

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Monday, January 28, 2013

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Senators Davis, Fulcher, Hill, Winder, Lodge, Siddoway, Stennett and Werk

ABSENT/ EXCUSED:

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

CONVENED: **Chairman McKenzie** called the Senate State Affairs Committee (Committee) meeting to order at 8:00 a.m. with a quorum present. The first order of business was to approve the January 14th minutes.

MOTION: **Senator Werk** moved to approve the minutes of January 14th. **Senator Winder** seconded the motion. The motion carried by **voice vote**.

VOTE ON GUBERNATORIAL APPOINTMENTS: The reappointment of Mack Redford to the Public Utilities Commission.

MOTION: **Senator Winder** moved to recommend that the Senate approve the appointment of Mack Redford to the Public Utilities Commission (PUC). **Senator Lodge** seconded the motion.

Senator Werk voiced some of his concern with the answers given at the hearing but he will certainly support the appointment. He hopes the PUC will become a little more forward thinking.

The motion carried by **voice vote**.

VOTE ON GUBERNATORIAL APPOINTMENTS: The appointment of Craig Corbett to the Idaho Lottery Commission.

MOTION: **Senator Siddoway** moved to recommend that the Senate approve the appointment of Craig Corbett to the Idaho Lottery Commission. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Chairman McKenzie** introduced Randolph J. Hill who has been reappointed for the third time to the Idaho Energy Resources Authority (IERA) and asked him to discuss what has occurred since his last appointment, the workings of the IERA and how he sees it operating in the future.

Mr. Hill stated that he was first appointed to the IERA in 2005 by Governor Kempthorne for a one year term, then for a subsequent term by Governor Risch and then, sat on the board until the term limit expired in 2011. After being absent for a year, he has been asked to serve again.

The IERA is designed to assist electric utilities in financing transmission generation projects that serve people in Idaho. They have successfully assisted Utah Associated Municipal Power System (UAMPS) and its members, including the city of Idaho Falls, in financing a wind project. Once that facility went into commercial operation, all ownership by the IERA was transferred out and they achieved their objective. IERA has been in discussions with Bonneville Power Administration to assist in providing efficient financing vehicles for transmission projects such as the Gateway West Project.

Mr. Hill closed by saying that the relationship with Bonneville is one the IERA sees as beneficial because they can provide a large organization that has so much impact throughout the Northwest with a tool to help create facilities that will serve Idaho citizens.

Senator Hill asked for an explanation of where the financing comes from. Are they government funds, banks or other authorities? **Mr. Hill** responded that they provide the vehicle to allow financing to occur through private resources such as bond issuance or lenders; it is not government money. IERA does not have funding.

Chairman McKenzie asked for an update on the Gateway West Project. Is there any additional need for the IERA to be a part of that project? **Mr. Hill** could not provide the latest information but Bonneville has been in contact with Chairman Mooney and others about IERA's participation to facilitate another piece of the Gateway West Project. There may be a number of organizations that will participate. Routing and permitting continue to be a concern. Something meaningful and cost effective should come out of the discussions.

Chairman McKenzie advised **Mr. Hill** that a vote on the appointment will occur at the next meeting. The **Chairman** announced that **Docket 52-0103-1203** is continued from the meeting of January 21. **Jeff Anderson** will continue that presentation.

**CONTINUATION
OF DOCKET NO.
52-0103-1203**

52.01.03 - Rules Governing Operations, Idaho State Lottery

Mr. Anderson noted that this docket can be found on page 67-68 of the 2013 Pending Rules Book. The Lottery Commission brought the negotiated pending rule that allows for instant ticket games to be played through kiosk dispensing devices that currently only offer draw games such as Power Ball and Mega Millions before the Committee. The Committee asked for clarification on the nature of the kiosks. **Zeke Chemodurow**, Regional Director, Western United States, **Intralot**, and **Jeremy Chou** from **Givens Pursley** will answer any technical questions that may arise.

A video has been developed with **Mr. Chemodurow** and **Mr. Chou** as guides. They described where the kiosks are located, what a paper instant ticket is and spoke to the multi-purpose kiosk. The video also took the Committee on a tour of the offices and operations for the Western operations of **Intralot**. **Intralot** runs the systems for New Mexico central systems for hotline operations, South Carolina's disaster recovery system, Montana's central system as well as Idaho's central gaming system and its hotline operations. **Mr. Anderson** stood for questions.

Senator Hill asked what is the maximum dollar amount that can be played. **Mr. Anderson** replied that it would be 10 draws at \$1.00 per draw with a maximum of 20 draws.

Senator Werk asked if an instant game was purchased, would it be similar to going to a store and purchasing a ticket? Will this new game be like scratching a paper ticket only on a device? **Mr. Anderson** stated it would. A player would pick the number to scratch; similar to a bingo game. **Senator Werk** asked what happens if a player is a winner? **Mr. Anderson** responded that money was not dispensed from the device. If a ticket is a winner, it holds that amount until the end of play then a secure voucher is printed which can be taken to the attendant at that location and winnings can be collected.

Senator Winder asked for an explanation of Rule 204 concerning online games and internet games. What is the difference? **Mr. Anderson** explained that none of their games touch the internet. Everything is through the central gaming on a closed satellite system like the one described by Mr. Chemodurow. The Lottery Commission does not contemplate any internet gaming.

Chairman McKenzie called for further questions. Being none, **Chairman McKenzie** thanked Mr. Anderson and asked for the will of the Committee.

MOTION:

Senator Hill reviewed the docket and found that all changes revolved around Rule 204.02.d.

Senator Hill moved to reject **Docket No. 52-0103-1203**. **Senator Davis** seconded the motion.

Senator Werk respected the issues but sees this as a leveling of the playing field which already has the electronic touch tab games.

SUBSTITUTE MOTION:

Senator Werk moved to approve **Docket No. 52-0103-1203**. **Senator Stennett** seconded the motion.

Chairman McKenzie asked for discussion on the substitute motion.

Senator Werk stated that fair is fair; if we want to get rid of the lottery, get rid of it and the same with scratch games. Those other decisions should be made elsewhere.

Senator Winder asked Senator Werk to yield to a question. He agreed. Senator Werk was asked to explain what he meant by leveling the field. **Senator Werk** explained that there are already games that can be played on electronic kiosks similar to this proposal and those exist in bars where people over 21 can play. The scratch tickets are the equivalent of what is now being played.

Senator Winder asked Mr. Anderson what impact this would have on tribal gaming. **Mr. Anderson** said that there would be no impact.

MOTION:

Chairman McKenzie called for a voice vote on the substitute motion to approve **Docket No. 52-0103-1203**. Being in doubt with a voice vote, the **Chairman** called for a **roll call vote** with Senators Fulcher, Winder, Lodge, Stennett and Werk voting aye and Senators Davis, Hill and Siddoway voting nay. The substitute motion carried five to three. The docket was approved.

ADJOURNED:

Chairman McKenzie announced that today's work is completed and adjourned the meeting at 8:30 a.m.

Senator McKenzie
Chairman

Twyla Melton
Secretary