perspective, irregardless of what the Governor does. **Rep. Vander Woude** asked if this is state-wide and will it take pressure off, as it's opening it up to mayors and city councils. **Rep. Snodgrass** said it is true it will be subject to city council approval and would not address facilities constructed after 2000. **Rep. Labrador** said he is voting against this, as he thinks we need to put their feet to the fire and if we keep making exceptions for individuals we are delaying the responsibility of government to solve this problem.

**Chairman Loertscher** called for a vote on the motion. The motion was **approved** by voice vote.

**S1455**

**SKI RESORTS, LIQUOR LICENSE: Rep. Jaquet** presented **S1455** to the committee and said this makes technical changes and extends ski resort liquor licenses through the entire resort, specifically those parts of the resort located within city limits. **Rep. Jaquet** referenced a letter from the General Manager of Sun Valley Resort, outlining that the Warm Springs Lodge currently is the only lodge that cannot provide liquor, as it is in the city limits of Ketchum. **Dick Anderson**, Resort Manager for Sun Valley Co. distributed an aerial view of Bald Mountain to the committee. **Mr. Anderson** said that thousands of skiers pass through there daily and have certain expectations at Warm Springs and asked for support for this legislation to allow liquor by the drink at Warm Springs. **Rep. Luker** asked Mr. Anderson, to the best of his knowledge, is Warm Springs the only facility affected by this change. **Mr. Anderson** said this is the only ski area that he knows it would apply to. **Rep. Kren** asked if Warm Springs Lodge currently owns a liquor license? **Mr. Anderson** said it does not have a current liquor license, but the one at River Run encompasses the entire ski mountain and this change would spread into the city of Ketchum. **Mr. Anderson** said that currently ski area liquor licenses are available in counties but not cities and he doesn't know of any other ski area now that is or any that are planned within city limits.

**MOTION:**

**Rep. King** made a motion to send **S1455** to the floor with a "**Do Pass**" recommendation. Motion **approved** by voice vote.

**Chairman Loertscher** said he will announce the results of their game at the final meeting and stated they will not meet on Monday unless something comes up in the interim, but they will meet Tuesday. Chairman Loertscher said he is aware of one more piece of legislation and another that is supposedly coming from the Senate.

**ADJOURN:**

There being no further business before the committee, **Chairman Loertscher**

adjourned the meeting at 9:38 a.m.

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Representative Thomas Loertscher  
Chairman

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Darlene Reed  
Secretary

MINUTES  
**STATE AFFAIRS COMMITTEE**

**DATE:** March 26, 2008

**TIME:** 8:30 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Black, Stevenson, Andrus, Bilbao, Vander Woude, Crane, Snodgrass, Labrador, Kren, Luker, Mathews, Shepherd, Smith (30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Smith (30), Vander Woude

**GUESTS:** Colleen Andrus, (Mrs. Ken); Tim Hurst, Deputy, Sec. State; Bob Wells, Assist. Office of Governor; Roger M. Brown, Dept. Financial Mgt. Analyst; Judy Boyle, citizen; Senator Monty Pearce.

Chairman Loertscher called the meeting to order at 8:31 a.m. He requested Vice Chairman Anderson chair the committee.

Vice Chairman Anderson recognized Chairman Loertscher to present RS 18156. Chairman Loertscher addressed the committee referring to a proclamation commemorating and celebrating the 100<sup>th</sup> anniversary of the founding of the United States Army Reserve and honoring the men and women of the United States Army Reserve. On April 23, 1908, the Congress of the United States created the Medical Reserve Corps, a group of 360 doctors formed to provide the nation with a reservoir of trained medical officers in a time of war. He continued, explaining the Army Reserve has played integral roles in World War I, World War II, Korea, Vietnam, the Cold War, Panama, the Persian Gulf, Somalia, Haiti, Bosnia, Kosovo, the Iraq War and Global War on Terror. The Army Reserve is a vital part of the world's best military providing specialized, skill-rich services. The memorial asks the members of the House of Representatives 2<sup>nd</sup> regular session of the fifty-ninth Idaho Legislature to join in commemoration and celebration of the 100<sup>th</sup> anniversary of the founding of the United States Army Reserve and honor the men and women of the United States Army Reserve.

Chairman Loertscher described his role in the Army Reserves. He expressed his gratitude for the discipline, responsibilities and skills he learned while serving his country in the Reserves. Representatives Bilboa, Black and Stevenson concurred in the value of the experience of serving in the military.

**MOTION:** Representative Pasley-Stuart moved to send the House Proclamation to the floor with a do pass. Motion carried on a voice vote.

**S 1484** Chairman Loertscher recognized Senator Monty Pearce to present

S1484. Senator Pearce explained the legislation allows for a statement of fiscal impact of proposed voter initiatives on state revenue, local government, private property, and business. The statement of fiscal impact will be verified by the Division of Financial Management. The verified fiscal impact statement will allow voters to be fully informed on the cost or benefit of any initiative. It also establishes the effective date of initiatives as April 15<sup>th</sup> of the year following the election. The fiscal note explains there will be the cost of analysis by Division of Financial Management to verify the cost or benefit of any initiative to state revenue, local government, private property, and business. The department's cost will depend on the scope of the initiative. With that Senator Pearce stood for questions.

Several questions were discussed regarding fiscal impact, the role of the Division of Financial Management, how the cost of analysis is determined, and time-frame in which the initiatives are enacted.

Tim Hurst, Deputy, Secretary of State rose with some concerns regarding the concept of the legislation due to the length of the information on an initiative and if the public will read the document before signing. Also, the number of days necessary to get a ballot on track are a concern. The biggest concern is the length of the petition and the complicated analysis the legislation addresses.

Deputy Hurst discussed inquiries from committee members in relation to the concerns of the Secretary of State.

Chairman Loertscher recognized Judy Boyle to speak before the committee. Judy spoke in favor of the legislation explaining her views as a citizen and the importance of voters being informed.

Wayne Hammon, Division of Financial Management was introduced by Chairman Loertscher who expressed his confidence in the expertise of the members of the DFM who spend many hours researching their many contacts to make the right decision regarding legislation of this type.

**MOTION:** Representative Kren moved to send S 1484 to the House floor with a do pass.

**SUBSTITUTE MOTION:** Representative King moved in a substitute motion to send S 1484 to general orders with changes on lines 39, 38 & 40.

**AMENDED SUBSTITUTE MOTION:** Representative Luker moved with an amended substitute motion to send S 1484 to general orders with changes to lines 29, 30, 31 & 33.

Members discussed the motions and expressed their decisions on their votes.

**ROLL CALL VOTE:** The Amended Substitute Motion failed on a role call vote. Voting AYE, Anderson, Black, Snodgrass, Labrador, Luker, Mathews, Pasley-Stuart. Voting NAY, Loertscher, Stevenson, Andrus, Bilbao, Crane, Kren, Shepherd, Rusche, King. 7 - 9.

**ROLL CALL VOTE:** The Substitute Motion vote failed on a role call vote. Voting AYE, Anderson, Shepherd, Pasley-Stuart, King. Voting NAY, Loertscher, Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Kren, Luker, Mathews, Rusche. 4 - 12.

**ROLL CALL VOTE:** The original motion to introduce failed on a role call vote. Voting AYE, Anderson, Stevenson, Black, Andrus, Bilbao, Crane, Kren, Shepherd. Voting NAY, Loertscher, Snodgrass, Labrador, Luker, Mathews, Pasley-Stukart, Rusche, King. 8 - 8.

S 1484 will be held in committee.

**ADJOURN:** Chairman Loertscher announced the next meeting will be Thursday, March 27, 2008 at 8:30 a.m.

There being no further business to come before the committee, meeting was adjourned at 9:35 p.m.

