

**MINUTES**  
**(Subject to Approval of the Task Force)**

**TASK FORCE TO IDENTIFY ALTERNATIVE FUNDING SOURCES FOR THE  
IDAHO STATE POLICE AND THE IDAHO DEPARTMENT OF  
PARKS AND RECREATION**

August 11, 2009  
Boise, Idaho

Members in attendance were: Co-chair Senator Dean Cameron, Senator Patti Anne Lodge, Senator Jim Hammond, Senator Diane Bilyeu, Co-chair Representative Maxine Bell, Representative Rich Wills, Representative Raul Labrador and Representative Shirley Ringo. Staff present were Ray Houston, Richard Burns, and Margaret Major.

Others in attendance were: Representative Sue Chew; Benjamin Davenport, Risch Pisca; Martin Bilbao, Connolly & Smyser; Karen Crosby, Tom Glass and Sandra Mitchell, Idaho Recreation Council; Jayson Ronk and Alex LaBeau, Idaho Association of Commerce & Industry; Beth Markley, Idaho Council on Industry & Environment; Dennis Tanikuni, Idaho Farm Bureau; Colby Cameron, Sullivan & Reberger; Wendy Coome, Treasure Valley Back Country Horsemen; Dave Ricks, Steve Frost, Dave Claycomb, and Tamara Humiston, Idaho Department of Parks & Recreation (IDPR); Bert Marley, Idaho Education Association; Michael Hillman, Overland West, Inc.; Jane Wittmeyer, Wittmeyer & Associates LLC; Randy Nelson, Associated Taxpayers of Idaho; Betsy Russell, The Spokesman Review; Bill Jones, Idaho State ATV Association; Mollie McCarty, Idaho Transportation Department; Travis and Vicki Cook, Between the Lines Designs; Brad Smith, Idaho Conservation League; Zach Hauge, Capitol West; Clark Collins, Gem State ATV; Sharon Kiefer, Idaho Fish & Game; Roger M. Brown and David Hahn, Department of Financial Management; Pam Eaton, Idaho Retailers Association; Mike Kane, Idaho Sheriffs Association; Dan John, Idaho State Tax Commission; Patti Tobias, Administrative Director of the Courts; Colonel Jerry Russell and Marsi Woody, Idaho State Police; Cathy Holland-Smith and Paul Headlee, Legislative Services Office.

A binder was given out to all task force members. All references to documents, handouts and presentations are available in the Legislative Services Office. Presentations are available online at: <http://www.legislature.idaho.gov/budget/HCR32/index.htm>

The meeting was called to order at 10:00 a.m. by **Co-chair Representative Bell**. **Senator Cameron moved that the minutes from June 30, 2009, be approved as printed, seconded by Senator Hammond, and the motion passed unanimously by voice vote.**

**Cathy Holland-Smith**, Manager, Budget and Policy, Legislative Services, presented a General Fund update, beginning by informing the task force about what happened in FY 2009; the session ended late, and the July 1 ending fund balance was anticipated to be \$57.8 million, largely due to increased federal matching money for Medicaid. However, the actual ending balance for FY

2009 was only \$13,400. “What actually occurred is that our revenue number did not hold through June.” **Mrs. Holland-Smith** told the task force that state tax revenue for the year fell \$94.8 million short.

Lawmakers had anticipated some revenue declines, and planned for them in SB 1227, which transferred millions from the public school stabilization fund and the state budget stabilization fund to keep the state budget balanced. “Although the revenue did not come in as projected, the state had tools in place in order to balance the budget,” **Mrs. Holland-Smith** said. The Legislature planned for transfers as the new fiscal year began, setting the figure at \$30 million from the budget stabilization fund for FY 2010. Instead, that transfer went up also, adding another \$50 million from two funds, leaving about \$200 million in state reserves, all of which could be needed to balance this year’s budget. She said that JFAC budgeted low due to lack of confidence in the projected ending balance.

**Mrs. Holland-Smith** reviewed various hypothetical scenarios for FY 2010; the budget that lawmakers set for 2010 needs a 3.4 percent revenue increase from 2009 to 2010, rather than being flat. Even though the recession may be lessening, she cautioned that state revenues are budgeted a year out, adding that “we don’t recover as quickly in our revenue.” **Mrs. Holland-Smith** pointed out that the Department of Health & Welfare has a \$20 million budget shortfall in Medicaid due to rising caseload, as well as Correction costs, which also could grow and require supplemental appropriations.

