

# Sine Die Report

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## 2013 Session Summary

Legislative Services Office

April 2013

IDAHO LEGISLATURE



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This report and a complete listing of all legislation are available on the Idaho Legislature's Internet site. 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](http://www.legislature.idaho.gov)

*Cover photo: Idaho State Capitol, by Robyn Lockett*

# 2013 Legislative Leadership

## Senate

Brent Hill, President Pro Tempore

Bart M. Davis, Majority Leader

Chuck Winder, Assistant Majority Leader

Russell Fulcher, Majority Caucus Chair

Michelle Stennett, Minority Leader

Elliot Werk, Assistant Minority Leader

Cherie Buckner-Webb, Minority Caucus Chair

## House of Representatives

Scott Bedke, Speaker of the House

Mike Moyle, Majority Leader

Brent Crane, Assistant Majority Leader

John Vander Woude, Majority Caucus Chair

John Rusche, Minority Leader

Grant Burgoyne, Assistant Minority Leader

Donna Pence, Minority Caucus Chair



## **2013 Committee Chairs**

### **Senate**

Steve Bair, Chair  
Agricultural Affairs

Patti Anne Lodge, Chair  
Judiciary and Rules

John Tippetts, Chair  
Commerce and Human Resources

Jeff Siddoway, Chair  
Local Government and Taxation

John Goedde, Chair  
Education

Monty Pearce, Chair  
Resources and Environment

Dean Cameron, Chair  
Finance

Curt McKenzie, Chair  
State Affairs

Lee Heider, Chair  
Health and Welfare

Bert Brackett  
Transportation

### **House of Representatives**

Ken Andrus, Chair  
Agricultural Affairs

Rich Wills, Chair  
Judiciary, Rules and Administration

Maxine Bell, Chair  
Appropriations

Lenore Hardy Barrett, Chair  
Local Government

Frank Henderson, Chair  
Business

Lawerence Denney, Chair  
Resources and Conservation

Stephen Hartgen, Chair  
Commerce and Human Resources

Gary Collins, Chair  
Revenue and Taxation

Reed DeMordaunt, Chair  
Education

Thomas Loertscher, Chair  
State Affairs

Dell Raybould, Chair  
Environment, Energy and Technology

Joe Palmer, Chair  
Transportation and Defense

Fred Wood, Chair  
Health and Welfare

Eric Anderson, Chair  
Ways and Means

# Introduction

The First Regular Session of the 62nd Idaho Legislature began on January 7<sup>th</sup>, 2013, with a large number of new faces in the House and Senate. Although a large turnover is typical every ten years following the redistricting process, this 2013 class of new legislators set a record, with 41 of the 105 legislators newly elected to either the House or the Senate.

Idaho legislators, freshmen and veterans alike, were challenged by the typical number of far-ranging issues, large and small, that landed on their desks in the course of representing their constituents across the state. These public policy issues touched on a wide spectrum of issues, including: health insurance exchanges, unmanned drones, heavy truck regulation, citizen initiatives, firearm regulations, marijuana laws, business property taxes, public school security, and teacher pay issues. Those larger issues that could not be addressed in an 88-day session and would require more study, prompted a very ambitious interim committee schedule for legislators and staff for the 2013 summer and fall. In addition to three ongoing study committees on natural resources, energy, and health care, there are four new study committees to look at federal land transfers, the state's public defender system, our K-12 public education system, and a comprehensive look at our criminal justice system, the latter of which is a partnership effort with the Council of State Governments.

Typically, between 800 and 1,000 pieces of legislation are drafted each year by legislators to address issues affecting Idaho citizens. This legislative session saw the fewest number of draft proposals (RSs) in over 40 years, at 777 but, curiously, the number of these RSs that became law was the highest percentage ever recorded at close to 50%. Normally only about one-third of RSs make it through the committee and floor gauntlet to become law. The low number of bills is likely a reflection of the record number of new legislators, but the relatively high percentage of RSs that became law seems to suggest that the Legislature had a focused and limited agenda by design, and bill proposals were more thought out to begin with, and better designed to address the issues at hand.

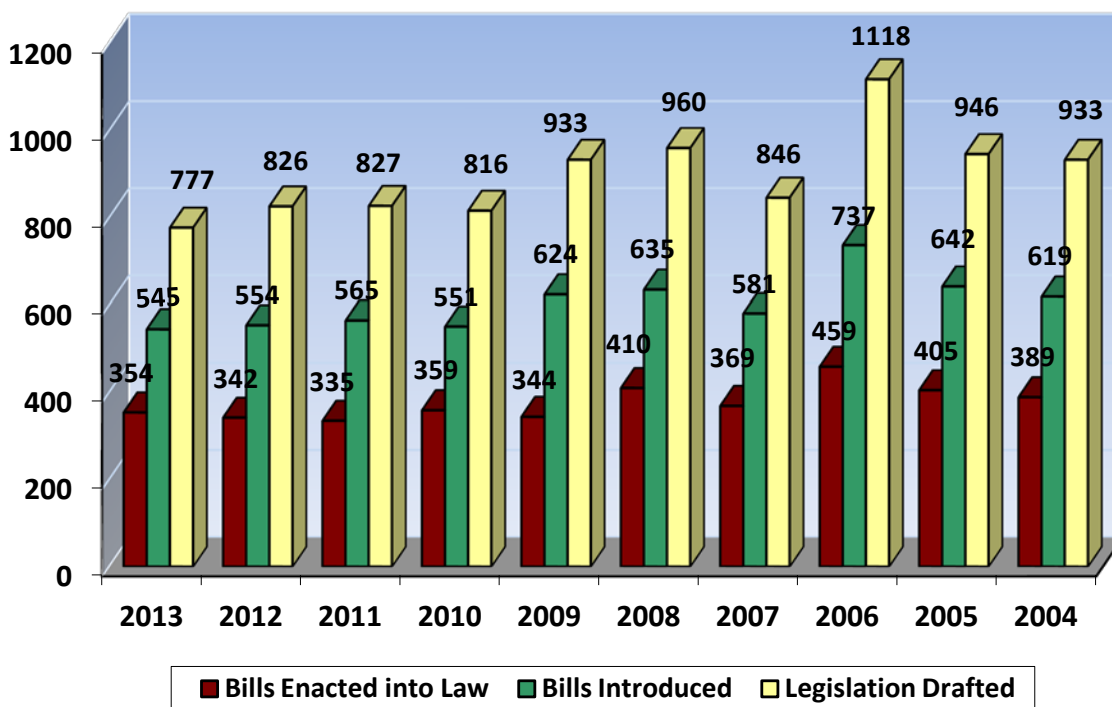
In the budget process, the economic forecasts of the executive branch, which were supported by the Legislature's Economic Outlook and Revenue Assessment Committee, called for a modest growth rate in revenues of 5.3% for FY 2014 over FY 2013's estimate of 2.7%. This would represent the third straight year of revenue growth, a welcome trend from the recession years, and a cautiously optimistic budget scenario that allowed JFAC to produce appropriations that basically kept intact the state's current year spending obligations with a few enhancements in services. This maintenance level budget covered inflationary costs for Medicaid and caseload increases, indigent health care, and educational enrollment growth.

The Legislature's final action on General Fund budgets reflected an overall spending increase of 2.9%. Public schools received a 2.2% increase, college and universities received a 3.8% increase, Medicaid received a 0.7% increase, and the Department of Correction received a 7.1% increase.

## Volume of Legislation and Length of Session

During the 2013 legislative session, 777 proposed pieces of legislation were prepared for legislative committees and individual legislators. From that initial group of draft proposals, 545 bills were actually introduced, along with another 79 resolutions, memorials and proclamations. By the end of the session, 356 bills had been passed. After final legislative action and following the Governor's review, 354 introduced bills became law, with the majority of the new laws to become effective July 1, 2013. Two bills were vetoed by the Governor.

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



## **Length of Session**

When the Legislature adjourned sine die on April 4th, it had been in session for 88 days. The 2013 legislative session, the longest since 2009, was seven days longer than the previous session.

**Length of Recent Sessions (Days)**

<u>2013</u>	<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>
88	81	88	78	117	87	82	93	87	69

# Rules Review

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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 2013 legislative session, the Senate and the House of Representatives were each asked to review 188 individual rulemaking dockets, totaling 1,654 pages. This figure is down from the 200 dockets reviewed during the 2012 legislative session.

Fourteen of the 165 pending rule dockets reviewed were rejected entirely or in part:

1. An entire rulemaking docket of the Idaho Transportation Department relating to Rules Governing License Plate Provisions ([HCR 7](#));
2. Part of a Department of Health and Welfare docket relating to Alcohol and Substance Use Disorders Treatment and Recovery Support Services Facilities and Programs ([HCR 17](#));
3. Part of a Division of Building Safety docket relating to Rules Concerning Uniform Plumbing Code ([HCR 23](#));
4. Parts of an Idaho Board of Tax Appeals docket relating to Idaho Board of Tax Appeals Rules ([SCR 105](#));
5. An entire rulemaking docket of the Idaho Fish and Game Commission relating to Rules Governing Licensing ([SCR 106](#));
6. An entire rulemaking docket of the Idaho Fish and Game Commission relating to Rules Governing the Taking of Big Game Animals in the State of Idaho ([SCR 108](#));
7. Part of an Idaho Fish and Game Commission docket relating to Rules Governing Licensing ([SCR 110](#));
8. Parts of an Idaho State Police docket relating to Rules of the Idaho Peace Officer Standards and Training Council ([SCR 114](#));
9. Part of an Idaho State Police docket relating to Rules of the Idaho Peace Officer Standards and Training Council ([SCR 115](#));
10. Part of an Idaho Public Utilities Commission docket relating to the Telephone Customer Relations Rules ([SCR 117](#));
11. Parts of a Department of Administration docket relating to Rules Governing Use of the Exterior of State Property in the Capitol Mall and other State Facilities ([SCR 118](#));
12. Parts of a Department of Administration docket relating to Rules Governing Use of Idaho State Capitol Exterior ([SCR 119](#));
13. An entire rulemaking docket of the Bureau of Occupational Licenses relating to Rules of the Idaho Driving Businesses Licensure Board ([SCR 121](#)); and
14. Part of a Bureau of Occupational Licenses docket relating to Rules of the Board of Architectural Examiners ([SCR 122](#)).



Three final rules were rejected in part:

1. Part of a State Athletic Commission final rule relating to Rules of the State Athletic Commission ([HCR 20](#));
2. Parts of a State Tax Commission final rule relating to Income Tax Administrative Rules ([HCR 32](#)); and
3. Part of a Bureau of Occupational Licenses final rule relating to Rules of the Board of Architectural Examiners ([SCR 122](#)).

Three of the 21 pending fee rule dockets were rejected entirely or in part ([SCR 125](#)):

1. Part of a Department of Agriculture fee rule docket relating to Organic Food Product Rules;
2. An entire State Athletic Commission fee rule docket relating to Rules of the State Athletic Commission; and
3. An entire Idaho State Lottery Commission fee rule docket relating to Rules Governing Operations of the Idaho State Lottery.

Both of the two temporary rule dockets were approved ([SCR 126](#)).

# **2013 Legislative Action on Major Issues**

## **Agriculture**

**H 113aa** - Recognizes that as an increasing number of Idahoans are removed from day-to-day agricultural experiences, agritourism provides a valuable opportunity for the general public to experience and understand agriculture. The legislation limits the liability of agritourism professionals resulting from the inherent risks of agritourism activities, provided a specified warning is posted and certain procedures are followed.



**H 130aaS** - Requires nominees to the office of director of an irrigation district subscribe to an oath that ensures the nominee is qualified to hold the position and that the nominee will meet the requirements on the date of election.

**H 175** - Provides that in the event a lien for caring for, boarding, feeding or pasturing livestock is not paid within sixty days after the work is done or service provided, the person in whose favor the lien is created may sell the property at a licensed public livestock auction market or, if the lien is on equines, may sell the animals at a sale offered to the public.

**S 1156** - Provides a process and procedures for allowing limited types of irrigation districts to be partitioned into more than one irrigation district.

**S 1157** - Clarifies the persons and business entities that are allowed to vote in irrigation district elections.

## **Business and Economic Development**

**H 100** - Codifies the rules currently on the books associated with how moneys in the Business and Jobs Development Fund are to be expended, adds that the local governments use some matching funds for these moneys, and renames the fund the Idaho Opportunity Fund. Since FY 2006, the Business and Jobs Development Fund has been an integral economic development tool for the Department of Commerce in the recruitment and retention of business to Idaho. These moneys have been used as grants for public infrastructure projects.

**SCR 102** - Urges the Republic of Turkey and the Turkish Patent Institute to honor Idaho's opposition and deny the request for registration of a Turkish company to claim the mark "IDAHO" for use in identification of products not originating in the State of Idaho.

## **Criminal Justice**

**H 105** - Increases the registration fees for sex offenders and requires the additional fee amount be used for the development, continuous use and maintenance of a statewide electronic notification, information sharing and tracking system.

**H 125** - Enhances the protection of vulnerable adults by assuring that courts and other interested parties have information about the civil and criminal histories of proposed guardians and conservators prior to their appointment and the criminal histories of those who will be living in the protected person's residence.

**H 149** - Clarifies the circumstances in which juveniles are appointed counsel at public expense, limits the circumstances in which juveniles may waive their right to counsel and limits the use of information provided by a juvenile in pre-adjudication diversion proceedings.

