

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Friday, March 09, 2012

TIME: 8:00 A.M.

PLACE: Room EW40

MEMBERS: Chairman Loertscher, Vice Chairman Crane, Representative(s) Stevenson, Black, Anderson, Andrus, Bilbao, Luker, Palmer, Simpson, Guthrie, Henderson, McGeachin, Sims, Batt, Smith(30), King, Higgins, Buckner-Webb

**ABSENT/
EXCUSED:** Representative Higgins

GUESTS: Jeff Youtz, Capitol Commission; Tim Mason, Division of Public Works; Ric Johnston, Division of Public Works; Wayne Meulman, Executive Director, Idaho State Building Authority; Becky Schroeder, Idaho Lottery Commission; Jeff Anderson, Idaho Lottery Commission; Jared Tatro, Office of Performance Evaluations; Max Greenlee, Risch Pisca; Lori Shoemaker, Danique Ahren, Pam Stout, Carl Stout, John Blattler, Maureen Hatfield, and Curt Cattau, Citizens.

Chairman Loertscher called the meeting to order at 8:01 a.m.

RS 21413: **Rep. Eskridge** presented **RS 21413**, a proposed House Joint Memorial asking the President, Executive Branch Agencies, and Congress to work together to ensure that the Border Action Plan on Perimeter Security and Economic Competitiveness and the Action Plan on Regulatory Cooperation are effectively implemented in support of the border agreement. Rep. Eskridge explained the border agreement announced on December 7, 2011, streamlines cross-border trade and increases intelligence for security between the United States and Canada. In this time of economic downturn we need economic growth, and the obvious trade relation poised for economic growth is the United States and Canada. Rep. Eskridge noted that \$1.6 billion in goods and services crosses the border, \$1 million a minute, and 39,000 jobs in Idaho depend on this trading. Idaho sells more exports to Canada than any other country. The border agreement signifies the interdependence of our economies.

In response to questions, **Rep. Eskridge** stated that the Border Action Plan emphasizes strict attention to the perimeter of the countries rather than the borders. It will allow for information to be shared on people who come in and out of both countries.

MOTION: **Rep. Stevenson** made a motion to introduce **RS 21413** and send it directly to the Second Reading Calendar.

SUBSTITUTE MOTION: **Rep. Luker** made a substitute motion to introduce **RS 21413**. **Motion carried by voice vote.**

H 578: The following testimony is a continuation from Thursday, March 8, 2012.

John Blattler, Pam Stout, Carl Stout, Danique Ahren, Lori Shoemaker, and Maureen Hatfield, representing self, testified **in support of H 578**, stating that Idaho needs an alternate currency as a safety net in preparation for the collapse of our current currency. The use of gold and silver as legal tender will attract businesses to our state, create jobs, and bring stability to Idaho. It will create a massive means of protection for citizens, and we will already be using gold and silver if and when the dollar fails.

Rep. Nielsen testified **in support of H 578**, noting there has to be a medium of exchange or we will have to go to a barter system. Creating more money creates inflation, but gold retains its value.

Rep. Barrett testified **in support of H 578**, stating the number one (1) problem is our failed economic policy at the federal level. The State has to do its part and we need to have a strong monetary policy.

Larry Hilton, Attorney, responded to additional questions by stating that the U.S. Constitution allows the states to choose what they want to use for legal tender and taxes. **H 578** will allow for payment in gold and silver unless the taxing authority does not accept it. The dollar would be used until such time as Idaho has the infrastructure in place to accept gold and silver. Once gold and silver are legal tender then the exchange would be free of capital gains tax.

MOTION: **Rep. McGeachin** made a motion to send **H 578** to General Orders. **Rep. Palmer** seconded the motion.

ROLL CALL VOTE: **Rep. King** requested a roll call vote on **H 578**. **Motion carried by a vote of 12 AYE, 6 NAY, 1 Absent/Excused. Voting in favor of the motion: Reps. Loertscher, Crane, Stevenson, Andrus, Luker, Palmer, Simpson, Guthrie, Henderson, McGeachin, Sims, Batt. Voting in opposition to the motion: Reps. Anderson, Black, Bilbao, Smith(30), King, Buckner-Webb. Rep. Higgins was absent/excused. Rep. Hart will sponsor the bill on the floor.**

HCR 47: **Rep. Bedke** presented **HCR 47**, a Concurrent Resolution to authorize the Department of Administration (DOA) to enter into agreements with the Idaho State Building Authority to finance a second multi-level parking facility for the Capitol Mall. There are 2300 state employees, 1600 parking permits, but only 1226 parking spots further complicated by the legislative session. Rep. Bedke noted there are currently 200 on the waiting list for a reserved parking space, and the wait time is approximately 6-7 years. **HCR 47** will direct the DOA to evaluate the current parking system, i.e., the fees charged, the number of permits issued, who parks where, and better utilization of the available spaces as well as provide parking for the public that visits during the legislative session. Rep. Bedke explained that current financial conditions are favorable for refinancing building bonds issued in 2003. Adequate revenue will be available to pay for the upkeep, security, and ongoing costs of a facility that would provide at least 650 to 750 parking spaces.

In response to questions, **Rep. Bedke** noted that **HCR 47** authorizes the DOA to apply their expertise and research the real estate market to determine the best existing location for the parking facility.

Wayne Meulman, Executive Director, Idaho State Building Authority, responded to additional questions stating options for refinancing were evaluated three (3) weeks ago, and the estimated fixed annual interest rate would be 3.375%. The bonds will mature in 2024 for additional revenue.