At mid-fiscal year, the only tool the Governor has is holdbacks; he cannot access reserve funds short of a disaster. **Mrs. Holland-Smith** outlined various scenarios and possible outcomes. She said that in mid-August forecast numbers are expected from the Division of Financial Management (DFM). Based on current information available, she gave an economic forecast saying that FY 2011 looks like 2.1% growth in personal income, and that growth is predicted at the end of 2011.

**Mrs. Holland-Smith** said that Idaho has never had two consecutive fiscal years with no revenue growth in the past, even in difficult times. She said that FY 2010 was almost exclusively ongoing spending, adding that cuts made from public schools and other state agencies have not been restored. It will not be business as usual in 2011, and **Mrs. Holland-Smith** presented a hypothetical scenario for FY 2011. Since there is no model to replicate what is going on, choices will have to be carefully considered. She said that options include reconsidering the grocery tax, transfers from various funds, base reductions may need to be revisited, recognizing the reserve funds may not be sufficient.

**Representative Ringo** asked if **Mrs. Holland-Smith’s** presentation numbers showed remaining stimulus funds for public and higher education, and the response was “no.”

**Representative Labrador** asked about transferring from the stabilization fund, asking how much money was currently in that fund, and the answer was around \$200 million.

**Representative Labrador** asked if the FY 2010 forecast meant that we would be getting rid of

most of the stabilization fund and the response was “yes, it would be gone.” **Representative Labrador** asked for an explanation on an item in the FY 2011 hypothetical entitled “remainder stimulus general government transfer” and **Mrs. Holland-Smith** explained that when stimulus dollars came to the state from the federal government, under the education umbrella, a special committee was formed to study and make recommendations to the Governor; all of that money was not dedicated in 2010, so that is the balance of \$9.4 million, and said it was not dedicated to anything specific at this time. She added that she was simply trying to identify every source of money possibly available to the Legislature. **Representative Bell** asked what the original amount was, and the answer was \$45 million. **Mrs. Holland-Smith** said that there are very real challenges for everyone involved in this process. She reviewed the General Fund revenue history, pointing out there are major challenges to how far the Governor can go without the Legislature in session. To date, agency requests are very conservative, allowing the focus to remain in critical areas.

**Senator Cameron** stated that the task force had requested the budget presentation in response to a question in the last meeting about possibly shifting this burden to the General Fund, which is the problem this task force faces. He reiterated that the presentation confirms the dire situation the state is facing, and that he does not believe the answer is to shift this burden to the General Fund.

**Mr. Dan John**, Manager, Tax Policy, Idaho State Tax Commission, was the next presenter, and he began by saying that the Tax Commission does not have the data this task force had requested on products and industries subject to sales tax in order to shift the taxes paid on those to road repairs or other purposes. He went through questions that had been asked about the fuel tax and why the Tax Commission does not have certain data on the sales tax.

**Mr. John** said that in 1972 there was a statutory change that took away the ability to file refund claims for gasoline used mainly in pleasure vehicles. Fuel tax rates back in 1972 were probably seven cents per gallon. In FY 1971 the Tax Commission paid out off-highway refunds in the amount of \$2.3 million from about 15,000 claims. In 2002 that number of claims remained constant, and that year the Legislature changed the statute to not allow refunds in essentially motorboats; that year they got about 14,000 refunds totaling \$2.5 million in refund claims, mainly from gasoline used in tractors for agriculture. He said that in 2007 with \$5.4 million in special fuel refund claims with gasoline had dropped to about 830 businesses, an indication of industry change in agriculture, construction and logging shifting away from gasoline to special or diesel fuel. In 2008, refund claims were only \$2.2 million in special fuel and about \$830,000 in gasoline; he said that special fuels vary a lot due to construction. He said that it is not known how the refunds compare to what they could have been. **Mr. John** said that in 2008, \$137,000 was spent on administration, the entire fuel tax including sin tax budget. In response to the question of how many refunds go unclaimed, **Mr. John** explained they have no way of knowing what has not been filed and that data on recreation vehicles is not pulled out of total sales tax.