**H 153** - Revises provisions relating to mileage and per diem of jurors.

**H 183** - Removes language granting cities the power to regulate, prevent and punish for the carrying of concealed weapons.

**H 256** - Amends several provisions of the Child Protective Act and the Termination of Parent and Child Relationship Act by clarifying "aggravated circumstances", "protective orders" and "protective supervision"; the timelines for reunification, guardianship, termination of parental rights and adoption; and ensures that child welfare practices that affect substantive rights are clearly set forth in law.

**H 274** - Allows cities to establish traffic safety education programs available to qualified drivers who receive a citation for a non-collision moving violation within city limits, and provides that in addition to paying the fixed penalty and court costs for the citation in lieu of appearing in court, the driver may voluntarily choose to complete the city-offered safety program for a fee not to exceed \$25 and be relieved of the point count for the violation.



**HCR 26** - Authorizes the Legislative Council to appoint an interim study committee to undertake and complete a study of potential approaches to public defense reform including the creation, funding and implementation of a public defense commission and requirements that counties operate offices of public defenders and join a statewide association of public defense attorneys.

**S 1079** - Creates the Internet Crimes Against Children Unit in the Office of the Attorney General and creates the Internet Crimes Against Children Fund.

**SCR 128** - Authorizes The Legislative Council to appoint a committee to undertake and complete a study of the Idaho criminal justice system.

## Education

**H 65** - Addresses the \$30.6 million that was left unallocated in the FY 2013 Public School Support Program budget after the failure of Propositions 1, 2 and 3 during November of 2012, which repealed Senate Bills 1108, 1110, and 1184 of the 2011 session. This bill restores certain laws or provisions of laws and reallocates funding to specific programs to allow these funds to be used by districts during FY 2013. For example, this bill restores the "use it or lose it" flexibility, unfreezes the education credits on the salary grid, maintains a 1.67% reduction in salary-based apportionment, restores the authority to spend moneys for additional math and science teachers, provides funding for technology, and restores authority to spend moneys for dual credit enrollment. All provisions of this bill apply only to FY 2013.

**H 206aaS,aaS** - Provides moneys for public charter school facilities. The amount of moneys for public charter school facilities will be based upon a percentage of the average amount of facility levy funds being raised by school districts, on a per-student basis. The bill allows the percentage to fluctuate over time, either higher or lower - to a maximum high of 50% and a low of 20%.

**H 221aaS** - Revises limitations on the approval of public charter schools and increases the number and kinds of organizations that may approve a charter school's charter. These organizations will include, among others, public colleges, universities or community colleges, private, and non-profit, non-sectarian Idaho-based colleges. The bill also establishes provisions relating to charter certificates and performance expectations and measures.

**H 317** - Clarifies that all certificated employees must receive at least one written performance evaluation each year and, in the case of instructional staff, the evaluation must include at least two documented observations.

**HCR 33** - Authorizes the Pro Tem and Speaker to appoint an interim committee to study Idaho's K-12 education system.

**S 1027** - Establishes the Armed Forces and Public Safety Officer Scholarship Program by combining the Peace Officers and POW/MIA scholarship programs into a single program. The bill also revises provisions relating to the Idaho Opportunity Scholarship Program to provide for greater effectiveness and efficiency in the management of the program and delivery of scholarships.

**S 1144** - Appropriates \$24,474,700 to the Agricultural Research and Cooperative Extension Service for FY 2014, which is an increase of 3.5% from the General Fund. The bill includes \$1,000,000 for operating expenditure and one-time capital outlay, that will bring several functions back into operation at the twelve research and extension centers across the state. Specifically, these funds will allow the Agricultural Research and Cooperative Extension Service to pay utility costs for heating and cooling of greenhouses and for irrigation water; allow the purchase of fuel, fertilizer and seed; help pay for building and equipment maintenance; and purchase farm and office supplies.



**S 1186** - Appropriates \$465,902,000 to the State Board of Education and the Board of Regents of the University of Idaho for colleges and universities and the Office of the State Board of Education for FY 2014. This is a 3.8% increase in General Funds. Included in this bill is \$5,000,000 for projected enrollment increases and \$2,508,000 for occupancy costs at several facilities. This bill also provides direction to the State Board of Education to allocate funding in this appropriation towards achieving an equitable distribution among the colleges and universities.

**S 1188** - Appropriates \$30,837,600 to the State Board of Education for community colleges for FY 2014 and is an 8.9% increase in the General Fund. There is \$855,900 provided for enrollment increases. Of this amount, the College of Western Idaho will receive \$783,500, College of Southern Idaho will receive \$46,800, and North Idaho College will receive \$25,600. Line items in this bill include funding for occupancy costs and for the nursing program at the College of Southern Idaho, student services at the College of Western Idaho, and expanded dual credit course offerings at NIC.

[S 1199](#) - Addresses two issues in the original public schools appropriation defeated by the Senate dealing with teacher merit pay and technology.

[S 1200](#) - Appropriates \$1,598,156,500 to education as follows: funding for estimated enrollment increases; provides \$12,371,300 to unfreeze the two remaining years on salary grid; \$2,900,400 to increase the teachers' minimum salary from \$30,500 to \$31,000; and provides \$4,749,000 to increase discretionary funds by 1.5% up to \$20,000 per support unit. The appropriation also provides \$21,000,000 to be used for two purposes: 1) up to 40% for professional development for Idaho core standards, and 2) at least 60% for achievement awards based upon plans developed at the district level. There is also \$10,400,000 provided for classroom technology and wireless infrastructure; and \$3,000,000 for technology pilot projects based on a competitive grant process. Lastly, this appropriation returns \$6,517,500 to facilities maintenance and provides for other statutory and nonstatutory distributions. This is a 2.2% increase in General Funds and a 2.0% increase in all funds when compared to the current FY 2013 appropriation.

## Elections

[H 24](#) - Revises how the increase for inflation will be distributed to counties for costs incurred in administering elections.

[H 107](#) - Provides the opportunity for counties to decide whether they want to allow for early election voting in addition to the absentee voting process. This process, if approved by the county, will provide for the set up of an election booth, similar to Election Day, where registered voters would be allowed to vote early.

[S 1108](#) - Amends the requirements for having an initiative or referendum placed on the ballot by requiring signatures of 6% of the registered voters in at least eighteen legislative districts, as well as 6% of the total registered voters of the state.



[S 1191](#) - This trailer bill to [S 1108](#) provides that rather than having a separate signature page for each legislative district, a page is required for each county. The county clerk will have the duty to determine and record the legislative district when signatures are verified.

## Energy

[H 48](#) - Provides that the director of the Department of Water Resources shall require sufficient security as a condition of every class II injection well permit, to provide for the amount of security, to provide that the security shall be conditioned upon certain performance and to authorize additional security requirements under certain circumstances.

[H 50](#) - Provides for the renewal of an expired hydropower water right while maintaining the director of the Department of Water Resource's authority to review the water right. This bill provides for an automatic renewal unless the director issues an order prior to the end of the term of the water right.

[H 216](#) - Exempts facilities used by a federal power-marketing agency to serve public utilities or consumer-owned utilities from lighting requirements for towers taller than 50 feet.

[S 1112](#) - Clarifies and combines two Idaho Code sections related to rate cases before the Public Utilities Commission by regulated public utilities. This reflects the current Public Utilities Commission practices.



**SCR 127** - Authorizes a two-year interim committee to monitor energy, environment and technology issues.

## General Government

**H 44** - Adds to and amends existing law relating to employment security law. The Federal Trade Adjustment Assistance Extension Act of 2011 requires states to amend their unemployment insurance law to impose a monetary penalty on benefit claimants whose fraudulent acts result in overpayments. This bill requires the first 15% of an assessed civil penalty be paid into the Employment Security Fund; prohibits employers from being relieved from charges to their unemployment insurance accounts when their actions lead to improper benefit payments; and amends the definition of "rehire" in the State Directory of New Hires.

**H 90aa** - Clarifies the transferability and nontransferability of certain liquor licenses.

**H 159** - Authorizes the issuance of a non-transferable retail liquor license for the retail sale of liquor by the drink to a federally recognized Indian tribe, which is an owner, operator or lessee of a food, conference and lodging facility located within the boundaries of the Indian tribe's reservation and containing a minimum of 35,000 square feet and 50 guest rooms.

**H 202** - Provides additional requirements relating to the public notice of proposed rule-making and provides additional requirements relating to a notice of adoption of a pending rule by the State Tax Commission to provide impacts of more than \$10,000 during the fiscal year the rule is to take effect.

**H 222** - Creates the Idaho Veterans Recognition Program to benefit Idaho veterans by establishing two new funds, the primary Veterans Recognition Fund and the secondary Veterans Recognition Income Fund. The intent of this bill is to fund the program with interest and earnings from the primary fund, which, subject to appropriation, are trans-

ferred to the secondary fund each year. A related trailer appropriation bill, **H 333**, transfers \$20,000,000 from funds maintained by the Division of Veterans Services into the primary fund.



**H 313** - Appropriates to the Permanent Building Fund in the amount of \$36,613,900. The Permanent Building Fund budget includes construction and maintenance costs for state buildings, including those at the universities and community colleges. The bill includes \$15,034,100 to fund statewide building alterations and repairs, ADA projects, asbestos abatement projects, and Capitol Mall parking projects. It also includes \$12,500,000 to be used for deferred maintenance projects at Boise State University, the University of Idaho, Idaho State University (each one receives \$3,750,000) and Lewis-Clark State College (will receive \$1,250,000). Five capital construction projects are funded as follows: \$1,500,000 for infrastructure at the Capitol Annex; \$1,957,300 to fund half of the Treasure Valley Anatomy Lab for Idaho State University; \$2,500,000 for phase one of the construction of the University of Idaho Integrated Research Innovation Center in Moscow; \$2,400,000 for phase one of a remodel of the Idaho State Historical Museum in downtown Boise; and \$722,500 to remodel the Rexburg Military Readiness Center.

[\*\*HCR 4\*\*](#) - Commending Kristin Armstrong for her accomplishments at the 2012 Summer Olympics in London, England, and for her superior attitude, work ethic, focus and exemplary conduct.

[\*\*HCR 5\*\*](#) - Commemorates the Idaho Territorial Sesquicentennial and provides that the Legislative Auditorium be named the Abraham Lincoln Auditorium.



[\*\*HR 2\*\*](#) - Amends House Rule 76 relating to the Committee on Ethics by establishing a new procedure for constituting a standing Ethics Committee, specifying categories and definitions of ethical misconduct, revising the procedure for filing a complaint and clarifying sanction options including reprimand, censure, or expulsion in specified circumstances.

[\*\*S 1127\*\*](#) - Clarifies requirements for conducting bingo games and raffles that are allowed for eligible nonprofit and charitable organizations. This bill clarifies statutory uncertainty for organizations conducting charitable gaming activities and reduces the workload of lottery staff, while maintaining the integrity of charitable gaming oversight.

[\*\*S 1134aa,aaH,aaH\*\*](#) - Establishes restrictions on the use of unmanned aircraft systems in terms of observation and surveillance and provides for a civil cause of action and damages in the event there is a violation of the act. The bill provides for some exceptions regarding the restrictions.

[\*\*S 1174\*\*](#) and [\*\*S 1197\*\*](#) - Appropriates \$34.2

million to the Department of Commerce for FY 2014, with \$3 million being transferred from the General Fund to the Business and Jobs Development Fund for future economic development projects. [\*\*S 1197\*\*](#) - Changes the name from the Business and Jobs Development Fund to the Idaho Opportunity Fund in accordance with [\*\*H 100\*\*](#).

[\*\*S 1175\*\*](#) - Appropriates \$41.5 million to the Idaho State Tax Commission for FY 2014 with \$5.2 million going towards the GenTax software upgrade. GenTax was first implemented in 2002, costing the state almost \$15 million. It was upgraded in 2006. This version will bring additional functionality for the commission and for taxpayers. It will allow taxpayers to access and update their own accounts through web-based functionality.

[\*\*S 1192aa\*\*](#) - Allows the Permanent Building Fund Advisory Council, if necessary, to exempt the Capitol Mall Parking Garage project from requirements of local planning and zoning laws.

[\*\*SCR 104\*\*](#) - Reaffirms the State of Idaho's commitment to the strong and deepening relationship between the State of Idaho and Taiwan and encourages ongoing participation in organizations that improve public safety, health and trade.

[\*\*SCR 118\*\*](#) - Rejects certain rules of the Department of Administration relating to Rules Governing Use of the Idaho State Capitol Exterior.

[\*\*SCR 119\*\*](#) - Rejects certain rules of the Department of Administration relating to Rules Governing Use of the Idaho State Capitol Exterior.

## **Health and Human Services**

[\*\*H 16\*\*](#) - Amends existing law to clarify that pharmacists and practitioners may share information.



**H 17** - Combines the Out-of-State Pharmacy Act and the Idaho Pharmacy Act and expands the practice of pharmacy into Idaho through the registration and regulation of additional out-of-state drug outlets and pharmacists.

**H 214** - Amends existing law to clarify laws relating to paternity, the putative father registry, termination of parental rights and adoption to strengthen adoption laws, thereby reducing the chances that an adoption will be overturned.

