

Sine Die Report



2012 Session Summary

Legislative Services Office

April 2012

IDAHO LEGISLATURE

Contents

Legislative Leadership.....	3
Committee Chairs.....	4
Introduction.....	5
Volume of Legislation and Length of Session	6
Rules Review.....	7
Legislative Action on Major Issues.....	8
Budget Summary	22
FY 2012 General Fund Revenues	24
FY 2013 General Fund Revenues	25
General Fund Comparison	29
FY 2012 General Fund Pie Charts.....	30
FY 2013 General Fund Pie Charts.....	31
Major Reserve Fund Balances.....	32
Budget Highlights.....	33

This report and a complete listing of all legislation are available on the Idaho Legislature’s website. Full text of all bills is included, along with statements of purpose, fiscal notes and legislative action. The Legislature’s website is:

www.legislature.idaho.gov

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2012 Leadership

Senate

Brent Hill, President Pro Tempore

Bart Davis, Majority Leader

Chuck Winder, Assistant Majority Leader

Russell Fulcher, Majority Caucus Chair

Edgar Malepeai, Minority Leader

Les Bock, Assistant Minority Leader

Michelle Stennett, Minority Caucus Chair

House of Representatives

Lawerence Denney, Speaker

Mike Moyle, Majority Leader

Scott Bedke, Assistant Majority Leader

Ken Roberts, Majority Caucus Chair

John Rusche, Minority Leader

Elfreda Higgins, Assistant Minority Leader

Brian Cronin, Minority Caucus Chair



2012 Committee Chairs

Senate

Jeff Siddoway, Chair
Agricultural Affairs Committee

Denton Darrington, Chair
Judiciary and Rules Committee

John Andreason, Chair
Commerce and Human Resources Committee

Tim Corder, Chair
Local Government and Taxation Committee

John Goedde, Chair
Education Committee

Monty Pearce, Chair
Resources and Environment Committee

Dean Cameron, Chair
Finance Committee

Curt McKenzie, Chair
State Affairs Committee

Patti Anne Lodge, Chair
Health and Welfare Committee

James Hammond, Chair
Transportation Committee

House of Representatives

Ken Andrus, Chair
Agricultural Affairs Committee

Rich Wills, Chair
Judiciary, Rules and Administration Committee

Maxine Bell, Chair
Appropriations Committee

Lenore Barrett, Chair
Local Government Committee

Max Black, Chair
Business Committee

Bert Stevenson, Chair
Resources and Conservation Committee

Sharon Block, Chair
Commerce and Human Resources Committee

Dennis Lake, Chair
Revenue and Taxation Committee

Bob Nonini, Chair
Education Committee

Thomas Loertscher, Chair
State Affairs Committee

Dell Raybould, Chair
Environment, Energy and Technology Committee

Joe Palmer, Chair
Transportation and Defense Committee

Janice McGeachin, Chair
Health and Welfare Committee

JoAn Wood, Chair
Ways and Means Committee

Introduction

The gavel came down to open the 2nd Regular Session of the 61st Idaho Legislature under a more positive economic scenario than that experienced over the last three years. The economic forecasts of both the executive branch and the estimates adopted by the Legislature's Economic Outlook and Revenue Assessment Committee called for modest growth in revenues. Although viewed cautiously by a Legislature that has been sorely tested over the last few years to balance a budget, this welcome change in economic outlook set the stage for a budget process that was able to keep intact all of the state's current year spending obligations as well as covering the major inflation factors for FY 2013 including Medicaid costs and caseload, indigent health care, educational enrollment growth and inmate growth.

The Governor's General Fund budget recommendation for FY 2013 called for a 7.4 percent increase overall, but the Legislature's final action on general funds came in slightly lower at a 6.8 percent overall increase. Public schools received a 4.6 percent increase, college and universities received an 8.6 percent increase, Medicaid received an 8.7 percent increase, and corrections received a 7.3 percent increase. The Legislature approved a 2 percent salary increase for state employees, judges and higher education, provided a tax relief package of \$35.7 million, and restored the state's cash reserves by about \$49.5 million.

This session also saw the typical number of far-ranging issues that land on legislators' desks in the course of representing constituents from across the state. These public policy issues touched on everything from regulating oil and gas exploration and production to texting while driving, wolf management, the constitutional right to hunt, fish and trap, tax relief, animal cruelty issues, pre-abortion ultrasounds, lifting the cap on public charter schools, partnering universities and the private sector for economic development, and "Occupy Boise" issues, just to name a few.

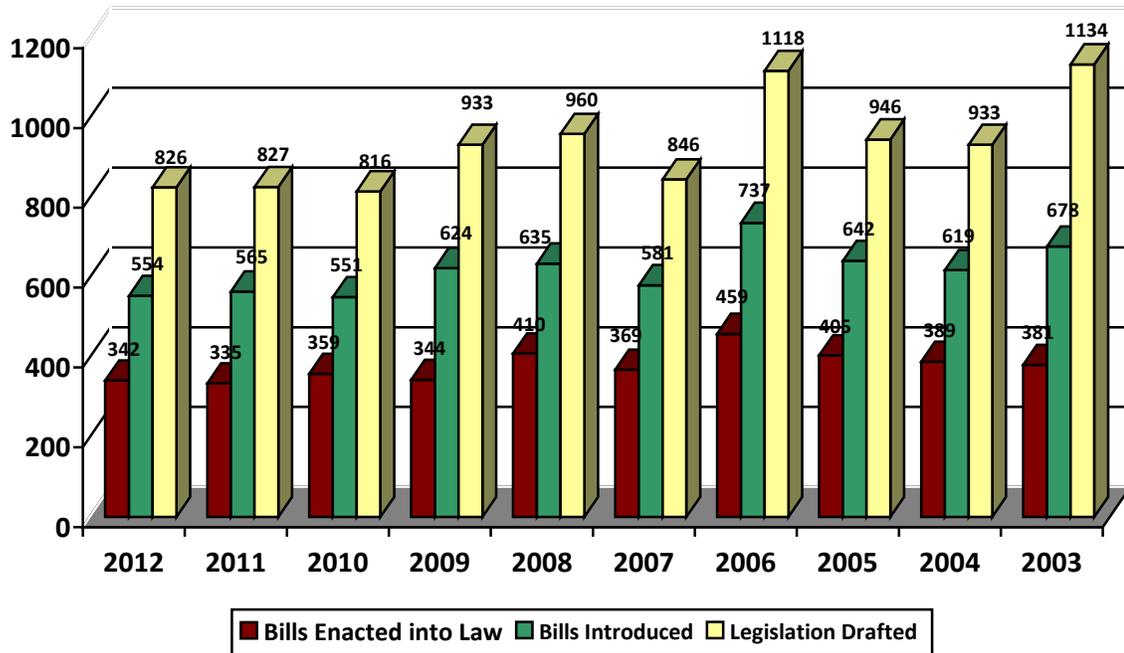
Throughout this legislative session, individual legislators dealt with the pressures inherent in redrawn legislative districts, oftentimes finding themselves facing a decision to run against friends or colleagues, or having to run in unfamiliar territory. The largest turnover in state legislators typically occurs every 10 years as a result of redistricting, and this time around is no exception, with an expectation of 30 percent to 40 percent turnover in the Idaho Legislature. The loss of decades of institutional experience with the announced retirements of experienced legislators will effect a profound change on the Legislature. Yet any large turnover also offers the opportunity for the institution to refresh, refocus and influence public policy decisions in Idaho for a whole new generation of Idaho citizens.

As legislators prepare for the 2013 legislative session, all of the interim action will be detailed on the Legislature's website at www.legislature.idaho.gov.

Volume of Legislation and Length of Session

During the 2012 legislative session, 826 proposed pieces of legislation were prepared for legislative committees and individual legislators. From that initial group of draft proposals, 554 bills were actually introduced, along with 74 resolutions, memorials and proclamations. By the end of the session, 342 bills had been passed by both houses. After final legislative action and following the Governor’s review, all 342 introduced bills became law, with the majority of the new laws to become effective July 1, 2012.

**From Drafting to Enactment
10-Year Comparison**



Length of Session

When the Legislature adjourned sine die on March 29, it had been in session for 81 days. The 2012 legislative session, the longest since 2009, was seven days shorter than the previous session.

Length of Recent Sessions (Days)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
81	88	78	117	87	82	93	87	69	118

Rules Review

At the beginning of each legislative session, the Legislature takes up the important task of reviewing all pending, pending fee and temporary rules that have been promulgated by state agencies. The Legislature can prevent pending rules from going into effect, as well as prevent final rules from remaining in effect, by rejecting them. Pending fee rules go into effect only if the Legislature approves them. Temporary rules expire at the end of the legislative session unless approved by the Legislature.

During the 2012 legislative session, the Senate and the House of Representatives were each asked to review 200 individual rulemaking dockets, totaling 2,182 pages. This figure is down slightly from the 206 dockets reviewed during the 2011 legislative session.

Eight of the 168 pending rule dockets reviewed were rejected entirely or in part:

- Part of a State Tax Commission docket regarding income tax rules (HCR 3);
- Part of a Board of Veterinary Medicine docket (HCR 37);
- Parts of a Department of Health and Welfare docket regarding Medicaid enhanced plan benefits (SCR 114);
- Part of a Bureau of Occupational Licenses docket regarding rules of the Board of Drinking Water and Wastewater Professionals (SCR 115);
- An entire rulemaking docket of the Division of Building Safety governing the use of the National Electrical Code (SCR 118);
- Part of a Department of Administration docket regarding group insurance (SCR 119);
- An entire rulemaking docket of the Idaho Fish and Game Commission governing licensing (SCR 121); and
- Parts of an Idaho State Police docket regarding the Idaho Peace Officer Standards and Training Council (SCR 122).

Part of a final rule of the Department of Agriculture governing the importation of animals and relating to parasiticide was rejected (SCR 117).

Three of the 24 pending fee rule dockets were rejected (SCR 128):

- A Bureau of Occupational Licenses docket regarding the Idaho Driving Businesses Licensure Board;
- A Division of Building Safety docket governing continuing education requirements; and
- A Division of Building Safety docket governing plumbing safety licensing.

Two of the eight temporary rule dockets were rejected (SCR 129):

- A Department of Health and Welfare docket relating to Medicaid basic plan benefits; and
- A Department of Parks and Recreation docket relating to the winter recreational parking permit program.

2012 Legislative Action on Major Issues

Agriculture

H 401 - Provides a procedure for the transfer of lands between irrigation districts through exclusion from one district and annexation into another.

H 412 - Specifies the authority of the Idaho Grape Growers and Wine Producers Commission to promote Idaho grape products, defined as juices, raisins, wines and other grape by-products produced in Idaho and grapes grown in Idaho for the production of juices, raisins, wines and other grape by-products.



H 512aa - Changes the name of the Idaho Sheep Commission to the Idaho Sheep and Goat Health Board, raises the assessment the board may collect on wool from six cents per pound to twelve cents per pound, provides that the board may by rule establish an assessment on goats on a per head basis at a rate that is comparable to the assessment on wool and removes audit provisions.

H 513 - Prohibits the adulteration of honey and provides for quality, identity and labeling

standards, sampling and analysis, penalties, stop sale, use and removal orders as well as seizure and disposal of adulterated honey.

S 1236 - Clarifies the responsibilities of commercial feed registrants, manufacturers and distributors as well as label review requirements, eliminates tonnage reporting requirements and inspection fees and implements a uniform registration fee.

S 1259 - Clarifies provisions relating to the Idaho Wheat Commission, including the process for removing a commission member, solicitation of donations and the process for calling a meeting, provides that the commission may require that the executive director, or any agent or employee appointed by the commission, be bonded and increases the cap on tax per bushel that may be levied and imposed.

S 1290 - Authorizes drainage commissioners to petition a court to reapportion benefits to part or all of the lands within the district if the commissioners determine that the lands benefited or the amount of the benefits has either changed or is in error.

S 1303aaH - Provides that anyone who is convicted of intentionally and maliciously inflicting pain, physical suffering, injury or death upon an animal for a third or subsequent time within 15 years shall be guilty of a felony. Also provides that any person who knowingly advertises, promotes or organizes a display of combat

between gamecocks where a controlled substance is present and where gambling occurs is guilty of a felony, and any person who is convicted of a second or subsequent offense for knowingly advertising, promoting or organizing such display where gaffs or other means are used to enhance pain, inflict injury or cause death, or any substance to enhance aggressiveness has been administered, is guilty of a felony.

S 1304 - Clarifies provisions relating to the Idaho Barley Commission, including the process for removing a member and solicitation of donations, and increases the cap on tax per hundredweight that may be levied and imposed.

S 1383aa - Provides that the owners and operators of ditches, canals, conduits and other aqueducts are not liable for wasting water or damage to others if the damage or injury is caused by third parties without the permission of the owner or operator or acts of God.

Commerce and Economic Development

H 539 - The Idaho Video Service Act establishes a process for the issuance of a state franchise that will facilitate the entry of new providers of video service into Idaho's video service market and encourages new private capital investment in broadband infrastructure within the state.

H 546 - Creates the Global Entrepreneurial Mission Grant Fund and transforms the Idaho Innovation Council at the Department of Commerce to the Idaho Global Entrepreneurial Mission (IGEM) Council. The intent of IGEM is to leverage private-industry guidance and the

talent and expertise of Idaho's research universities to commercialize innovative and viable technologies that will strengthen Idaho's economy.