**Mr. John** showed the task force members an actual Idaho Sales and Use Tax Return, as well as an Idaho Business Registration Form used by the Tax Commission. Idaho uses six pages of

categories for sales taxes, he said. “They are very broad; if there is a move to take the sales tax from a particular product, the number will always be wrong, but we’ll get it as close as we can.” The Tax Commission is doing an electronic survey of retailers to get more information on one particular industry.

**Representative Bell** asked if this system was adequate or archaic for the Tax Commission and if it needs to be changed, or if members of the task force were expecting it to be what it is not. **Mr. John** answered that their computer system is very sophisticated; what is not sophisticated is the ability to separate product-type data, adding that the Tax Commission has been criticized since they do not even break down sales tax data by county with accuracy. **Mr. John** said that their system is adequate for their main mission, but is inadequate to provide detailed information requested by this task force or by Chambers of Commerce.

**Representative Labrador** said that if sales tax was tied to a specific item, like recreational vehicles, it could prove difficult, pondering the possibility of picking a number, say \$25 million from sales taxes, then that would alleviate the difficulty being pinpointed to a certain item, and that was affirmed by **Mr. John**. He said that to get an estimate of the sales tax coming from a product, you could build that into the distribution formula and take, for instance, 2% out before it goes to the General Fund. **Representative Labrador** said that last year the estimate they were given was \$200 million in sales tax revenue from automobiles, parts and accessories, adding that he had drafted a bill to put that money on roads, asking if they could start out with \$25 million to see how that works before going to the full \$200 million, asking if that was correct. **Mr. John** said you could definitely take a fixed amount or a percentage and dedicate it for a project. He added that a certain excise tax on certain items, if defined clearly, could be done, pointing out there would be start-up costs for programming.

**Representative Ringo** asked if there was a historical list of exemptions from sales tax, and **Mr. John** said it was available on the DFM Web site, under “publications” and “General Fund Revenue Book” at: <http://dfm.idaho.gov/Publications/EAB/GFRB/GFRBIndex.html> - then “Tax Structure” in each fiscal year. He said this publication includes exemptions and credits specifically in Idaho income tax and exemptions and exclusions from the sales tax, estimated over time and into the future. He said there are also very good estimates of what you are not getting, cautioning that it would not be a good estimate of what you could get if you repeal an exemption.

**Representative Bell** said that where we were with off-road vehicles and the gas tax that doesn’t go on the roads that was going on the trails was probably a pretty good place to be, since it was easy to administer and seemed very fair. **Mr. John** said that a one-page form was used and fifty gallons was the minimum for off-road use for the refund. He said that now the number of refunds would have increased greatly since there are so many more recreational vehicles now. **Mr. John** agreed to provide this task force as much data as they can, keeping in mind that inaccuracies are built in to the data.

**Mr. Paul Headlee**, Budget and Policy Analyst, Legislative Services, gave a presentation on

“Other States’ Experiences with Raising Revenue for their State Police.” He said that Idaho is not alone in looking for funding sources for their state police, to replace gas tax money. States he reviewed included Ohio, Oregon and Pennsylvania. In 2003 Ohio passed legislation that began a phase-out over four years which created a gap of \$185 million and took measures to close the gap through increased fees on vehicle registrations, drivers licenses and temporary tags. Ohio’s funding gap for the state police continued to widen, a task force was formed and this task force’s charge was almost identical to the current charge of this task force, to identify a dedicated, ongoing funding source. The Ohio task force in 2008 recommended the following:

- International Registration Plan, 2.5% fee increase, \$1.74 million;
  - Vision Screening, \$1.00 increase, \$1.84 million;
  - Temporary Tags, \$5.00 increase, \$9.46 million;
  - Late License and Registration Renewal, \$10.00 fee, \$21.03 million;
  - Vehicle Registrations, \$5.75 increase, \$61.80 million;
  - Vehicle Registrations (commercial trucks), \$19.00 increase, \$10.50 million.
- Recommendations totaled \$106.37 million.