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Representative Thomas Loertscher  
Chairman

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Peggy Heady  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

- DATE:** March 27, 2008
- TIME:** 8:30 A.M.
- PLACE:** Room 145
- MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Andrus, Bilbao, Vander Woude, Crane, Kren, Luker, Mathews, Shepherd(2), Smith(30), Pasley-Stuart, Rusche, King
- ABSENT/  
EXCUSED:** Representatives Snodgrass and Labrador
- GUESTS:** See attached list.
- Chairman Loertscher called the meeting to order at 8:30 A.M. and a silent roll was taken.
- MOTION:** Rep. Pasley-Stuart made a motion to approve the minutes from March 21<sup>st</sup>, 2008 as submitted. On a voice vote, the motion carried.
- SB 1514:** **Secretary of State Ben Ysursa** presented this bill to the Committee. He explained that this legislation protects the integrity of the voting process by clarifying on the ballot that voters are casting a vote for a person and not a political proposition or using the ballot for political advertising. He further explained that the ballot is meant to elect candidates and not to send out a political message. He reported that a situation has arisen in the state where a person has changed his name to a political message and is running for a statewide political office. The proposed legislation outlines that the County Clerk or Secretary of State has the right to put clarifying language on the ballot. He explained that it is the job of the state to eliminate confusion. He further explained that there is the possibility of voting for a slogan and also a candidate and there is a concern about over votes.
- In response to questions, **Mr. Ysursa** explained that one would see on the ballot the person listed as "this person formally known as...". He further explained that the state has a compelling interest to protect the integrity of the ballot. He clarified that this legislation only applies to those who are running for a political office. He explained that there may be amendments to the proposed legislation at some point if there was a situation where a parent named their child a political name. He also clarified that if a person had multiple name changes, the most recent change would be used.
- MOTION:** Rep. King made a motion **to send SB 1514 to the Floor with a DO PASS recommendation**. On a voice vote, the motion carried. Rep. Vander Woude will sponsor the bill on the House Floor.

Chairman Loertscher announced that Committee does have a few remaining issues and will meet again next week.

**ADJOURN:**

There being no further business to come before the Committee, Chairman Loertscher adjourned the meeting at 8:43 A.M.

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Representative Tom Loertscher  
Chairman

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Claudia Howell  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** April 1, 2008

**TIME:** 8:00 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Reps. Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Luker, Mathews, Kren, Vander Woude, Shepherd, Smith (30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Rep. Anderson

**GUESTS** Dave Frazier, Paul Aldredge, George Nourse, Dick Winder, Joyce Chase, Glenn Koch, Deloris Cram, Kathy Alder, Jon Koch, Genevieve Kelly, Henry Kulczyk, Toni Lawson, John Watts, Nick Miller, Jerry Mason, Dawn Justice, Ron Williams, Elizabeth Criner, Jim Rice, Steve Millard

Meeting was called to order at 8:00 a.m. by Chairman Loertscher. **Rep. Black** moved to approve the minutes of March 26 as written; **motion carried on voice vote.** **Rep. Black** moved to approve the minutes of March 27 as written; **motion carried on voice vote.**

#### **SJR 107**

**Jerry Mason**, an attorney testifying for the Idaho Association of Cities, presented **SJR 107**. Mr. Mason said he is appearing on behalf of a number of public agencies who share a common interest and a common problem regarding the way the public sector and private sector do business. Mr. Mason referenced the findings of a Supreme Court decision, *City of Boise v. Frazier*, that addressed the “ordinary and necessary” exception to requirements for voter approval. He said although the decision addressed only the question of a parking garage at the Boise airport, the language of the decision had far-reaching consequences, creating uncertainty about everyday business practices that have been routinely used by public entities for many years. Mr. Mason said a number of public entities tried to develop a constitutional amendment that would not disturb the court’s decision but at the same time would attempt to provide clear guidance within the Idaho Constitution as to how the everyday functions of local governments can be carried out. He said an effort was made during drafting to preserve as much of the existing constitutional language as possible.

Mr. Mason distributed a color-coded and annotated copy of the resolution to members of the committee and explained each of the nine highlighted sections, namely:

**# 1.** Page 1, lines 41-43: the requirement of two-thirds voter approval for general obligation debt remains unchanged.

**# 2.** Page 2, line 7: the “ordinary and necessary expenses” exception remains unchanged.

**# 3.** Page 2, lines 10-12: Mr. Mason said this section contains an incomplete list of revenue-funded obligations, including off-street parking, recreation facilities and air navigation facilities. He said the list is now identified by the general label of “revenue generating public facilities,” which is the category

where almost all revenue-based debt obligation lies, with the exception of water and sewer. These obligations have a two-thirds requirement.

**# 4.** Page 2, lines 21-23: Mr. Mason pointed out that the exception from the two-thirds requirement has been in the Constitution, and allows a majority vote on the listed things. This section remains unchanged.

**# 5.** Page 2, lines 23-26: These are categories added to those requiring a majority vote approval; they are public facilities funded solely by user fees, such as parking facilities, swimming pools, and similar facilities. Mr. Mason pointed out that the voters get to vote twice on these facilities, once when they vote to approve a bond, and again each time they choose to utilize the facilities. He noted that many of the people who use the facilities come from outside the realm of those who would vote in the bond election.

**# 6.** Page 2, lines 33-39: this is a provision to address facilities that are supported only by user fees, such as public hospitals, with no tax revenue obligated for repayment. Mr. Mason noted that the cost of health care facilities and equipment is high and this provision allows hospitals to use a mechanism they have been using for many years to manage their facilities as they see appropriate and necessary.

**# 7.** Page 2, lines 39-42: limits multi-year contracts to five years. Mr. Mason said the five-year time frame was chosen because longer leases will often result in more favorable terms and will allow local governments to rent space and have improvements made to suit their needs. Mr. Mason talked about computer software support and the necessity for longer term contracts as a practical business matter, to provide greater continuity and efficiency. Other examples of areas in which long-term leases are preferable are equipment rentals, purchases of copy machines, and contracts for school bus transportation. Mr. Mason said five years was used as the length for such contracts because it had been the practice for many years.

**# 8.** Page 2, lines 42-44: specifies that contracts with no tax revenue would be excluded. Mr. Mason gave an example of solid waste hauling contracts, paid for strictly by user fees; in this instance a longer contract is more practical. He noted that cities purchasing electrical power need to tie down reliable sources of power and need to have the legal authority to do so.

**# 9.** Page 2, lines 44-47: provides for contracts with an annual budget termination provision. This means that although the contract may have a certain duration, the entity or agency has the right each year to choose whether or not to continue the contractual relationship.

Mr. Mason testified that the proposal contained in SJR 107 was structured in consultation with a variety of public agencies, proprietary lenders and bank lenders. He said it is not an expansion of what has been done in the state for many years, with the exception of the change to require majority approval of solely revenue-based debt obligations, in the case where consumers use a facility and there is no public indebtedness.

Responding to committee questions, Mr. Mason said some items are subject to bids and some are not. In the case of property, for instance, an entity must arrive at the best price for the property that is in the best location. He said in the case of fee-based financing when the fees prove to be inadequate to pay the obligations, the risk falls to the bond holders, not to the taxpayers. Asked whether SJR 107 was recommended by an interim committee, Mr. Mason said the interim committee never met; SJR 107 resulted from working with public agencies and legislative leaders who consulted and advised the group.

Answering further questions, Mr. Mason said at the end of a five-year lease, a new lease could be entered into so an entity would not have to vacate a location that was working well. He said this is not a mechanism to get around the two-thirds requirement, but is simply a commercially reasonable way to do business. He said the State of Idaho does business this way, and he noted that when a facility such as a county driver's license facility is modified, substantial tenant improvements such as counters and waiting space are necessary. In these instances, a one-year lease is impractical. He said most landlords look at five years as reasonable and practical. Mr. Mason said he does not agree that SJR 107 contains radical changes, since it will allow the continuation of practices that have been in place for several decades. He said the measure will remove uncertainty in the marketplace. He also said the framers of the Constitution in 1890 could not have imagined the capital investment necessary to have a computerized license bureau office. He thinks the Constitution can be modified to reflect today's reality and to serve today's needs.

Committee members expressed concern that SJR 107 contained too many loopholes, eventually eliminating the need to get a two-thirds approval for anything. Mr. Mason said that, on the contrary, the exceptions are limited and definite. He said that requiring voter approval for every minor transaction is simply not practical. Asked whether SJR 107 would allow a five-year lease with a renewal contract, Mr. Mason said that type of clause would not be valid; in other words, automatically renewing a lease would not be allowed.

Mr. Mason discussed the methods used by public agencies to advertise the need for new facilities such as parking garages, saying they can accomplish the necessary advertising by using inserts in utility bills and other cost-effective methods. He said Idaho's cities and counties use whatever means they have, including their websites.

Asked to define what constitutes public facilities as opposed to revenue-generating facilities, Mr. Mason said a public facility is anything owned and operated by a public agency, while a revenue-generating facility has an admission fee or a user charge. For instance, a library is usually free, while a swimming pool or a parking garage has a user charge. Answering a question about urban renewal districts vis-a-vis this legislation, Mr. Mason said urban renewal districts are governed by their own operative statutes, and to the extent that they fit into this section, these rules would apply.