H 575 - Removes the maintenance of two distinctly different classifications of goods and services, causing all trademark filings to use only the international classification of goods and services, as adopted by the United States Patent and Trademark Office, and paves the way for the Secretary of State to provide online filing of trademarks.

Constitutional Amendments, Proposed

HJR 2 - Proposes an amendment to the Constitution of the State of Idaho by the addition of a new Section 23, Article I, to preserve the rights of the people of Idaho to hunt, fish and trap wildlife.

SJR 102 - Proposes an amendment to Section 5, Article X, of the Constitution of the State of Idaho to provide that the State Board of Correction shall have the control, direction and management of adult felony probation and parole, the purpose of which is to clarify that the Board of Correction's authority extends only to adult felony probation.

Criminal Justice

H 403 - Requires the Idaho State Police to establish and maintain an authorized tow list and to obtain criminal history information from the Idaho State Police Bureau of Criminal Identification and the Federal Bureau of Investigation for every applicant towing firm owner, driver and operator for the purpose of determining

the suitability of applicants for inclusion on the tow list.

H 405 - Makes unlawful the possession, distribution or use of electronic cigarettes by minors. Makes unlawful the sale, distribution or offer of electronic cigarettes to minors, on and after January 1, 2013, makes unlawful the sale or distribution of electronic cigarettes from a vending machine and provides shipping requirements for electronic cigarettes.

H 475 - Grants courts the authority to extend the period of probation ordered for misdemeanor convictions to include the period of time during which the defendant is a participant in a problem solving court program and for a period of up to one year after a defendant's graduation or termination from a problem solving court program.

H 497aaH - Requires that the method of post-conviction DNA testing or specific technology requested by a petitioner be a standard, validated practice within the laboratory accreditation scope and that laboratory staff are qualified and satisfactorily performing proficiency testing in the testing method. If the laboratory does not offer the specific testing requested by a petitioner, the Idaho State Police shall not be required to outsource the testing or in any way pay for or reimburse any entity for the testing to be performed.

H 595 - Establishes the State Victim Notification Fund, requires that the court charge a fee of \$10 for notification purposes to be paid by each person found guilty of each felony or misdemeanor and requires the deposit of such fees into the State Victim Notification Fund.

H 648 - Provides that the Department of Correction bears the expense for screenings, assessments and treatment for substance use disorders, the Department of Health and Welfare bears the expense for mental health examinations, and such costs for assessments, evaluations and treatment could be recovered from offenders based upon their ability to pay and the funds they receive from other sources. Effective March 1, 2013, implements standardized processes for substance use disorder assessments and mental health examinations.



S 1215aa - Repeals, adds to and amends existing law relating to the unlawful possession, introduction, conveyance, receipt and removal of contraband and major contraband in and from correctional facilities.

S 1266 - Clarifies the process for obtaining a death warrant from the district court by specifying the appropriate timing of an application for a death warrant, specifying a time within which the execution date must be set and specifying the process and timing for obtaining a successive warrant and setting another execution date, when necessary.

S 1292 - Exempts executions from regulations governing controlled substances and the prac-

tice of medicine and pharmacy, clarifies that employees participating in executions are entitled to the protections of the Idaho Tort Claims Act, and provides that persons participating in executions are not subject to civil or criminal liability for the death of the condemned person.

S 1337aa - Restructures and revises provisions of law that prohibit the sexual exploitation of a child, including revising definitions in order to address technological changes and trends used to exploit children, clarifying what constitutes unlawful conduct and differentiating penalties based on the severity of the criminal conduct.

S 1338 - Revises provisions of law that make unlawful the enticement of a child through the use of the Internet or other communication device in order to more accurately and thoroughly capture technological trends.

S 1340 - Clarifies that the costs of court ordered tests of breath and bodily fluids as a condition of probation are to be paid by the probationer and are not to be included in the supervision fee.

S 1341 - Provides a petition process to be exempted from registering as a sexual offender for persons convicted of statutory rape before the July 1, 2010, revisions to the statutory rape laws, where the conduct of any such person would not have come within the provisions of the statutory rape laws as revised.

Education

H 383 - Provides that up to \$50,000 in annual Opportunity Scholarship Fund earnings may be used for costs related to administration of the

program. Current law limits administrative funds to 5 percent of earnings (not to exceed \$75,000). Investment earnings on the fund have been consistent with national economic conditions for the past several years such that 5 percent does not generate funds sufficient to administer the program.



University of Idaho

H 384 - Recognizes the Idaho residency status of Idahoans in the armed forces stationed outside of Idaho. Individuals who join the armed forces of the United States and continue to maintain Idaho residency during their term of service would be considered residents for tuition purposes, as would their dependents.

H 385 - Clarifies that only liquor funds are deposited to the State Community College Account, and that these funds are to be distributed by the liquor division directly to the community colleges on a quarterly basis.

H 426aaS - Establishes a program in the State Department of Education that pays for a portion of certain online courses for students who agree to take a full course load with the intent of earning up to two years of college credits while still in high school.

H 481 - Removes the growth cap of six new public charter schools per year, and removes

the cap of one new public charter school per district per year.

H 534 - Outlines the provisions for pay for performance, hard to fill positions, and leadership awards for public school personnel. Eliminates the requirement that instructors must have three years of experience before being eligible for leadership awards. This change will allow entering professionals with expertise, such as technical instructors, to receive immediate consideration for deserving leadership awards.

H 556 - Allows community college employees to transfer up to 90 days of sick leave accrued at the community college to the state system if they become state employees. Community college employees will have the same benefits teachers in the public school system currently have. These changes will help to facilitate the transfer of qualified employees who work in the community college system to positions with state agencies.

H 564aa - Provides more transparency and open communication between Idaho's public schools and the Professional Standards Commission with regard to investigations and status of review of complaints and charges of unethical conduct that may affect the employment decisions and employee status of Idaho's certificated public employees.

H 603 - Provides for 97 percent average daily attendance (ADA) funding protection for Idaho school districts. Allows school districts that lose more than 3 percent of students from one school year to the next to continue receiving state funding as if the district only lost 3 percent of its students. The ADA-driven loss of

funding would catch up the following school year, since this protection would reset to 97 percent of the lower ADA count.

H 604 - Provides a framework for the State Department of Education's review of online courses, a function required by law, and formalizes the Department's longstanding practice in the area of textbook and curricular material reviews.

H 626 - Implements one of the recommendations of the 2011 Public School Technology Task Force by providing for a web-based clearinghouse of approved online courses, accessible to students, parents and schools. The clearinghouse will provide information on available courses, including quality ratings provided by those who previously took a course.

H 659 - Appropriates \$446,362,200 to the State Board of Education and the Board of Regents of the University of Idaho, an 8.6 percent General Fund increase for FY 2013.

H 662 - Revises the National Guard Youth Challenge Program, a multiphase youth intervention program intended to improve the education, life skills and employment potential of enrolled high school students in the state of Idaho. This will be accomplished through military-based discipline and training combined with educational instruction, experiential learning, and mentoring.

H 698 - Beginning in fiscal year 2013, eliminates reductions in salary-based apportionment for school district teachers, administrators, and classified support staff that are required in statute. These required salary reduc-

tions were included in the 2011 Students Come First reforms and were intended to generate General Fund savings to pay for a portion of last year's reforms. Provides that any increased funds appropriated for public schools in FY 2014 will first be used to pay for growth and the statutory cost of pay for performance, public school technology, the next implementation phase for mobile computing devices in high schools and the Dual Credit for Early Completers Program, prior to funding increases for any other items within the public schools budget. Requires that the minimum teacher salary increase at twice the rate of base salaries in the future, after both the base



and minimum salary have reattained their FY 2009 funding level, as opposed to 1.5 times the rate, as is currently provided in law.

S 1224 - Clarifies that the requirement to include a parental input component in teacher evaluations begins with the 2012-2013 school year. This ensures that the timing of this requirement for teacher evaluations is aligned with the same requirement for administrator evaluations.

S 1301 - Directs the State Department of Education to define and implement a process outlining secondary school accreditation requirements for the purpose of participation in extracurricular activities.

S 1237 - Revises the definition of an online

course. The current language prohibits the teacher of an online course from being at the same location or school where the course is being taken. This language could prohibit a teacher from loading course content into a learning management system in his or her office while students are online completing assignments in a computer lab in the building and could decrease the efficiency of implementing the online learning graduation requirement for secondary students.

S 1327 - Amends certain provisions of the 2011 Students Come First legislation (S 1108) to clarify that:

- School districts may deliver teacher contracts electronically;
- A designee of the school board may declare a position vacant if a teacher contract is not returned in a timely manner;
- The provision that allows school districts to suspend employees in cases where a court order prevents the individual from being in contact with children also includes a court order that prevents the individual from being in contact with another employee at the school;
- The first portion of the required annual teacher evaluation must be completed by March 1st, rather than before February 1st;
- Reassigning an employee from an administrative position to a nonadministrative position may include a contract term change;
- The parties to a master agreement must

provide written notice of ratification activity; and

- ▶ The definition of employee benefits is limited to the items listed in statute.

S 1328 - Amends certain provisions of the 2011 Students Come First legislation to:

- ▶ Correct an allocation of funds for districts to meet graduation requirements for science and math.
- ▶ Allow students to participate in the Dual Credit for Early Completers Program if they meet their state graduation requirements.
- ▶ Clarify that students need not complete their senior year math requirement in order to be eligible for the Dual Credit for Early Completers Program.
- ▶ Limit the number of online courses in which a parent can enroll their child without school district permission to no more than 50 percent of their courses.
- ▶ Require online course providers to report attendance to each student's school district or public charter school, using one of the two methods provided by law.

S 1329 - Amends certain provisions of the Students Come First legislation to clarify that:

- ▶ State paid employee benefit apportionment (PERSI and FICA) is apportioned from funds allocated for pay for performance;
- ▶ Academic growth calculations may be made based on cohorts of students with similar scores;
- ▶ School administrators may earn only up to one local Student Achievement Awards share;

- ▶ Pay for performance funds must be distributed to districts by no later than the November 15th payment;
- ▶ The implementation date for the requirement that at least 5 percent of certificated district staff pay be based on student performance is moved back one year.

S 1397 - Appropriates \$28,349,900 to the State Board of Education for community colleges for fiscal year 2013, provides guidance for compensation and benefits and exempts the appropriation from object and program transfer limitations. The appropriation reflects a General Fund increase of 20.5 percent.

S 1410 - Appropriates for public schools an additional \$10,740,200 for fiscal year 2012 and \$1,566,813,100 for fiscal year 2013. This appropriation includes \$1,279,818,600 from the General Fund, which is an increase of \$56,238,200, or 4.6 percent, from the previous year. This appropriation also includes \$66,873,400 from dedicated funds, and \$220,121,100 from federal funds.

Energy

H 460 - Raises the oil and gas permit fee for drilling or treating a well from \$100 to a maximum of \$2,500.

H 462 - Gives the Public Utilities Commission the authority to regulate gathering lines and provides that fees for pipeline corporations shall be calculated to recover the commission's time and expense devoted to the safety supervision and regulation of each pipeline corporation.

H 463 - Limits confidentiality provisions relating to oil and gas well logs to one year and updates enforcement provisions of the Oil and Gas Conservation Commission to authorize the commission to impose civil penalties for violations and to seek damages to recover costs caused by violations, including costs of well control, spill response and cleanup, restoration of fresh waters, well plugging and abandonment, and reclamation of surface disturbance.

H 464 - Provides for the regulation of oil and gas exploration and production by the Oil and Gas Conservation Commission, with the exception of the exercise of planning and zoning authority granted to cities and counties. Provides that local jurisdictions shall not prohibit the extraction of oil and gas, or the construction or operation of facilities and infrastructure needed for the post-extraction processing and transport of oil and gas, but that extraction may be subject to reasonable local ordinances that protect public health and safety and that prevent harm to public infrastructure or degradation of private property.

H 526 - Provides that penalties for certain oil and gas drilling violations begin to accrue no earlier than the date notice of violation and opportunity for a hearing are given, and provides that it is a crime only if the violator knowingly fails or refuses to comply.



HCR 34 - Adopts the 2012 revised integrated Idaho Energy Plan developed by the Legislative Council's Interim Committee on Energy, Environment and Technology.

Government

H 391 - Removes the names of presidential candidates from the primary election ballot since delegates to the national conventions are now being selected at political party caucuses.

H 404aaS - Prohibits camping on Capitol Mall properties and other state facilities and provides for the disposition of property remaining after issuance of a citation or any property left unattended.

H 490 - Extends disclosure requirements of the state's Sunshine Law governing campaign reporting requirements to countywide measures, including countywide recall elections, and to candidates involved in citywide, statewide or legislative district recalls.

H 583 - Requires a governmental agency with jurisdiction over a roadway to recognize legal access rights of property owners in easements when acting on access applications.

H 693 - Clarifies the authority of the director of the Department of Administration to promulgate rules governing public conduct on the Capitol Mall, directs that rules be promulgated within 30 days, and adopts the security and

law enforcement provisions currently applicable to the Statehouse for all state property in the Capitol Mall area.

S 1365 – Restated the existing protections related to personal information and audit methodology for the Idaho unclaimed property program. The restatement will alleviate the concerns of businesses and individuals participating in the program that the information is no longer protected after the transfer of the program from the State Tax Commission to the Idaho Treasurer in 2010.