The action taken by the Ohio General Assembly in 2009 were:

- International Registration Plan, 2.5% fee increase;
  - Vision screening, \$1.75 fee increase;
  - Temporary Tags, \$8.00 fee increase;
  - Late vehicle registrations (with seven-day grace period), \$20.00 fee;
  - Commercial Vehicle Registrations, \$19.00 fee increase;
  - Replacement License Plates, \$5.50 fee increase;
  - Initial and Reserve License Plates, \$15.00 fee increase;
  - Duplicate Drivers License, \$5.00 fee increase.
- Anticipated total revenue to be generated was \$93 million.

**Mr. Headlee** shared that with regard to the Oregon State Police:

- Oregon voters removed funding for their state police from the gas tax in 1980 by a ballot initiative.
- In subsequent years, several unsuccessful attempts were made to find a dedicated funding source for the Oregon State Police including increasing beer and wine taxes and a surcharge on auto insurance premiums.
- As a result, the Oregon State Police is funded by General Fund dollars.
- During this time, the number of troopers on the highway system steadily declined from a high of 665 in 1981 to a low of 304 in 2003.
- In recent years, more General Fund dollars have been budgeted and raised the number of troopers on Oregon’s roads to over 430.

**Mr. Headlee** said that with regard to the Pennsylvania State Police:

- Pennsylvania General Assembly is currently debating H1500, an act imposing a fee on municipalities for patrol services provided by the Pennsylvania State Police
- H1500 would phase in a per capita fee for municipalities that rely solely on the state police for services
  - Year one, \$52 per capita
  - Year two, \$104 per capita
  - Year three, \$156 per capita
- The House State Government Committee narrowly approved H1500 on a 13-12 vote and it has now been referred to the Rules Committee for further consideration.

**Mr. Headlee** said that, in general, states have been taking a patchwork approach to raising revenues for transportation and/or state police services rather than single increases in the gas tax or registration fees. He said that in 2007 Virginia substantially increased fines for traffic violations, a DUI that once cost \$300 now costs \$2,250. Virginia's very high fines caused a huge public outcry and part of it was challenged in court. Some approaches other states have taken include:

- Increases in motor vehicle fines and creation of new violations;
- Insurance premium taxes;
- Recording fees on property purchases and mortgage refinances;
- Use of reserve balances;
- Reassignment of local property taxes to the state level;
- Reassignment of rental car fees to the state level;
- Tolling;
- Monetizing assets.

In summary, **Mr. Headlee** said that in recent years, most states have been reluctant to increase gas taxes for transportation or state police, but have taken other measures to raise revenue.

**Representative Bell** commented that it appears Idaho is still on its own, with no strong lead from other states. **Representative Wills** commented on Ohio's late fees on registration renewals, asking how much Idaho could generate since we do not charge a late fee, and **Mr. Headlee** agreed to get that information for the task force. **Senator Lodge** asked what an international registration plan was and the response was that it is a plan approved by 48 states to allow commercial trucks to move freely across those states. A discussion took place on possible fee increases in Idaho.

**Ms. Patti Tobias**, Administrative Director of the Courts, who addressed the task force on distribution of court fees and fines. **Ms. Tobias** handed out a booklet entitled "Distribution of Court Fees and Fines" and outlined how funds collected from fees and fines are distributed. She emphasized that Idaho can be proud that Idaho was selected as one of two states selected nationwide by the Council of State Governments to analyze the financial obligation of those in

the criminal justice system to see how each of the three branches of government could have their work strengthened in this area. **Ms. Tobias** said that total trial court revenues for FY 2008 amounted to \$42,308,136, adding that 50% went to the state, 37% to counties and 13% to cities. She shared revenue trends for 2004-2008, a statewide summary of trial court fund distributions for the year ended September 30, 2008, broken down by revenues to counties, statutory authority, and total amounts.

**Representative Ringo** inquired about marriage fees and **Ms. Tobias** agreed to come back to that amount, which was blank on her chart. It was later stated that the marriage fee is \$5 which goes to the person who performs the ceremony, with nothing going to the state.

**Ms. Tobias** pointed out that the *maximum* fine for a first offense DUI is \$1,000; the actual fine amount imposed varies county-to-county and case-by-case, but is typically \$500 to \$1,000.