Responding to questions, Mr. Mason said "ordinary and necessary" is in the constitution, and the word "fees" does, indeed, refer to user fees. He said that entities have to decide whether or not to purchase bond insurance, weighing the cost of the insurance against the benefit of having the bonds insured, taking into account the cost of the insurance.

**David Frazier** testified in **opposition to SJR 107**. Mr. Frazier said cities and counties have circumvented the Constitutional requirement that they seek voter assent before they incur debt. He said the Frazier decision didn't change the law; rather, the entities have simply now been told they have to abide by the law and get voter approval to incur long-term debt. He said local governments need to understand that any authority they have comes from the people, who hold the power of the purse strings. Mr. Frazier explained his objection to the Boise airport parking garage project, which

would have dedicated two of the five floors to facilities for rental car companies. This would have generated revenue at the expense of shrinking the tax base for the city of Boise. Mr. Frazier testified that both SJR 107 and SJR 105 would deprive citizens of the constitutional rights they currently have, that is, oversight of long-term debt. He said communities will fund projects if they are convinced of the need, and he gave the example of a much-needed but expensive snow blower for Ketchum, which was approved by 77% of the voters.

Mr. Frazier said if cities and counties cannot purchase fax machines or police cars out of their annual budgets, they should not finance them on a long-term basis. He said they should either enter into a clean lease with an annual renewal clause, but with no intent to own, or they should use the existing serial levy for two years only, which requires a simple majority. In this manner, the people retain oversight and the county or city gets its needed items or projects, and taxes are raised for only two years. Mr. Frazier said the true beneficiaries of SJR 107 would be banks, who would be able to charge interest to cities and counties. He said the people should retain the right to vote on whether or not to place themselves into debt, and he noted that SJR 107 will allow cities and counties to circumvent the will of the people.

In response to Mr. Mason's point that long-term leases had been routinely done in the past, Mr. Frazier said that was true but that they were done illegally. He also noted that the definition of "ordinary and necessary" as envisioned by the Supreme Court meant something that is an emergency and that cannot wait for an election. He said the framers of the Constitution intended to give the power of the purse to the people.

Responding to committee questions, Mr. Frazier said his definition of "long term" would be anything in excess of one year's budget or revenues. He said he is unfamiliar with the details of the Bannock County hospital situation, but it would be his recommendation that it should be put to a vote of the people. Asked how he would advise a city to advertise the need for a public project without being criticized for advocacy, Mr. Frazier said he would recommend some type of brochure similar to a voter's guide, wherein both pro and con arguments would be laid out.

Mr. Frazier was asked what his definition of a "revenue generating public facility" would be; he responded that he had no idea. When asked what happens if the "revenue generating facility" cannot pay the bonds, Mr. Frazier said the bond insurer would raise the interest rate charged to cover the higher risk. Mr. Frazier said he thinks the language in the resolution is very difficult to understand and therefore will be confusing to voters. He said he is not afraid of letting the public vote, but taxpayer dollars would be used to lobby in favor of the measure. He fears that the measure will allow municipalities to get around all restrictions, simply by calling everything an urban renewal project. To his knowledge, no communities are suffering because voters did not approve necessary projects.

Responding to committee concerns about the cost of advertising ballot measures to voters for every public project requiring a vote, Mr. Frazier said the solution is to publish a "shopping list" and ask the public which projects they would approve. He is not aware of any areas where bond elections are not approved when needed, noting that Meridian School District has

achieved a more or less constant succession of bonds for the last ten or fifteen years.

**Rep. Bilbao** recounted his experience with the hospital in Emmett, which was going to close in 1992 because of insufficient funding. He said a business plan was developed which took the hospital off the tax rolls. Money generated by fees was used to rebuild the hospital and pay a bond debt of \$8 million. Rep. Bilbao explained that the county does not get any revenue from this hospital because it is a private business. He said the presence of this hospital, which is funded by user fees, allows people to receive health care in their own community, avoiding a 40-mile drive to Boise for emergency or other care. **Mr. Frazier** said he did not oppose any of the mechanisms as described by Rep. Bilbao. He said he was not opposed to user fees being employed in the case of hospitals and airport parking garages, but he did object to cities moving otherwise-existing businesses off the tax rolls and into city-operated facilities.

**Paul Aldredge** testified in opposition to **SJR 107**, saying the legislation is poorly written and will remove citizen oversight. He noted that the cost of tenant improvements are usually borne by the tenant, and he said the definition of "revenue generating facility" is not clear. Mr. Aldredge said a number of city officials are not in favor of this measure.

**Ron Williams**, representing the Consumer-Owned Utilities Association, testified in support of **SJR 107**. He said the Frazier decision has made it virtually impossible to sign long-term contracts without voter approval. He noted that long-term contracts are necessary to access low cost power markets, and said the Bonneville Power Administration is expected to offer power to Idaho's 11 municipalities and cooperatives. Mr. Williams said long-term agreements are necessary in these cases, but currently one-third of the electorate can disapprove them, sometimes based on ideological objection to the source of the power, such as hydro-power dams. He said the loss of long-term power sources would be devastating to consumers. Mr. Williams referenced the specific provisions on page 2, lines 39-44, which will allow power cities to sign multi-year contracts when power purchases are paid solely by electrical rates. He said without this constitutional change, Idaho's power cities will lose their ability to get low-cost power.

In response to questions from the committee, Mr. Williams said his issue is not related to the issue of five-year leases; rather, he is concerned with the ability to enter into multi-year contracts for services supported by rates. The inclusion of the five-year lease language relates to cities and counties, who were also parties to the resolution's drafting process. Mr. Williams also said the utilities in his association are self-regulated; the cooperatives are regulated by their boards of directors, and the cities are regulated by their city councils.

**George Nourse** testified in opposition to **SJR 107**. Mr. Nourse served for 20 years as Canyon County sheriff, during which time the jail was remodeled, a new animal shelter was built, and an entirely new jail was constructed, among other projects. All of these projects were approved by a two-thirds majority of voters. Mr. Nourse said if the case for such projects is properly made to the public, they will approve them when necessary.

Responding to questions, Mr. Nourse said Canyon County did not enter into long-term leases for equipment, including sheriff's cars. He said the cars were purchased rather than leased, and any past leases were no longer than one year, having been included in the county's one-year budgeting process. Mr. Nourse reiterated that he thought the voters would approve whatever measures were necessary, if they were properly presented and explained. When asked whether he interpreted the proposed amendment as allowing a county to build a jail without voter approval, Mr. Nourse said a county is already doing just that, because it is about to spend \$15 million to build a temporary jail.

**Dick Winder**, former mayor of Caldwell, testified **in opposition to HJR 107**. Mr. Winder took over the city of Caldwell in 1984 when the city was in bad financial condition; at the end of his four-year term, the city was solvent and had \$1.5 million in the bank. Mr. Winder addressed the situation of the temporary jail, which is being built without public input. He said the Idaho Center in Nampa was also built without voter approval, on the expectation that revenues would pay for it, which has not happened. He said the more simple we make it for the government to spend money without voter approval, the more trouble develops.

**Elizabeth Criner**, appearing on behalf of the Boise Airport, testified **in support of SJR 107**. She pointed out that the airport is unique in that it is a division of the City of Boise but it is neither a source of revenue nor a burden to the city. Its income is derived from terminal rent, landing fees, concessions, parking fees, advertising, passenger facility charges and other sources. She said facility charges are tightly regulated user fees which are determined with FAA approval, and she noted that the airport facility is paid for only by the people who use it. She also stated that Boise's airport serves residents far beyond the city's boundaries, since passengers come here from as far away as Twin Falls and eastern Oregon. Ms. Criner said the Boise airport is currently classified as a "small hub" airport and thus it receives airport improvement funds out of a federal trust fund. She said that as the airport grows, it will qualify for less money from the trust fund. She anticipates that Boise will become a "medium hub" within the next five to seven years, which is a very short time frame in terms of future planning. At that point the airport will lose 75% of its current trust fund dollars.

Ms. Criner said the bonds used by the airport are not general obligation bonds; rather, they are revenue bonds. She said there is no way that a bank or a bonding authority can go back to taxpayers if something should go wrong. Ms. Criner said Boise is one of the fastest growing airports in the United States, and she reviewed some of the potential for new aviation-related jobs at airport facilities. She pointed out that companies developing new business at the airport will pay for capital improvements and will hire new employees who will pay income taxes. She noted that if the airport had the ability to bond projects, they could develop the facility, which would bring in additional jobs and increase the tax base. Ms. Criner said she would like the voters to have an opportunity to vote on this measure, SJR 107.