S 1366 - Clarifies the state's procedures for negotiated rulemaking and provides minimum procedures to enhance public notice and participation by requiring a state agency to post notice of rulemaking on its website.

~~**S 1372** – Revises procedures for procurement of public works construction by a political subdivision, and provides that information related to procurement of services or personal property is exempt from disclosure until after the award. **BILL FAILED.**~~

Health and Human Services

H 393aa - Provides for the Rural Health Care Access and Physician Incentive Fund to be administered by the Department of Health and Welfare, and creates the Joint Health Care Access and Physician Incentive Grant Review Board, to provide grants to rural physicians for qualified medical education debt repayments. Provides for physician incentive grant awards and requirements and criteria for grant awards.

H 439aa,aaS - Clarifies that the Board of

Pharmacy is allowed to provide Prescription Monitoring Program (PMP) data to practitioners licensed in Idaho or another state and increases the penalty for misuse of the PMP. Additionally, changes allow pharmacists PMP access when providing pharmaceutical care services and would allow the board to block or deny access in very limited and defined situations. Finally, this change allows the Board of Pharmacy to distribute unsolicited reports to pharmacists and practitioners.

H 441 - Authorizes county commissioners and the board of the Catastrophic Health Care Cost Program to pay for authorized expenses to manage health care costs for the indigent.

H 487 - Revises provisions regarding responsibility for costs of commitment and care of patients for mental health treatment and allows counties to access Medicaid rates for such commitments.

H 503 - Establishes certain provisions where it is appropriate for a health care provider to write a prescription for an individual with whom that provider does not have an established provider-patient relationship.

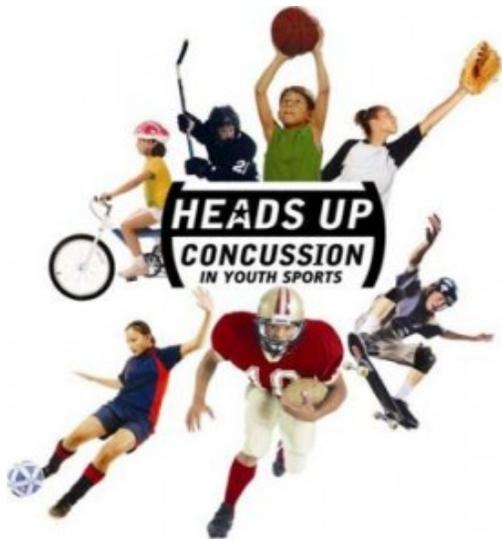
H 522aa - Prohibits the use of public assistance benefit cards or the cash obtained with public assistance benefit cards from being expended for inappropriate purchases or venues. Such prohibited uses and purchases include gambling, tobacco products, liquor, tattoos and adult entertainment.

H 541 - Prohibits health care organizations from denying medical staff membership to someone who practices elsewhere, has an

ownership interest in another facility or is a competitor.

H 609 - Restores cuts to Medicaid made during the 2011 legislative session. The services being restored relate to preventative dental services, skill training for individuals with mental health and developmental disabilities and the removal of tiered individual budgets for adults.

H 631aa - Continues the Intermediate Care Facility Assessment Act beyond 2012 and ensures that the moneys generated from the assessment shall be used to primarily increase the payments to intermediate care facilities in order to offset the cuts to the facilities.



H 632 – Revises provisions relating to youth athletes and concussion and head injury guidelines and requirements. Requires that coaches, referees, athletic trainers, parents and youth athletes receive information regarding the signs and symptoms of concussions and the nature and risks of concussion and head injury. Provides guidelines for schools to follow in developing a concussion protocol for removing young athletes from play who are suspected of sustaining a concussion.

S 1293 - Revises the felony threshold for trafficking food stamps, making it a felony to traffic food stamps for \$100 or more and a misdemeanor below that amount.

S 1294aa - Revises the Medical Consent and Natural Death Act to clarify the interaction between the Physician Orders for Scope of Treatment (POST) form and other medical directives, such as the living will and durable power of attorney for health care.

S 1295aa - Provides for regulation and licensure of massage therapists by requiring a license of professional and trained massage therapists.

S 1309 - Establishes an electronic tracking system for pseudoephedrine product sales and revises maximum pseudoephedrine purchasing provisions to be consistent with federal law.

S 1326 - Provides a June 30, 2013, termination date for the state program to provide treatment to persons suffering from end-stage renal disease. Such costs are now covered by Medicare, Medicaid and private insurance.

S 1336aa - Provides that compensation shall be payable for disability or death resulting from certain firefighter occupational diseases by changing existing worker's compensation law and presuming that diseases that firefighters incur are significantly more likely to develop than among the general population.

S 1348aa - Revises provisions relating to health care providers unwilling to conform to the desires of patients and those authorized to consent for them and to prevent the discrimination.

ry denial of food, fluids or non-futile, life-preserving medical treatment to dying patients without the patient's consent.

Natural Resources

H 396 - Approves the Comprehensive Aquifer Management Plan for the Rathdrum Prairie Aquifer as a component of the Comprehensive State Water Plan.

H 400 - Provides that no civil or administrative proceedings for stream channel alteration violations may be brought more than two years after the director of the Department of



Water Resources had knowledge or ought reasonably to have had knowledge of the violation.

H 543 - Prohibits children under the age of ten from possessing firearms while in the fields or forests or in any tent, camp or auto, except that a child may possess a firearm for hunting if he or she has a valid hunting license or is a participant in a mentored hunting program and is accompanied by an adult licensed to hunt in the state of Idaho.

H 446 - Establishes the Idaho State Parks Passport Program, which offers the option to purchase a state parks passport when they purchase or renew vehicle registrations. Passports allow entrance into all of Idaho's state parks.

H 457aaS - Allows a parent or grandparent to designate controlled hunt tags and permits to their minor child or grandchild.

H 458 - Provides that a wolf tag will be included with the Sportsman's Pak by the Department of Fish and Game and increases the price of the Sportsman's Pak by \$6.15.

H 459 - Incorporates a nonresident three day fishing license into the adult nonresident hunting license at no additional fee.

H 461 - Provides that the Department of Fish and Game may issue free big game permits to disabled military veterans certified by qualified out-of-state nonprofit organizations.

H 525 - Allows an exception from tag possession for companions of disabled hunters when the disabled hunter has the appropriate license and the appropriate tag.

S 1256aaH - Authorizes the Fish and Game Commission to issue special big game auction tags designated as "Governor's Wildlife Partnership Tags." The commission may issue up to three tags per species per year for deer, elk and pronghorn antelope, one tag per year for moose, and one tag per species per year for mountain goat and bighorn sheep.

S 1271 - Requires applicants for state grazing leases to submit grazing management proposals as part of their applications to the Depart-

ment of Lands that address resource concerns, as identified by the department. Current lessees will not be required to submit grazing management proposals unless the department makes a written request for a new proposal or the lessee desires to modify the existing grazing management plan.

S 1291 - Creates the Rangeland Center at the University of Idaho for the purpose of creating a new model for interdisciplinary research, education and outreach to fulfill the university's land grant mission.

S 1321aa - Directs that the Department of Fish and Game use moneys in the winter feeding account solely for the purchase of blocks, pellets and hay, or for the purchase of seed or other material that can be shown to directly provide feed or forage, for the winter feeding of antelope, elk and deer.

Taxation

H 356 - Revises the approval process for applications for property tax exemptions, provides for approval or disapproval of such applications and provides a procedure for appeal.

H 357 - Relating to property taxes, this bill revises the methodology for ongoing valuation of forest land.

H 360 - Allows that taxpayers may pay taxes to the State Tax Commission through electronic payment transaction processors. This will modernize the statute to reflect changes in the industry.

H 362 - Allows the State Tax Commission to use first class mail to send certain notices to

taxpayers. Current law requires the State Tax Commission to send these notices to taxpayers by certified mail. This costs approximately \$400,000 to send approximately 125,000 notices. Approximately 35 percent of all certified mail is returned as unclaimed. Changing the certified mail requirement to first class mail will result in more taxpayers actually receiving the notices and will be more cost-effective.

H 363 - Provides that when a taxpayer incurs passive losses in years during which the taxpayer had no activity in Idaho, those passive losses are not deductible. This change treats passive losses in a manner identical to the treatment of net operating losses and capital losses.

H 379 - Combines the oil and gas severance tax of 5 mills per barrel or 50,000 cubic feet of gas and the royalty tax of 2 percent of market value to 2.5 percent of the market value of the oil or gas produced. Provides that the State Tax Commission enforce collection of the tax, and shifts the General Fund portion of the distribution of receipts to the Oil and Gas Conservation Fund.

H 417 - Makes the taxation of parts installed on private aircraft owned by non-residents consistent with the taxation of parts installed as components of aircraft manufactured in Idaho and sold to non-residents, as well as parts installed on aircraft in commercial use.

H 438 - Clarifies the requirements for claiming investment tax credit carryovers and conforms to existing practices relating to income taxes and the investment tax credit statute.

H 452 - Requires that a taxing district holding a bond election provide a statement as to the purpose for which the bonds are to be used and disclose the interest amount of the bonds and when the bonds will be paid off or retired.

H 485aa - Revises the eligibility criteria for taking a state income tax deduction for installing energy efficiency upgrade measures within existing residences.

H 489 - Exempts beverages, including wine and beer, from the payment of a use tax if given as a free tasting to a potential customer.

H 517 - Allows for the deduction of classroom supplies and other expenses not to exceed \$250 of elementary and secondary teachers.

H 519 - Provides that the portion of value created by site improvements in the course of a land developer's business is exempt from property tax until a building begins or the title is conveyed from the land developer.

H 653 - Resolves confusion for taxpayers relating to the due date and the filing deadline regarding the filing of various reports, claims, returns or other documents. Provides that if the date for filing any report, claim, tax return, statement or other document or making any such payment falls upon a Saturday, a Sunday, a legal holiday or, in matters arising under the state income tax law, a holiday recognized by the Internal Revenue Service, such acts shall be considered timely if performed on the next business day.

H 563 - Reduces the Idaho individual income tax rate for taxable income over \$20,000 from 7.8 percent to 7.4 percent, and reduces the

maximum corporate income tax rate from 7.6 percent to 7.4 percent.

H 584aa,aaS - Revises the Idaho homestead property tax exemption statute to ensure that, depending upon certain circumstances, properties that are qualified as a homestead and have property tax exemption will remain tax exempt in the case of the death of the owner, beneficiary, partner, member or shareholder during the year of said death and the year immediately following.

H 661 - Corrects an oversight from the Hire One Act of 2011 by allowing companies to continue to receive the new jobs tax credit up until the start of the Hire One Act.

H 697 - Provides any non-school taxing district facing a judgment by a court of law, in excess of one-third of the total property tax revenues of the district, a means to levy beyond the 3 percent budget growth limitation in order to pay off the judgment over an extended period utilizing redeemable warrants, bonds or other lawful forms of payments, only after a majority of voters approve such action. The exemption from the budget limitation is tightly restricted and may be used only in extraordinary circumstances.

Transportation

H 511aa,aaS - Establishes standards for lighting and marking of guide towers above 50 feet in height, not regulated by the FAA, to ensure safety of pilots.

H 540aa - Requires that the Idaho Transportation Department establish and maintain an

online Insurance Verification System for motor vehicle insurance coverage, and requires that peace officers access information from the Online Insurance Verification System to verify the current validity of motor vehicle liability insurance.

H 473 - Improves flexibility in driver's license and identification card renewal processes and reduces the inconvenience of retesting requirements to those who have inadvertently allowed a driver's license to expire.

H 619aa - Returns the authority to set speed limits within an incorporated city to the Idaho Transportation Department.

S 1243aaH,aaH - Specialty license plates will be limited to state and other public agencies or foundations supporting the interests of the state and/or local government, effective January 1, 2013.

S 1274aaH - Prohibits texting with a handheld wireless device while driving and provides infraction penalties for violators.

S 1268 - Raises the maximum deductible an insurance company is allowed to require as a condition of renewing an automobile insur-

ance policy from \$150 to \$250 for comprehensive coverage and from \$300 to \$500 for collision or physical damage coverage.

S 1312 – Provides that specified operating fees will not apply to certain construction, forestry, and lawn and grounds equipment, and clarifies current practice that construction and forestry equipment, which is exempt from registration, is exempt from titling requirements.

S 1313 - The Idaho Hazardous Waste Act requires commercial hazardous waste facilities to charge a fee for every ton of waste treated or disposed of. This legislation, to be phased in over three years, provides that 5 percent of the fees be remitted to the local highway district and an additional 5 percent of the fees be remitted to the State Highway Account for the maintenance, construction, and repair of the roads connecting a hazardous waste rail transfer facility with a hazardous waste facility.

S 1319 - Allows individuals to produce proof of automobile liability insurance in electronic format, including the display of electronic images on a cellular phone or any other type of portable electronic device.