Jeff Youtz, Director Legislative Services Office, testified in support of **HCR 47**. Mr. Youtz stated that **HCR 47** is the last piece of the Capitol restoration project. If **HCR 47** is approved then DOA could move employee parking into the garages. This would free up parking spaces in the surrounding lots for the public to increase their involvement in the political process.

MOTION: **Rep. Luker** made a motion to send **HCR 47** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Bedke** will sponsor the bill on the floor.

Chairman Loertscher turned the gavel over to **Vice-Chairman Crane**.

S 1285: **Jeff Anderson**, Director, Idaho Lottery Commission, presented **S 1285**, legislation to amend Idaho Code § 67-7434 to allow for the option to transfer dividends on a more frequent basis. Mr. Anderson explained that the lottery was established by a vote of the people in the 1980s. Dividends are distributed once annually. **S 1285** would allow the Lottery Commission to determine if a more frequent transfer is necessary by estimating the coming fiscal year's net revenue; discount the estimate by an amount determined by the Commission; and then transfer dividends throughout the year. Mr. Anderson explained that FY2013 would experience a one-time "pay forward" of dividends of approximately \$16,000,000 for public schools and the permanent building fund. The State's General Fund would lose an undetermined amount of interest on lottery deposits. The amounts have been decreasing due to lower rates of interest on deposits held by the State. Mr. Anderson noted the Lottery Commission could modify the frequency of transfers to maximize the benefits to the State.

In response to questions, **Mr. Anderson** noted the genesis of **S 1285** is from the Lottery Commission. When the Legislature approved the lottery, it was modeled after New Hampshire's lottery to set up transfers on an annual basis. The majority of state sponsored lotteries transfer dividends to their stakeholders on a more frequent basis. The lottery is a predictable business with sales steadily increasing. **S 1285** would transfer money as it is earned quarterly, and provide \$16 million to public schools and the permanent building fund to be divided equally. Mr. Anderson verified for the committee that interest earned on the lottery's deposits goes into the General Fund as stated in Idaho Code.

MOTION: **Rep. Luker** made a motion to **HOLD S 1285** in committee. **Motion carried by voice vote.** **Reps. Black** and **Bilbao** requested to be recorded as voting **NAY**.

Vice-Chairman Crane turned the gavel over to **Chairman Loertscher**.

S 1286: **Jeff Anderson**, Director, Idaho Lottery Commission, presented **S 1286**, legislation to amend the charitable gaming code. Mr. Anderson advised that charitable bingo and raffles generated \$3 million for charities last year. The Idaho Lottery Commission seeks to increase the percentage allowed for administrative expenses from 15% to 18%. These expenses have to come out of the pool and not the charitable purpose amount. Mr. Anderson stated that charitable and non-profit organizations came to the Lottery Commission and requested this increase due to increased costs for bingo paper, the minimum wage, and the cost for bingo halls. Mr. Anderson noted that the current percentage has not changed since the 1990s when enforcement was assigned to the Lottery Commission.

In response to questions, **Mr. Anderson** explained that charitable bingo and raffle licensees came to the Lottery Commission and stated they want to keep the amount going to charities the same, but they want an increase for their administrative expenses. Mr. Anderson advised that each licensed charitable gamer throughout Idaho must submit an audited financial statement to the Lottery Commission. This verifies the organization operates at 15% or below for administrative expenses.

Organizations may request an exemption for exceeding the maximum allowed 15%; for example, a one-time expense for a certified financial accounting by a CPA. Mr. Anderson verified that the Lottery Commission has a set of standards for requesting exemptions. If an organization does not have a plan to return to operating under the 15% for administrative expenses, Mr. Anderson stated they do not get an exemption.

MOTION: **Rep. King** made a motion to send **S 1286** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Luker** made a substitute motion to **HOLD S 1286** for a time certain until Wednesday, March 14, 2012, to review a copy of the Lottery Commission's Annual Report on charitable gamers. **Motion carried by voice vote.**

HJR 1: **Senator Vick** presented **HJR 1**, a Resolution to add one sentence to the Idaho Constitution that no bill that provides for a net increase in revenue, whether through fees or taxes, shall become law without the concurrence of two-thirds of the members of each House. Senator Vick stated that taxes impact the freedom of individuals. It takes away their money and moves the funds to the government. There are 16 states that require a super majority vote to raise taxes making it harder to do so and require more deliberation by the Legislature. Senator Vick noted that the amendment must be voted on by the people.

In response to questions, **Senator Vick** stated **HJR 1** applies when the Legislature is increasing taxes to increase revenue. It would not apply to a bill that increases the sales of a product here in Idaho. **HJR 1** also would not apply to federal taxes and funds. The Legislature appropriates funds received from the federal government, but does not write any legislation to raise them. Senator Vick clarified that **HJR 1** defines an increase in revenue "whether through fees or taxes" because history has shown there is small dissent to raising fees, but we might start calling a tax a fee to avoid the requirement of a two-thirds vote.

Wayne Hoffman, Director, Idaho Freedom Foundation, testified **in support of HJR 1**. If there is statutory authority to raise a fee, **HJR 1** would apply and require a two-thirds vote. Mr. Hoffman noted those types of bills pass easily. A two-thirds vote by the Legislature requires more mechanics and more deliberation.

In response to questions, **Mr. Hoffman** stated in his opinion extending the sales tax exemption would not require a two-thirds vote because it would increase revenue for the public.

MOTION: **Rep. Luker** made a substitute motion to **HOLD HJR 1** in committee at the discretion of the Chair for drafting of a proposed amendment. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee; the meeting was adjourned at 9:54 a.m.

Representative Loertscher
Chair

Lissa Cochrane
Secretary