Responding to committee questions, Ms. Criner said the resolution would allow them to acquire a simple majority instead of a two-thirds majority for bonds. She noted that Boise could serve as a regional port authority in the future, and other opportunities could develop once a third runway opens in

Boise. Asked why the airport did not choose to bring a narrowly-focused amendment instead of SJR 107, Ms. Criner said she was part of a consortium of entities looking at how local governments have operated, and she said the court decision did change how they can do business. She said the group sought input from legislative leadership to arrive at a narrowly-crafted piece of legislation that would address the entities impacted by the Frazier decision. Ms. Criner also said there have been other court decisions previous to Frazier that took a different view of “ordinary and necessary,” and those previous decisions had allowed entities to conduct business in the manner they have been using for decades.

**Joyce Chase**, a businesswoman in Nampa and a previous Canyon County commissioner, testified **in opposition to SJR 107** and in support of Mr. Frazier’s and Mr. Nourse’s positions. She said the people should decide whether they want to fund projects and she stated that cities exist to serve the people, not the other way around. She said Canyon County has always paid cash for equipment, budgeting for police cars and ambulances. She stated that smaller counties can often purchase used equipment from larger counties, which makes the equipment more affordable for them. Ms. Chase asked the committee to be cautious and careful before they changed the Constitution of Idaho.

**Chairman Loertscher** informed the committee that the House would be convening shortly but that the committee would continue its deliberations on SJR 107. He said another bill will also be sent to the committee for action during this meeting, since the second bill needs to be referred to General Orders.

**Glenn Koch**, a retired Canyon County commissioner, testified **in opposition to SJR 107**, saying changing the Constitution should be done only after research, deliberation and introspection. He said the government has become addicted to the “easy payment” plan. He stated he thinks it is nearly impossible to pass legislation that covers every government situation. He also thinks Idaho needs more restrictive legislation that will make it more difficult to raise property taxes. He asked the committee not to rush through a change in the constitution during the last few days of the session.

**Steve Millard**, President of the Idaho Hospital Association, was recognized to respond to the question of how many public hospitals are in Idaho. He said there are 23 non-state public hospitals, including 13 county hospitals and 10 district hospitals. He said that of those 23, all but three are designated as “critical access” with 25 beds or less.

Mr. Millard testified **in support of SJR 107**, saying he has been involved in crafting this legislation since before the session started. He recounted a brief history of how hospitals finance their operations, saying that prior to 1972, if a hospital needed to remodel or expand, it would ask for a tax levy from the voters. In 1972, the legislature passed a bill called the Idaho Health Facilities Act, which allowed all but for-profit hospitals to finance expansions through revenue bonds purchased by investors. Mr. Millard said that because of constitutional prohibitions, a test case was brought which was eventually decided by the Idaho Supreme Court. Their decision said hospitals could raise funds through revenue bonds without violating the Constitution. After Frazier, according to Mr. Millard, this mechanism was

stopped, which put an end to everything the hospitals had been doing for 24 years. He said that lines 33-39 on page 2 of the legislation will restore public hospitals back to their position before the Frazier decision.

Mr. Millard said if this legislation is not passed, hospitals will have to go to the voters when they need an x-ray machine or a CT scanner, and he submitted that this is not an efficient way to operate a public hospital. He said the Emmett hospital situation is a good example of what was allowed previously by the Supreme Court and should be allowed again. He also noted that if this measure is not put on the ballot this year, the parties will have to wait another two years to try again. He said hospitals cannot continue operating under the current situation, but if the constitutional amendment passes, they will be able to go back to doing business as allowed under previous decisions.

Mr. Millard said local control is vital in Idaho's public hospitals, and he pointed out that county hospital boards are appointed by county commissioners and district boards are elected by the public, which constitutes local control. He said the Frazier decision ties the hands of public hospitals' ability to operate efficiently and meet the needs of the public. He said the language dealing with bonding is very specific, saying "so long as no tax revenue is obligated for repayment." Mr. Millard also noted that the only way to amend the Constitution is through joint resolutions, which have to pass both chambers by a two-thirds majority. He said the framers of this legislation were constrained by the original language of the Constitution, which resulted in the long and protracted sentence in lines 34-47. The only other option would have been to re-draft the entire section of the Constitution. He stated that although the language of the bill is difficult to read, explaining the intent is simple. He said it does not represent drastic changes, as some witnesses have testified. Rather, it changes the airport vote from two-thirds to simple majority, and it restores to hospitals the ability to do what they've already been doing for three decades.

Mr. Millard was asked why the hospital problem was not brought as a separate resolution, rather than linking all the provisions into one bill. He explained that after the Supreme Court's Frazier decision, public hospitals gathered together to decide on a course of action to clarify any possible confusion. Their choices were to either amend the constitution or change the ownership structure of the hospitals, converting them to nonprofit status. He said the members settled on changing the Constitution, and they drafted a bill last session. They were told the bill would not advance last year, and an interim committee would be appointed to study the question. He said last fall the hospitals were told they needed to wait for a task force, and they needed to focus on a wider measure than just a hospital-only fix. Since the interim committee was appointed but never met, a coalition of interested parties was formed and the resolution was drafted. At the same time, another resolution was prepared, SJR 105, that dealt only with hospitals. Mr. Millard said SJR 105 is still in the Senate.

Responding to committee questions, Mr. Millard said the Health Facilities Act provides a less expensive mechanism for funding and it also assumes the risk of the hospitals. If the hospital can't pay, the Health Facilities bonding authority is responsible. Mr. Millard recounted a unique situation in north Idaho where a new Shoshone County hospital was built using HUD loan

guarantees. He said the HUD mechanism had never before been used in the U.S. Mr. Millard said the Health Facilities authorities carefully scrutinize every application for funding and they do not finance enterprises that are not financially sound. He said that in 34 years there have been zero defaults.

Mr. Millard was asked whether SJR 105 was still in play; he responded by saying that he was asked to commit to the “big group” bill and he had done so. He said his group is convinced that the issue is bigger and affects more entities than just hospitals. But if the effort to pass SJR 107 fails, they have another bill ready for consideration. Mr. Millard also clarified the situation in Kootenai County, saying that they voluntarily do not levy taxes in Kootenai County and have not done so for 20 years.

**Deloris Cram** testified in opposition to **SJR 107**, saying it goes against every budget law in the State of Idaho. She said if the constitution is changed to allow spending without taxpayer scrutiny, there will be a lot of challenges by attorneys. She said the problem for power companies and hospitals could be approached separately, without this amendment. She also said it is her opinion that the Supreme Court decision did not do what the proponents are saying it did.

**Kathy Alder** testified in opposition to **SJR 107**, saying that the hospital association should have taken the matter to the Attorney General and sought an opinion as to whether the Supreme Court decision really means what they think it means. She said the proposed legislation is too broad, and she is concerned about who will explain the consequences of this change in the Constitution to the public. She suggested that taxpayers will support projects with their votes if the projects are necessary and are explained properly. She said exceptions may need to be made for hospitals, airports, and electric utility operations, but she thinks voter approval will be forthcoming if people understand the need. She reiterated that no one had asked whether the Frazier decision actually made hospitals' actions illegal.

**Jon Koch** testified in opposition to **SJR 107**, saying it seems unclear, full of “legalese” and open to interpretation. He is also reluctant to see an amendment considered at the close of the session, and he said the legislature should move with great caution when giving the government more power and taking away the voice of the people. Mr. Koch said special interest groups appear to be trying to put together something that will give them broad authority.

**Genevieve Kelly** testified in opposition to **SJR 107**. She testified that she does not think the legislation is poorly written; rather, she said the writers are highly educated and articulate. She said she thinks the amendment is designed to be vague, ambiguous, and obscured with shrouded terms that make it difficult to understand. She said this is no way to pass a constitutional amendment.

**Chairman Loertscher** was asked whether this legislation would be considered divisible. He responded that since this is a Senate resolution it cannot be amended by the House, although a new measure could be drafted.