Budget Summary

GENERAL FUND BUDGET UPDATE

FISCAL YEAR 2012

	Gov's Revised Recommendation	Legislative Action
REVENUES		
1. Beginning Cash Balance	\$ 68,650,000	\$ 68,650,000
2. Health & Welfare and DEQ after Year-End Reversion	1,292,500	1,292,500
3. Adjusted Beginning Balance	69,942,500	69,942,500
4. FY 2012 Revenue Estimate 4.4% over FY 2011 Actual	2,552,710,000	2,552,710,000
5. H 417 Aircraft Parts Sales Tax Exemption	0	(164,000)
6. H 661 New Employee Income Tax Credit	0	(125,000)
7. Mortgage Foreclosure Settlement from Attorney General	0	13,300,000
8. TOTAL REVENUES	2,552,710,000	2,565,721,000
9. TOTAL REVENUES & BEGINNING BALANCE	2,622,652,500	2,635,663,500
TRANSFERS		
10. 2011 Legislative Session Transfers	38,004,700	38,004,700
11. H 395 Transfer out for Deficiency Warrants	(4,225,700)	(4,225,700)
12. H 702 Estimated Amount to Budget Stabilization Fund	0	0
13. H 702 Transfer to Disaster Emergency Fund	0	(2,000,000)
14. H 702 Transfer to Public Education Stabilization Fund	0	(21,452,600)
15. H 703 Transfer to Consumer Protection Fund	0	(500,000)
16. NET TRANSFERS IN (OUT)	33,779,000	9,826,400
APPROPRIATIONS		
17. FY 2012 Original Appropriations	2,528,960,600	2,528,960,600
18. Reappropriations	32,300	32,300
19. Supplementals	25,377,300	19,860,600
20. Rescissions Health & Welfare - Medicaid	(18,614,700)	0
21. TOTAL LEGISLATIVE APPROPRIATIONS	2,535,755,500	2,548,853,500
22. TOTAL ESTIMATED ENDING BALANCE	\$ 120,676,000	\$ 96,636,400

GENERAL FUND BUDGET UPDATE

FISCAL YEAR 2013

	<u>Gov's Revised Recommendation</u>	<u>Legislative Action</u>
REVENUES		
1. Beginning Balance	\$ 120,676,000	\$ 96,636,400
2. Gov 5.78%/EORAC 4.5% over FY 2012 Forecast	2,700,260,000	2,667,582,000
3. H 363 Income Taxes, Passive Losses	0	150,000
4. H 417 Aircraft Parts Sales Tax Exemption	0	(164,000)
5. H 450 Alcohol Beverage Control Fund to ISP	0	(1,573,700)
6. H 485 Tax Deductions for Energy Efficiency Upgrades	0	(850,000)
7. H 563 Income/Corporate Tax Reduction	(45,000,000)	(35,700,000)
8. H 591 Unclaimed Property	0	(40,000)
9. H 634 Income Taxes to Other States	0	(125,000)
10. H 661 New Employee Income Tax Credit	0	(125,000)
11. S 1313 Hazardous Waste Disposal Fees	0	(48,000)
12. S 1410 Bond Levy Equalization from Cig Taxes	0	4,977,000
13. TOTAL REVENUES	<u>2,655,260,000</u>	<u>2,634,083,300</u>
14. TOTAL REVENUES & BEGINNING BALANCES	<u>2,775,936,000</u>	<u>2,730,719,700</u>
TRANSFERS		
15. Budget Stabilization Fund, IC §57-814 Estimate	(9,456,200)	(23,462,700)
16. Additional Amount to Budget Stabilization Fund	(16,523,800)	0
17. Higher Education Stabilization Fund	(4,980,000)	0
18. Public Education Stabilization Fund	(29,040,000)	0
19. S 1413 Transfer to Constitutional Defense Fund	(1,500,000)	(500,000)
20. Veterans Division Miscellaneous Rev Fund	2,000,000	0
21. H 695 Transfer to Legislative Legal Defense Fund	0	(200,000)
22. NET TRANSFERS IN (OUT)	<u>(59,500,000)</u>	<u>(24,162,700)</u>
APPROPRIATIONS		
23. TOTAL LEGISLATIVE APPROPRIATIONS	2,716,192,500	2,702,105,700
24. TOTAL ESTIMATED ENDING BALANCE	\$ 243,500	\$ 4,451,300

General Fund Revenues – FY 2012

The Division of Financial Management’s August 2011 forecast for FY 2012 General Fund revenue was 6.4% over the FY 2011 actual collections. In January 2012, DFM revised this forecast downward to 4.4%. This represented a projected loss of \$48.6 million for the remaining six months of the fiscal year. However, a forecast of 4.4% with legislative changes equates to \$2,565.7 million, and is \$40.1 million more than what the Legislature originally budgeted for FY 2012.

FY 2012 General Fund Revenue Forecast History	Before legislative changes	After legislative changes
Jan 2011 DFM Original 6.9% over FY12 estimate	\$2,521,456,000	\$2,616,107,500
Jan 2011 Gov’s Rec & EORAC 3% over FY12 estimate	\$2,429,965,700	\$2,524,617,200
August 2011 DFM Revised 6.4% over actual collections	\$2,601,300,000	N/A
Jan 2012 DFM & EORAC Revised 4.4% over actual coll.	\$2,552,710,000	\$2,565,721,000

Source: Legislative Services Office, Budget Summary, LBB, LFR

The Legislature used an estimated \$96.6 million of accumulated cash from the prior and current fiscal year in FY 2013 to support changes in the revenue stream and fund new budgetary obligations. Of this total, \$69.9 million is the cash balance from the end of FY 2011 and carried over into FY 2012, and \$26.7 million is the cash surplus estimated to be generated in FY 2012. Included in this balance is \$13.3 million that will be paid to the state this spring due to the efforts of the Idaho Attorney General when Idaho joined the state-federal mortgage foreclosure settlement.

Ongoing revenue was reduced by \$289,000 due to legislation providing a sales tax exemption for aircraft parts in H 417, and a reduction in individual income tax collections for a new employee income tax credit in H 661. Transfers authorized last session totaling \$38 million from the Millennium Fund, Liquor Control Fund, Permanent Building Fund, and several small dedicated funds remained in place. The Legislature did appropriate and transfer \$4.2 million for deficiency warrants, \$2 million to the Disaster Emergency Fund in the Military Division, and \$500,000 to the Attorney General to support consumer protection aspects of the mortgage foreclosure settlement.

At the very end of the session, the Legislature directed, through H 702, that any cash balance above what was necessary to meet appropriations and the statutory transfer to the Budget Stabilization Fund (BSF) for FY 2013 be transferred into the BSF at the end of FY 2012. H 702 allows for a free-fund balance of \$5 million to remain in the General Fund at the end of the year for FY 2013 supplementals and deficiency warrants. By the end of the legislative session it was estimated that the statutory transfer to the BSF in FY 2013 would be \$23.5 million, and the available free fund balance in the General Fund was \$4.5 million. Any surplus generated from now until the end of the current year will increase the statutory transfer, up until the maximum allowed by Section 57-814, Idaho Code, and any remainder will transfer to the BSF at the end of FY 2012. H 702 also transfers \$21.5 million into the Public Education Stabilization Fund this fiscal year.

General Fund Revenues – FY 2013

The Governor used the DFM revenue estimate of 5.8% growth to develop his FY 2013 executive budget. The Economic Outlook and Revenue Assessment Committee (EORAC) recommended the Legislature use a reduced forecast of 4.5% for FY 2013, which is \$32.7 million less than the Governor's recommendation.

FY 2013 General Fund Revenue Forecast History	Before legislative changes	After legislative changes
Jan 2012 DFM Original 5.8% over FY12 estimate	\$2,700,260,000	\$2,666,761,300
Jan 2012 EORAC Original 4.5% over FY12 estimate	\$2,667,582,000	\$2,634,083,300

Source: Legislative Services Office, Budget Summary, LBB

The Legislature passed nine pieces of legislation that, in total, reduced the ongoing General Fund revenue stream by \$38.5 million. The single most significant legislation was H 563, which reduced the rates of corporate and individual income taxes with a fiscal impact of \$35.7 million. With these changes, the estimated effective revenue growth has been reduced down to 3%, or \$76.4 million, from 4.5%, or \$114.9 million.

In addition, S 1410, the appropriation for public schools, includes \$13.1 million from the General Fund for the Bond Levy Equalization Program. Each year this program is fully reimbursed from cigarette taxes transferred into the General Fund. The full amount of \$13.1 million of cigarette taxes is available to reimburse the General Fund in FY 2013, rather than \$8.1 million included in the executive revenue estimate, resulting in a revenue increase of \$4,977,000.

Governor's Executive Budget Recommendations and Revisions

The Governor's original General Fund recommendation, excluding the one-time 3% CEC, amounted to a 5% increase over FY 2012. In contrast, the Governor's revised General Fund recommendation for FY 2013, including the one-time 3% CEC, amounted to a 7.4% increase over FY 2012 original appropriations.

Legislative Action

The Legislature supported most of the Governor's recommendations for supplemental spending in FY 2012 and line items and initiatives for FY 2013. The Legislature's final budget for FY 2013 amounted to a 6.8% increase over FY 2012 original appropriations. The Legislature did not support transferring \$20 million from the Division of Veterans Services either to Medicaid, as recommended by the Governor, or to the General Fund. It did direct the Division of Veterans Services to work with DFM and LSO to study and report back to the Governor and the Legislature as to the causes of the excess fund balances in both the state and federal funds.

The Legislature funded line items including occupancy costs and equity funding for higher education, longitudinal data system in the Office of the Superintendent of Public Instruction, contractual increases and a fund shift from the Millennium Fund for substance abuse treatment in the Department of Correction, Idaho Education Network in the Department of Administration, Medicaid Readiness in the Department of Health and Welfare, and funding to eradicate Eurasian milfoil in the Department of Agriculture. The Governor included a new initiative called the Idaho Global Entrepreneurial Mission (IGEM), for which he recommended ongoing funding for the Center for Advanced Energy Studies (CAES) in Idaho Falls, competitive technology development grants to the state universities, and technology transfer grants for the commercialization of the university-developed technologies into the marketplace to the Department of Commerce. The Legislature supported this initiative. Decisions that were significantly different from the Governor's recommendation are described in the following narrative.

Supplementals and Rescissions: The Idaho Legislature approved \$19.9 million for supplemental appropriations, or \$5.5 million less than the revised recommended level. The supplemental request for the Catastrophic Health Care Program was funded at \$13.1 million instead of \$17.6 million as recommended, with savings of \$4.5 million. Of the total \$13.1 million approved, \$7.5 was ongoing and \$5.5 million was one-time. Also, the Legislature did not rescind \$18.6 million from the Medicaid Program in the Department of Health and Welfare as recommended, instead choosing to provide carryover authority into FY 2013, and reduce the amount that was recommended for growth in FY 2013. A supplemental request for a fund shift to the General Fund for Temporary Assistance for Needy Families (TANF) of \$951,500 in Health and Welfare was also not considered.

Change in Employee Compensation: The Governor recommended a 3% one-time merit-based CEC that would be paid in two separate payments in July 2012 and January 2013. The CEC was contingent upon FY 2012 revenues meeting the forecasted 4.4% growth, which would then result in half being paid out after July 1, 2012. The second half would be paid after January 2013, if the state continued to meet FY 2013 forecasted revenues of 5.8% between July and December 2012.

The Legislature approved a 2% ongoing CEC for all state employees and classified employees in the public school system. A pay increase for school administrators and teachers is addressed separately with additional funding for pay for performance as part of Students Come First reform in public schools. Permanent classified state employees, including probationary employees, are eligible to receive an ongoing 2% pay increase if they are performing satisfactorily with a current performance evaluation. Nonclassified state employees not requiring a performance evaluation prior to a pay change will be eligible for the pay increase if judged to be performing in a satisfactory manner by their appointing authority. Agencies were also directed to use salary savings, if available, for additional merit pay for permanent and temporary employees. The total General Fund cost for this action was \$12.3 million, including funding for the statutory increases for elected officials, judges and appointed commissioners, as compared to \$41.1 million for a one-time 3% CEC. The savings available by not providing an additional 3% CEC to public school administrators and teach-

ers was redirected to fund other items in public schools.

Replacement Items for Critical Needs: The Legislature provided \$2.4 million on a one-time basis to fourteen different agencies for operating expenditures and capital outlay for items that were critically necessary for the safety or the continued performance of core operations of the agency. Education agencies received \$997,500 for Agricultural Research and Extension, Health Education Programs, Professional-Technical Education, Public Broadcasting, and Special Programs. Health and Welfare received \$177,400 for the state hospitals, the Department of Correction received \$400,000, and Idaho State Police \$580,700. The remaining \$244,400 went to the Department of Water Resources, Department of Lands, Historical Society, Office of Performance Evaluations, and the Secretary of State.

Public School Funding: The Legislature appropriated \$1,279.8 million ongoing from the General Fund, as compared to \$1,255.3 million in the Governor's recommendation. The Governor separately recommended an additional \$25.5 million for a one-time 3% CEC for all school district personnel, subject to revenue meeting established targets in FY 2012 and 2013. The Governor's recommendation included funding for 150 support units of enrollment growth and all of the statutory requirements of Students Come First for technology and pay for performance. After the session began, the Superintendent of Public Schools revised his request for new support units from 150 to 50. Although this created savings of \$7.2 million in the Governor's recommendation, the superintendent requested those funds be directed elsewhere in public schools, and the Governor did not revise his recommendation. The Legislature provided additional funds to halt the reduction of salary-based apportionment to fund Students Come First, partially replaced the loss of state dedicated and discretionary funding, provided new funds for school district IT staff, and raised the minimum teacher salary. Under the requirements of Students Come First, school administrators and teachers will be eligible for pay for performance that averages out to a 4.5% increase in FY 2013.