**Representative Labrador** asked what percentage of fines imposed is actually collected and **Ms. Tobias** referred to a chart on page 23 in her handout, adding that collection rates vary dependent on charges. On infraction charges, the collection rates are very high; felony charges often bring lower collection rates due to incarceration and loss of income, but she did add that in all cases, collection is lower than fines ordered. She did applaud better collection rates now due to improved training of probation officers and access to the ISTAR system.

**Representative Labrador** asked if they had compared increased collections to case type, for example the 95% collection rate associated with minor infractions, versus felony fees. **Ms. Tobias** responded that the critical question is, what is the collection tipping point and she said she did not know the answer to this, nor did others across the nation. She said the question remains about how all three branches of government can work together to improve the rational assessment of fine amounts and the best way to collect and enforce fines.

**Senator Bilyeu** asked for an explanation on the rise in percentages collected on felonies from 34% in 2004 to 66% in 2008. **Ms. Tobias** gave due credit to the Department of Correction probation officers who supervise felony offenders and who have made a tremendous effort to monitor monthly whether or not dollars owed by felons are being collected.

**Ms. Tobias** closed by pointing out that fees established over many years are compressed and held back for many years, and suggested that at some point, for different purposes, this might need to be looked at and modernized. She added that the courts may want to talk with the Legislature about a surcharge of some sort for a limited amount of time on civil, criminal infraction cases that may be necessary during these difficult financial times with regard to constitutional responsibilities of the court. They have been forestalling this proposal, but she did want to mention this and she expressed sincere appreciation to JFAC for appropriations provided to the courts.

**Representative Bell** said that the tipping point was important on fines and fees, asking if the Legislature were to add to any of these fines or fees, would the resulting administration costs eat

up any possible gain. **Ms. Tobias** said there may be a simpler way to change distribution formulas through a computer change and would not burden clerks of the courts; adding to amounts of fines is more complex, adding that perhaps the tipping point is the more realistic question.

**Representative Labrador** stated that he thought there was \$5 million in federal money that Idaho did not get since Idaho's seat belt laws were not in compliance with federal requirements, asking if **Ms. Tobias** was aware of any other holdbacks. **Representative Bell** assured the task force that this information will be provided to the members.

**Colonel Jerry Russell**, Director, Idaho State Police (ISP), spoke next and introduced **Mr. Mike Kane**, Idaho Sheriffs Association, who addressed a previous question about the search and rescue fund which he said is based on a three-legged stool as far as financing goes. He said that \$7.50 is tacked on to every Fish & Game fine and is sent to the search and rescue fund; 1% of recreational vehicle account is also sent to this fund and, up until this year, 1% of 1.28% of the gas tax went to the search and rescue account, the money being used to reimburse sheriffs and counties for search and rescue, training, purchase of equipment and for actual expenses incurred, but not for salaries. **Mr. Kane** reiterated that H376 caused one leg of the stool to be lost, that being the gas tax component, which last year was just below \$39,000, with no alternative method to recoup that cost, unless this task force comes up with alternative funding. **Representative Bell** asked if they had been spending the full amount in the fund and **Mr. Kane** said that at times the fund may show a balance of \$50,000, but bills continue coming in as search and rescues occur.

**Colonel Russell** presented statistics to the task force in response to questions last month about ISP's staffing. When compared to the six surrounding states - Wyoming, Montana, Nevada, Utah, Washington, and Oregon - Idaho ranks dead last for its number of troopers per citizen with 11,288 citizens for every state trooper. He said that states comparable in size to Idaho have 1.5 to 4 times more troopers per citizen population. He shared with the task force sources of dedicated funds in contiguous states. In response to a question at a previous meeting, **Colonel Russell** said that the state of Idaho has not established standard legislation for dealing with vehicles after DUI arrests. An impound vehicle processing fee of \$300 could generate \$3,643,800 annually, based on the fact that in 2008, ISP officers were responsible for 2,051 (17%) of the 12,145 total statewide DUI arrests. Part of this revenue would be reallocated to towing companies for reimbursement of services rendered; however, if the average tow cost was \$100, the state would still generate up to \$2,429,200 in revenue annually. This modification would require amendment to Idaho Code. He said that the total number of DUI arrests in Idaho in 2008 was 12,146.