**Henry Kulczyk**, representing the Ada County Property Owners Association, testified **in opposition to HJR 107**. He stated that the original intent of the Constitution was to establish citizen oversight of long-term debt, with deficit spending allowed only in unusual circumstances. He said this measure includes a breathtaking expansion of the current list of entities that have exemptions. He is concerned that the amendment does not define “revenue-generating” facilities. Mr. Kulczyk said the hospital issue can be dealt with separately, without allowing cities and counties to be included in this solution. He spoke about a situation in Eagle, where the city wants to purchase Eagle Water and has created an LID to do so. Eagle residents would be burdened with large payments without having a voice in that decision. Mr. Kulczyk urged the committee to hold SJR 107, since he thinks it will give cities and counties a blank check. Responding to committee questions, Mr. Kulczyk said the specific concerns of the consumer-owned utilities organizations should be addressed separately, rather than by making this broad change.

**Chairman Loertscher** set the committee at ease for a brief recess. Following the recess, the meeting was reconvened at 11:05 a.m.

**Jim Rice**, an attorney, testified **in opposition to SJR 107**. Mr. Rice stated his concern with the lack of a definition for “revenue generating” facilities. He also said that, according to the measure, the same activity by a city or other political subdivision requires two contradictory levels of votes. Mr. Rice said that passage of this measure will create confusion that no taxpayer will be able to understand and no court can interpret. Mr. Rice said he appreciates the problem the hospitals are facing, and he thinks SJR 105 would adequately address that problem. He also said the problem of publicly-owned small utilities should be addressed, but in a way that specifies only those entities. He is also sympathetic to the airport problem. Nevertheless, he said the conflict existing in SJR 107 will not be able to be settled by the Supreme Court, and he thinks the Legislature will be dealing with the same problem in two years if SJR 107 passes as written.

**Jerry Mason** was recognized to conclude his testimony in support of SJR 107. Mr. Mason restated key points to the committee, saying that nothing in the proposed amendment authorizes one additional tax dollar. The two-thirds vote for general obligation bonds and the majority vote for sewer and water revenue are unchanged. He said the only change is that this will authorize ways of carrying out business transactions; it will not add any additional taxing authority. Mr. Mason said communities cannot be expected to pay for things such as enhanced 911 systems out of cash receipts. He said there are duties established that counties must perform, such as emergency communications and solid waste systems, and SJR 107 will define what kinds of funding mechanisms are allowable to perform those necessary functions. He said the resolution addresses those situations in which multi-year transactions make sense, and he asked the committee to allow the measure to go before the voters of Idaho.

Responding to a question about “revenue-generating public facilities,” Mr. Mason said the two-thirds measure applies to instances where fees are mandatory, while the majority vote applies to those which are purely discretionary, such as a parking garage or a swimming pool. Asked whether a lease is just another way of borrowing money, Mr. Mason said he is

personally debt-averse but he also recognizes that the current business climate has changed dramatically from that which existed 100 years ago. He said the basic provisions of the Constitution remain inviolate. He said this measure would allow everyday transactions that are not of such magnitude that they need public approval to be handled by elected representatives, because they are good business and make practical sense. He pointed out that Idaho cities and counties have been under tax limitations, caps, or freezes for 27 of the last 30 years, which hamper their ability to operate in some cases. Many of them are growing rapidly and need additional facilities, office space, police cars, computer software. He said it is impractical to expect taxpayers to pay for such things in one year, especially since the benefits will be forthcoming for five years or more into the future. Mr. Mason said this is a fairly straightforward categorization and an honest attempt to meet the funding needs of communities.

Asked why government entities can't just set aside tax revenues to pay for new police cars or other needs, Mr. Mason said that new development does not enter the tax rolls for two years, but the demands for new services starts immediately. Therefore, long-term arrangements are a necessity. He pointed out that, under long-term arrangements, new residents share in the debt rather than expecting existing residents to pay for purchases in one year. He also said government entities would absolutely save money by having five-year contracts instead of annual contracts.

**MOTION**

**Rep. Stevenson** moved to send **SJR 107** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION**

**Rep. Crane** offered a **substitute motion** to **HOLD SJR 107** in committee. He stated this resolution represents a major shift in tax policy and is a way to circumvent the will of the people. He suggested that SJR 105 could be brought forth to take care the problems faced by hospitals, and the Legislature could take other action to take care of the power cooperatives.

**Rep. Rusche** argued **in support of the original motion**, saying that when the Constitution was written it did not envision such things as hospital districts, airports, and utility companies. He said current business practices are much different from those in 1890, and he wanted cities, counties and hospital districts to be working in the best manner for 2008, not according to 1890 business practices. Rep. Rusche said cities and counties are currently being forced to operate in an imprudent manner, which is a disservice to the citizens of the state of Idaho. He said elected officials and government administrators are hired with the expectation that they will operate in the most efficient way possible, but after the Frazier decision they are blocked from doing so. He stated that SJR 107 is a way to allow best business practices by governmental entities.

**Rep. Andrus** argued **in support of the substitute motion**, saying he did not think the constitution should be changed haphazardly. He said a more suitable approach would be to address the hospitals' concerns with a separate resolution and then address the concerns of the utility companies. He said that other concerned parties could also bring forth separate measures to address their legitimate and specific problems, but he is uncomfortable with the wide scope of the proposed resolution in SJR 107.

**Rep. Labrador** argued in support of the substitute motion, reading a portion of a Law Review article that quotes from proceedings of the Constitutional Convention of 1889, which makes clear the intention of the framers of the Constitution to restrict municipalities' ability to incur indebtedness. He said the framers were concerned about municipalities that had failed financially and he noted there are municipalities even today that have incurred so much debt that they are facing bankruptcy. He reminded the legislators that they are defenders of the Constitution and that their task is to provide for the people of Idaho, not for bureaucracies. He urged the members to protect the right of people to vote before incurring public indebtedness. Rep. Labrador said the problem faced by consumer-owned utilities and hospitals can be taken care of as separate issues, by crafting legislation that could pass both bodies in an expeditious fashion.

**Rep. Pasley-Stuart** argued in support of the original motion, saying that businesses have to be run in a prudent fashion, using best business practices, and local government entities ought to be able to do the same. She said this constitutional amendment will allow municipalities to operate using good business practices, and she said the people should have a right to vote on this issue. She said she does not believe the amendment is too wide in scope but believes it is well crafted.

**Rep. Snodgrass** argued in support of the original motion, saying it seemed strange to say we're circumventing will of people by allowing a vote of the people. He said that, should this pass, local authorities will have to operate in a very transparent fashion to make sure they don't end up in trouble with their people. He said he does not want to hamstring local governments from being able to get the best deals they can get, by using long-term leases. He argued against moving toward separate pieces of legislation, saying there is no guarantee that they will get passed.

**Rep. Kren** argued in support of the substitute motion, saying he is an advocate of the citizens' right to vote on long-term debt. He said the original drafters of the Constitution intended to give citizens the right to control their government.

**Rep. Mathews** argued in support of the original motion, noting that a lot of debate had been heard on both sides of the issue, including much debate on how counties and municipalities levy taxes, how taxes are shifted, accumulated, and handled. He said issues of transparency had also been discussed. He noted that the U.S. and the State of Idaho operate under a representative republic form of government that embraces democratic principles. He said both sides in the hearing agree that the people need to have a voice and a vote on local matters. Rep. Mathews said that the debate on how things have been handled and how things will be handled has been useful, and therefore he will support the motion to send SJR 107 to the floor. He said this will stir the necessary debate on how local government conducts much of its business as well as on the issue of accountability and how people consent to be taxed and governed. Rep. Mathews called on those who testified on SJR 107 to present their best arguments before the people and let the people consider how business is conducted. He called on the committee to pass the resolution, which will allow the people to hear each side's best arguments, and then decide on matters of tax transparency and user fee utilities, as well as what is the

correct balance.

**Rep. Vander Woude** argued in favor of the substitute motion, saying the resolution really deals with three separate issues, namely, private utilities, long-term contracts for hospitals, and the issue of what cities can fund. He said that trying to present this as one issue to the voters will be confusing and will make it difficult to obtain passage. He said no one has any objection to utilities entering into long-term contracts if they are more efficient and economical. He said the real issue is whether cities will be allowed to build revenue-generating facilities, which should be dealt with as a separate issue.

**Rep. Andrus** cautioned committee members to consider the consequences of sending this resolution to the floor, noting that it will require a two-thirds approval. He said the issue will be dead if the two-thirds threshold is not reached. He said that voting for the substitute motion to hold the resolution will still allow the committee to arrive at solutions for the various entities encountering problems, but do so by handling them as separate issues.