**H 239** - Amends existing law to define "compounding" as the act of incorporating two or more substances to create a finished drug product and to provide that the Board of Pharmacy shall be responsible for the compounding, dispensing and distribution of certain medications, drugs, devices and other materials within the practice of pharmacy.

**H 248** - Establishes a state-based, not-for-profit Health Insurance Exchange, establishes the Exchange Board, provides for powers and authority of the Exchange, provides for reporting, provides that the Exchange shall not preempt the duties of the Department of Insurance and provides for the preference for Idaho contractors in the Health Insurance Exchange.

**H 291** - Amends existing law to provide that a physician or a health care professional may place a temporary mental health hold on an adult or minor patient without a hearing if he is in imminent danger of causing harm to

himself or others.

**HCR 6** - Calls for health, law enforcement and regulatory organizations to increase awareness and prevent and treat prescription drug abuse for the people of Idaho and calling for the Office of Drug Policy to coordinate the development of a state response to the problem of prescription drug abuse.

**S 1010** - Amends existing law to revise provisions of behavioral health services for Medicaid participants to allow for a managed care delivery system.



**S 1072aa,aaH** - Creates the Organ Donation Contribution Fund to assist in maintaining and operating a statewide organ donation registry and provide organ donor awareness education, identifies the recipient of moneys from the fund and authorizes voluntary contributions to the fund by persons applying for or renewing a driver's license or motor vehicle registration.

**S 1100** - Adds to existing law to provide that a health care sharing ministry shall not be considered to be engaging in the business of insurance for the purposes of the State Insurance Code.

**S 1106aa** - Adds to existing law to provide for deposits by employers into health savings accounts for state employees who choose a high deductible health plan.



**S 1136** - Amends existing law to revise a listing of synthetic drugs to include synthetic marijuana or "spice."

## **Natural Resources**

**H 93** - Allows rangeland owners wishing to establish non-profit rangeland fire protection associations to petition the director of the Department of Lands to act as an association to enter into agreements for the detection, prevention and suppression of forest and range fires.



**H 128** - Provides that liens for delinquent canal company assessments may not bind any land for a period of time longer than three years after the filing unless proceedings are commenced in a court within that time to enforce the lien. The change makes these lien limitations consistent with existing lien limitations for irrigation districts.

**H 131** - Provides for extensions of time in which a water permit holder is to complete development work and apply water to full beneficial use where the permit holder is delayed due to permitting or administrative action or process of the state, county, city or other local government entity relating to the permit holder's land or development efforts.

**H 132** - Provides that if a forest or range fire is caused by a negligent or unintentional act, damages to real and personal property shall be limited to reasonable costs for controlling or extinguishing the fire, economic damages, and costs associated with restoring either fair market value or the actual and

tangible costs of bringing the property back to its pre-injured state.

**H 271** - Requires the Department of Environmental Quality to consult with the basin advisory group and the watershed advisory group for a water body when designating, revising or assessing the status of beneficial uses for the water body.

**HCR 21** - Authorizes the Legislative Council to appoint a study committee to ascertain the process for the State of Idaho to acquire title to and control of public lands controlled by the federal government in the State of Idaho.

**HCR 22** - Demands that the federal government imminently transfer title to all of the public lands within Idaho's borders directly to the State of Idaho.

**HCR 31** - Authorizes the Legislative Council to appoint an interim committee to study natural resource issues of importance to the State of Idaho.



**S 1003aa** - Consolidates licenses available to young hunters and provides that a trapping license shall entitle the purchaser to trap wolves.

**S 1004** - Provides for three-year combination, fishing and hunting licenses for both residents and nonresidents.

**S 1061** - Asserts primacy over the management of the state's fish and wildlife and

provides that the introduction or reintroduction of any federally listed species onto lands within the state or into state waters without state consultation and approval is against the policy of the State of Idaho.

## **Taxation**

**H 1** - This bill is the annual tax conformity bill, which makes provisions in state tax law confirm with the Internal Revenue Code in an effort to simplify the tax structure. Conformity with current law creates an impact of unrealized tax liability in FY 2013 of \$6,000,000 and a \$3,000,000 impact in FY 2014 and beyond. Among the items to which this bill addresses are depreciation schedules for the sale or exchange of property, corporations, S corporations, partnerships, fiduciaries, resident individuals, and nonresidents and part-year residents.

**H 3** – Provides that the State Tax commission can release certain tax information in cases of identity theft.

**H 12aaS** -Amends existing law to provide a sales tax exemption for food purchases with benefits provided under the federal Supplemental Nutrition Assistance Program and to clarify that for members of the military and accompanying spouses no use tax shall apply to certain articles acquired prior to a certain time.

**H 15** – Defines the term “primary” or “primarily” with respect to the use of tangible personal property for sales and use tax purposes.

**H 72** – Provides tax credit for donations to dedicated accounts within the Idaho Community Foundation Inc. that exclusively support charitable purposes otherwise qualifying for the tax credit.

**H 140** – Amends existing law to provide that property on a reservation belonging to a federally recognized Indian tribe is exempt from property taxation.

**H 141** – Provides that wells drilled for the production of oil, gas or hydrocarbon condensate are exempt from property taxation.

**H 184** – Revises a time period relating to a net operating loss carryback, removes language relating to net operating loss subtracted from income, establishes provisions relating to a net operating loss for any taxable year commencing on or after January 1, 2013, establishes provisions relating to the subtraction of a portion of a net operating loss, defines a term, and revises provisions relating to a claim for credit or refund.

**H 243** – Amends existing law to provide that application software accessed over the Internet or through wireless media is not taxable under the state sales and use tax. The Idaho State Tax Commission lately ruled that these applications were not subject to the sales or use tax, but required clarification by the Legislature.

**H 315** – Provides an exemption for the first \$100,000 valuation of personal property tax. The sales tax distribution formula will replace that valuation to the local taxing districts. The total impact to the General Fund is determined to be \$20,000,000 ongoing, but that replacement is capped in 2013 valuations so there will be no growth in the replacement amount. Additionally, the bill provides for an exemption of personal property defined as operating, and defines a de minimis amount of \$3,000, that will be exempted from placement on the property tax rolls.

**S 1145** – Extends the sunset of current law that reduces the tax on worker's compensation premiums from 2.5% to 2% through December 31, 2015. The Industrial Commission collects a tax each year from insurance companies and self-insured employers of the net premiums collected on all worker's compensation insurance policies. The goal of this legislation is to reduce the fund balance in the Industrial Administration Fund.

## Transportation

**S 1006aa** – Provides that abandonment of highways by the Transportation Board shall proceed pursuant to law, to remove language relating to certain powers and duties of the board as they relate to a board decision to abandon, relocate or replace certain highways and to provide that prior to consenting to an abandonment or assumption of the applicable highway, the local highway jurisdiction may conduct a public hearing and provide notice.

**S 1064** – Amends and repeals existing law to make permanent a pilot project for oversize truck loads up to 129,000 pounds.

**S 1117 and H 322 (trailer bill)** – Provides for special permits for newly designated special routes for oversize truck loads up to 129,000 pounds, provides that designation of highways for special routes by the authority having jurisdiction is discretionary, and that the authority may place limitations on a route or withdraw designation and provides for notice and a hearing before designating a route.

**S 1179** – Authorizes the Idaho Transportation Board to enter into agreements with officials from surrounding states to allow the Idaho Transportation Department and those state motor vehicle departments to collect fees and to issue driver's licenses, identification cards, vehicle registrations and titles to tribal members in the same manner as would occur in the individual's home state.



# **Interim Committees**

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Those larger issues that could not be addressed in an 88-day session, and would require more study, prompted a busy interim committee schedule for legislators and staff for the 2013 interim. In addition to three ongoing study committees on energy, health care and wind energy, there are four new study committees to look at federal land transfers, the state's public defender system, our K-12 public education system, and a comprehensive look at our criminal justice system, the latter a joint effort with the Council of State Governments.

## **New Committees:**

**HCR 21**: Studying the process of how Idaho can acquire title to and take over management of state public lands currently managed by the federal government.

**HCR 26**: Studying how to reform the state's public defender system, including the creation, funding and implementation of a public defense commission and requirements for county office operations and a statewide association.

**HCR 31**: Studying natural resource issues.

**HCR 33**: Studying how to improve and strengthen Idaho's K-12 public school system.

**SCR 127**: Monitoring energy, environment and technology issues.

**SCR 128**: Launching a complete study of the Idaho criminal justice system.

## **Ongoing Committees:**

**Health Care Task Force**: Initially created in 1999 by the Pro Tem and Speaker to address unprecedented increases in health insurance premiums, this committee now studies a wide range of health care issues impacting the state of Idaho.

**Wind Energy Task Force**: Charged with studying the effects of wind energy, including issues related to the effect that wind development is having on power rates, the ability of Idaho's utilities to integrate the more intermittent aspects of wind power into their systems, the effect wind turbines have on wildlife and species that could be listed as endangered, the effect that wind turbines have on private property values and uses, the range of tax issues regarding wind power development and any other issues found to be pertinent.

## **Legislation Vetoed by the Governor**

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[H 278](#) - FISH AND GAME – Amends existing law relating to fish and game to provide that certain moneys shall be earmarked for sportsmen access programs; and to revise provisions relating to the transfer and use of certain moneys from the Expendable Big Game Depredation Fund.

[S 1080aaH](#) - COUNTY OFFICERS - Amends and adds to existing law relating to county officers to revise provisions relating to an action against county officials, county commissioners or auditors; to provide for duties of the Attorney General relating to preliminary investigations and actions against county elected officers; to provide a certain exception relating to the primary responsibility for enforcing penal laws; and to provide that the Attorney General shall have the duty to enforce a certain act with respect to certain violations committed by members of a Board of County Commissioners.

# Budget Summary

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## GENERAL FUND BUDGET UPDATE FISCAL YEAR 2013

	<b><u>Gov's Revised Recommendation</u></b>	<b><u>Legislative Action</u></b>
<b><u>REVENUES</u></b>		
1. Beginning Cash Balance	\$ 99,604,800	\$ 99,604,800
2. FY 2012 Cash Transfers from H&W/SILC/Judicial	1,816,100	1,816,100
3. Reappropriation Health & Welfare (Medicaid)	37,632,000	37,632,000
4. Adjusted Beginning Balance	139,052,900	139,052,900
5. DFM Revised Rev Est (2.7% increase from FY 2012 Actual)	2,657,974,000	2,657,974,000
6. H1 Tax Conformity for Capital Depreciation	(6,000,000)	(6,000,000)
7. TOTAL REVENUES	2,651,974,000	2,651,974,000
8. TOTAL REVENUES & BEGINNING BALANCE	2,791,026,900	2,791,026,900
<b><u>TRANSFERS</u></b>		
9. 2012 Legislative Session Transfers	(700,000)	(700,000)
10. Out to Budget Stabilization Fund \$57-814, Idaho Code	(25,877,100)	(25,877,100)
11. H115 Out for Deficiency Warrants	(6,390,700)	(6,390,700)
12. S1196 In from Consumer Protection Fund - Attorney Gen	0	2,014,900
13. NET TRANSFERS IN (OUT)	(32,967,800)	(30,952,900)
14. NET REVENUES AND TRANSFERS	2,758,059,100	2,760,074,000
<b><u>APPROPRIATIONS</u></b>		
15. FY 2013 Original Appropriations	2,702,105,700	2,702,105,700
16. Reappropriations	37,632,200	200
17. Supplementals	12,860,300	50,492,300
18. Rescissions	(52,277,100)	(52,477,100)
19. TOTAL LEGISLATIVE APPROPRIATIONS	2,700,321,100	2,700,121,100
20. TOTAL ESTIMATED ENDING BALANCE	\$ 57,738,000	\$ 59,952,900

**GENERAL FUND BUDGET UPDATE  
FISCAL YEAR 2014**

		<b><u>Gov's Revised Recommendation</u></b>	<b><u>Legislative Action</u></b>
<b><u>REVENUES</u></b>			
1.	Estimated Beginning Cash Balance	\$ 57,738,000	\$ 59,952,900
2.	DFM Orig Rev Est (5.3% increase from FY 2013 Forecast)	2,799,105,000	2,799,105,000
3.	H315 Personal Property Tax Relief	(20,000,000)	(20,000,000)
4.	H1 Tax Conformity for Capital Depreciation	(3,000,000)	(3,000,000)
5.	H2 Adjustments to Taxable Income	0	(250,000)
6.	H88 Hire One More Employee Act	(10,400,000)	0
7.	H139 Partnership Income and Retirement	0	(440,000)
8.	H187 Exempt Use Tax on Wine/Beer Tastings	0	(8,900)
9.	H222 Interest Earnings to Veterans Recognition Fund	0	(125,000)
10.	H262 SWCAP / Gen Fund Recovery of AG Fees	0	652,800
11.	S1200 Bond Levy Equalization Cig Taxes - Public Schools	0	(881,400)
12.	TOTAL REVENUES	2,765,705,000	2,775,052,500
13.	TOTAL REVENUES & BEGINNING BALANCES	2,823,443,000	2,835,005,400
<b><u>TRANSFERS</u></b>			
14.	Out to Budget Stabilization Fund	(35,000,000)	0
15.	S1174 Out to Idaho Opportunity Fund - Dept. of Commerce	(3,000,000)	(3,000,000)
16.	NET TRANSFERS IN (OUT)	(38,000,000)	(3,000,000)
<b><u>APPROPRIATIONS</u></b>			
17.	FY 2014 Original Appropriations	\$2,783,010,200	\$2,781,023,800
18.	TOTAL ESTIMATED ENDING BALANCE	\$2,432,800	\$50,981,600



## General Fund Revenue Collections and Estimates

The Economic Outlook and Revenue Assessment Committee (EORAC), appointed by leadership and made up of nine members from the Senate and nine members from the House, approved a revenue projection for the current Fiscal Year 2013 which reflected a growth rate of 2.7% over FY 2012 actual collections. This was the same percentage increase recommended by the Division of Financial Management in their January revised forecast.

