

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Friday, February 17, 2012
TIME: 8:00 A.M.
PLACE: Room WW55
MEMBERS PRESENT: Chairman McKenzie, Vice Chairman Fulcher, Senators Davis, Hill, McGee, Winder, Lodge, Malepeai, and Stennett
ABSENT/ EXCUSED:

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

Chairman McKenzie called the meeting to order at 8:00 a.m. with a quorum present. He reordered the agenda to accommodate guest speakers and other meeting conflicts.

GUBERNATORIAL APPOINTMENTS: **Sam Haws** as administrator of the Office on Aging.

Chairman McKenzie welcomed **Ms. Haws** and asked her to provide the Committee with some background and what her role will be within the Office on Aging.

Ms. Haws provided a brief overview of her work history, both as a Tax Commissioner and her twenty years experience in banking. The Idaho Office on Aging (OA) is very different from her past experiences. When **Ms. Haws** assumed this position, there had been a turnover for seven of the twelve staff members. That has offered opportunities to match skill sets to the needs of the OA. There is now a fully functional, dedicated, and hardworking team. New members of that team included the Administrator (Ms. Haws), the Deputy Administrator, and the Fiscal Officer. They all started the first week of July, just in time for the budget process.

There are three accomplishments of note made by the new team during the first six months: 1) Implementation of an expanded online resource center; 2) Resolution of policy differences between Idaho Food Bank and the Federal Administration on Aging; and, 3) Obtaining a grant in a joint effort with Medicaid, to assist disabled persons.

Senator Hill thanked **Ms. Haws** for her service on the State Tax Commission. He asked how many programs does the OA comply with and how many area agencies across the State do you work with? **Ms. Haws** answered that there are about fourteen grants to comply and the three areas that compose the largest part of the budget are congregate meals, home delivery, and case management. There are six area agencies located in Coeur d'Alene, Lewiston, Boise, Twin Falls, Idaho Falls, and Pocatello.

Senator Lodge asked if they support the Fit & Fall classes offered to seniors. **Ms. Haws** answered that the long term goal of the OA is to meet basic needs and to provide options to keep seniors healthy and at home.

Chairman McKenzie thanked **Ms. Haws** for appearing before the Committee. He introduced **Robert (Bob) Mooney**, Idaho Energy Resources Authority (Authority), and asked him to tell about the projects they have been working on for financing and other activities involving the Authority.

Mr. Mooney explained that there have been several opportunities over the last several years to obtain financing from various means, i.e., improved rates for Raft River and amended terms between Bogus Basin and Idaho Power. The Authority is currently the interim owner of a wind project and they are working with Idaho Falls Power and Lower Valley Electric. Upcoming projects include the Bonneville Power Administration's investigation into expanding into outside financing for two proposed power lines. It is a privilege to be the Chairman of this Board and **Mr. Mooney** is looking forward to serving another term.

Vice Chairman Fulcher asked for an explanation of how the duties of the Authority and PUC differentiate from one another and how they interact together. **Mr. Mooney** responded that the Authority was set up as an instrument to help the State to finance the transmission, distribution, or generating facilities for citizens in Idaho. There is no relationship with the PUC.

Chairman McKenzie thanked **Mr. Mooney**.

**PAGE
RECOGNITION:**

Recognition of Page, **Rebekah Grad**.

Chairman McKenzie stated that this Committee gets the best pages in the Senate and it has been true this year. The Committee presented her with a watch, a letter of recommendation from the chairman, and a letter signed by the Committee thanking her for her service. He asked **Miss Grad** to tell about her future plans. **Miss Grad** said she will be finishing up CWI classes and getting her Associates Degree, riding her horse, working a full time job, and traveling to Australia to see her brother.

H 369

RELATING TO THE MILITARY DIVISION to create the Military Division Support Fund, to give authority to the Adjutant General to accept and manage gifts for the benefit of the Military Division, and to provide guidance for the Support Fund and oversight by the Board of Examiners.