Higher Education Funding: The college and universities received \$2.4 million for occupancy costs instead of \$4.8 million included in the Governor's recommendation. All other line items were funded as recommended.

Health and Human Services Funding: The Catastrophic Health Care Program was provided an ongoing appropriation of \$36.5 million instead of \$19.3 million, as recommended by the Governor. Beginning in FY 2014, and subject to the implementation of health care reform, there is a possibility that some of these resources will be redirected to the Medicaid Program in the Department of Health and Welfare to support newly eligible persons. In the end, the CAT Fund received \$4.2 million more in FY 2013 compared to FY 2012.

The Governor did not include \$36.4 million from the General Fund for the sunset of Medicaid assessments for hospitals, nursing homes, and intermediate care facilities in his original recommendation. He recommended partial relief with a one-time \$20 million transfer and appropriation to Medicaid from fund balances in the Division of Veterans Services, a stand-alone agency in the

Department of Self-Governing Agencies. Later in the session he revised his recommendation to fully fund the loss of the assessments in FY 2013 by reducing Medicaid's FY 2012 ongoing appropriation by \$18.6 million, and dedicating that money in FY 2013 for assessments. His revision also included funding the balance of the cost of the assessments with a one-time appropriation of \$17.8 million that would need to be reconsidered in next year's budget cycle. The Legislature fully funded Medicaid assessments on an ongoing basis and restored some of the reductions in services made last legislative session due to budget constraints.

In total, the Department of Health and Welfare was appropriated \$25.8 million less from the General Fund for nondiscretionary adjustments and line items as compared to the revised recommendation. Most of these savings were due to lack of growth in caseload and utilization of Medicaid.

State Stabilization Funds: The Legislature transferred \$21.5 million to the Public Education Stabilization Fund in FY 2012 and will transfer an estimated \$23.5 million to the Budget Stabilization Fund in FY 2013, for a total increase of \$44.9 million over the two fiscal years. Any increase in revenues over the forecasted amount of 4.4% in the current year will be deposited into the Budget Stabilization Fund at the end of June 2012.

General Fund Comparison
Original Appropriation to Governor's Recommendation & JFAC Action

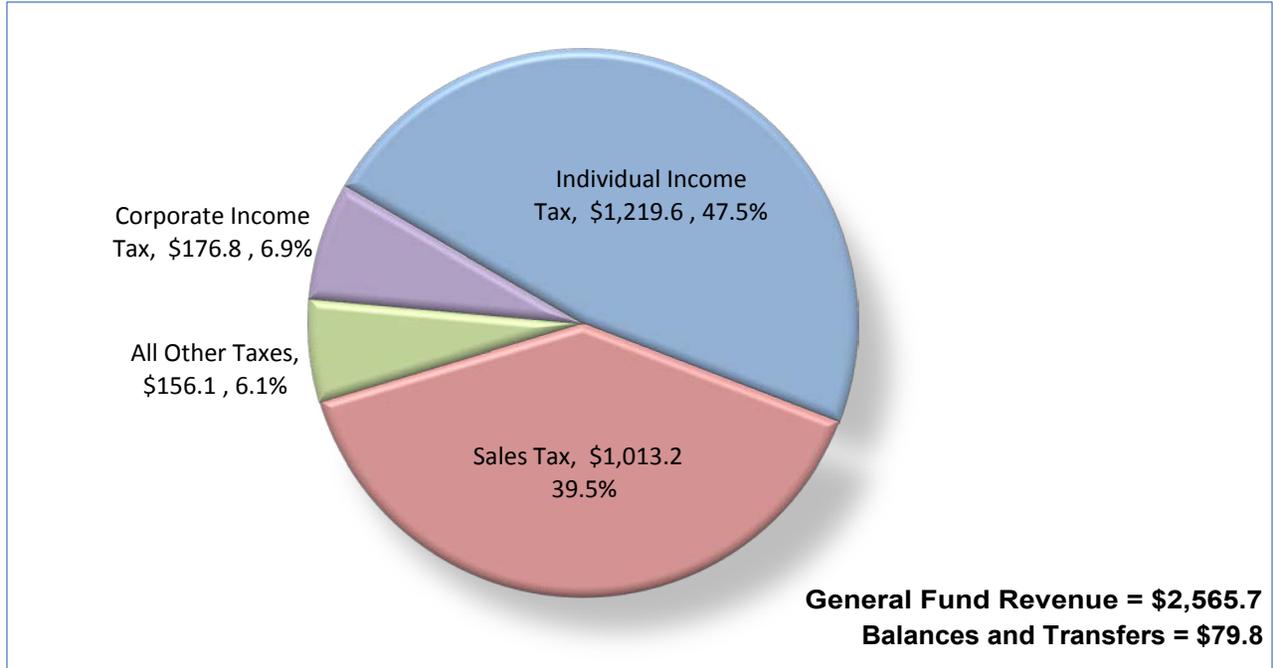
Department/Agency	FY 2012 Orig Approp	FY 2013 Revised Gov Rec w/ 3% CEC (one-time)	Change from 2012 Orig	FY 2013 JFAC Action	Dollar Difference from Gov	Dollar Difference from FY 2012	Change from 2012 Orig
Education							
Public School Support	1,223,580,400	1,280,769,400	4.7%	1,279,818,600	(950,800)	56,238,200	4.6%
Ag Research & Extension Service	22,559,000	23,497,100	4.2%	23,604,100	107,000	1,045,100	4.6%
College and Universities	209,828,300	231,984,400	10.6%	227,950,500	(4,033,900)	18,122,200	8.6%
Community Colleges	23,033,000	27,934,600	21.3%	27,749,900	(184,700)	4,716,900	20.5%
Education, Office of the State Bd. of	2,108,900	2,169,900	2.9%	2,160,500	(9,400)	51,600	2.4%
Health Education Programs	10,000,900	10,130,100	1.3%	10,119,300	(10,800)	118,400	1.2%
Professional Technical Education	46,511,600	48,153,100	3.5%	48,259,600	106,500	1,748,000	3.8%
Public Broadcasting System	1,377,000	1,404,000	2.0%	1,587,000	183,000	210,000	15.3%
Special Programs	8,634,300	8,723,500	1.0%	8,712,500	(11,000)	78,200	0.9%
Superintendent of Public Instruction	7,246,300	8,304,500	14.6%	8,270,600	(33,900)	1,024,300	14.1%
Vocational Rehabilitation	6,795,200	7,665,000	12.8%	7,503,000	(162,000)	707,800	10.4%
Health & Human Services							
Catastrophic Health Care Program	19,267,700	19,269,800	0.0%	36,532,800	17,263,000	17,265,100	89.6%
Health & Welfare, Department of	128,683,800	137,929,500	7.2%	135,987,700	(1,941,800)	7,303,900	5.7%
Medical Assistance Services	436,159,000	498,777,100	14.4%	474,177,200	(24,599,900)	38,018,200	8.7%
Public Health Districts	7,845,100	8,194,300	4.5%	8,136,100	(58,200)	291,000	3.7%
Independent Living Council, State	96,900	97,300	0.4%	97,700	400	800	0.8%
Public Safety							
Correction, Department of	157,367,900	168,895,000	7.3%	168,777,700	(117,300)	11,409,800	7.3%
Judicial Branch	29,246,700	30,462,800	4.2%	30,329,400	(133,400)	1,082,700	3.7%
Juvenile Corrections, Department of	35,763,500	36,890,800	3.2%	36,717,500	(173,300)	954,000	2.7%
Police, Idaho State	14,889,700	17,147,300	15.2%	17,616,600	469,300	2,726,900	18.3%
Natural Resources							
Environmental Quality, Department of	13,799,400	14,273,400	3.4%	14,276,200	2,800	476,800	3.5%
Lands, Department of	3,921,400	4,223,900	7.7%	4,258,000	34,100	336,600	8.6%
Parks & Recreation, Department of	1,308,500	1,327,100	1.4%	1,322,600	(4,500)	14,100	1.1%
Water Resources, Department of	10,626,700	11,031,800	3.8%	11,101,500	69,700	474,800	4.5%
Economic Development							
Agriculture, Department of	8,733,800	9,832,600	12.6%	9,816,500	(16,100)	1,082,700	12.4%
Commerce, Department of	3,931,300	5,771,900	46.8%	5,753,300	(18,600)	1,822,000	46.3%
Labor, Department of	571,200	440,600	(22.9%)	436,000	(4,600)	(135,200)	(23.7%)
Self-Governing Agencies							
Hispanic Affairs, Commission	90,100	95,500	6.0%	94,700	(800)	4,600	5.1%
Historical Society	2,117,800	2,232,400	5.4%	2,325,100	92,700	207,300	9.8%
Libraries, State Commission for	2,997,700	3,133,000	4.5%	3,135,500	2,500	137,800	4.6%
State Appellate Public Defender	1,995,100	2,067,300	3.6%	2,053,300	(14,000)	58,200	2.9%
Veterans Services, Division of	1,081,600	1,076,400	(0.5%)	1,067,400	(9,000)	(14,200)	(1.3%)
General Government							
Administration, Department of	6,565,700	8,920,200	35.9%	8,907,500	(12,700)	2,341,800	35.7%
Attorney General	15,610,700	16,247,600	4.1%	16,514,900	267,300	904,200	5.8%
Controller, State	5,879,200	6,018,000	2.4%	6,236,800	218,800	357,600	6.1%
Office of the Governor							
Aging, Commission on	4,446,300	4,463,500	0.4%	4,463,200	(300)	16,900	0.4%
Arts, Commission on the	674,600	689,600	2.2%	686,800	(2,800)	12,200	1.8%
Blind, Commission for the	1,249,100	1,281,500	2.6%	1,274,200	(7,300)	25,100	2.0%
Drug Policy, Office of	1,048,900	1,074,700	2.5%	1,072,900	(1,800)	24,000	2.3%
Financial Management, Division of	1,343,300	1,549,000	15.3%	1,537,900	(11,100)	194,600	14.5%
Governor, Executive Office of the	1,849,400	1,923,900	4.0%	1,910,200	(13,700)	60,800	3.3%
Military Division	4,698,200	4,930,900	5.0%	4,892,000	(38,900)	193,800	4.1%
Species Conservation, Office of	451,000	478,400	6.1%	473,200	(5,200)	22,200	4.9%
Legislative Transfer	5,846,000	5,846,000	0.0%	5,846,000	0	0	0.0%
LSO, OPE, Redistricting	4,811,800	4,930,800	2.5%	5,036,000	105,200	224,200	4.7%
Lieutenant Governor	134,300	143,600	6.9%	142,800	(800)	8,500	6.3%
Board of Tax Appeals	450,400	467,700	3.8%	477,900	10,200	27,500	6.1%
State Tax Commission	28,584,300	29,598,800	3.5%	29,235,100	(363,700)	650,800	2.3%
Secretary of State	1,838,300	2,356,900	28.2%	2,308,300	(48,600)	470,000	25.6%
Treasurer, State	1,309,300	1,347,700	2.9%	1,341,600	(6,100)	32,300	2.5%
STATEWIDE TOTAL	2,528,960,600	2,716,174,200	7.4%	2,702,105,700	(14,068,500)	173,145,100	6.8%

* \$18,200 difference from Gov Total CEC Not Distributed

FY 2012 General Fund Revenue & Appropriations

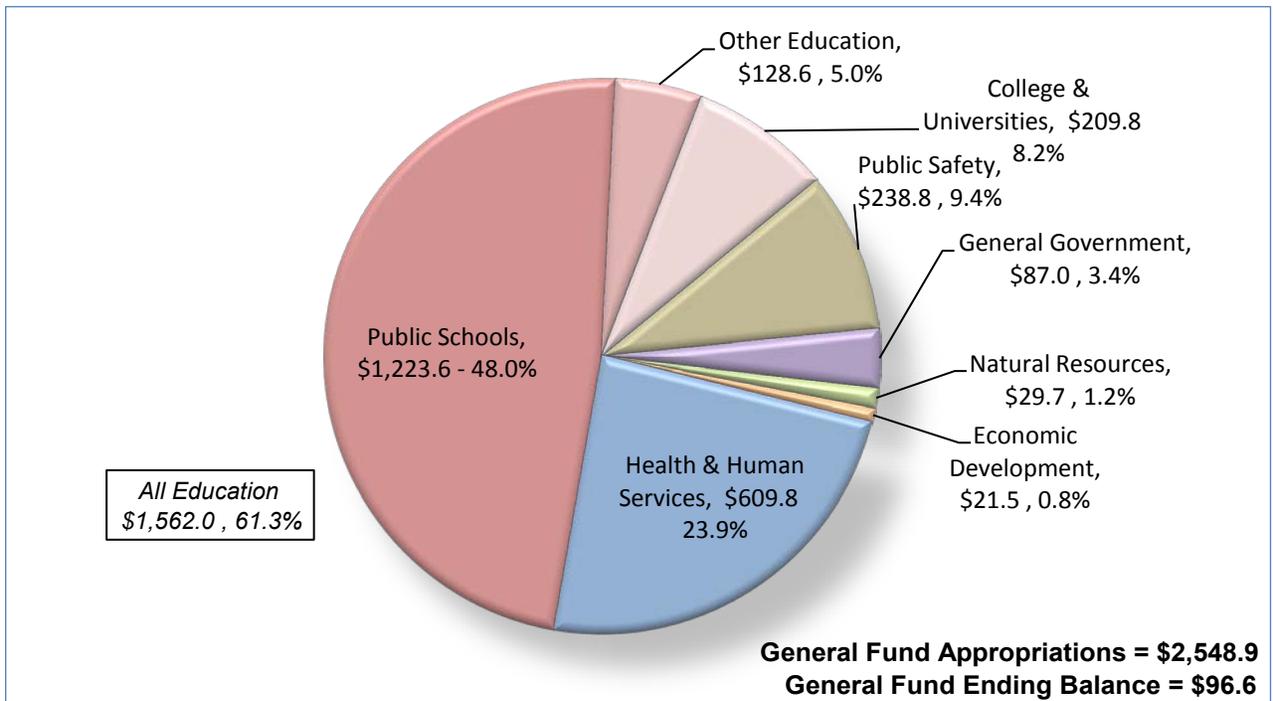
"Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



"Where the money goes . . ."