The Fiscal Year 2014 revenue projection approved by EORAC also reflected DFM's recommendation, and reflects a 5.3% growth rate over the projected FY 2013 revenue projection. Those projections are summarized below along with the changes in law enacted by the legislature that impacted these revenues by source.

The Joint Finance-Appropriation Committee used a 3% growth rate as their budget target for FY 2014, which is the same as the Governor's expenditure growth rate in his budget recommendation.

REVENUE SOURCE	FY 2012 Actual Collections	Revenue Estimates			
		FY 2013		FY 2014	
		January Forecast	With Law Changes	January Forecast	With Law Changes
Individual Income	\$1,206,406,502	\$1,243,450,000	\$1,237,450,000	\$1,313,406,000	\$1,309,716,000
Tax Corporate Income Tax	187,014,165	183,804,000	183,804,000	194,057,000	194,057,000
Sales Tax	1,027,344,323	1,082,530,000	1,082,530,000	1,151,565,000	1,131,565,000
Product Taxes					
Cigarette Tax	11,606,159	13,077,000	13,077,000	4,577,000	3,695,600
Tobacco Tax	8,925,455	9,140,000	9,140,000	9,243,000	9,243,000
Beer Tax	1,944,126	1,904,000	1,904,000	1,946,000	1,937,100
Wine Tax	3,454,070	3,714,000	3,714,000	3,828,000	3,828,000
Liquor Transfer	17,248,000	20,925,000	20,925,000	21,759,000	21,759,000
Total Product	43,177,810	48,760,000	48,760,000	41,353,000	40,462,700
Taxes Miscellaneous Revenue					
Kilowatt Hour Tax	2,981,630	2,800,000	2,800,000	2,600,000	2,600,000
Mine License Tax	2,024,672	2,000,000	2,000,000	2,200,000	2,200,000
State Treasurer	(604,324)	(482,000)	(482,000)	778,000	653,000
Judicial Branch	4,849,395	4,726,000	4,726,000	4,813,000	4,813,000
Insurance Premium Tax	56,579,661	52,860,000	52,860,000	53,140,000	53,140,000
State Police	1,557,070	0	0	0	0
Secretary of State	2,427,979	2,400,000	2,400,000	2,440,000	2,440,000
Unclaimed Property	8,887,995	5,000,000	5,000,000	5,500,000	5,500,000
Estate Tax	(21,984)	0	0	0	0
Other/Dept. Transfers	45,088,374	30,126,000	30,126,000	27,253,000	27,905,800
Total Miscellaneous Revenue	123,770,468	99,430,000	99,430,000	98,724,000	99,251,800
<b>TOTAL REVENUES*</b>	<b>\$2,587,713,268</b>	<b>\$2,657,974,000</b>	<b>\$2,651,974,000</b>	<b>\$2,799,105,000</b>	<b>\$2,775,052,500</b>
<i>% Change from prior year</i>	<i>5.9%</i>	<i>2.7%</i>	<i>2.5%</i>	<i>5.3%</i>	<i>4.4%</i>
With Beginning Balances	69,942,500	139,052,900	139,052,900	57,738,000	59,952,900
Adjustments/Proposals		0	0	0	0
c/Economic Outlook Com.		0	0	0	0
<b>REVENUES &amp; BALANCES</b>	<b>\$2,657,655,768</b>	<b>\$2,797,026,900</b>	<b>\$2,791,026,900</b>	<b>\$2,856,843,000</b>	<b>\$2,835,005,400</b>



## **FY 2013 General Fund Revenues**

The Division of Financial Management's (DFM) August 2012 revised forecast for FY 2013 General Fund revenue was 3.2% over the FY 2012 actual collections. In January 2013, DFM revised this forecast downward to 2.7%.

However, the original Economic Outlook and Revenue Assessment Committee's (EORAC) forecast for FY 2013 was less, and because the Legislature budgeted to this lower number, compared to the latest DFM revenue forecast, there is \$23.9 million more available than what the Legislature budgeted to originally for FY 2013.

The Legislature relied upon a beginning balance of \$99.6 million accumulated from previous years and \$39.1 million at the beginning of FY 2013 from reverted appropriations and the reappropriation in Health and Welfare to build an estimated ending balance of \$59,952,900. These funds were available for FY 2014 budget setting. The General Fund revenue was also reduced by \$6 million in the current year by H1 for federal tax conformity with capital depreciation.

## **FY 2013 Deficiency Warrants, Supplementals, and Rescissions**

The Legislature did appropriate an additional \$6.4 million for deficiency warrants, of which \$6,013,200 was for fire suppression on public lands, \$40,600 for exotic pest monitoring; \$308,800 for potato cyst nematode monitoring and control, and \$28,100 for hazardous materials cleanup around the state. There was also an early transfer of \$2,014,900 from the Consumer Protection Fund to the General Fund to support the Internet Crimes against Children Unit ([S 1079](#)) in the Office of the Attorney General for FY 2014.

State agencies returned approximately \$2 million more back to the General Fund through rescissions than they received in supplemental appropriations. Including the amount that Health and Welfare carried over from FY 2012, the agency returned \$8,645,100 in excess Medical Assistance Services (Medicaid) appropriations, while at the same time receiving an additional \$3,660,000 million for residential habilitation agencies, \$475,200 for rate increases for in-home attendant care, homemaker, and companion care service providers, and \$441,400 for vaccines for TRICARE recipients in Public Health Services. The Catastrophic Health Care Program also returned \$6 million and the Division of Vocational Rehabilitation for Renal Services returned \$200,000 to the General Fund through a rescission.

The Department of Correction received \$6,502,800 to cover the cost of housing inmates in county jails, or in out-of-state prison facilities for 275 more inmates than anticipated. In addition, a total of \$1,361,500 was provided to help resolve issues relating to the 31-year-old *Walter D. Balla v. State Board of Correction* lawsuit over conditions at the Idaho State Correctional Institution (ISCI). As a result of mediation with the federal courts, the department agreed to staffing, structural and procedural changes at the facility, contingent upon legislative appropriations. The agreement requires monitoring for two years and supplemental appropriations related to this lawsuit are as follows:

- \$378,000 at ISCI to add seven correctional officers to manage an expanded prescription distribution process and to manage medical transports offsite, and another five positions to address other inmate medical and mental health needs.
- \$205,800 to expand the existing medical building at ISCI by 773 square feet of space for a new pharmacy medication distribution area.
- \$593,100 to expand the medical services contract to enhance services for pharmacy, emergency response, long-term care and provider competency.

- \$184,600 to cover court costs and legal fees.

Other General Fund supplementals enacted for Corrections included \$29,300 to cover legal fees associated with a lawsuit filed by news organizations seeking full witness access to view executions from start to finish, and \$87,000 to hire five correctional officers to re-open G Block and double bunk both G and E Blocks at the Idaho Maximum Security Institution. Re-opening and double bunking these units provided the department with 60 additional beds and thus reduced the need for sending offenders out-of-state.

The State Appellate Public Defender received \$100,000 to litigate capital cases, and to resolve a potential conflict of interest by hiring outside counsel, and the State Tax Commission received \$200,000 to reduce the number of unfunded vacant positions in the agency and to hire temporary staff for the tax season.

### **Budget Stabilization Fund**

In accordance with [H 345](#), any increase in revenues in excess of \$20,000,000 over the forecasted amount of 2.7% in the current year will be deposited into the Budget Stabilization Fund at the end of June 2013. This will be in addition to the \$25,877,100 that is being deposited throughout FY 2013. For example, the General Fund surplus as of the end of March is \$22,600,000 and if it holds until the end of the year, will trigger an extra deposit of \$2,600,000 into the Budget Stabilization Fund at the end of FY 2013.

## General Fund Revenues - FY 2014

The Governor used the DFM revenue estimate of 5.3% growth over the FY 2013 estimate to develop his FY 2014 Executive Budget and the Economic Outlook and Revenue Assessment Committee recommended that the Legislature accept the Governor's projection for FY 2014.

The Joint Finance-Appropriations Committee used a 3% growth rate as their budget target for FY 2014, which is the same as the Governor's expenditure growth rate in his budget recommendation. The Legislature has also budgeted just under \$60 million in General Fund carryover from FY 2013 to meet FY 2014 commitments.

The Legislature passed six pieces of legislation that in total reduced the ongoing General Fund revenue stream by \$23.8 million. The single most significant was [H 315](#) that reduced personal property taxes and shifted the responsibility to the General Fund to keep counties and local taxing districts whole with an annual cost of \$20 million.

One appropriation bill, [H 262](#), increased revenues by sweeping Attorney General fees into the General Fund through the statewide cost allocation process instead of allowing agencies to directly pay for services. In addition, [S 1200](#), the appropriation for Public Schools included \$3.6 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. Since only \$3.6 million was necessary for this program in FY 2014, rather than \$4.5 million included in the executive revenue estimate, revenue was adjusted down by \$881,400. The Legislature also appropriated \$3 million from the General Fund and transferred it into the newly created Idaho Opportunity Fund (S1174) in the Department of Commerce. With these changes, the estimated effective revenue growth has been reduced down to 4.4% from 5.3%, for a \$117.1 million increase as compared to FY 2013.

In the end, the Legislature appropriated \$2,781,023,800 from the General Fund for FY 2014, and was just below its 3% budget target at 2.9%. Using DFM's revenue forecast of 5.3% leaves an estimated ending balance of \$51 million at the end of FY 2014.

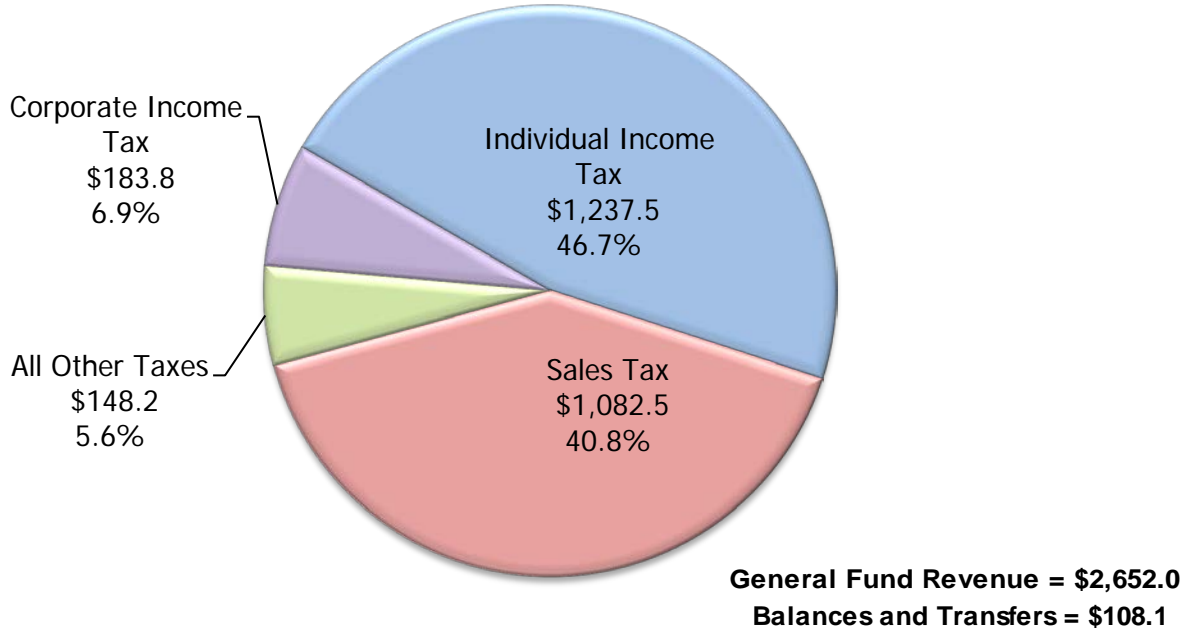
**General Fund Comparison**  
**Original Appropriation to Governor's Recommendation & JFAC Action**