Lt. Colonel David Dahle, Idaho Military Division (IMD), brought **H 369** to the Committee. This is the creation of a special account to be maintained in the IMD that allows the Adjutant General to accept and manage gifts given to the IMD Support Fund. These gifts could be used for a one time project or for the overall benefit of soldiers and airmen. This bill is structured to ensure that there are oversight and reporting provisions. This account will operate at no added cost to the state treasury and could, in fact, have a positive fiscal impact.

Chairman McKenzie asked if donations to this fund would be tax deductible. **Lt. Colonel Dahle** said they would not necessarily be deductible.

Senator Stennett asked what kind of programs might be possible and how does this fit into federal rules. **Lt. Colonel Dahle** responded that when people give gifts, the IMD has no statutory authority to accept those gifts. **H 369** would authorize IMD to accept those gifts. The donor could be specific about what they wanted the gift to be used for or leave that decision to IMD. There are federal rules that do apply and they limit what gifts can be accepted. By funneling these gifts through the state and the Adjutant General, a state employee, certain types of gifts that come to that community can be used for reasonable and proper functions without violating federal rules. **Senator Stennett** confirmed that there would not be a conflict with the federal rules by funneling this through the state. **Lt. Colonel Dahle** agreed.

MOTION:

Senator Lodge moved, seconded by **Senator McGee**, to send **H 369** to the Senate floor with a do pass recommendation.

VOTE:

The motion carried by voice vote. **Senator Lodge** will carry **H 369** on the Senate floor.

S 1285

RELATING TO THE STATE LOTTERY COMMISSION TO AMEND Section 67-7434, Idaho Code to modify the current dividend model from an annual prescribed distribution to an optional or more frequent transfer throughout the year.

Jeff Anderson, Director, Idaho State Lottery, said that **S 1285** deals with the frequency with which dividends are distributed to the stakeholders and beneficiaries. Current code requires that there should be a single, one time transfer after the conclusion of the fiscal year. This legislation allows periodic payments on a quarterly basis throughout the year as the money is earned. The Lottery Commission would factor in about 70% to make the quarterly payments and there would be an adjustment at the end of the fiscal year for the balance. There will be an impact for fiscal year 2013 because of transferring current year dividends and also making a one time, pay forward, for that first quarter. This is a good business practice for the benefit of the state and the bill is crafted so it can return to the annual distribution should interest rates begin to rise. This will make no difference in the distribution to the public schools and the permanent building fund.

Chairman McKenzie asked if, during a recent audit, this proposal was discussed or was that just an audit of current practices? **Mr. Anderson** responded that there had been an audit and the Office of Performance Evaluations looked at a variety of things in the operation of the lottery. However, best practices is not a part of their recommendations.

MOTION:

Senator McGee moved, seconded by **Vice Chairman Fulcher**, to send **S 1285** to the Senate floor with a do pass recommendation.

VOTE:

The motion carried by voice vote. **Chairman McKenzie** will sponsor **S 1285** on the Senate floor.

S1286

RELATING TO CHARITABLE BINGO AND RAFFLES TO AMEND Sections 67-7709 and 67-7710, Idaho Code, to allow an increase in expenditure percentages due to the increase in business costs for bingo and raffle licensees.

Mr. Anderson commented that the Office of Performance Evaluations examined this area of oversight and offered a number of recommendations, all of which the lottery concurred with. **S 1286** came from the operators of charitable gaming in Idaho, the Bingo and Raffle Advisory Board, and then through the Idaho State Lottery Commission. The changes relate to the limits operators are allowed to have for administrative expenses in charitable bingo gaming. Current code limits expenses to 15% of the gross revenue but over the years, those expenses have increased. The percentage to charity does not change, it remains at 20%. If an operator chooses to go over the 15% it would come out of the prize monies. There is a request from raffle operators where the same situation would apply. Percentages, established in 1992, have not changed, but, over the years, the costs have increased.

Senator Stennett asked how the percentages were determined at 15% and 18% and why was the raffle a larger percentage? **Mr. Anderson** answered that most of the expenses for bingo was fifteen percent with the exception of an unplanned, one time expense like an official audit. The raffle used a similar rationale and came to a reasonable percentage.