**Chairman Loertscher** recounted a lesson he said had been ingrained in him by an outside auditor, that is, that the county is entitled to operate on a cash basis. He noted that during his years as a county commissioner the decision was made not to lease equipment such as road graders and other expensive items. Since that time, the county has begun leasing such equipment and now finds itself without any assets, without ownership of any equipment, and often with an obligation to buy the equipment they have been leasing. He said the county officials now admit that leasing was the most expensive way they could have done the transaction on the equipment.

**Rep. Bilbao** recounted his experience with a failing hospital in Emmett, noting that within ten years of laying out a sound business plan and hiring a good administrator, the hospital had \$5 million in the bank. He said they did not borrow in order to accomplish this, and in fact saved their money in order to fund a planned expansion and remodel. Rep. Bilbao argued **against the motion to send SJR 107 to the floor**, saying it will allow governments to start incurring debt and interest, which would not serve the public interest.

**VOTE ON  
SUBSTITUTE  
MOTION**

**Chairman Loertscher** called for a vote on the substitute motion to **hold SJR 107 in committee**. A roll call vote was requested. On a roll call vote, the **substitute motion failed: 8-9-1. Voting in the affirmative:** Chairman Loertscher, Reps. Andrus, Bilbao, Crane, Labrador, Kren, Vander Woude, and Luker. **Voting in the negative:** Reps. Stevenson, Black, Snodgrass, Mathews, Shepherd, Smith, Pasley-Stuart, Rusche, and King. Rep. Anderson was absent.

**VOTE ON  
ORIGINAL  
MOTION**

**Chairman Loertscher** called for a vote on the motion to send **SJR 107** to the floor with a **DO PASS** recommendation. A roll call vote was requested. On a roll call vote, the **motion passed: 10-7-1. Voting in the affirmative:** Reps. Stevenson, Black, Snodgrass, Andrus, Mathews, Shepherd, Smith, Pasley-Stuart, Rusche, and King. **Voting in the negative:** Chairman Loertscher, Reps. Bilbao, Crane, Labrador, Kren, Vander Woude, and Luker. Rep. Anderson was absent. **Rep. Stevenson** will sponsor the resolution on

the floor.

**S 1447a**

**Chairman Loertscher** placed **S 1447a** before the committee for its consideration. **Rep. Pasley-Stuart** asked the record to reflect that several key people were not present at the meeting because they were not aware that the bill would be considered at this time. She said some of these missing people oppose the legislation, and she objected to the bill being considered. **Rep. Rusche** joined her in the objection.

**Mike Gwartney** was recognized to testify on **S 1447a**. He gave a brief history of the bill, saying that when Governor Otter assumed office, he asked his advisors to study employee compensation, including state retiree health coverage. He said the Governor had two chief concerns: First, that the state had an unfunded liability of \$422 million, which would grow to over \$800 million in a few years. Second, that the cost of health care is increasing rapidly, and the cost of retiree health care is increasing more rapidly than the overall average. Mr. Gwartney testified that over the last three years the overall cost of health coverage has risen over 30%, while the increase has been 63% for the over-65 age bracket and 90% for the 55-65 age bracket. The increase for active state employees has been 20%. Mr. Gwartney said the state of Idaho has about 3,200 retired employees, plus 1,800 of their dependents, on state insurance coverage. This results in a pool of approximately 5,000. He pointed out that those who are covered by the Medicare system have a wide variety of supplemental policies from which to choose, and those policies have pools of 500,000 or more. He noted that those supplemental policies are also federally subsidized, so the premium cost ranges from about \$75 to \$150 per month.

Mr. Gwartney said the Governor is seeking a solution to the unfunded liability problem, while still honoring the promises made to state retirees. He said this bill will require state retirees to enroll in Medicare at age 65. He said the Director of the Department will make sure the coverage is roughly equal to, or better than, current coverage.

**MOTION**

**Rep. Labrador** moved to adjourn the meeting. **Chairman Loertscher**, noting that this is a non-debatable motion, called for a vote on the motion to adjourn. **Motion carried on voice vote.** Chairman Loertscher announced that the committee would meet again on Wednesday, April 2, at 8:00 a.m. to further consider S 1447a.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 12:05 p.m.

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Representative Tom Loertscher  
Chairman

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MaryLou Molitor  
Secretary

## MINUTES

### HOUSE STATE AFFAIRS COMMITTEE

**DATE:** April 2, 2008

**TIME:** 8:00 a.m.

**PLACE:** Room 145

**MEMBERS:** Chairman Loertscher, Vice Chairman Anderson, Representatives Stevenson, Black, Snodgrass, Andrus, Bilbao, Crane, Labrador, Luker, Mathews, Kren, Vander Woude, Shepherd, Smith (30), Pasley-Stuart, Rusche, King

**ABSENT/  
EXCUSED:** Rep. Anderson

**GUESTS** Ron Moore, Dona VanTrease, Kathryn M. Youngerman, Marlene Moore, Richard Rogers, Don Brennan, Ed Strickfaden, Ken Norrie, Stephenson S. Youngerman, Rep. Tom Trail, Julie Taylor, Jim Keating, Pete Peterson, Pat Nelson, Ardella Reinke, Roger Simmons, Andrew Hanhardt, Valerie Vogel, Rep. Bob Schaefer

Meeting was called to order at 8:05 a.m. by Chairman Loertscher. **Rep. Black** moved to approve the minutes of April 1, with corrections as follows: on page 3, "anthing" should be "anything" and on page 5, "emoded" should be "remodeled." **Motion carried on voice vote.**

**S 1447a** **Mike Gwartney** appeared before the committee to discuss **S 1447a**, which is an attempt to solve the problem of the large unfunded liability facing the State of Idaho because of its commitment to retiree health care. He said other states are facing the same challenge, and there are three ways to deal with it. States can either set up an irrevocable fund, they can ignore the problem, or they can re-evaluate the benefits they currently offer. He said the Governor wants to reach a solution that will continue coverage to state employees and retirees and will still allow the state to address the unfunded liability. Mr. Gwartney said discussions on this topic began in August, and included members of the CEC as well as the chairmen of the germane House and Senate committees. He said active and retired employees were also included in the discussions, as well as human resources personnel, cabinet members, and a good number of legislators. The original legislation, H 416, was replaced by S 1477, which is the result of many suggestions, amendments and other improvements.

Mr. Gwartney laid out basic provisions of S 1447a, saying that under this bill, people 65 and over will no longer be covered under the State of Idaho health plan. The director is instructed to find alternate, comparable coverage, which in most cases will be better coverage at a better price than retirees currently have. He said the bill provides a subsidy for retirees age 55-65 to help them pay for their health coverage. He noted that three years ago the Legislature froze the premiums paid into the State plan by employees, but this did nothing to freeze the premium cost increases, which have averaged 30%. Mr. Gwartney said the increasing subsidy amounts are coming out of the reserves, which are being reduced because of this expense. He said the defects in H 416 had been addressed in this bill, including allowing unused

sick leave to be used to pay premiums, and allowing spouses and dependents of those ages 55-65 to be covered. He noted that premium costs for the state insurance are higher than those on the open market. He also said the State needs to balance its promise to employees to provide coverage against its obligation to taxpayers to run an efficient operation, as well as the need to pay current employees competitively.

**Senator Coiner** was recognized to testify on **S 1447a**. He stated his goal has been to do as little damage as possible to retirees, while meeting the state's obligation to cover the unfunded liability. He thinks S 1447a meets that goal and surpasses it. Sen. Coiner said early retirees get a subsidy to help pay for their health coverage, and this is a sort of unintended consequence that was not previously in statute. Pre-Medicare employees will also be "joint rated" which means their premium increases will be held to a minimum.

Sen. Coiner expressed disappointment in the way the initial bill, H 416, was publicized, because it caused unnecessary angst for retired state workers who thought they would be losing health coverage. He explained that the State did not explore this option earlier because until recently Medicare did not offer a prescription drug coverage plan, Part D, and before that state retirees would have had no access to drug coverage except by staying on the state plan. The existence of Medicare Part D and the inclusion of drugs in Medicare supplement plans now makes this plan for state retirees more workable. Sen. Coiner said once state retirees and employees learn the actual details of the proposed state plan, their angst is reduced or removed. He also expressed disappointment in a House minority caucus e-mail that stated the bill will cut retiree benefits, which he said is untrue. Sen. Coiner said the proposals in S 1447a are of benefit to all parties, including the State of Idaho and its employees and retirees. He said he regrets that better information was not widely disseminated so retirees and employees would be able to learn about the proposed coverage and how it would benefit them. He explained how the early press coverage used the term "slash state benefits" to describe the plan, and said that although those early statements had been corrected in later stories, the initial impression remained.