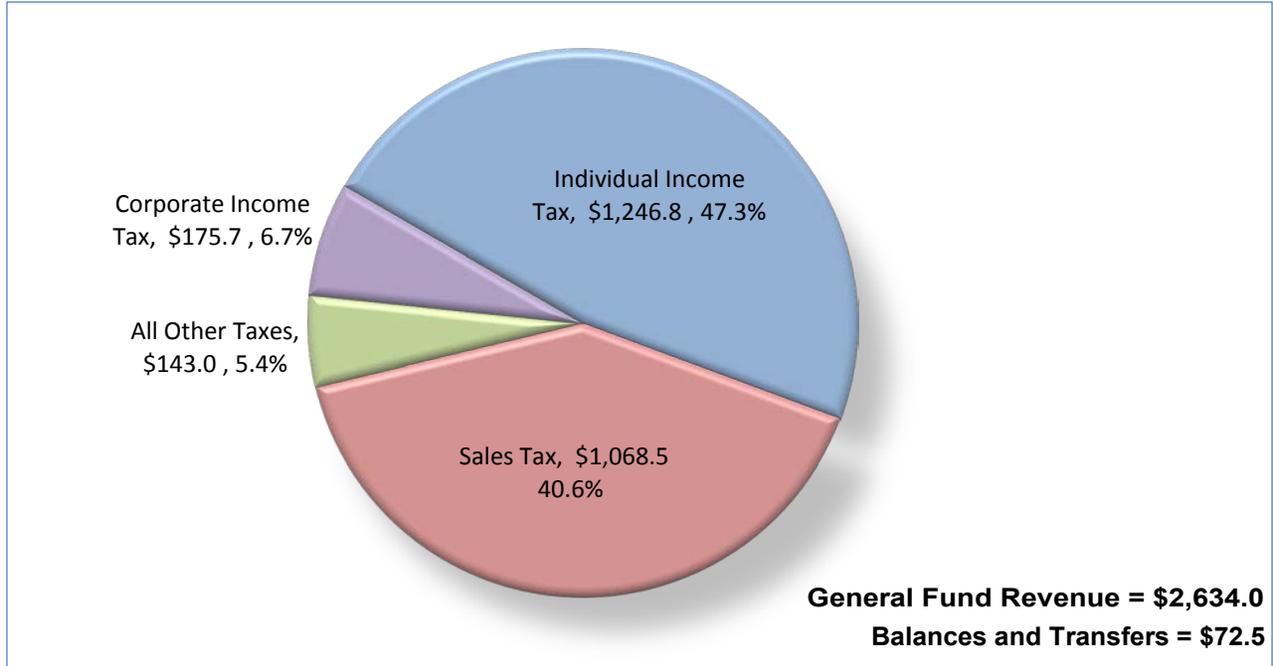
Dollars In Millions (Percent of Appropriations)



FY 2013 General Fund Revenue & Appropriations

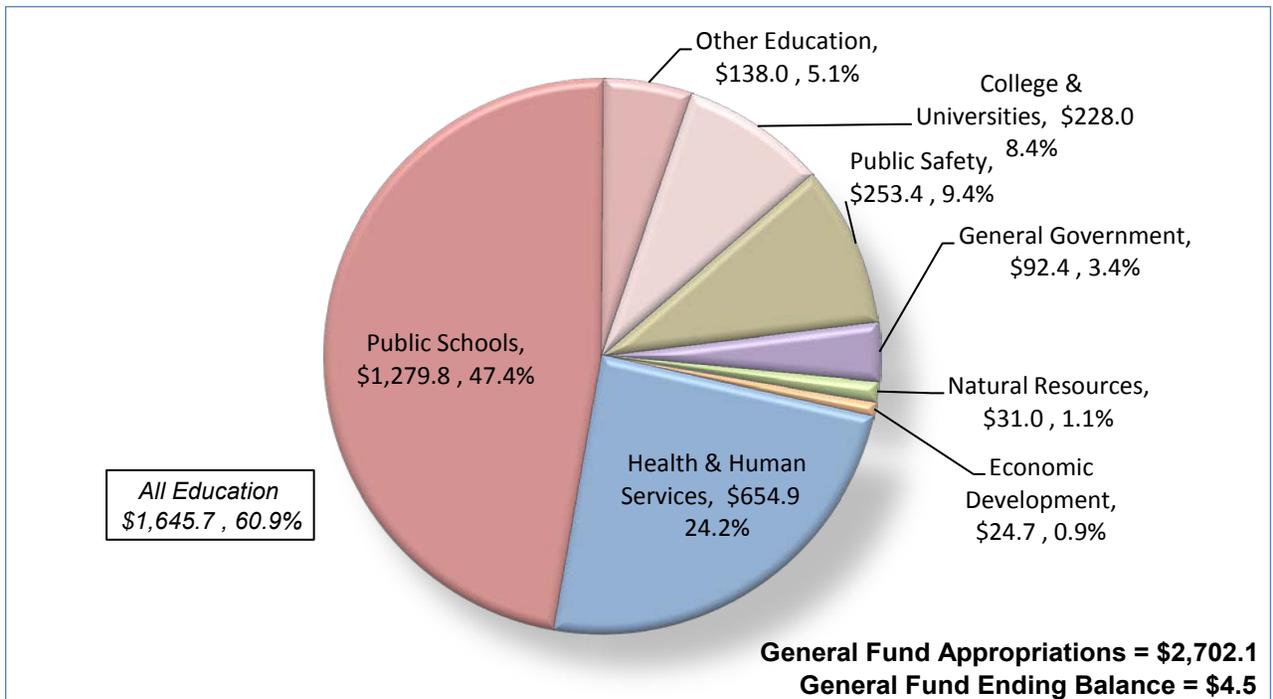
"Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



"Where the money goes . . ."

Dollars In Millions (Percent of Appropriations)



State of Idaho

Major Reserve Fund Balances

In Millions of Dollars

	Budget Stabilization Fund	Public Ed Stabilization Fund	Economic Recovery Fund	Idaho Millennium Fund	Emergency Funds*	Higher Ed Stabilization Fund
Balance June 30, 2008	\$ 140.625	\$ 112.046	\$ 66.133	\$ 70.367	\$ 3.337	\$ 0
Balance June 30, 2009	\$ 128.225	\$ 17.979	\$ 68.101	\$ 74.207	\$.720	\$ 0
Balance June 30, 2010	\$ 30.820	\$ 23.174	\$ 48.847	\$ 76.967	\$.792	\$ 0
Balance June 30, 2011	\$.100	\$ 11.154	\$.054	\$ 74.589	\$ 3.339	\$ 0
FY 2012						
K-12 After Year-End Adjustment		4.229				
Forecast Interest Earnings		.112	.002	.917		.366
Tobacco Settlement and Receipts				6.528	2.081	
Disbursements/Expenditures				(3.628)	(2.982)	
H 329 Catastrophic Health Care				(3.000)		
H 341 Health & Welfare FMAP Shift**				(37.888)		
S 1201 Transfers to General Fund				(21.959)		
Transfers from GF §57-814a HCR7						
H 702 of 2012 Transfers from GF***		21.453			2.000	
Reverted Appropriations/Adjustments	.128					
Estimate June 30, 2012	\$.228	\$ 36.947	\$.055	\$ 15.559	\$ 4.438	\$.366
FY 2013						
K-12 After Year-End Adjustment						
Forecast Interest Earnings		.369	.001	.085		.366
Tobacco Settlement Estimate 20%				5.000		
Disbursements 5% of '11 ave mkt value				(3.701)		
Transfers from GF §57-814a @4.43%	23.463					
Reverted Appropriations/Adjustments						
Estimate June 30, 2013	\$ 23.690	\$ 37.317	\$.056	\$ 16.943	\$ 4.438	\$.733

* Emergency Funds include:

- 1) Governor's Emergency, §57-1601;
- 2) Disaster Emergency, §46-1005A; and
- 3) Emergency Relief Fund, Federal Emergency Management Act.

** Section 6 of H 341, 2011, authorized the SCO to transfer up to \$42,317,700 from the Millennium Fund to the Cooperative Welfare Fund to cover the FY 2011 Medicaid shortfall. On August 31, 2011, the department certified to DFM that the shortfall was \$37,888,100, resulting in a difference of \$4,429,600, which was retained in the Millennium Fund.

***H 702 of 2012 transfers from General Fund to the Budget Stabilization Fund will not be determined until the close of FY 2012.

Budget Highlights

Education

Public Schools

The appropriation for public schools (K-12), based on 50 support units of enrollment growth, includes a 2% base salary increase for classified staff in school districts and staff at the School for the Deaf and the Blind and funds statutory requirements that include \$38.8 million for pay for performance, \$13.6 million for technology, and \$2.6 million for laptops and maintenance. This budget also provides \$4.15 million ongoing from the General Fund to keep discretionary funds at the same amount as the current year, \$1.1 million of ongoing General Funds to increase discretionary funds, \$2.9 million of ongoing General Funds to increase the minimum teacher salary from \$30,000 to \$30,500, an additional \$4 million of one-time dedicated funds to the Idaho Digital Learning Academy (IDLA), and \$2.5 million of ongoing General Funds for school district IT support staff. Discretionary funds are set at \$19,706 per support unit. The total for this budget includes \$1,279,818,600 of General Funds, which is a 4.6% increase from the previous year. A single bill, S 1410, includes appropriations for all six divisions of the public schools budget, including administrators, teachers, operations/classified staff, children’s programs, facilities, and the educational services for the deaf and the blind.

	FY 2012 Original Approp.	FY 2013 Original Approp.
Sources of Funds		
General Fund	\$1,223,580,400	\$1,279,818,600
State Dedicated Funds	\$ 68,547,400	\$ 66,873,400
Federal Funds (includes one-time ARRA and Ed. Jobs Funds)	<u>\$ 268,941,500</u>	<u>\$ 220,121,100</u>
TOTAL APPROPRIATION	\$ 1,561,069,300	\$1,566,813,100
<i>Fund Percent Change:</i>	<i>4.6%</i>	
<i>Total Funds Percent Change:</i>	<i>0.4%</i>	

H 698, Amending Section 33-1004E, Idaho Code

H 698 amends Section 33-1004E, Idaho Code, to remove reductions in teacher, administrator, and classified staff salary-based apportionment for FY 2013 through FY 2017. These reductions were implemented during the 2011 session as a way to provide funding for pay for performance, technology, and laptops and maintenance. Removing these reductions will shift \$34,747,500 to the General Fund in FY 2013 through FY 2017.

College and Universities

An appropriation of \$446,362,200 went to the State Board of Education and the Board of Regents of the University of Idaho for college and universities. They received an 8.6% General Fund increase, and the appropriation includes:

- \$6,655,200 for the FY 2013 enrollment workload adjustment;
- \$3,431,200 for a 2% change in employee compensation (CEC);
- \$3,100,100 for benefit cost increases;
- \$2,370,400 for building/facility occupancy costs at the four institutions;
- \$2,000,000 to BSU, ISU, and UI for ongoing personnel and operating costs for their work at the Center for Advanced Energy Studies (CAES); and
- \$2,000,000 to be allocated under the direction of the State Board of Education by the Higher Education Research Council for competitive university research.

Agricultural Research and Extension Service

The appropriation for FY 2013 to the Agricultural Research and Cooperative Extension Service is \$23,654,100. The bill provides \$325,000 for critical replacement items including asbestos removal at the Nancy M. Cummings R&E Center near Salmon; roof replacement and greenhouse renovations at the Parma center; a new HVAC system and greenhouse renovations at Aberdeen; greenhouse renovations at Kimberly; and agricultural equipment at various locations. This appropriation provides a 4.6% increase in General Funds.

Community Colleges

The appropriation for FY 2013 of \$28,349,900 is to the State Board of Education for community colleges. This budget results in a 20.5% increase from the General Fund and includes benefit costs increases, a 2% change in employee compensation, and \$1,697,200 for enrollment increases at the three community colleges. There were two line items funded, the first for \$1,410,400 for building/facility occupancy costs at two institutions. Of this amount, \$563,100 will be provided to the College of Southern Idaho for the Health Science & Human Services building, and \$848,600 to the College of Western Idaho for the main building in Nampa and the Canyon County Center. The second line item provides \$1 million for an enrollment equity adjustment to the College of Western Idaho.

Professional-Technical Education

The appropriation in the amount of \$58,074,200 is to the Division of Professional-Technical Education. It includes \$390,000 of one-time General Funds for educational equipment at the six technical colleges to be allocated at \$65,000 per institution. This budget reflects a 3.8% increase in General Funds.

