

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Friday, February 27, 2015

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Vice Chairman Lodge, Senators Davis, Hill, Winder, Siddoway, Lakey, Stennett and Buckner-Webb

ABSENT/ EXCUSED: None

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) to order at 8:00 a.m.

RS 23664 **A Unanimous Consent Request Relating to a Concurrent Resolution for a Rule Rejection from the Agriculture Affairs Committee.**

RS 23665 **A Unanimous Consent Request Relating to a Concurrent Resolution for a Rule Rejection from the Agriculture Affairs Committee.**

RS 23696 **A Unanimous Consent Request Relating to a Concurrent Resolution for a Rule Rejection from the Agriculture Affairs Committee.**

MOTION: **Senator Davis** moved to print **RS 23664, RS 23665** and **RS 23696**. **Senator Lodge** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT HEARING: **The Reappointment of Janet Gallimore as Preservation Officer for the Idaho State Historical Society.**

Chairman McKenzie welcomed **Janet Gallimore** to the Committee and asked her to give an update about the State Historical Preservation Office.

Ms. Gallimore recounted the history of the State Historical Preservation Office (SHPO), a branch of the Idaho State Historical Society, established in 1907. SHPO has administered those duties since 1971. She gave an overview of the core programs including the National Register of Historic Places and described how grants were obtained and distributed. **Ms. Gallimore** stated that SHPO preservation officers administer the National Historic Preservation Program at the State level, reviews register nominations, maintains data on historic properties and consults with federal agencies. **Ms. Gallimore** stated she has over 30 years of experience in cultural resource administration with both a bachelors and masters degree in business. She also worked as the CEO and Tribal Liaison to the Confluence Project.

Senator Winder asked if Ms. Gallimore has encountered any problems or issues with any other departments as far as the services provided by SHPO. **Ms. Gallimore** said she was not aware of any problems.

Senator Hill thanked Ms. Gallimore for her service.

GUBERNATORIAL APPOINTMENT HEARING: **The Appointment of Kristine Sasser to the Idaho Public Utilities Commission (PUC).**

Chairman McKenzie welcomed Kristine Sasser to the Committee and asked her to provide some information about her background and how she views her role on the PUC.

Ms. Sasser informed the Committee of her recent nuptials and of her desire to use her married name of Raper. **Ms. Sasser** moved to Boise in 1990 to attend Boise State University and completed a Bachelor of Science in criminal justice. She attended law school at the University of Idaho obtaining her degree in 2001, then served as a law clerk at the Idaho Industrial Commission for eight years. She subsequently worked for the Idaho Attorney General's office at the PUC. She has represented the PUC in front of the Idaho Supreme Court and federal court in Idaho's first litigation by the Federal Energy Regulatory Commission (FERC) against the State which later settled.

Senator Davis asked what motivated Ms. Sasser to shift from a long-term, legal career to the political appointee arena. **Ms. Sasser** stated that she entered regulatory law without any prior experience when she accepted the assignment from the Attorney General's office. She expressed her enjoyment with that area of law. She saw the role played by the commissioners at the state, regional and national level. When a recent vacancy on the PUC needed to be filled, she saw her experience with the PUC as an opportunity to serve. She looks forward to the challenges and opportunities that the new role will provide.

Senator Davis asked what Ms. Sasser thought the best professional mix was for a PUC Commissioner. **Ms. Sasser** commented that having commissioners with varied regulatory backgrounds helps. She recounted the current commissioners' areas of responsibility. It will be helpful having a law degree, although that would not be a requirement to be a commissioner. **Senator Davis** asked what would be the advantages and disadvantages of having an attorney serve at the PUC. **Ms. Sasser** listed the transition from serving as the attorney for the PUC to serving as a commissioner at the PUC as a disadvantage. The advantage is that an attorney is trained to interpret new legislation and the constantly changing facts on law.

