

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Thursday, March 15, 2012

TIME: 9:00 A.M.

PLACE: Room EW40

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

**ABSENT/
EXCUSED:** Representative Smith(30)

GUESTS: Brig. Gen. Bill Shawver, Director, Department of Homeland Security; Fred Colby, Laughing Dog Brewery; Rob Wallace, Selkirk Abbey Brewing; Jeff Whitman, Selkirk Abbey Brewing; Jeremy Pisca, Idaho Beer and Wine Distributors Association.

Chairman Loertscher called the meeting to order at 9:05 a.m.

Rep. Batt made a motion to approve the minutes of March 8 and 12, 2012, as written. **Motion carried by voice vote.**

S 1344: **Rep. Eskridge** presented **S 1344**, legislation to allow brewers who produce less than 30,000 barrels of beer annually to have another financial interest in one additional brewery that produces fewer than 30,000 barrels of beer annually. Rep. Eskridge explained that currently owners of a winery can invest in numerous other wineries. **S 1344** would allow an owner of a small brewery to invest in just one other small brewery to lend their expertise and brewmaster experience. Rep. Eskridge noted **S 1344** allows for limited expansion, but enables one brewery to be compensated for helping and participating in another brewery. Rep. Eskridge stated this legislation will have a positive impact for breweries in his area, and create 16-25 new jobs.

In response to questions, **Rep. Eskridge** stated the restriction on breweries having ownership in other breweries has been in place for a long time. It has not been an issue in the past. **S 1344** will allow ownership in one other brewery, and it is a good way to address this issue.

Fred Colby, Laughing Dog Brewery, testified in support of **S 1344**. The statutes that he is requesting to change were written at the end of prohibition and created a three-tier system. While it is a valid system, an owner of a brewery is prohibited from owning two breweries with tap rooms. Mr. Colby stated these regulations hinder his business. Laughing Dog Brewery in Ponderay, Idaho, has 16 employees and it is still growing. Products are shipped to 36 states and Canada. **S 1344** will provide the same fairness that an Idaho winery has. It is about business, creation of jobs, and revenue for Idaho. Selkirk Abbey Brewing Company is already licensed and will proceed without him, but it stands a better chance of growing if he is involved.

In response to questions, **Mr. Colby** stated that 50% of the barley and hops purchased for Laughing Dog Brewery come from Idaho farmers. By allowing him to have a financial interest in another brewery he will be able to make other products, but also share his distributors and marketing routes. Mr. Colby advised that craft breweries have not been affected by the economic downturn to the same effect as the large breweries.

Rob Wallace, Selkirk Abbey Brewery, testified in support of **S 1344**, stating the bill will remove a roadblock to their success. **S 1344** will not increase the number of breweries, it will just allow for a strategic partnership and the creation of jobs.

Jeff Wittman, Selkirk Abbey Brewery, testified in support of **S 1344**. Mr. Wittman noted that the large breweries are owned by foreign corporations. **S 1344** will help craft brewers here in the United States.

Jeremy Pisca, representing Idaho Beer & Wine Distributors Association, responded to questions stating that the limitation for 30,000 barrels is found in Idaho Code § 23-1003 (d) & (e).

MOTION: **Rep. Henderson** made a motion to send **S 1344** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Eskridge** will sponsor the bill on the floor.

HJR 1: **Senator Vick** presented **HJR 1**, a Resolution to provide taxpayers with protection against higher taxes and fees by amending the Idaho Constitution to require a two-thirds vote of the House and Senate to approve increases. Senator Vick proposed an amendment that would remove any ambiguous language and provides that **HJR 1** will apply to "resolutions" as well.

MOTION: **Rep. Luker** made a motion to send **HJR 1** to General Orders with amendments. **Rep. Andrus** seconded the motion. **Motion carried by voice vote.** **Rep. King, Higgins** and **Buckner-Webb** requested to be recorded as voting **NAY.** **Rep. Luker** will sponsor the bill on the floor.

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

HJM 13: **Rep. Eskridge** presented **HJM 13**, a Memorial to communicate to the President, Executive Branch Agencies, and Congress of the need to work together to ensure that the Border Action Plan on Perimeter Security and Economic Competitiveness and the Action Plan on Regulatory Cooperation are implemented in support of the border agreement announced on December 7, 2011. Both agreements work to streamline security and trade between the United States and Canada. Rep. Eskridge noted that 300,000 people cross the border between the United States and Canada. Canada buys more goods and services from the United States, and 8 million jobs depend on it. As a result of 9-11, security measures have been overemphasized and have impacted trade.

Brig. Gen. Bill Shawver, Director, Department of Homeland Security, testified in support of **HJM 13**. The United States and Canada have a long history of sharing information. We need to address threats to our homeland and protect our infrastructure, but we also need to streamline trade between the two countries.

Brig. Gen. Bill Shawver responded to questions by stating that there is an action plan in place to share information at the border, and curtail the illegal transport of drugs across the border.

MOTION: **Rep. Black** made a motion to send **HJM 13** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Eskridge** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee; the meeting was adjourned at 9:46 a.m.

Representative Loertscher
Chair

Lissa Cochrane
Secretary