Department/Agency	FY 2013 Orig Approp	FY 2014 Revised Gov's Rec	Change from 2013 Orig	FY 2014 JFAC Action	Dollar Difference from Gov	Dollar Difference from FY 2013	Change from 2013 Orig
<b>Education</b>							
Public School Support	1,279,818,600	1,305,468,600	2.0%	1,308,365,400	2,896,800	28,546,800	2.2%
Ag Research & Extension Service	23,604,100	24,422,700	3.5%	24,422,700	0	818,600	3.5%
College and Universities	227,950,500	239,239,400	5.0%	236,543,600	(2,695,800)	8,593,100	3.8%
Community Colleges	27,749,900	30,216,700	8.9%	30,226,600	9,900	2,476,700	8.9%
Education, Office of the State Board of	2,160,500	2,411,400	11.6%	2,411,500	100	251,000	11.6%
Health Education Programs	10,119,300	10,480,400	3.6%	10,558,800	78,400	439,500	4.3%
Professional Technical Education	48,259,600	48,962,900	1.5%	48,957,400	(5,500)	697,800	1.4%
Public Television, Idaho	1,587,000	1,627,900	2.6%	1,826,800	198,900	239,800	15.1%
Special Programs	8,712,500	8,804,900	1.1%	8,965,500	160,600	253,000	2.9%
Superintendent of Public Instruction	8,270,600	8,292,100	0.3%	8,290,000	(2,100)	19,400	0.2%
Vocational Rehabilitation	7,503,000	7,134,900	(4.9%)	7,304,000	169,100	(199,000)	(2.7%)
<b>Health &amp; Human Services</b>							
Catastrophic Health Care Program	36,532,800	38,462,900	5.3%	34,830,100	(3,632,800)	(1,702,700)	(4.7%)
Health & Welfare, Department of	135,987,700	140,710,900	3.5%	139,365,600	(1,345,300)	3,377,900	2.5%
Medical Assistance Services	474,177,200	476,709,500	0.5%	477,469,200	759,700	3,292,000	0.7%
Public Health Districts	8,136,100	8,236,500	1.2%	8,232,500	(4,000)	96,400	1.2%
Independent Living Council, State	97,700	98,000	0.3%	98,000	0	300	0.3%
<b>Public Safety</b>							
Correction, Department of	168,777,700	180,992,000	7.2%	180,828,400	(163,600)	12,050,700	7.1%
Judicial Branch	30,329,400	31,819,900	4.9%	31,320,300	(499,600)	990,900	3.3%
Juvenile Corrections, Department of	36,717,500	37,462,900	2.0%	37,452,900	(10,000)	735,400	2.0%
Police, Idaho State	17,616,600	22,520,700	27.8%	22,491,300	(29,400)	4,874,700	27.7%
<b>Natural Resources</b>							
Environmental Quality, Department of	14,276,200	14,849,100	4.0%	14,839,100	(10,000)	562,900	3.9%
Lands, Department of	4,258,000	5,300,600	24.5%	5,174,300	(126,300)	916,300	21.5%
Parks & Recreation, Department of	1,322,600	1,348,000	1.9%	1,332,000	(16,000)	9,400	0.7%
Water Resources, Department of	11,101,500	11,231,400	1.2%	11,195,000	(36,400)	93,500	0.8%
<b>Economic Development</b>							
Agriculture, Department of	9,816,500	9,884,000	0.7%	9,925,000	41,000	108,500	1.1%
Commerce, Department of	5,753,300	5,789,100	0.6%	5,788,700	(400)	35,400	0.6%
Labor, Department of	436,000	302,400	(30.6%)	302,300	(100)	(133,700)	(30.7%)
Self-Governing Agencies							
Hispanic Affairs, Commission	94,700	96,600	2.0%	96,600	0	1,900	2.0%
Historical Society	2,325,100	2,350,600	1.1%	2,342,200	(8,400)	17,100	0.7%
Libraries, State Commission for	3,135,500	3,182,500	1.5%	3,179,200	(3,300)	43,700	1.4%
State Appellate Public Defender	2,053,300	2,074,000	1.0%	2,073,600	(400)	20,300	1.0%
Veterans Services, Division of	1,067,400	971,500	(9.0%)	971,500	0	(95,900)	(9.0%)
<b>General Government</b>							
Administration, Department of	8,907,500	11,907,100	33.7%	11,907,000	(100)	2,999,500	33.7%
Attorney General	16,514,900	16,786,300	1.6%	19,416,400	2,630,100	2,901,500	17.6%
Controller, State	6,236,800	7,298,500	17.0%	7,297,800	(700)	1,061,000	17.0%
Office of the Governor							
Aging, Commission on	4,463,200	4,466,200	0.1%	4,466,100	(100)	2,900	0.1%
Arts, Commission on the	686,800	691,400	0.7%	690,500	(900)	3,700	0.5%
Blind, Commission for the	1,274,200	1,282,800	0.7%	1,282,800	0	8,600	0.7%
Drug Policy, Office of	1,072,900	288,200	(73.1%)	288,100	(100)	(784,800)	(73.1%)
Financial Management, Division of	1,537,900	1,593,400	3.6%	1,593,000	(400)	55,100	3.6%
Governor, Executive Office of the	1,910,200	1,931,900	1.1%	1,931,400	(500)	21,200	1.1%
Military Division	4,892,000	5,247,700	7.3%	5,238,100	(9,600)	346,100	7.1%
Species Conservation, Office of	473,200	478,700	1.2%	478,300	(400)	5,100	1.1%
Legislative Transfer	5,846,000	6,149,000	5.2%	6,149,000	0	303,000	5.2%
LSO, OPE, Redistricting	5,036,000	5,196,000	3.2%	5,125,200	(70,800)	89,200	1.8%
Lieutenant Governor	142,800	147,700	3.4%	147,600	(100)	4,800	3.4%
Board of Tax Appeals	477,900	504,900	5.6%	504,800	(100)	26,900	5.6%
State Tax Commission	29,235,100	34,199,800	17.0%	33,980,700	(219,100)	4,745,600	16.2%
Secretary of State	2,308,300	2,029,900	(12.1%)	1,991,400	(38,500)	(316,900)	(13.7%)
Treasurer, State	1,341,600	1,355,700	1.1%	1,355,500	(200)	13,900	1.0%
<b>STATEWIDE TOTAL</b>	<b>2,702,105,700</b>	<b>2,783,010,200</b>	<b>3.0%</b>	<b>2,781,023,800</b>	<b>(1,986,400)</b>	<b>78,918,100</b>	<b>2.9%</b>

## FY 2013 General Fund Revenue & Appropriations

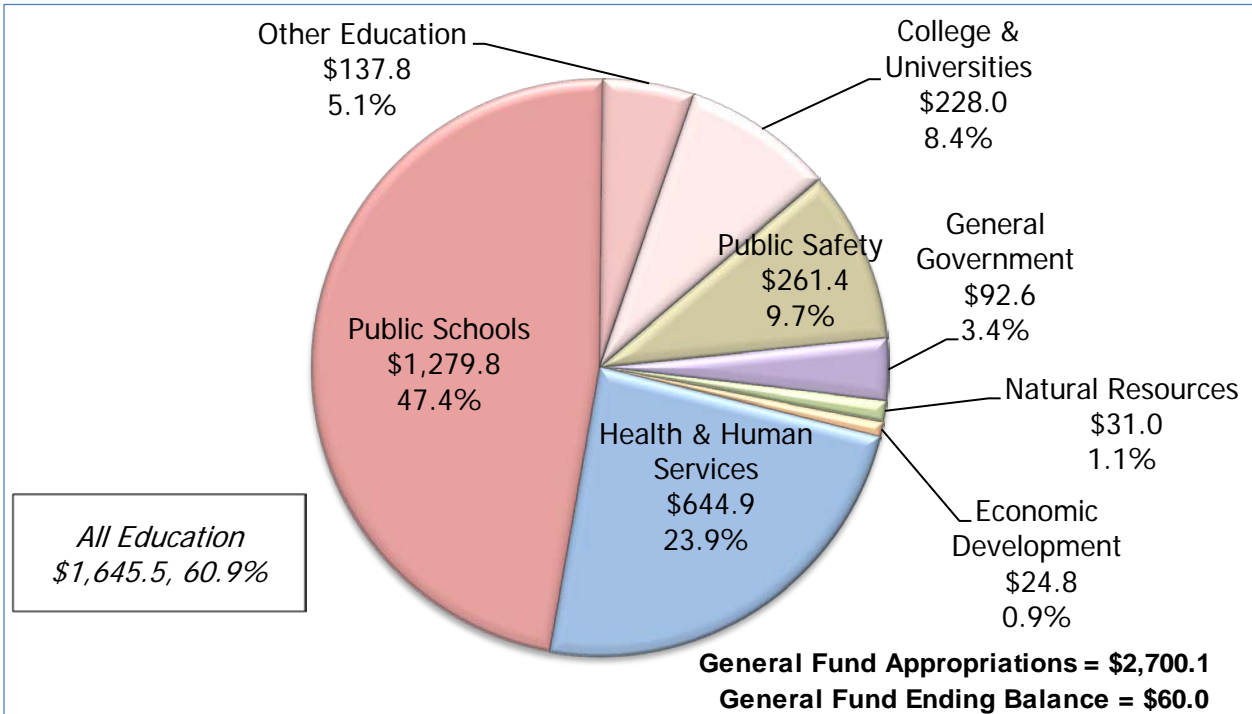
### "Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



### "Where the money goes . . ."

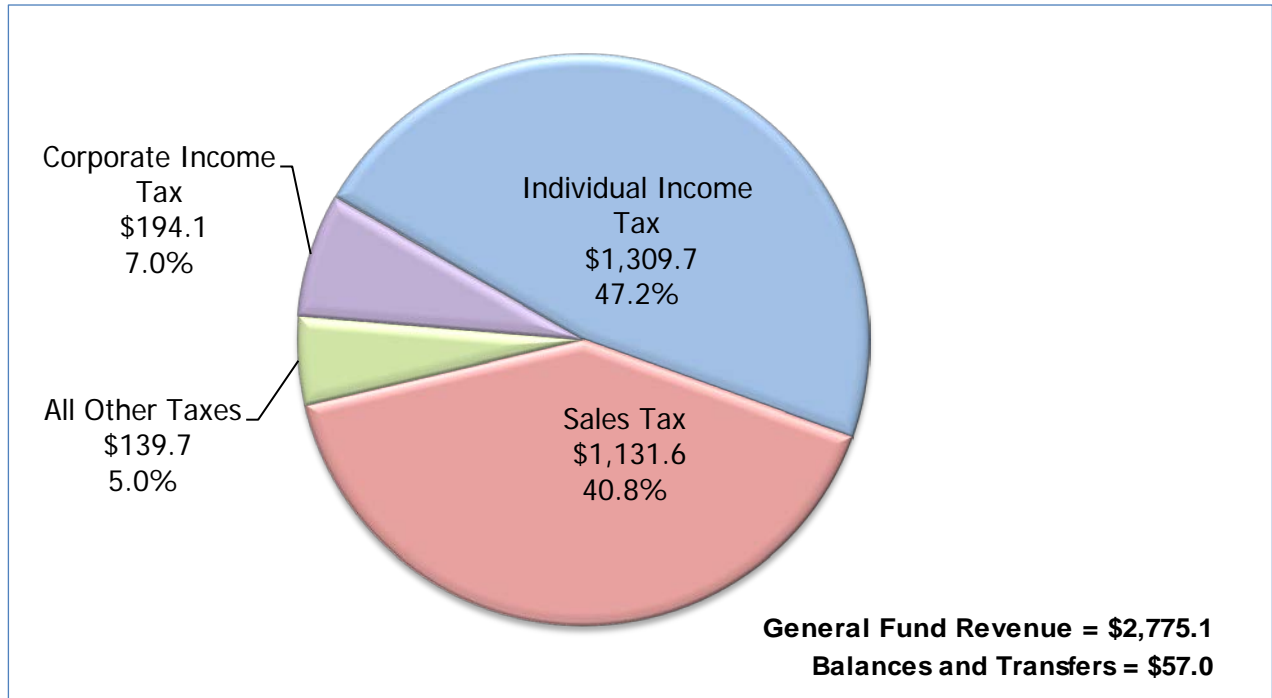
Dollars In Millions (Percent of Appropriations)



## FY 2014 General Fund Revenue & Appropriations

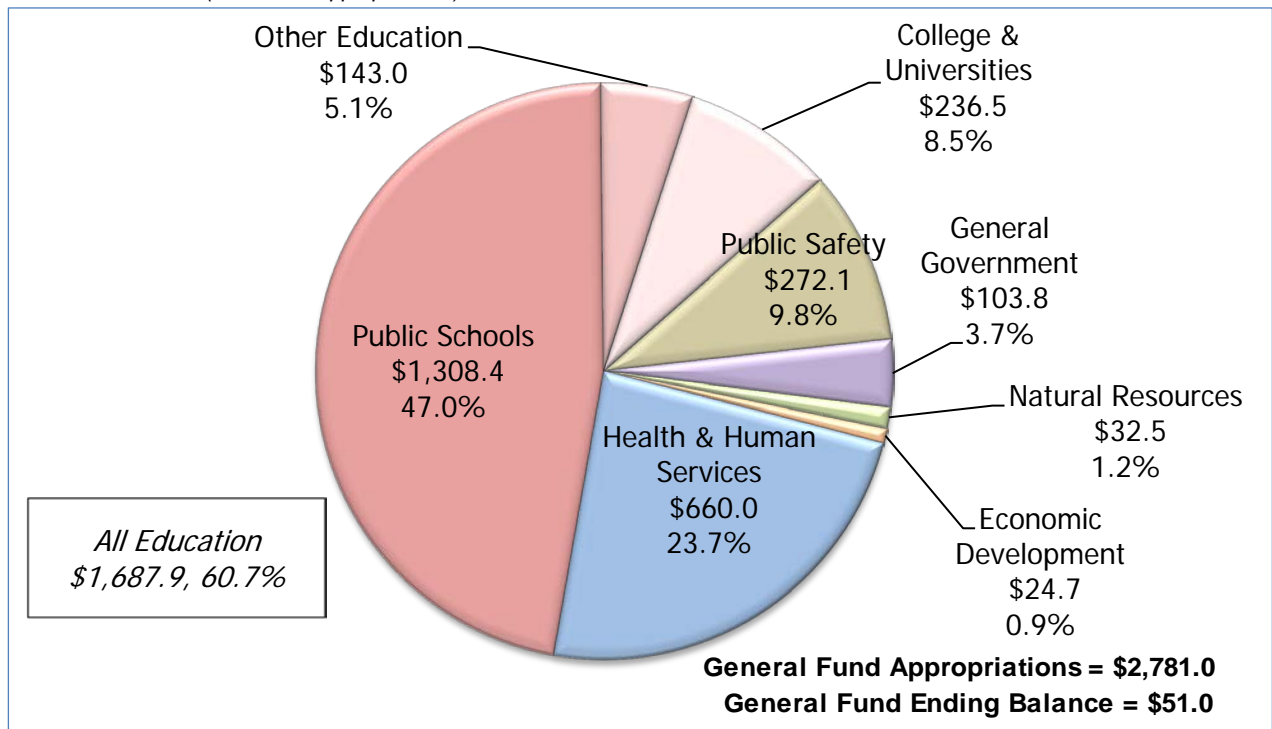
### "Where the money comes from . . ."