**Colonel Russell** said that in 2008 the state of Idaho had 1,602,500 in-service telephone lines and that in 1987 the Idaho Legislature created the Idaho Telephone Service Assistance Program (ITSAP), administered by the Idaho Department of Health and Welfare (IDHW) in conjunction with federal programs. This program adds a six cent monthly surcharge to all *eligible* telephone lines and provides telephone service discounts to low-income individuals. (*This excludes low-income recipients of ITSAP.*) He said that an additional monthly surcharge of \$1.00 applied to

all eligible end user business, residential and wireless access services would create an annual revenue for ISP of \$19,230,000. While the wireless industry is largely unregulated, the mechanism to implement this surcharge is already in place. This modification would require amendment to Idaho Code.

**Colonel Russell** also mentioned a possible vehicle insurance surcharge; a \$1 monthly fee added to the car insurance of each registered vehicle would generate more than \$19,372,704 annually, with an estimated cost per average family of \$12 to \$24 per year.

**Colonel Russell** shared with the task force possible sources of income for ISP that could come from fees and taxes on alcohol products and distribution. Combining all license fee increases with a .5% liquor dispensary surcharge would generate \$2,637,899 and distribute the increases among all alcohol beverages. The beer and wine license fee increase uses the current fee structure set in Idaho Code and creates a sliding scale of increase designed to impact retailers and distributors according to their volume of sales on all alcohol beverages. The authority to charge a fee for alcohol beverage licenses already exists in statute. He also discussed an on-premise consumption license fee which could impact ISP, a license fee increase for wholesalers and distributors of beer and wine, and a possible beer and wine surcharge/tax.

**Representative Labrador** asked about the comparison of state law enforcement personnel to states with similar populations to Idaho, how many commissioned employees and current troopers, wondering if ISP in other states helps more with local issues. **Colonel Russell** referred to Washington where ISP is a state highway patrol, but they also enforce criminal laws on roads, assist cities and counties, but law enforcement is mainly on state highways. **Colonel Russell** told the task force that ISP needs a minimum of 88 more troopers to get 24-hour coverage on state and interstate highways. He also pointed out that there is great respect and mutual cooperation between ISP and other law enforcement agencies.

**Senator Bilyeu** asked for a breakdown of how much trooper time is spent on the highways and what part of that time is to help local jurisdiction. **Colonel Russell** answered that ISP enforces the law on state interstate highways, but ISP also assists local sheriffs upon request; he agreed to get more data on the actual amount of time ISP helps local jurisdictions. **Senator Bilyeu** asked if ISP gets any reimbursement by county sheriffs and **Colonel Russell** responded “no.”

**Representative Ringo** asked about alternative funding options, acknowledging the other task force looking at transportation funding issues, with respect to possible increases in vehicle registrations, not being against raising those fees, but expressed that she does not believe the current system being used makes a lot of sense. She asked if systems used by other states could be examined in terms of their registration fees and what they are based upon, since Idaho pretty much bases the fee on vehicle age, which she believes to be shallow. **Colonel Russell** said that ISP could put together other scenarios for this task force.

**Senator Hammond** asked if one of the chief functions of ISP at the local level is using their expertise in accident investigation. **Colonel Russell** answered that ISP assists any county or city

that needs help, adding that ISP had received a \$150,000 grant for equipment to be used in accident investigations.

**Representative Labrador** asked if ISP was providing the majority of forensic investigations for counties and cities. **Colonel Russell** said that some cities and counties have their own forensic services but, for the vast majority, ISP provides that service. **Representative Labrador** asked what percentage of ISP's actual budget is spent on services that ISP provides to counties and cities, in general, not just forensic. **Colonel Russell** responded that he would get that dollar amount and percentage for the task force.