Senator Hill inquired about the 1994 gross proceeds compared with current proceeds. **Mr. Anderson** stated that, since the regulations have been enacted, there have been a number of new, licensed, charitable operators and some of them run big games. He will get the actual number for the Committee. **Senator Hill** noted that as the operations get larger, there are fixed costs that may not change. Why would the percentage need to change when the growth would account for increased revenue? **Mr. Anderson** answered that this affects the smaller operators more than the larger ones.

MOTION: **Senator Stennett** moved, seconded by **Senator Malepeai**, to send **S 1286** to the Senate floor with a do pass recommendation.

VOTE: The motion carried by voice vote. **Senator Stennett** will carry **H 1286** on the Senate floor.

RS21303 RELATING TO THE IDAHO ENERGY RESOURCES AUTHORITY to reduce the amount of the surety bonds that officers must execute.

Ron Williams, Attorney, Williams Bradbury, presented **RS21303** to the Committee. This is a housekeeping bill that has to do with the bonding requirements for directors, officers, and agents of the Idaho Energy Resources Authority (Authority). The current requirement is a \$1.0 million bond. However, it is difficult to find that level of coverage. Most municipalities and cities go to the Idaho Counties Risk Management Program (ICRMP) for this type coverage. ICRMP does not offer this coverage in this amount; they offer a comprehensive insurance package at a level of \$500,000 and they do that for 700 entities. This legislation would allow for that same coverage to be offered to the Authority officers.

MOTION: **Vice Chairman Fulcher** moved, seconded by **Senator Lodge**, to send **RS21303** to print.

VOTE: The motion carried by voice vote.

RS21330 RELATING TO A MOTOR VEHICLE INSPECTION AND MAINTENANCE PROGRAM to add a provision for a repair waiver and a hardship waiver and for recommendations to the legislature from the DEQ.

Chairman McKenzie relinquished the gavel to the Vice Chairman.

Chairman McKenzie noted that this has been seen before in a different form. After discussions with the DEQ, **RS21330** was drafted. This legislation provides for an exemption from the emissions testing requirements and would include a repair waiver and a hardship waiver. It conforms with federal regulations. In addition, the five year review will require the DEQ to make recommendations to the legislature for a determination as to whether to continue the program, modify it, or terminate it. This brings the DEQ back to explain the progress of the program. Co-sponsors are Canyon County legislators.

MOTION: **Senator McGee** moved, seconded by **Senator Lodge**, to send **RS21330** to print.

VOTE: The motion carried by voice vote.

The gavel was returned to the Chairman.

MINUTES OF FEBRUARY 8TH: **Vice Chairman Fulcher** moved, seconded by **Senator Malepeai**, to accept the minutes of February 8, 2012.

VOTE: The motion carried by voice vote.

**VOTE ON
GUBERNATORIAL
APPOINTMENTS**

Vote on Wendy Lively and J. Marshall Garrett appointed to the Bingo-Raffly Advisory Board.

MOTION:

Senator Davis moved, seconded by **Senator Winder**, to send the Gubernatorial Appointment of **Wendy Lively** to the Bingo-Raffle Advisory Board to the Senate floor with the recommendation that it be confirmed by the Senate.

VOTE:

The motion carried by voice vote. **Senator Vick** will sponsor **Ms. Lively** on the Senate floor.

MOTION:

Senator Stennett moved, seconded by **Senator McGee**, to send the Gubernatorial Appointment of **J. Marshall Garrett** to the Bingo-Raffle Advisory Board to the Senate floor with the recommendation that it be confirmed by the Senate.

VOTE:

The motion carried by voice vote. **Senator Winder** will sponsor **Mr. Garrett** on the Senate floor.

ADJOURNMENT:

Chairman McKenzie thanked the Committee and, being no further business, the meeting adjourned at 8:45 a.m.

Senator McKenzie
Chairman

Twyla Melton
Secretary