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	Public Ed	Economic	Idaho	Higher Ed		
	Stabiliza- tion	Stabiliza- tion	Recov- ery	Millen- nium	Stabiliza- tion	Emer- gency	
	Fund	Fund	Reserve	Fund	Fund	Funds*	TOTAL
Balance June 30, 2003	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	(\$ 0.218)	(\$ 0.218)
Balance June 30, 2004	\$ 0.000	\$ 7.135	\$ 0.000	\$ 22.872	\$ 0.000	\$ 0.154	\$ 30.161
Balance June 30, 2005	\$ 15.971	\$ 12.135	\$ 22.044	\$ 44.677	\$ 0.000	\$ 0.132	\$ 94.960
Balance June 30, 2006	\$ 108.648	\$ 7.771	\$ 24.632	\$ 67.436	\$ 0.000	\$ 0.281	\$ 208.768
Balance June 30, 2007	\$ 121.566	\$ 109.030	\$ 2.657	\$ 64.079	\$ 0.000	\$ 0.875	\$ 298.207
Balance June 30, 2008	\$ 140.625	\$ 112.046	\$ 66.133	\$ 70.207	\$ 0.000	\$ 3.337	\$ 392.349
Balance June 30, 2009	\$ 128.225	\$ 17.979	\$ 68.101	\$ 74.206	\$ 0.000	\$ 0.720	\$ 289.231
Balance June 30, 2010	\$ 30.820	\$ 23.174	\$ 48.847	\$ 76.967	\$ 0.000	\$ 0.792	\$ 180.600
Balance June 30, 2011	\$ 0.100	\$ 11.154	\$ 0.054	\$ 74.589	\$ 0.000	\$ 3.339	\$ 89.235
FY 2012							
K-12 After Year-End Adjustment		4.229					4.229
Interest Earnings		0.132	0.002	0.174	0.367		0.675
Tobacco Settlement and Re- ceipts				4.984		3.123	8.107
Disbursements/Expenditures				(3.628)		(4.229)	(7.856)
H329 Catastrophic Health Care				(3.000)			(3.000)
H341 Health & Welfare FMAP Shift**				(37.888)			(37.888)
S1201 Transfers to General Fund				(21.959)			(21.959)
S1408 of 2012 Transfer & Ap- prop				(0.241)			(0.241)
Transfers from GF §57-814a HCR7							0.000
H702 of 2012 Transfers from GF	23.641	21.453				2.000	47.094
Secretary of State Reverted Ap- prop	0.128						0.128
Transfer from Mille. Income Fund				1.125			1.125
Balance June 30, 2012	\$ 23.869	\$ 36.968	\$ 0.056	\$ 14.156	\$ 0.367	\$ 4.233	\$ 79.649
FY 2013							
K-12 After Year-End Adjustment		11.905					11.905
Forecast Interest Earnings @ 1%		0.370	0.001	0.107	0.004		0.481
Estimated Transfers In				5.000	0.572	1.412	6.983
Estimated Disbursements				(3.701)		(2.947)	(6.648)
Transfers from GF §57-814a	25.877						25.877
Reverted Appropria- tions/Adjustments							0.000
Estimate June 30, 2013	\$ 49.746	\$ 49.242	\$ 0.056	\$ 15.563	\$ 0.943	\$ 2.697	\$ 118.247

\* Emergency Funds include: 1) Governor's Emergency, Section 57-1601, Idaho Code; and 2) Disaster Emergency, Section 46-1005A, Idaho Code including Federal Emergency Management Act moneys as of March 2013.

\*\* Section 6 of H341 of 2011 authorized the State Controller 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 of Health and Welfare certified to the Division of Financial Management that the shortfall was \$37,888,100. The resulting difference of \$4,429,600 was retained in the Millennium Fund.

# Budget Highlights

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## Education

### Public Schools

[H 65](#) reinstated several provisions of Idaho Code that were repealed by the failure of Proposition 3 in November of 2012. This bill provided the authority for school districts and charter schools to spend \$30.6 million that would have otherwise gone unspent and been transferred into the Public Education Stabilization Fund at the end of FY 2013. For example, this bill restored the 9.5% staffing "use it or lose it" flexibility and the 15% virtual education flexibility, provided funding to unfreeze the education credits on the salary grid, maintained a 1.67% reduction in salary-based apportionment, restored the authority to spend moneys for additional math and science teachers, provided funding for classroom technology and for wireless technology infrastructure, and restored moneys for dual credit enrollment. These actions pertain to FY 2013 only and were intended to address the amount of funds that school districts and charter schools had budgeted at the beginning of the 2012-2013 school.

[H 323](#) was the first appropriation bill prepared for Public Schools which passed the House of Representatives but failed in the Senate on a 18-17 vote. After two provisions were removed and considered separately by the germane committees a replacement bill was acted upon by JFAC with the same bottom line, but without language authorizing one-time funding for professional development and achievement awards, and technology pilot projects.

The total FY 2014 appropriation for the Public Schools Support Program (K-12) is \$1,598,156,500. This is a 2.2% increase from the General Fund and a 2.0% increase in all funds when compared to FY 2013. The appropriation provided funding for 33 new support units; \$12,371,300 to unfreeze the two remaining years on salary grid; \$2,900,400 to increase the teachers' minimum salary from \$30,500 to \$31,000; and the \$4,749,000 to increase discretionary funds by 1.5% up to \$20,000 per support unit. An additional \$21,000,000 was authorized to be used for two purposes: 1) up to 40% for professional development for Idaho Core Standards, and 2) at least 60% for achievement awards based on plans developed at the district level. There is also \$10,400,000 provided for classroom technology and wireless infrastructure; and \$3,000,000 for technology pilot projects based upon a competitive grant process. Lastly, the appropriation returns \$6,517,500 to facilities maintenance and provides for other statutory and nonstatutory distributions.

Sources of Funds	FY 2013 Original Approp.	FY 2014 Original Approp.
General Fund	\$1,279,818,600	\$1,308,365,400
State Dedicated Funds	\$66,873,400	\$74,567,600
Federal Funds	<u>\$220,121,100</u>	<u>\$215,223,500</u>
TOTAL APPROPRIATION	\$1,566,813,100	\$1,566,813,100
<i>General Fund Percent Change:</i>		2.2%
<i>Total Funds Percent Change:</i>		2.0%



## **College and Universities**

The FY 2014 appropriation for the College and Universities includes Boise State University, Idaho State University, University of Idaho, and Lewis Clark State College, and is \$236,543,600 from the General Fund and \$465,902,000 in total funds. This is a 3.8% increase on the General Fund. Included is \$5 million for enrollment workload adjustment and \$2,508,000 for occupancy costs at several facilities including:

- Boise State University: Yanke Research Park, \$486,200; Center for Environmental Science, \$300,000; and the College of Business and Economics, \$863,800.
- Idaho State University: Meridian building, \$562,000.
- University of Idaho: Idaho Water Center, \$221,000; Center for Fish Studies, \$55,400; Combustion Lab, \$6,800; and the Pitkin Office and Classroom, \$12,800.

Direction was also provided to the State Board of Education to allocate funding towards achieving an equitable distribution among the college and universities.

## **Agricultural Research and Extension Service (UI)**

The FY 2014 appropriation to the Agricultural Research and Cooperative Extension Service is \$24,474,700 for an increase of 3.5% from the General Fund. This service is a component of the University of Idaho's College of Agriculture and Life Sciences.

There are two new items funded in this appropriation which include:

- \$1,000,000 for operating expenditures and one-time capital outlay for maintenance to bring several functions back into operation at the 12 research and extension centers across the state. Specifically, these funds will allow Agricultural Research and Extension to pay utility costs for heating and cooling of greenhouses and for irrigation water; allow the purchase of fuel, fertilizer and seed; help pay for building and equipment maintenance; and to purchase farm and office supplies.
- \$13,600 for operating and maintenance for the lab at the Kimberly Research Center.

## **Community Colleges**

The FY 2014 appropriation for Community Colleges – College of Southern Idaho, College of Western Idaho, and North Idaho College is \$30,837,600, of which \$30,226,600 is from the General Fund. This is an 8.9% increase from the General Fund. There is \$855,900 provided for enrollment increases and of this amount, the College of Western Idaho will receive \$783,500; College of Southern Idaho will receive \$46,800; and North Idaho College will receive \$25,600. New items in this appropriation include \$70,000 for occupancy costs and \$180,000 for the nursing program at the College of Southern Idaho; \$900,000 for student services at the College of Western Idaho; and \$250,000 for expanded dual credit course offerings at North Idaho College.

## **Professional-Technical Education**

The FY 2014 appropriation to the Division of Professional-Technical Education is in the amount of \$58,738,300. It includes \$180,100 for educational equipment at the six technical colleges and \$472,500 for enrollment increases at the technical high schools. This appropriation reflects a 1.4% increase from the General Fund.

## **Superintendent of Public Instruction**

The appropriation totals \$35,671,900, of which \$8,290,000 is from the General Fund and reflects a General Fund increase of 0.2%. An additional \$4,500,400 of one-time funds from the J.A. and Kathryn Albertson Foundation were appropriated for the final development of an instructional management system; \$180,000 was provided to replace the department's phone system; and \$95,000 was provided to hire an Indian Education Coordinator.

## **Health and Human Services**

### **Mandatory Changes under the Patient Protection and Affordable Care Act**

The Patient Protection and Affordable Care Act (PPACA) outlines significant changes to the health care landscape starting in 2014. While the creation of a new Medicaid coverage group consisting of all individuals with incomes below 133% of federal poverty level (which, under the income calculation methodology mandated by the PPACA, equates to \$15,400/year for an individual or \$31,800/year for a family of four) was ruled optional for states by the Supreme Court, the remainder of the law was upheld. That includes certain changes to state Medicaid programs that will occur regardless of each state's decision relating to the optional new coverage group. Idaho did not elect to create the new coverage group this session, however, in anticipation of mandatory changes that will take effect on January 1, 2014, the Legislature provided funding and new positions to allow the department to operate the Medicaid program as required under the law.

Support for the mandatory changes under the PPACA included a FY 2013 supplemental for \$6,320,000 of one-time federal funding, and, for FY 2014, \$30,714,500, consisting of \$6,189,700 from the General Fund and \$24,524,800 in federal funds. Of the \$30,714,500, \$10,446,200 was provided one-time, and the remaining \$20,268,300 ongoing. In addition, the Legislature approved an increase of 38 positions, of which 22 were transferred from a different division within the department, bringing the net increase in positions to 16.

A portion of these funds will allow the department to complete the "pre-implementation" activities required to comply with the law. Also known as Medicaid Readiness, these pre-implementation activities include process modifications, infrastructure upgrades, and establishment of new automated connectivity between internal and external systems. The remainder of the approved funds will go to ongoing, "post-implementation" activities. Examples include increased staffing to provide enhanced information technology support and to process and maintain more applications, and increased funding for trustee and benefit payments to cover the cost of claims for new enrollees.

### **Catastrophic Health Care Cost Program**

The FY 2014 appropriation for the Catastrophic Health Care Program is \$34,830,100, which reflects a reduction of \$1,702,700 or 4.7% from the FY 2013 Original Appropriation. The program received a rescission of \$6,000,000 for FY 2013, of which \$3,632,800 was ongoing and \$2,367,200 was one-time. That action brought the FY 2013 Total Appropriation for the program down to \$30,532,800, and lowered the FY 2014 Base to \$32,900,000. JFAC added \$1,933,400 to bring the budget in line with anticipated expenditures.

## **Department of Health and Welfare**

The FY 2014 appropriation for the Department of Health and Welfare is \$2,493,043,900, consisting of \$616,834,800 from the General Fund, \$260,558,600 in dedicated funds, and \$1,615,650,500 in federal funds. This reflects an increase of 1.1% from the General Fund and 5.4% in total funds.

The agency's authorized FTP cap was also reduced by 15.81 or 0.6% from FY 2013.