In response to committee questions, Sen. Coiner said 70% of state retirees would be able to purchase True Blue as their supplemental policy, at a premium cost of just \$95 per month, and receive coverage far superior to their state policy. Asked whether it would make more sense to leave this matter in an interim committee for further study, Sen. Coiner said it is his understanding from leadership that there will be no interim committee appointed to study this matter. He said the Director has the authority to make exceptions that would allow individuals to remain on the state plan if they cannot obtain comparable coverage elsewhere, which will take care of people who have specific drug requirements not covered by other plans. He said retirees should look at all available supplement plans, figure out which one meets their specific needs given their individual health situation, and then choose from among the plans offered.

A question was raised about whether retirees who move out of Idaho will be able to use their sick leave credits to pay premiums. **Mr. Gwartney** responded that the State of Idaho will make arrangements with their new state of residence so they can utilize their sick leave for premium payments. **Sen. Coiner** responded to a further question about the increase in premiums

in Medicare supplement plans, saying they have historically remained relatively flat. **Mr. Gwartney** said these premiums are certain to increase somewhat, but the state's plan will increase more precipitously since the state's pool of insureds is much smaller and a few catastrophic medical cases in a small pool cause premiums to rise more quickly. **Sen. Coiner** said that, since the Legislature chose to freeze the employee premium payments, the state will absorb premium increases. He said there is a plan to establish a separate health care account, funded by underutilized health care benefits, which will help alleviate the impact of these increases.

**Mr. Gwartney** responded to questions about Idaho retirees who live in areas where there is no Medicare Advantage coverage, saying that they could remain on the state plan under an exception. In fact, he said, the bill directs the department to keep them on the state coverage. He also said FlexiBlue and other options will be available to them. He said the Department is committed to sending teams around the state to help with the transition from state coverage to other plans. He said retirees should rest assured that if they can't acquire coverage similar to their current plan, they will receive an exception to stay with the state plan.

Mr. Gwartney called the attention of the committee members to a summary sheet showing a comparison of current and future premium costs and benefits. He noted that costs and coverages will be better under the new plan. Current deductible is \$350; future will be zero. Current there is a 20% coinsurance; in the future there will be none. Currently state employees have no dental or vision coverage; future coverage will include amounts for both. The drug coverage will, in many cases be better as well. He said the subsidy for early retirees, those between 55 and 65 years of age, will be increased to \$185 if a proposed amendment is passed. Spouses and dependents of early retirees will also be included in the plan. Mr. Gwartney also said the effective date would be extended to July 2009. He noted that an advisory committee would be appointed that will include cabinet members, a retiree, and a person from the judiciary; this committee will continue to study health care issues.

**Rep. Tom Trail testified in opposition to S 1447a.** Rep. Trail complimented Sen. Coiner and the other parties who had worked so diligently on this legislation, resulting in significant improvements. Rep. Trail is concerned about the difficulty of getting and retaining new state employees if they will no longer be eligible for health care coverage at retirement. He also expressed concern about making a major policy change this late in the legislative session, and he urged the committee to wait until next year to deal with this issue. Responding to committee questions, Rep. Trail said he thought a better outcome would result if greater consultation were to take place in the interim. He said it would be up to JFAC to determine how to cover the depleted reserves resulting from the higher subsidies to cover health care premiums.

**Ron Moore**, a retired Idaho State Police Superintendent and Deputy Director of the Idaho Department of Law Enforcement, testified **in opposition to S 1447a**, saying the legislation is seriously flawed. He requested that the committee hold the bill or send it to an interim committee for further study. He said that regardless of what the proponents are saying, the coverages in the new plan are not the same. He raised questions about whether

dependent children of retirees will be covered, since they are not listed.

**Donna Van Trease**, Executive Director of the Idaho Public Employees Association, testified **in opposition to S 1447a**, saying it represents the deletion of a promise made to state employees and retirees in July 1989. She said state retirees want this bill held for further study and for input from those impacted by it. Retirees need to see figures from the Department of Administration regarding the supplemental plans. She urged greater deliberation before such a substantial change is made, and she urged the committee to hold the bill as a message of good faith to employees and retirees.

Responding to committee questions, Ms. Van Trease said new employees would have to decide whether to accept state employment, based on the understanding that this benefit will not be offered to them. Asked whether the state should ever be able to change any laws that deal with employee benefits, Ms. Van Trease said any necessary changes should be publicized and input should be sought from all players. She said some employees and retirees think the Legislature is issuing a sort of “threat” by saying if this bill does not pass, premiums will rise even more. She said she realizes that premiums are increasing in the private sector as well, but she said state retirees are not prepared to deal with the stress of changing coverages. She also thinks the State of Idaho will have more trouble getting and retaining high quality employees without the added benefit of retiree health care.

**Richard Rogers**, a retired state employee, testified **in opposition to S1477a**, saying it is being pushed through too quickly and there are undoubtedly flaws with the legislation. He asked that an interim study be undertaken and asked that full information be provided to all state employees and retirees. He said information about the new plan is virtually impossible to obtain at this point.

**Don Brennan**, representing the Idaho Public Employees Association, testified **in opposition to S 1447a**. Mr. Brennan asked the committee to delay action on this bill and instead study it for a year, in a committee made up of legislators, state employees and retirees, and representatives from the Attorney General’s office.

**Ed Strickfaden**, a retired state policeman, testified **in opposition to S 1447a**, saying all the stakeholders were not consulted ahead of time on this matter. Mr. Strickfaden said although the bill is characterized as a “win-win” situation, it doesn’t feel like that to retirees. He said if this is a good arrangement, retirees will sign on and support it. He is concerned that the exceptions are not specified in writing and therefore may not be honored.

**Ken Norrie**, a retired state employee, testified **in opposition to S 1447a**. His main concerns are drug coverage availability, creditability of the plan, and coverage for pre-existing conditions. He says he cannot get answers to these concerns. He suggests holding the bill for one year and taking more time to study the issues and get all parties involved in the solution.

**Chairman Loertscher** recessed the committee, subject to the call of the chair, in order to allow members to join the House floor session beginning at 11:00 a.m. He informed members that the committee would reconvene as soon as possible, probably following a brief caucus.

When the State Affairs Committee reconvened at 11:10 a.m., **Chairman Loertscher** asked the remaining testifiers to keep their comments brief since the committee had another bill, **HJR 5**, on the agenda for this meeting.

**S 1447a**

**Jim Keating**, a state retiree from the Fish & Game Department, testified **in opposition to S 1447a**, saying the Department of Administration had not been up front with all that is involved in the matter. He does not understand the fiscal note as stated on the Statement of Purpose for the bill, which says that the State of Idaho will save millions of dollars and also reduce the unfunded liability. Mr. Keating asked why information was not sent to all retirees across the state. He asked the committee to hold the bill and study it further, hopefully in consultation with those affected.

**Pete Peterson** testified **in opposition to S 1447a**, saying the bill seems to be moving through at the eleventh hour. He said the bill is part of a larger plan to gradually increase state salaries while decreasing benefits, which he thinks is ill-advised. He said cutting retiree benefits will be a disincentive for future employees to come to work for the state. He sees no harm in waiting until next session to handle this legislation.

**Pat Nelson**, a retiree from the Idaho State School for Deaf & Blind, testified **in opposition to S 1447a**. Her main objection is the lack of knowledge of the plan by state retirees. She said they need to know what their options will be under the new proposal. If the new coverage is better, she thinks retirees will support it. She urged the committee not to rush to a decision on this proposal but to make an information decision instead. Answering a question about what components she did not know about, Ms. Nelson said she didn't know what plans would be offered and she could not find information on them. She had a general sense of the changes proposed but said she needed details before she would be ready to make a decision.

**Roger Simmons**, a lobbyist, former state director of Idaho Lottery, former Ada County Commissioner, and former Fairgrounds director, testified in opposition to S 1447a. He recounted his experience in hiring people, saying he would tell them that the State pay was not too good but the benefits were very good. Included in those benefits was the expectation of retiree health care coverage. He said his employees always worked hard even without high pay increases, partly because they appreciated the future benefit of retirement health care. He said changing this now amounts to age discrimination, and would be merely a bandaid solution to the problem of rising health care costs that all employers are facing. Asked what he would propose as a better solution to the state's problem, Mr. Simmons said he thinks sitting down with all those involved will result in a solution, although he does not know what that might be. He agreed that any future plan may end up looking just like the proposal contained in S 1447a, but the unanswered questions need to be adequately addressed first.