**Mr. David Ricks**, Acting Director, Idaho Department of Parks and Recreation (IDPR), presented a PowerPoint presentation to the task force entitled "Recreational Fuels Tax Discussion." He reviewed what happens to the 3% IDPR receives; he followed up on issues from the previous meeting which included:

- Non-motorized trail funding;
- Idaho in comparison to other states funding;
- Resident/non-resident camping rates;
- Current IDPR fee structure;
- Potential alternative funding:
  - Increasing registration fees on off-road motor vehicles, boats and snowmobiles;
  - Sales tax from OHVs, snowmobiles, boats be distributed directly to IDPR as opposed to the General Fund;
  - Additional tax on all sporting goods with the proceeds being distributed to IDPR and other Idaho governmental recreational entities;
  - Additional tax on and a percentage of that tax from the sale of soda pop and candy; or
  - Change in the distribution of the Dingell-Johnson funding.

**Mr. Ricks** pointed out that in Eastern Idaho, the Board passed a motion that they were adamantly opposed to raising the registration fees to replace fuel tax cutbacks. He also said that an increase of approximately \$3 in motor vehicle registration fees as presented by ISP had been done in Montana and Washington where they give citizens the option of paying that extra amount, and other states, including Oregon and Colorado, allocate a portion of the lottery proceeds to replace IDPR fuel tax funding.

**Representative Labrador** asked about how many people in Montana and Washington choose to pay that extra \$3 fee and **Mr. Houston** answered that in Montana, since 2004, 75% opt in and 25% opt out; in Washington, the program is new.

**Mr. Ray Houston**, Budget and Policy Analyst, Legislative Services, presented to the task force follow-up information from the previous meeting. **Senator Cameron** had previously asked **Jim Alcorn**, Director of the State Insurance Fund, to provide a claims history for the Idaho Petroleum Clean Water Trust Fund, and that 18-year history was provided to the task force. **Mr. Houston** provided a chart to the task force in response to a question from **Senator Cameron** at the

previous meeting regarding the reason behind the large increase in dedicated funding for IDPR between 2005 and 2010. **Representative Labrador** had requested previously more information about gasoline tax refunds paid to off-road recreational vehicle users and **Mr. Houston** provided that information to the task force. **Senator Cameron** previously asked how Idaho funds IDPR compared to other states, which IDPR addressed at this meeting, and **Mr. Houston** pointed out an article to the task force from the Billings Gazette titled "Montana state parks rebound after tight times in 2002." The Montana Legislature approved \$4 opt-out automobile registration fee in 2004. The Montana Constitution allows use of highway vehicle registration fees for other purposes, but Idaho's Constitution prohibits that.

**Senator Cameron** asked for clarification regarding the constitutional challenge in Montana. **Mr. Houston** clarified that Montana does not have a Constitutional prohibition against using highway vehicle registration fees for other purposes, as does Idaho. **Representative Bell** asked if that highway vehicle registration fee could be raised to fund ISP but not IDPR and that was confirmed. **Senator Cameron** inquired about Montana citizens with Montana plates who get into Montana state parks free of charge, even if they opted out of the \$4 fee. **Mr. Houston** said that out-of-state residents in Montana state parks do have to pay the entrance fee.

**Senator Bilyeu** asked what the difference is in overnight camping fees between national and state parks and if the fees are comparable. **Mr. Ricks** said some research was being done to see if IDPR's fees and the Forest Service's fees are comparable to other states.

**Mr. Houston** provided the task force with information on draft legislation regarding horse trailers.

**Representative Bell** invited public testimony and **Mr. Clark Collins**, founder of the Blue Ribbon Coalition, spoke in favor of undoing the decision to take away the fuel tax money paid by off-road vehicle operators, boaters and snowmobilers from the state parks for their trails programs, and shift it into road repairs. He said he understood how the Legislature got cornered into a vote to sidetrack the fuel tax funding that has been going to trails. **Mr. Collins** told the panel that there is no fair way to replace that funding from other sources and he expressed hope that there are no hard feelings now, emphasizing "we want our gas tax back."

**Senator Cameron** asked what **Mr. Collins** would prefer as a second alternative if the Legislature is not able to give the gas tax back. **Mr. Collins** suggested looking at the basic question that caused this problem, which is the shortfall in funding transportation, that being the issue he believes needs to be solved. He said he did not have a good answer or alternative, but believes that transportation funding needs to be revisited. He said the fuels tax money that was going to IDPR was doing a good job in the state and was a very efficient program, so he believes there is no other alternative but to give the gas tax back.