## **Medicaid**

The budget for the Medical Assistance Services Division, or Medicaid, includes \$477,469,200 from the General Fund and \$2,024,182,500 in total funds. This represents 77.4% of the department's General Fund appropriation and 81.2% of the department's total appropriation for FY 2014.

### **FY 2013 Medicaid Budget Reset**

During the 2012 Legislative Session, the department estimated a General Fund over appropriation of \$18.6 million for FY 2012. Rather than reducing the appropriation in that amount, the Legislature provided carry-over authority for any unused and unencumbered General Fund moneys at the end of FY 2012. The total amount carried-over into FY 2013 was \$37,632,000. After recalibrating its cost forecast model, the department found that the carry-over funding was not needed in FY 2013. Further, a comparison of Medicaid's ongoing appropriation with estimated program needs identified an additional \$8,645,100 in ongoing funding that was not needed for FY 2013. The sum of the one-time carry-over from FY 2012 and the ongoing General Fund over appropriation was \$46,277,100, which was removed from Medicaid's budget.

### **FY 2014 Medicaid Enhancements**

The Medical Assistance Services Division received 11 line items totaling \$52,286,100. Of that amount, \$5,792,800 was from the General Fund, and federal funds comprised the remaining \$47,673,300. Highlights include:

- \$5,114,200 from the General Fund and \$13,329,800 in federal funds for a total of \$18,444,000 for increased trustee and benefit payments in the Medicaid program under the PPACA.
- \$38,500 from the General Fund and \$346,500 in federal funds to process \$20,700,000 in federal electronic health records incentive payments to providers.
- \$162,100 from the General Fund and \$162,100 in federal funds for a total of \$324,200 to continue the Health Home Network Development project. The project seeks to integrate managed care approaches into Idaho's Medicaid program.
- \$9,500,000 in federal funds for a temporary rate increase to primary care providers.
- An ongoing reduction of \$750,000 from the General Fund in the Medicaid Administration and Medical Management Program to reset the appropriation at a level that is more in line with recent years' expenditures.

### **Other Department of Health and Welfare Budget Highlights**

Child Welfare received an ongoing increase of \$148,600 from the General Fund and \$367,400 in federal funds for a total increase of \$516,000 to increase foster care reimbursements to host families.

Mental Health Services received an ongoing increase of \$174,200 from the General Fund and \$17,200 in federal funds for a total of \$191,400 and 2.9 FTP to conduct an increased number of mental health assessments in cooperation with Department of Correction and the Judicial Branch as part of the pre-sentencing investigation process. The increase allows the department to comply with changes incorporated into Section 19-2524, Idaho Code, during the 2012 legislative session.

The Division of Welfare received an ongoing increase of \$146,800 from the General Fund and

\$146,800 in federal funds for a total of \$293,600 to coordinate the supplemental nutrition assistance (or food stamp) and child support programs as required in Section 56-203, Idaho Code.

## **Public Safety**

### **Department of Correction**

An additional \$6,502,800 was provided to cover the cost of housing inmates in county jails, or in out-of-state prison facilities. Initially, the FY 2013 original appropriation assumed an average annual inmate count of 7,811, but revised projections now indicate a population closer to 8,086, or 275 more than anticipated. In addition, a total of \$1,361,500 was provided to help resolve issues relating to the 31-year-old *Walter D. Balla v. Idaho State Board of Correction* lawsuit over conditions at the Idaho State Correctional Institution (ISCI).

The FY 2014 appropriation for Corrections included \$178,527,100 from the General Fund, \$18,278,000 from dedicated funds, and \$2,874,300 from federal funds for a total of \$199,679,400. This represented an increase of 7.2% in the General Fund and a 5.7% increase overall. Full-time equivalent positions were capped at 1,592.93. Some of the key line items that were funded include:

- \$3,862,900 to cover employee benefits, rent, prison food, replacement items, supplemental annualizations, and changes in the statewide cost allocation plan.
- \$10,000 to expand the state's contribution to the Special Assistant U.S. Attorney (SAUSA) Project in an effort to combat gang, gun, and drug crimes in the Treasure Valley.
- \$135,300 to cover a 3% increase in per diem for 2,050 offenders at the privately-operated, state-owned facility. This privately operated facility is run by Corrections Corporation of America. The cost-per-inmate per day for the first 1,894 offenders will increase from \$41.95 to \$43.21, and for the next 156 from \$4.11 to \$4.23.
- \$729,200 was provided for the Correctional Alternative Placement Program (CAPP) to cover a 3% increase in per diem that is managed and operated by the Management and Training Corporation. Total capacity at the facility is 432 beds. In addition, the FY 2013 appropriation covered a total of 359 offenders and that will increase to house 400 in FY 2014.
- \$1,280,200 was provided to cover a 4.3% increase in the medical services contract the state has with Corizon. Per diem will go from \$13.67 to \$14.26 per inmate day for those inmates housed in state operated facilities and the Correctional Alternative Placement Program.

### **Judicial Branch**

[H 306](#) provided a lump sum appropriation to the Supreme Court for FY 2014. It appropriated \$31,320,300 from the General Fund, \$17,935,300 from dedicated funds, and \$2,072,900 from federal funds for a total of \$51,328,500. This represents an increase of 3.3% in the General Fund and a 3.6% increase overall. Some of the key line-items that were funded include:

\$263,800 to cover employee benefit costs and changes in statewide cost allocation.

- \$504, 900 to add three district judges and three court reporters per [H 29](#).
- \$324,000 to cover drug testing and to add two child protection drug court coordinators.
- \$225,000 to add two magistrate judges in Ada County.
- \$200,000 to create a domestic violence court in the fifth judicial district.
- \$200,000 to enhanced family court services.

- \$275,900 to cover a 5% provider rate increase, and to expand substance abuse treatment opportunities to an additional 18 offenders.
- \$226,800 to make improvements to the Idaho Statewide Trial Court Automated Records System (ISTARS).

## **Idaho State Police**

[H 303](#) appropriated moneys to the Idaho State Police for FY 2014. It appropriated \$22,491,300 from the General Fund, \$32,599,000 from dedicated funds, and \$8,635,900 from federal funds for a total of \$63,726,200. This represents an increase of 27.7% in the General Fund and a 0.5% increase overall. Full-time equivalent positions were authorized at 497.25.

The budget includes \$506,500 for employee benefits; \$3,436,900 in replacement items for 76 fully-equipped vehicles; \$33,700 for changes in the statewide cost allocation plan; and \$89,200 for annualizing the cost of two forensic scientists that were partially funded in FY 2013. Some of the key line items that were funded include:

- A shift of \$400,000 from the Idaho Law Enforcement Fund to the General Fund due to insufficient revenues to cover expenses.
- A shift of \$544,500 from the Project CHOICE Fund to the General Fund to offset moneys that were shifted from the General Fund to Project CHOICE in FY 2011.
- A reduction of seven full-time equivalent positions as a result of unfunded vacant positions in the Investigations and Patrol programs.
- \$1,672,000 to implement phase 3 of a three-year project to replace ISP's existing radio system with 700MHz dual band radio technology.
- \$95,300 to fill two unfunded positions in support of the Sex Offender Registry Unit.
- \$279,900 in a one-time federal grant to digitize over 150,000 source document arrest fingerprint cards and to purchase a server to store those records on.
- \$105,300 was provided from the Alcohol Beverage Control Fund to cover the cost of a deputy attorney general that was approved in the Office of the Attorney General.
- POST Academy - \$552,400 was included to purchase three adjoining lots to the north of the current Idaho State Police Meridian complex for future growth and expansion.
- POST Academy - \$119,500 to hire an additional regional training coordinator.

## **Department of Juvenile Corrections**

[H 305](#) appropriated moneys to the Department of Juvenile Corrections for FY 2014. The appropriation included \$37,452,900 from the General Fund, \$7,650,900 from dedicated funds, and \$3,838,000 from federal funds for a total of \$48,941,800. This represented an increase of 2% in the General Fund, and a 1.7% increase overall. Full-time equivalent positions were authorized at 401. Some of the key line items that were funded include:

- \$619,900 to cover employee benefits, increased food costs, changes in the statewide cost allocation plan and replacement capital outlay.
- \$326,000 to add seven direct care staff at the juvenile correctional center in St. Anthony to help improve staff to juvenile coverage at that facility.

## Natural Resources

### Department of Environmental Quality

[H 254](#) appropriated \$66,430,500 to the Department of Environmental Quality for FY 2014 and reduced the number of full-time equivalent positions by 16.05 to 360. 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 acknowledged that the Water Pollution Control Fund is being used for a variety of projects not specified in Idaho Code. The budget included \$300,000 from the General Fund for a fish consumption study to better estimate the amount of fish eaten by Idaho citizens and \$4,000,000 from federal funds for remediation of lead-contaminated yards in the Silver Valley. The General Fund budget was a 3.9% increase and the overall budget was a 7.2% increase from the FY 2013.

### Department of Fish and Game

[S 1104](#) appropriated an additional \$5,663,200 to the Department of Fish and Game for FY 2013 for one-time purposes including irrigation diversion screening, boating and fishing access, fish habitat improvement, hatchery programs, law enforcement programs, wildlife habitat improvement, and funding to construct a hunter education classroom in Coeur d'Alene. [S 1132](#) appropriated \$89,045,400 for FY 2014 and limited the number of full-time equivalent positions to 567. JFAC authorized eighteen line items. The most notable, from Bonneville Power Administration moneys, was \$579,900 to fund the remaining construction costs and \$405,500 for the ongoing operating costs of the Springfield Fish Hatchery. The Springfield fish hatchery is under construction to address the recolonization phase of the Snake River Sockeye Brood Program. The overall budget is a \$2.6 million increase in personnel costs, a \$4.6 million increase in operating expenditures, and an \$11.2 million reduction in capital outlay from the current budget for a total reduction of 4.3%. The decrease is due to the removal of \$13 million in one-time funding provided last year for the Springfield Hatchery. The ongoing appropriation is an 8.6% increase.

### Department of Lands

[H 269](#) appropriated \$46,197,100 to the Department of Lands for FY 2013, limited the number of full-time equivalent positions to 261.47, and provided a lump sum appropriation for the Forest and Range Fire Protection Program. It also included a supplemental appropriation to shift \$97,000 from federal funds to dedicated fire preparedness funds to offset a reduction in federal funds used for seasonal firefighter salaries and training. JFAC approved five line items including \$721,000 for phase two of the land information management system, \$385,500 for additional fire preparedness, \$26,700 for equipment, \$40,400 for timber protective association support, and \$400,000 for rangeland fire protection associations. JFAC approved a full-time program specialist to assist the rangeland fire protection associations and coordinate with federal operators. Although the General Fund increase was 21.5%, after accounting for the removal of one-time funding provided for the FY 2013 budget, the overall budget was only a 0.1% increase in all funds from the current budget.

## Department of Parks and Recreation

[S 1101](#) provided a supplemental appropriation in the amount of \$180,000 from park entry fees to market the Park Passport Program, \$60,000 from park entry fees to implement key elements of the department's business plans, and \$150,000 in receipts to restock park inventory available for sale to park visitors. [S 1173](#) appropriated \$33,446,900 to the Idaho Department of Parks and Recreation for FY 2014 and limited the number of full-time equivalent positions to 143.5. The budget permitted the department to exceed the 10% transfer between programs limitation for certain project grants and provided carryover authority for the development program from FY 2013 into FY 2014. JFAC approved \$4,587,000 for replacement items including \$1.3 million from recreational vehicle registration fees for phase two of the Farragut State Park sewage collection system. JFAC also approved six line items from dedicated funds, including \$100,000 from camping and park entry fees for seasonal personnel, \$60,000 from gas taxes for four electric vehicles, \$80,000 from park entry fees to build a group shelter at Castle Rocks State Park, \$50,000 in passport moneys to build two restrooms along the Ashton-Tetonia Trail, \$85,000 to pass-through moneys collected from the cutthroat license plate, mountain bike license plate, and the law enforcement off-highway vehicle registration fund to be used for grant awards, and \$46,000 from moneys paid by federal and state partners to support the "Stay on Trails" campaign, "Idaho State RV Guide," and the "Be Outside" campaign. The overall budget was a 0.7% increase in the General Fund and a 3.3% increase in all funds from the current budget.

## Lava Hot Springs Foundation

[H 123](#) appropriated an additional \$140,000 for a disinfection system and pool toys for the kiddie pool approved last session. The \$1.4 million structure approved last session includes dressing rooms, a classroom, a mechanical room, a break room and a 2,100 square foot kiddie pool. [S 1172](#) appropriated \$2,112,600 in dedicated funds to the Lava Hot Springs Foundation for FY 2014. Funding in the amount of \$50,000 was provided for a pedestrian bridge to connect the pool area to downtown Lava and \$200,000 was provided to construct restroom facilities near the outdoor Olympic pool. The overall FY 2014 budget was a 33.8% reduction due to the one-time construction costs included in the FY 2013 budget.

## Department of Water Resources

[H 174](#) appropriated, for FY 2013, an additional \$400,000 to the Idaho Department of Water Resources to make payments to water right owners for water right leases through the water supply bank and \$35,000 to expend Snake River Basin Adjudication fees for personnel costs of the adjudication. H270 appropriated \$21,311,500 for FY 2014 and removed seven unfunded positions to reduce the limit on the number of full-time equivalent positions to 152. JFAC approved a transfer of \$716,000 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. And last, the bill provided 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 budg-



et was a 0.8% increase in General Fund support and a 3 % increase in all funds from the current budget.