Superintendent of Public Instruction

The Superintendent of Public Instruction received \$46,389,900 that includes standard maintenance items, a 2% CEC, and \$3,400 for the statutory salary increase for constitutional officers. This budget reflects a General Fund increase of 14.1%. There were two line items funded in this budget. The first line item provides \$11,573,800 of one-time dedicated funds from the J.A. and Kathryn Albertson Foundation for continued development of an instructional management system. Once developed, this system will allow teachers and administrators to access current data on student attendance; access content standards and align curriculum to those standards; develop lesson plans; share best practices; create assessments; and provide funding for digital content and professional development. The second line item provides \$873,800 of ongoing General Funds for the remaining funding necessary for maintenance and operation of the statewide longitudinal data system.

Health and Human Services

Catastrophic Health Care Cost Program

The FY 2013 appropriation for the Catastrophic Health Care Cost Program is \$36,352,800, which reflects an increase of \$17,265,100 or 89.6% over the FY 2012 original appropriation. However, the FY 2012 original appropriation knowingly underfunded the program with the understanding that a supplemental would be needed to cover total program costs in FY 2012. The program received a supplemental of \$13,070,000 for FY 2012, bringing the total FY 2012 appropriation to \$35,427,700. Measured from the FY 2012 total appropriation, the FY 2013 original appropriation for the program reflects an increase of \$1,105,100 or 3.1%.

Department of Health and Welfare

The FY 2013 appropriation for the Department of Health and Welfare is \$2,364,038,800, consisting of \$601,164,900 from the General Fund, \$246,102,100 in dedicated funds, and \$1,507,771,800 in federal funds. This reflects an increase of 8% from the General Fund and 5.7% in total funds.

Medicaid: The budget for the Medical Assistance Services Division, or Medicaid, includes \$474,177,200 from the General Fund and \$1,911,359,500 in total funds. This represents 77.7% of the department's General Fund appropriation and 80.9% of the department's total appropriation for FY 2013.

Funding for Growth: Medicaid is a federal/state partnership program that pays health care expenses for eligible individuals. The proportion of eligible costs paid by the federal government is called the Federal Medical Assistance Percentage or FMAP rate. Idaho's rate increased from 69.88% in FY 2012 to 70.81% in FY 2013. The department estimates that the increased FMAP rate will result in a shift of \$15,707,600 from the General Fund to federal funds in FY 2013. In addition to this fund shift, the Legislature provided an ongoing increase in General Fund support in the same amount for FY 2013. The net result of the General Fund reduction from the increased FMAP rate

and the increased nondiscretionary funding for the program is zero for FY 2013.

After the session began, Health & Welfare estimated it was over appropriated by \$18.6 million from the General Fund in FY 2012. Rather than including an ongoing General Fund rescission in that amount, the Legislature provided carryover authority for any unused and unencumbered General Fund moneys at the end of FY 2012. This will allow the department (1) to devote those unused moneys to program growth in FY 2013 and, (2) since Medicaid's FY 2013 Base was not reduced as would have been the case with a rescission, to benefit from the higher level of funding for FY 2013. This translates into funding growth in the amount of \$37.2 million consisting of \$18.6 million one-time (from estimated cash remaining at the end of the current fiscal year) and \$18.6 million ongoing from setting the FY 2013 budget that much higher than current-year estimated expenditures.

Health Care Provider Assessment Sunset: Idaho statute includes provider assessment acts for three provider types: hospitals, nursing facilities, and intermediate care facilities. The primary purpose of the assessments is to allow providers to contribute nonfederal moneys in order to receive increased amounts of federal funds. This portion of each assessment is called the upper payment limit, or UPL. As state revenue declined in recent years, each provider assessment act was temporarily modified to include an allowance for the state to use a portion of assessment contributions from providers to offset reductions in General Fund support. Similar to UPL assessments, the non-federal contribution from providers was used by the state to bring in additional federal funds. To do so, provider assessment payments were used in the same way as General Fund resources devoted to the program; they paid for program expenses at the standard FMAP rate. The difference, therefore, is that under this allowance, those federal resources did not go directly back to contributing providers; they were used to pay broader program expenses. This allowance within each assessment was called the Gap/Trustee and Benefit Assessment. The Gap/Trustee and Benefit Assessment allowance for all three provider types sunsets at the end of FY 2012.

To offset the sunset of the Gap/Trustee and Benefit Assessment allowances, Medicaid received an ongoing General Fund increase of \$36.4 million, which is the amount the three provider types contributed for that purpose in FY 2012. The UPL assessment will remain in place in FY 2013 and beyond, and the department maintained the necessary dedicated and federal spending authority to facilitate.

Other Medicaid Enhancements: In addition to shifting dedicated assessment funds back to the General Fund, the Division of Medicaid received nine line items totaling \$999,300 from the General Fund and \$29,462,200 in total funds. Highlights include:

- \$324,000 from the General Fund and \$324,000 in federal funds for a total of \$648,000 to prepare a statewide managed care implementation plan. This implementation plan is a continuation of an effort that began in 2011 when the Legislature provided Medicaid with funding to prepare an existing conditions actuarial analysis for health care services in Idaho. The actuarial analysis is intended to act as the baseline in considering the feasibility of ma-

naged care by region and Medicaid plan throughout the state. The FY 2013 funding will build on the actuarial analysis and identify implementation steps for establishing a managed care system in Idaho.

- \$1,551,900 from the General Fund and \$3,764,700 in federal funds for a total of \$5,316,600 to reinstate services that were suspended under H 260 of 2011. Those services include preventative dental coverage for individuals under the Developmentally Disabled and Aged and Disabled waivers, and skills training within *both* mental health and developmental disabilities services (rather than either/or for individuals eligible for both). This line item parallels policy changes included in H 609.

Other Department of Health and Welfare Budget Highlights

The Division of Child Welfare received an ongoing increase of \$150,000 from the General Fund and \$498,100 in federal funds for a total increase of \$648,100 to increase foster care reimbursements to host families. The Division of Welfare received an ongoing increase of \$250,000 from the General Fund and \$250,000 in federal funds for a total ongoing increase of \$500,000 for Supplemental Nutrition Assistance Program (SNAP, or Food Stamps) Job Search Assistance. This funding will allow the division to require able bodied adults without dependents (ABAWDs) to participate in job search assistance as a condition of receiving SNAP benefits. Due to a lack of funding, ABAWDs are the only SNAP recipients not required to participate in job search activities to receive benefits.

Three divisions within the department, Indirect Support Services, Medicaid, and Welfare, received funding for Medicaid Readiness. That funding included a supplemental of \$750,000 from the General Fund and \$6,750,000 in federal funds for a total one-time increase of \$7,500,000. The department also received a one-time increase of \$1,520,000 from the General Fund and \$13,680,000 in federal funds for a total one-time increase of \$15,200,000 for Medicaid Readiness in FY 2013. The full amount of FY 2012 and FY 2013 funding is for Phase 1 of the Medicaid Readiness project. Phase 1 is intended to automate and streamline existing processes within the department. Outcomes include new connectivity between the department's eligibility systems and federal/other systems to automatically verify applicant eligibility, elimination of paper-based processes, and creation of new online application functionality. The total estimated cost of the Medicaid Readiness project is \$34.8 million. The department received \$22.7 million for fiscal years 2012 and 2013 and intends to request the remainder in future years, pending national decisions pertaining to health-care reform.

Although there is no new funding, the divisions of Mental Health and Substance Abuse Treatment and Prevention identified \$50,000 of ongoing block grant funding to devote to an Idaho Suicide Crisis Line. The department already has spending authority for these funds, which currently go to suicide research. A one-time appropriation of \$110,000 from the Division of Veterans Services will also assist in establishing the suicide crises line.

Public Safety

Department of Correction

The General Fund appropriation for the Department of Correction increased from \$157.4 million in FY 2012 to \$168.8 million in FY 2013. This level of funding represents an increase of \$11.4 million, or 7.3%. For FY 2012, the Legislature moved a total of \$625,200 between expense classes for community-based substance abuse treatment services and appropriated an additional \$1.5 million to cover the cost of housing inmates in county jails for the remainder of the year.

For FY 2013, the Legislature approved:

- ▶ \$3.3 million to cover employee benefits and change in employee compensation, and changes made in the Statewide Cost Allocation Plan.
- ▶ \$400,000 to meet critical capital replacement items as determined by the director.
- ▶ \$912,500 to cover a contractual 3% increase in the operation of the private prison facility. Per diem will increase from \$41.49 to \$42.73 per inmate day for the first 1,894 inmates and from \$4.07 to \$4.19 per inmate day for the next 146 offenders housed at the facility.
- ▶ \$76,700 to cover expenses related to the Sexual Offender Management Board that replaced the older Sexual Offender Classification Board per S1154 last session. The replacement of the four-member Sex Offender Classification Board with an eight-member Sex Offender Management Board resulted in increased expenses.
- ▶ \$3.8 million to continue coordination, assessment and community-based substance abuse treatment and recovery support services for felony offenders, in lieu of incarceration at a state facility. Another \$1.9 million was also appropriated from the Millennium Income Fund, on a one-time basis, for this same purpose.
- ▶ \$1.3 million to pay for contract medical services provided to offenders housed in state prison facilities and the Correctional Alternative Placement Program (CAPP). Per diem will increase by an estimated 4.5%, rising from \$12.85 to \$13.43 per inmate day.
- ▶ \$112,600 to the Commission for Pardons & Parole to reinstate one parole hearing officer and one office specialist that were eliminated as a result of previous budget reductions.

Idaho State Police

The General Fund appropriation for the Idaho State Police (ISP) increased from \$14.9 million in FY 2012 to \$17.6 million in FY 2013. This level of funding represents an increase of \$2.7 million, or 18.3%. For FY 2013, the Legislature approved:

- ▶ \$1 million to cover employee benefits and change in employee compensation, changes made in the Statewide Cost Allocation Plan and replacement vehicles.
- ▶ \$1 million to implement phase one of two phases in replacing ISP's existing radio system with 700MHz dual band radio technology.

- \$334,000 to hire two forensic scientists per S 1067 that passed last session and requires all convicted felons to provide a DNA sample for inclusion into the state and national DNA Index System databases, also known as CODIS.
- \$350,000 to cover increased fuel costs.

It should also be noted that H 450aa created a dedicated funding source for the Alcohol Beverage Control Bureau within the Idaho State Police to cover staffing and operational costs. The bill shifted an estimated \$1.5 million collected from alcohol beverage license fees away from the General Fund to the newly created Alcohol and Beverage Control Fund. S 1412 then appropriated a like amount to allow the department to hire two ISP sergeants, eight ISP specialists, and two technical records specialists, along with necessary equipment and supplies to improve alcohol beverage control enforcement efforts in fiscal year 2013.

The program is responsible for the administration and issuance of licenses, background checks of potential licensees, premises checks of licensed establishments, and enforcement and interpretations of alcohol beverage laws. It also conducts underage drinking compliance checks, investigates serving intoxicated patrons, provides training, and investigates or assists other law enforcement agencies.

Natural Resources

Department of Environmental Quality

S 1359 appropriated an additional \$671,200 to the Department of Environmental Quality for FY 2012 from the Hecla mine settlement to operate the institutional controls program and soil repositories in the Silver Valley. The bill also appropriated \$61,954,400 to DEQ for FY 2013. The budget transferred \$1.5 million from the Water Pollution Control Fund to the Environmental Remediation Fund, expressed legislative intent regarding an annual progress report of the superfund cleanup, and acknowledgement that the Water Pollution Control Fund is being used for a variety of projects not specified in Idaho Code. The budget included \$398,700 from the Water Pollution Control Fund to continue the Beneficial Use Reconnaissance water quality monitoring program. The Legislature approved two one-time line items related to the American Recovery and Reinvestment Act of 2009. The Legislature also approved \$50,000 ongoing from the General Fund for the Pend Oreille Lakes Commission and \$50,000 ongoing from the General Fund for the Bear Lake Regional Commission. The overall budget was a 0.8% increase from the current budget.

Department of Fish and Game

H 641 appropriated an additional \$7,589,600 to the Department of Fish and Game for FY 2012 to finish construction of Deyo Reservoir near Weippe; to complete planning, design, and compliance work for the Springfield fish hatchery; and to continue project specific commitments from federal and private fund sources. The bill appropriated \$93,068,800 for FY 2013. JFAC authorized twelve

line items. The largest was \$13,119,000 from Bonneville Power Administration funds to construct the Springfield fish hatchery to address the recolonization phase of the Snake River Sockeye Brood Program. The budget was a 20.5% increase over the current year, but only a 3.1% increase in the ongoing portion of the budget.

Department of Lands

H 655 appropriated \$46,137,600 to the Department of Lands for FY 2013. The Legislature approved five line items including nearly \$1.4 million in dedicated funding for phase-one of the Land Information Management System. General Funds were approved for a full-time engineer to administer the oil and gas program. The overall budget was a 5.5% increase in all funds from the current budget.

Department of Parks and Recreation

H 680 appropriated \$32,372,500 to the Idaho Department of Parks and Recreation for FY 2013. The Legislature approved six line items from dedicated funds, including four ongoing full-time equivalent positions and \$150,000 for a video conferencing system. The overall budget was a 5.4% decrease from the current budget.