**Ms. Wendy Coome** testified that she believes that non-motorized trail users have not been carrying their weight and believes they are ready to step up to the plate. She requested support for reintroduction of draft legislation on a horse stamp to help address the funding shortfall. Her

initiative copies the snowmobile stamp, there being no fiscal note prepared, a proposal not yet fully developed but **Ms. Coome** asked that this draft be considered by the task force and the Legislature, adding that the Idaho Horse Council is behind this proposal. **Representative Bell** thanked her for her interest and ideas, asking about the possible fiscal impact, which was unknown at this time.

**Mr. Tom Glass**, Idaho Recreation Council, testified that he has enjoyed Idaho's outdoors for most of his life, acknowledged the difficulty of finding an alternative funding source and he suggested a surcharge on video games, CDs, DVDs, allowing "couch potatoes" to fund recreation. He said this could be proposed as a public health initiative, a healthy lifestyle surcharge, referring to the tobacco and alcohol tax and the results of usage of those products. He said that the diversion of funds has caused, in his opinion, a lack of trust in the Legislature and hopes that these funds can be returned. He said he would support a reasonable increase in fuel tax for the highway program.

**Senator Bilyeu** asked if the organizations that **Mr. Glass** and **Mr. Collins** represented supported an increase in the gas tax when the original legislation was passed to take that gas tax. The response was that they did support that original increase, which took two years to get passed; the recreationists supported that increase, and they also benefitted from a portion of that increase.

**Ms. Karen Crosby**, Idaho Recreation Council (IRC), said that IRC was currently collecting signatures for a petition to redirect that 3% fuel tax back to IDPR. She pointed out that trail activity is directly tied to tourism dollars and said she has no other ideas for funding beyond restoring the gas tax.

**Mr. Brad Smith**, Idaho Conservation League, represented non-motorized users of trails, and shared that the current backlog of maintenance needs on Clearwater and Nez Perce National Forest trails amounted to about \$1.9 million, and he agreed that users of trails need to start pulling their weight with regard to funding. He said the Idaho State Trail Plan calls for identifying a dedicated funding source for non-motorized trails programs and he offered no solution, agreeing that it would be difficult to put stickers on hikers and backpacks. He suggested looking at what other states have done. **Representative Ringo** applauded hikers as possibly the ultimate non-couch potatoes; **Senator Bilyeu** asked what other states have done, and **Mr. Smith** answered that excise tax has been used on equipment.

**Senator Hammond** said that licenses are sold to hunters and fishermen, asking if it would make sense to license hikers. **Mr. Smith** responded that there is a program in Washington and Oregon called the Northwest Forest Pass and said he did not know if that would be politically viable in Idaho.

**Representative Bell** invited attendees to provide further suggestions at the meeting on September 29, 2009. **Mr. Headlee** will also answer the outstanding question regarding highway projection versus actual at the September 29<sup>th</sup> meeting.

**Representative Labrador** inquired about dividing the impacted agencies in the task force

conversation believing that they may need to go back on one of the agencies, and that an alternative funding might be found for the other agency, believing that the gas tax may need to be given back to the recreationists and then look for ways to increase funding. **Representative Bell** reiterated that they are already paying a tax that they are not benefitting from directly, so to add another tax might not make sense. **Representative Labrador** said that after listening to the public testimony, it seemed to him there seems to be no reasonable alternative, at least for that 3%; it was a model for national legislation, he thought it was working, and he believes that giving that money back should be considered and then address the other agency.

**Senator Cameron** reminded the task force that any ideas needed to be ones that could pass through the entire legislative process with the support of the Governor. He expressed willingness to discuss all options; he said the task force might want a refresher on how that money is allocated and also mentioned the Constitutional issue that nobody has challenged, even though a model.

**Representative Ringo** had two considerations, expressing regret to IDPR since what they had been doing seemed to make sense to her; she did have constituents such as boaters and lawn mowers who believed they were not getting benefits from the gas tax. She wondered if that money were given back, would that obligate finding comparable funds for roads.

**Representative Bell** invited ideas and agenda suggestions for the next meeting which will be held at 9:30 a.m. on September 29, 2009.

The meeting was adjourned at 3:30 p.m.