## **Economic Development**

### **Department of Agriculture**

[S 1171](#) appropriated \$35,788,500 to the Department of Agriculture for FY 2014. New line items approved included \$900,000 from the General Fund to continue the aquatic weed program, primarily Eurasian Water Milfoil containment, on an ongoing basis; \$69,700 in dedicated funding for an additional weights and measures inspector in the Burley area; \$20,000 in dedicated funding for additional staff hours to support the Idaho Preferred Program and Certificate of Free Sale Program; \$120,000 in dedicated funding to increase the number of unusable pesticide collection weeks and to provide for additional operating support for the container recycling program; and fifth, authorization to transfer up to \$40,000 from the Rural Economic Development and Integrated Freight Transportation Fund to the Idaho Department of Transportation to update the state rail plan. The bill included legislative intent requesting the department to work with the Department of Fish and Game to fund up to \$100,000 for a project to evaluate and monitor the impacts of raven control on sage grouse survival. The overall FY 2014 budget for the Department of Agriculture was a 0.8% increase in the General Fund but was a 1.8% decrease in all funds from the FY 2013 budget. The decrease was due to the removal of one-time federal stimulus moneys authorized for forest fuel-reduction grants.

### **Soil and Water Conservation Commission**

[H 122](#) appropriated an additional \$20,000 in federal spending authority to the Soil and Water Conservation Commission for FY 2013 to expend the remainder of a USDA Natural Resource Conservation Services grant. The USDA grant matched up to 50% of actual personnel expenses related to Cooperative Conservation Partnership Initiative Farm bill projects for which SWCC staff provided technical assistance. [S 1170](#) appropriated \$2,699,000 to the SWCC for FY 2014. Line items included \$50,000 from the General Fund to increase the state's support for individual soil and water conservation districts. The current year distribution is \$1,053,200 so this additional appropriation represents a 4.7% increase in district support. With this increase, 47% of the General Funds in this budget will go directly to the districts. The bill also provides the Commission the authority to spend up to \$20,000 in moneys recovered for technical assistance. The budget was a 2.2% increase in the General Fund but only a 0.3% increase in all funds over the FY 2013 budget due to the removal of a one-time federal grant.

### **Department of Commerce**

[S 1174](#) appropriated \$34,245,200 to the Department of Commerce for FY 2014. One line item appropriated \$3,000,000 from the General Fund and transferred it to the Idaho Opportunity Fund. The Idaho Opportunity Fund is not a new program, rather it is an existing program that has been rebranded and codified by [H 100](#). This program formerly referred to as Business and Jobs Development, provided grants of up to \$250,000 for the recruitment and retention of businesses. There



is currently an ongoing appropriation of \$400,000 from the General Fund for Business and Jobs Development, which will now be used in the same way but under the banner of the Idaho Opportunity Fund. The overall General Fund increase is 0.6%, but there was a large dedicated fund increase of 32.9%, which is due to the cash transfer from the General Fund into a "dedicated fund." The total budget however, is a 14.5% reduction which is attributed to one-time moneys being removed from the appropriation.

## **Department of Labor**

[H 255](#) is the FY 2014 appropriation to the Department of Labor. The bill is only for the fixed portion of the department's budget and does not include funding the other 600 positions in the continuously appropriated part of the budget. This bill appropriated \$17,273,600 for five programs and limited the number of full-time equivalent positions to 47.04. With the exception of one line item "Year 4 General Fund Phase Out," the line items provided in this budget moved two funds, the Penalties and Interest Fund and the Employment Security Special Administration Fund, which are currently continuously appropriated, on-budget, which means the Legislature will now provide an appropriation from these funds. The Special Administration Fund was created by the Legislature in 1991 to help the department cope with a decade of federal funding reductions. The Penalties and Interest Fund was created in 1947 and its source is from penalties and all interest on judgments or funds secured by liens and is used for administering department programs. The Board of Examiners asked the Department of Labor to request appropriation from the Legislature for these funds rather than have the Board approve expenditures.

## **Department of Finance**

[H 238](#) is the FY 2014 appropriation to the Department of Finance in the amount of \$6,812,800. Line items included salary increases to move 19 positions to 93% of policy with \$196,600; an additional FTP and \$93,200 for an examiner for money transmitters; and an additional FTP and \$40,400 for an office specialist 2. Overall, this budget is a 6.5% increase over the FY 2013 appropriation.

## **Department of Insurance**

[H 252](#) is the FY 2014 appropriation for the Department of Insurance in the amount of \$8,547,900. Line items included 1.0 FTP and \$76,500 for a new financial analyst, \$10,600 for equipment to run a SHIBA call center, and \$257,500 for additional contract examiner costs. Contract examiners are responsible for national certification requirements for the Department. Contract costs are increasing significantly because of demand for these specialists created by the Patient Protection and Affordable Care Act. Overall, this budget is a 4.7% increase above the FY 2013 original appropriation.

## **Idaho Transportation Department**

[H 297](#) is the FY 2014 appropriation to the Transportation Department in the amount of \$491,726,700 with full-time positions capped at 1,814. Funding for this agency has decreased by 17.9% in contract construction due to the removal of GARVEE construction funds. The GARVEE

projects will be completed in FY 2014 and some of those funds were removed this year. The Legislature also removed 13.5 FTP that will not be filled in FY 2014. Eight new line items were funded:

1. \$1,110,000 to construct new maintenance sheds;
2. \$3,035,100 for technology improvements;
3. \$200,800 to enhance security at port-of-entry locations by upgrading and standardizing equipment;
4. \$250,000 for off-site disaster recovery;
5. \$90,000 in pass-through money for winter road maintenance at the INL;
6. \$2,755,700 in federal appropriation, stemming from MAP-21 which is the most recent federal transportation bill.
7. \$730,800 for highway safety; and
8. \$37,000 to pay for the removal of invasive weeds along I-84 to create better fuel breaks for fire suppression.

## **General Government**

### **Department of Administration**

[H 311](#) appropriated \$26,053,100 to the Department of Administration for FY 2014. The agency had a 66.1% increase from the General Fund this year over FY 2013. The Legislature provided \$1,902,400 for the Idaho Education Network (IEN), a program that was established in 2008. The program was initially funded with federal stimulus money and grant moneys from the Albertson's Foundation. Beginning in FY 2013, the IEN was appropriated partially from the General Fund in the amount of \$1,925,000. The IEN has spent an average of \$2 – \$4 million dollars per year to date and the program is expected to be maintained by the General Fund at an annual cost of approximately \$3 million. In addition, a significant investment in IT equipment from the General Fund to support all of state government was approved: \$939,500 for network routers, \$679,500 for network security, \$349,300 for network infrastructure, and \$315,600 for Ironmail and data loss security.

### **Permanent Building Fund**

[H 313](#) appropriated \$36,613,900 to the Permanent Building Fund, of which \$15,034,100 is for statewide building maintenance and repair and \$9,079,800 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.

The capital construction projects funded in FY 2014 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. The agency estimates there is approximately \$1 million of future funding necessary to finish the project prior to an occupant beginning tenant improvement work and eventual occupancy.
- \$1,957,300 to fund half of the Treasure Valley Anatomy Lab for Idaho State University.
- \$2,500,000 for phase one of the construction of the University of Idaho Integrated Research Innovation Center in Moscow.
- \$2,400,000 for phase one of a remodel of the Idaho State Historical Museum in Boise.
- \$722,500 to remodel the Rexburg Military Readiness Center.

The Legislature also funded \$12,500,000 for deferred maintenance projects at Boise State University, the University of Idaho, Idaho State University (each provided \$3,750,000) and Lewis-Clark State College (provided \$1,250,000). Section 63-2520, Idaho Code, directs 17.3% of the cigarette tax revenue to the Permanent Building Fund. Additional cigarette tax revenues are directed to the Bond Levy Equalization Support Program and for the restoration of the Statehouse. After meeting the statutory obligations of the Bond Levy Equalization Program and the Statehouse bond payment for FY 2014, there is estimated to be excess cigarette tax revenue in the amount of \$12.5 million. The one-time excess moneys were generated because fewer funds were needed for the Bond Levy Equalization Program in FY 2014 and there was a reduction in the final construction cost of the Statehouse project.

## **State Tax Commission**

[S 1103](#) appropriated an additional \$200,000 for FY 2013 in personnel costs for unfunded and vacant positions. [S 1175](#) appropriated \$41.5 million to the State Tax Commission for FY 2014, with \$5.2 million of that amount targeted to upgrade the Gen Tax software which is the backbone for processing tax documents. Funds will be used to pay IT programmers, developers and system analysts to assist and test the updated features and capabilities of the software. Some of those capabilities include increased functionality of the Taxpayer Access Payment module (TAP) which benefits taxpayers by allowing them to access and update their own accounts within the software quickly and without paper. Other notable line items included a reduction in six full-time equivalent positions down to a total of 455, spending authority to administer the local option tax for the City of Ketchum, and creating an intercept project that will re-write code on the state mainframe computer that will determine if there are vendors having an outstanding tax liability; moneys owed for those services will be used to reduce that liability.

## **Board of Tax Appeals**

[S 1169](#) appropriated \$504,800 to the Board of Tax Appeals for FY 2014. The line item included \$19,900 to increase board member personnel costs. This line item will provide for 90 days of honoraria up from the current funding level of 50 days. The Board will use staff salary savings to pay the additional days for the rest of fiscal year 2013. The late longtime chairman had not been taking honoraria for a number of years, which helped the Board get through the budget cuts, but with the appointment of a new board member, this appropriation is necessary to pay honoraria at the historical average for working days. Overall, this budget is a 5.6% increase over the current year appropriation.

## **Attorney General**

[H 263](#) is a lump sum appropriation to the Attorney General for FY 2014. The bill appropriates \$19,416,400 from the General Fund, \$404,100 from dedicated funds, and \$1,051,400 from federal funds for a total of \$20,871,900. This represents a General Fund increase of 17.6%, and an overall increase of 11.5%. Full-time equivalent positions are authorized at 191.6. Some of the key line items that were funded include:

- \$451,200 and three and one-half deputy attorney generals and two paralegals were shifted from the Professional Services Fund to the General Fund. Previously, the Attorney General was direct-billing agencies for legal services.
- \$201,600 to fill two unfunded deputy attorney generals, one for ISP and one for ITD.
- \$2,014,900 and 3.5 FTPs to support an Internet Crimes against Children Program per S1079.
- Legislative intent directing the DFM to recalculate the fees for legal services provided by the Attorney General through the Statewide Cost Allocation Plan (SWCAP).

## Millennium Fund

For FY 2014, the Legislature appropriated a total of \$6,489,400 from the Idaho Millennium Fund with distributions and transfers made as follows:

- \$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, tobacco and alcohol diversion courts to handle underage misdemeanor tobacco and alcohol cases, and programs for tobacco and substance abuse status offenders.
- \$113,000 to the State Treasurer for distribution to the Allumbaugh House partnership for sustaining detoxification and crisis mental health services.
- \$2,245,000 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.
- \$94,000 to the Idaho State Police for assisting the Department of Health and Welfare with tobacco permittee compliance inspections as required by law.
- \$500,000 to the Public Health Districts for continuing high-quality, best practice tobacco cessation programs, provided at no cost to Idahoans who want to quit smoking, with a primary emphasis on youth and pregnant women.
- \$180,600 to the State Treasurer for distribution to the American Lung Association in Idaho for youth tobacco prevention services.
- \$150,000 to the State Treasurer for distribution to the Idaho Drug Free Youth program 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.
- \$270,000 to the State Treasurer for distribution to the Idaho Meth Project for media campaign development, website development, meth education resources to Idaho's health teachers and related evaluation tools.

## Employee Compensation, Salary & Benefit Studies and Legislative Intent

The Governor recommended no salary increase for state employees or public school employees stating that while "increasing salaries for state workers continues to be a priority, the current economic situation does not provide funds to recommend an increase in FY 2014."

The Citizens' Committee on Legislative Compensation recommended a 2% salary increase for legislators that went into effect Dec. 1, 2012.

H 692 from the 2010 legislative session authorized a 1.7% pay increase for statewide elected officials in January 2014.

The Division of Human Resources brought in the Hay Group consulting firm to report on a comprehensive analysis of Idaho's total compensation package (salary, health benefits, and retirement) as compared to both the public and private sectors. They determined that Idaho's benefits are at market level, but because of lower than average salaries, Idaho still lags 22% below the private sector and 11% below other states' government employees – on average – in total compensation. They also determined that Idaho's state employee salaries lag 18.9% below market.

The Legislature did not fund a Change in Employee Compensation (CEC), however, within each appropriation bill they did include language that *"strongly encourages agency directors, institution executives and the Division of Financial Management to approve the use of salary savings to provide either one-time or ongoing merit increases for deserving employees, and also target employees who are below policy compensation."*

The Governor recommended and the Legislature funded a 6% increase in the costs of health insurance and a 9% PERSI rate increase. State agencies received \$6.3 million from the General Fund for the increased costs of health insurance and the PERSI rate increase; and Public Schools received \$7.2 million for just the increased costs of PERSI for a total of \$13.5 million.