Lava Hot Springs Foundation

H 668 appropriated \$3,190,300 in dedicated funds to the Lava Hot Springs Foundation for FY 2013. The budget included two line items. The first was \$50,000 for seasonal staff and the second was \$1,423,400 to expand the indoor recreational area for non-swimmers. The structure will include dressing rooms, a classroom, a mechanical room, a break room and a 2,100 square foot kiddy pool. The overall budget was an 8.4% ongoing increase from the current budget and a 50.9% increase overall due to the one-time construction costs.

Department of Water Resources

S 1389 appropriated, for FY 2012, an additional \$25,000 to the Idaho Department of Water Resources to pay an expert to continue working on water supply and water storage issues. It also appropriated \$20,698,400 for FY 2013. JFAC approved three line items, the largest being the transfer of \$1,232,000 from the Revolving Development Fund to the Secondary Aquifer Planning, Management, and Implementation Fund to make further progress on the Eastern Snake Plain Aquifer Management Plan. The bill also provides legislative intent to count the General Fund appropriation for the Northern Idaho Adjudication toward the Idaho Water Resource Board's and Governor's minimum stream flow, lake level maintenance, and recreation water right filing fees. The overall budget was a 3% increase from the current budget.

Economic Development

Department of Agriculture

H 681 appropriated an additional \$455,000 to the Department of Agriculture for FY 2012. There were three parts to the supplemental. The first was \$5,000 from poultry facility inspection fees to pay the costs of inspections. The second was \$175,000 from the Commercial Feed and Fertilizer Fund to expand the Quality Assurance Laboratory in Twin Falls. The third supplemental was \$275,000 from federal funds for specialty crop grants. There were five line items authorized for FY 2013. The line items included \$900,000 from the General Fund to continue the aquatic weed program, \$112,500 dedicated and federal funds for the organic food program, \$89,700 and one FTP for the poultry inspection program, and \$1.1 million for stimulus pass-through grants for forest thinning and weed control on non-federal lands. The last line item shifted \$10,000 from the General Fund to the Weights and Measures Fund due to the passage of H 389, which deposited weigh master license fees to the dedicated fund instead of the General Fund. In total, the budget was a 1.2% decrease from the current year because of the removal of one-time projects approved last year and the voluntary removal of excess dedicated spending authority from the base.

Soil and Water Conservation Commission

H 669 appropriated \$2,706,500 to the Soil and Water Conservation Commission for FY 2013. Line items included \$100,900 from loan interest to enhance the Resource Conservation and Rangeland Development Loan Program, \$60,000 for a federal Natural Resource Conservation Service technical assistance grant, \$37,900 to pay NRCS for office space, and \$20,000 to expend moneys recovered for technical assistance. The overall budget was a 3.2% increase over the FY 2012 budget.

Department of Commerce

S 1409 appropriated \$40,033,300 to the Department of Commerce for FY 2013. Line items included:

- \$400,000 from the General Fund for the Business and Jobs Development Program. This program is used as a public grant program at the director's discretion for the recruitment and retention of business in Idaho.
- \$300,000 from the General Fund for the Rural Initiative Program which provides small grants that mirror federal community development block grants for rural Idaho.
- \$50,000 from the General Fund for Small Business Assistance Grants which provide seed money for companies competing for federal grants from the Small Business Innovation Research and Small Business Technology Transfer Programs.
- \$45,000 from dedicated funds for additional personnel costs in the Tourism and Promotion Program.

- \$8,822,800 from federal funds for the Small Business Credit Initiative. These moneys are pass-through to the Idaho Finance and Housing Association to guarantee loans for businesses that would otherwise not be able to obtain financing. The source of these moneys is the federal Small Business Jobs Act of 2010 which was intended to help get credit moving during the downturn in the economy.
- \$1,000,000 from the General Fund for the Idaho Global Entrepreneurial Mission (IGEM). H 546 created the IGEM program and the vision of IGEM is to leverage private-industry guidance and the talent and expertise of Idaho's research universities to commercialize innovative and viable technologies that will strengthen Idaho's economy. IGEM creates a platform to facilitate and accelerate the transfer of technology out of our research facilities and into the private sector. IGEM grants will be used to bridge the funding gap between the development of a technology and its commercialization in the market place.

The overall increase is 35.5% over the current year budget, much of which is attributed to the pass-through moneys to the Idaho Housing and Finance Association.

Department of Labor

S 1384 appropriated \$6,136,300 to the Department of Labor for FY 2013, which included \$413,100 to reauthorize Reed Act money approved last session. This year's appropriation includes the total expected expenditures for the Unemployment Penalty and Interest Fund and the Employment Security Special Administration Fund. In the past, these funds were authorized by the Board of Examiners and Workforce Development Council, respectively. In the future, these funds will be a part of the annual appropriation for the Department of Labor, leaving only the unemployment insurance and related funds as continuously appropriated.

General Government

Department of Administration

S 1406 appropriated \$23,426,000 to the Department of Administration for FY 2013. The Department of Administration provides a wide variety of centralized services to the rest of state government, including telephone, microwave and computer communications, public works, purchasing, administrative rules coordination, life, health and disability insurance to state employees, and property and casualty insurance for state agencies. The appropriation includes one major line item of \$3.3 million for the Idaho Education Network (IEN), a program that was established in 2008. The program has been funded thus far with federal stimulus money and grant moneys from the Albertson's Foundation. For FY 2013, the IEN was appropriated \$1,925,000 from the General Fund and \$1,375,000 in dedicated funds. This appropriation increased the Department of Administration's General Fund draw by 84%. The IEN has spent an average of \$2 - \$4 million dollars per year to date; in FY 2013 and beyond, the program is expected to cost approximately \$3 million per year.

Department of Administration and Idaho State Historical Society

S 1416 transfers the budget for the State Records Center from the Purchasing Program within the Department of Administration to the Idaho State Historical Society in accordance with H 599.

H 599 authorized a consolidation of the records functions of the Department of Administration's State Records Center and the Idaho State Historical Society's State Archives under the sole direction of the Idaho State Historical Society. The purpose of the consolidation is to streamline the state's current records management under one agency, enhance efficiencies, and reduce redundancies. In the long term, the consolidation seeks records preservation and access to city and county records of enduring fiscal, administrative, legal, vital and long-term research value.

Permanent Building Fund

S 1399 appropriated \$22,614,500 to the Permanent Building Fund, of which \$17,463,500 is for statewide building maintenance and repair and \$5,150,000 is for capital construction projects. The Permanent Building Fund budget includes construction and maintenance costs for state buildings, including those at the universities and community colleges. There are seven statutory sources of revenue that are dedicated to the Permanent Building Fund, the largest source being lottery moneys.

The construction projects funded for FY 2013 include:

- ▶ \$1,500,000 for infrastructure at the Capitol Annex (also known as the Old Ada County Courthouse). This project continues the effort to refurbish the building's infrastructure. This funding will pay for the completion of electrical and plumbing rehabilitation. Administration estimates there is still \$2.5 million worth of funding necessary to finish the project and make the Capitol Annex ready for occupancy.
- ▶ \$1,000,000 to renovate the basement of the education building at Idaho State University.
- ▶ \$1,500,000 to upgrade the fine arts building at Lewis & Clark State College. The project will remodel the building to make space that can be used as classrooms, labs, and offices.
- ▶ \$650,000 to remodel the Emmett Readiness Center. The funding is in concert with the plan to remodel all of the state's readiness centers over the course of several years. The Emmett facility will get a new roof, exterior structural upgrades, new paint, new parking, a mass notification system, site improvements, and floor, ceiling, and window upgrades. The funds will be matched with federal funds in the amount of \$650,000.
- ▶ \$500,000 to replace the communications site building and towers located on Shafer Butte. This project will replace existing buildings and communications towers at the site, which is a vital link in the communications microwave infrastructure that serves all of northern Idaho's emergency communications facilities.

Attorney General - National Mortgage Settlement Agreement

H 703 appropriated and transferred \$500,000 from the General Fund to the Consumer Protection Fund, contingent upon receiving an estimated \$13.3 million in settlement proceeds provided for in the March 12, 2012, National Mortgage Settlement Agreement and remitted to the General Fund. The bill then appropriated, on a one-time basis, an additional \$500,000 from the Consumer Protection Fund to the Attorney General for the following programs and purposes:

- ▶ \$50,000 to the Attorney General for the purpose of elevating a half-time housing specialist to full-time to provide assistance to Idaho homeowners in understanding Idaho's new foreclosure laws, the national settlement's mortgage servicing standards, and available modification programs.
- ▶ \$120,000 to the Idaho State Bar's Volunteer Legal Program for the purpose of providing pro bono representation to Idaho homeowners facing foreclosure and helping homeowners better understand their legal rights and options under state and federal laws.
- ▶ \$120,000 to Idaho Legal Aid for the purpose of helping low-income families negotiate mortgage modifications, obtain deficiency waivers, and generally assist them with making sound legal and financial decisions about their home loans.
- ▶ \$110,000 to other governmental entities and organizations, as determined by the Attorney General, for default resolution counseling to Idaho homeowners, as well as home buyer education and rental housing.
- ▶ \$100,000 to the Community Action Partnership Association of Idaho for the purpose of assisting homeowner transitions from foreclosure to rental, family, assisted-living, shelter, or temporary housing.

Office of Energy Resources

The Office of Energy Resources received an additional \$747,200 for FY 2012 from the American Recovery and Reinvestment Act Fund. The agency learned in January 2012 that it was eligible for a grant extension for certain moneys, which will be used for K-12 lighting upgrades and on-site follow-ups. The bill also appropriated \$2,626,300 to the Office of Energy Resources for FY 2013 and authorized carryover authority for stimulus related moneys.

Board of Tax Appeals

H 665 appropriated \$477,900 to the Board of Tax Appeals for FY 2013 and limited the number of full-time equivalent positions to five. Line items included \$11,800 to restore operating costs, and \$1,600 to upgrade data lines to accommodate the migrated server and new phone system, which were purchased in the current fiscal year. Overall, this budget is a 6.1% increase over the current year appropriation.

State Tax Commission

H 664 appropriated an additional \$423,400 for FY 2012 and appropriated \$35.8 million to the State Tax Commission for FY 2013, with \$617,300 of that amount targeted to reduce the tax gap by making 16.5 temporary staff permanent. A 2009 report by the State Tax Commission estimated the amount of uncollected taxes due at \$255 million, of which it estimated \$64.5 million (about 70% or \$47 million General Fund) was collectible. Additional revenue from this tax compliance initiative is estimated at \$8.6 million General Fund in FY 2013, resulting in a net increase to the General Fund of \$8 million. The other notable line item was \$637,900 to upgrade the revenue deposit equipment, and the State Tax Commission will use savings to fund the other \$200,000 of this equipment request. H 664 limited the number of full-time equivalent positions to 461, and expressed legislative intent with regard to the State Tax Compliance Initiative.

Millennium Fund

For FY 2012, the Legislature appropriated and transferred \$161,000 from the Idaho Millennium Fund to the Idaho Millennium Permanent Endowment Fund to repay the endowment fund for expenses related to investment management consulting fees that were paid in error from FY 2009 through FY 2011. It also appropriated and transferred \$80,000 from the Idaho Millennium Fund to the Idaho Millennium Income Fund to cover the appropriation made to the State Treasurer for investment management consulting fees that will be paid in FY 2012. For FY 2013, the Legislature supported the following distribution of \$5,714,400 from the Idaho Millennium Income Fund on a one-time basis:

- ▶ \$1,859,200 to the Department of Correction for continuing coordination, assessment and community-based substance abuse treatment and recovery support services for felony offenders, in lieu of incarceration at a state facility.
- ▶ \$450,000 to the Supreme Court for supporting youth courts as a juvenile prevention and intervention program, programs for tobacco and substance abuse status offenders, and tobacco and alcohol diversion courts to handle underage misdemeanor tobacco and alcohol cases.
- ▶ \$2,250,000 to the Department of Health and Welfare for supporting Project Filter tobacco prevention and control programs, counter-marketing, QuitNet and QuitLine tobacco cessation programs, nicotine replacement therapy, and breast and cervical cancer early detection efforts of the Idaho Women's Health Check program for qualifying low-income, uninsured or underinsured women.
- ▶ \$400,000 to the Public Health Districts for continuing high-quality, best practice tobacco cessation programs on a statewide basis at no cost to Idahoans who want to quit smoking, with a primary emphasis on youth and pregnant women.
- ▶ \$94,000 to the Idaho State Police for assisting the Department of Health and Welfare with tobacco permittee compliance inspections as required by law.

- ▶ \$120,700 to the American Lung Association for addressing youth tobacco prevention, engagement, and smoking cessation programs.
- ▶ \$113,000 to the Allumbaugh House partnership for sustaining sobering, detoxification, and crisis mental health services and financial commitments from state and local government and private partners.
- ▶ \$177,500 to the Boys and Girls Clubs of Idaho for launching a statewide methamphetamine education and prevention program known as MethSMART, and to expand the current SMARTMoves series to serve additional youth.
- ▶ \$100,000 to the Idaho Meth Project for leveraging private sector funding and media match to support a statewide media campaign aimed at significantly reducing first-time meth use.
- ▶ \$150,000 to the Idaho Drug Free Youth for implementing a multifaceted parent and teen prevention education program called i2i, dealing with alcohol and other drugs and the damage that substances can do to the underdeveloped teen brain.

The Legislature also required that any unexpended balances of appropriations made to the Department of Correction, Supreme Court, Idaho State Police, Department of Health and Welfare, and the Public Health Districts be returned to Millennium Income Fund at the end of FY 2013.