**Rep. Robert Schaefer**, Chairman of the House Commerce & Human Resources Committee, **testified on S 1447a**, saying that the legislation has some good points but is still inadequate. He expressed appreciation for the hard work done by Sens. Coiner and Stegner and Mr. Gwartney. Rep. Schaefer said his suggestion was to form an interim committee, but for whatever reason that would not happen this year. He said he could not support S 1447a without the appointment of an interim committee to work out

remaining problems. Rep. Schaefer noted the points he thought should be included, namely: 1) Increase the subsidy for those age 55-65 to \$185; 2) Appoint an interim committee; 3) Remove the cap on sick leave; and 4) defer implementation until at least March 2009. He said there has not been adequate time to study the full impact of the proposal.

**Teresa Luna**, Chief of Staff at the Department of Administration, was recognized to **summarize testimony on S 1447a**. She asked to respond to several objections that had surfaced in previous testimony. First, the state is committed to making sure that any pre-existing conditions will not be a problem with any plans for retirees, in order that the transition be smooth. She explained why the state could not have offered the same type of options until recently when Medicare Part D prescription drug coverage was available and supplement plans began including drug coverage in their plans. Until that time, retirees would have had no drug coverage if they left the state plan. She said for some retirees, the objection is merely one of convenience; for others, it is fear that they will be losing coverage. She explained why the state cannot compete price-wise with private insurers, saying the state pool is much smaller than private insurers. She explained the lower cost to most state retirees under the new plan and said the state's premiums will increase at the start of the new fiscal year

Ms. Luna said the lack of communication with retirees and employees was the largest problem with the proposal. Although communication did take place, she said perhaps it was not adequate or was not with the right people. She said the department met with JFAC in Sun Valley in September, with human resources chairmen, CEC people, attended retiree lunches, and returned thousands of phone calls. Plans are in place to travel the state to meet with retirees individually if necessary, to help make the transition seamless from the state plan to a private plan.

**Cynthia Ness**, Employee Benefits Administrative Manager in the office of Group Insurance was asked to respond to a question about whether retirees are rated separately for premium setting purposes. Ms. Ness said if the pool of retirees is reduced because healthier people leave for private insurance plans, this will drive the cost of the plan higher, since the combined rate percentage increases will be higher. Those who remain on the state plan may well be persons who are sicker and who cannot get adequate coverage through other plans; thus, the pool becomes higher.

## **MOTION**

**Rep. Bilbao** moved to **HOLD S 1447a** in committee. In support of the motion, Rep. Bilbao said it is obvious from the testimony today that problems remain with this legislation. He said the state has failed to communicate the details effectively to those affected. He is concerned that many health care providers limit the number of Medicare or True Blue patients they will include in their practices, thus making it difficult for retirees to find providers. Rep. Bilbao stated that the topic of retiree health care benefits could be studied by the Health Care Task Force committee, and he would recommend that course of action.

**Rep. Snodgrass** agreed that communication with retirees and state workers had not been adequate, but he noted that the proposed benefits appear to be better than current benefits, at lower cost to retirees. He said the plan provides a solution to the unfunded liability problem faced by the state. He

questioned whether holding the bill for further study would actually result in a different plan, saying that a study group may arrive at nearly the same proposal after waiting another year.

**SUBSTITUTE  
MOTION**

**Rep. Snodgrass** offered a **substitute motion** to send **S 1447a** to **General Orders** with amendments attached.

**Rep. Rusche** argued in favor of the original motion, saying he had seldom seen a poorer job of communication when rolling out a new health care package. He said retirees can presently choose to leave the state coverage and buy True Blue or other plans if they wish. For others, the network or the drug coverage or some other factors may lead them to stay with the state plan instead. He argued for greater input from all interested parties before a decision is made on this major policy change. He also is concerned about the fixed \$185 subsidy for early retirees, because of the erosion in purchasing power that will take place. He noted there will be plenty of time to enact something during next session that can still go into effect in July 2009. **Rep. Pasley-Stuart** argued in favor of the original motion, saying she is concerned about the lack of clarity and the garbled communication from the Department of Administration. Since this is a major policy change, it deserves due diligence. She asked the committee to hold the bill for further study and consultation with all those affected. **Rep. Andrus** argued in favor of the original motion, saying there are still some issues that have not been adequately addressed.

**Rep. Labrador** expressed frustration with the lack of communication from the Department of Administration, but said he was also disappointed with the Idaho Public Employees Association because they have used nothing but fear tactics in informing their members about the legislation. He said that as an employer he is constantly searching for health benefits at affordable prices, and he thinks this is exactly what the Department is trying to do. He said no employee or retiree groups have testified about the considerable savings to retirees because of the reduced premium costs with the new plan. He asked that both sides in the debate - the Department of Administration as well as the employee and retiree groups - come together in a good-faith effort to find a solution.

**Rep. Vander Woude** spoke in favor of the motion to hold S 1447a, saying the Department would have an opportunity to sell their ideas during the interim. He said if a number of retirees opt to move out of the state plan and into alternative plans, that will be an indication that the idea is good for retirees.

**Rep. King** spoke in favor of holding S 1447a, noting that retirees need more time to adjust to the idea of switching health care coverage. She questions whether S 1447a helps solve the health care crisis or just contributes to the problem.

**VOTE ON  
SUBSTITUTE  
MOTION**

**Chairman Loertscher** called for a vote on the **substitute motion**, to send **S 1447a** to **General Orders** with amendments. A roll call vote was requested. **On a roll call vote, the substitute motion failed, 6-111-1. Voting in the affirmative:** Reps. Stevenson, Black, Snodgrass, Labrador, Kren, and Mathews. **Voting in the negative:** Chairman Loertscher, Reps. Andrus, Bilbao, Crane, Vander Woude, Luker, Shepherd, Smith, Pasley-

Stuart, Rusche, and King. Rep. Anderson was absent.

**VOTE ON ORIGINAL MOTION**

**Chairman Loertscher** called for a vote on the motion to **HOLD S 1447a** in committee; **motion passed on voice vote.**

**HJR 5**

**Rep. Labrador** presented **HJR 5** to the committee, explaining that this resolution provides a solution to the problems faced by hospitals, airports and electric utilities, in terms of long-term debt obligations. He said that since SJR 107 had failed on the floor of the House, this new resolution was drawn to address the specific needs of those entities, thus avoiding the overly-broad constitutional changes in SJR 107. Rep. Labrador said the resolution will allow airport facilities to meet a 50% plus one majority vote, rather than the previous two-thirds majority, when approving bonds. It also adds the term "airport facilities" since there was some discussion about the meaning of "air navigation facilities." The resolution also allows hospitals and municipal power systems to incur indebtedness without a vote of the people, so long as no tax revenue is to be obligated for repayment of the indebtedness.

**MOTION**

**Rep. Mathews** moved to send **HJR 5** to the floor with a **DO PASS** recommendation.

Responding to committee questions, **Rep. Labrador** said he thinks the cities and counties may not be particularly happy with this solution since they are not included. He said Boise City is pleased because their problem with airport funding is addressed. He said he thought the hospitals would have preferred to have their own legislation, but they are satisfied that this resolution does give them some remedy as well.

**Elizabeth Criner** was asked to respond to a question about whether a city can guarantee bonds issued for revenue-generating facilities. Ms. Criner said revenue bonds must be paid back from revenues, and the bonding authority is specifically prohibited from going back to the taxpayers for repayment. **Chairman Loertscher** noted that the "insurance" for bonds refers to an insurance company who will provide insurance coverage on the bonds. **Ken Harwood** reaffirmed that the language on page 2, line 14 is very specific, saying the bonds must be "paid solely from revenue." He said this means 100% is paid from revenues, and cities cannot guarantee revenue bonds with their full faith, credit, and taxing power. **Rep. Labrador** also noted that HJR 5 does not create a broad category of "revenue generating" facilities; rather, it adds only airports to the existing list of entities already in the category, such as sewage and water treatment plants.

**VOTE ON MOTION**

**Chairman Loertscher** called for a vote on the motion to send **HJR 5** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.**

**Chairman Loertscher** thanked the committee for its diligence, particularly commending them for their efforts to arrive at meetings on time during the session. He also thanked the committee's Page, Jordan Wilson, for his efficiency and conscientious service.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 12:50 p.m.

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Representative Tom Loertscher  
Chairman

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MaryLou Molitor  
Secretary