Senator Siddoway asked what Ms. Sasser sees as the mission of the PUC. **Ms. Sasser** stated that the goal of the PUC, besides the obvious charters and compacts with the utilities, is to make sure that Idaho has healthy, reliable, low cost utilities for Idaho customers and as a result, attracts businesses to Idaho. **Senator Siddoway** asked how Ms. Sasser sees her role to facilitate the mission of the PUC. **Ms. Sasser** saw her role as networking on regional and national levels to establish relationships in order to benefit Idaho.

Senator Siddoway asked if Ms. Sasser could facilitate public input in a way that citizens expressing displeasure with rate increases would not be at a disadvantage during public hearings when utility companies are represented by professionals. **Ms. Sasser** indicated that there are educational workshops and staff personnel work at these meetings to help the public understand the reasons for rate increases. That is the best way to address animosity between the rate payers and the utilities. **Ms. Sasser** outlined what happens at the various types of hearings.

Senator Winder stated that low electricity rates in Idaho can be attributed to hydro sources. He asked about the delay in the relicensing of the two dams on the Snake River. He also asked about the high costs associated with relicensing. **Ms. Sasser** said she hoped to learn more concerning relicensing. Licenses are obtained at the federal level and it takes time.

Senator Winder asked if there was anything that could be done to classify hydroelectricity as a renewable energy source. **Ms. Sasser** indicated that the PUC is in the filing process for that classification. **Senator Winder** asked for an update concerning alternative energy sources in the State, the impact wind and solar have on the availability of power, and the rates. **Ms. Sasser** indicated there is a pending case concerning renewable energy. One of the PUC's goals is to make sure that the citizens of Idaho are not paying more than what they would pay if the utilities were generating it or purchasing that energy off the market.

Senator Lakey asked a hypothetical question concerning being objective at public hearings. **Ms. Sasser** hoped that she would be objective and would consider all the evidence presented at the hearings then make decisions that were best for Idaho.

Senator Stennett asked if alternative energy such as geothermal, wind and solar, should be treated equally on the grid. She also wanted to know what the vision is for the regulation of alternative energies. **Ms. Sasser** indicated that those issues should be policy decisions made by the Legislature, and then the PUC would enforce those policies. Those technologies come under federal regulation, and they are bound by the rules that currently exist.

Chairman McKenzie echoed the appreciation of the Committee for Ms. Sasser's willingness to serve. The Committee will vote at the next meeting.

RS 23694

Relating to Minimum Wages to Revise the Calculation of Minimum Wages.

Chairman McKenzie extended his appreciation to Representative Erpelding, Senator Stennett and Adrian Evans for their persistence in getting this hearing.

Representative Erpelding explained that **RS 23694** is legislation to decouple the state minimum wage from the federal minimum wage. He stated that the federal government is considering changing the federal minimum wage to \$10.10. He claimed that by decoupling from the federal minimum wage, some economic disruption could be avoided by creating a slower approach towards advancing the minimum wage from \$7.25 to \$10.10.

Representative Erpelding stated that 7.4 percent of Idaho workers make the minimum wage. That is equal to \$15,000 per year which is at 100 percent of the government poverty level. The minimum wage is designed to create a floor to what is acceptable to pay workers; it is not a living wage.

He gave two reasons to decouple the State from the Federal minimum wage.

1. The federal government is dysfunctional. It typically makes a radical shift in policy which would not allow business to plan for the future and would cause economic disruption. A moderate increase in the minimum wage would allow businesses to plan for years out, mitigating any economic disruption.
2. It would allow workers to earn a wage that is above the poverty level. There is limited evidence that moderate minimum wage increases cause major price changes in consumer goods. Those in the population holding minimum wage jobs are disproportionate to the general population and specific industries have minimum wage jobs. An increase in minimum wage is likely to show a small increase in Idaho's domestic gross product; lower income workers are more likely to spend because of backlogged consumer needs.

Representative Erpelding stated that the reason for this legislation is not to lift people out of poverty but to keep pace with shifting expenses so that workers won't fall behind. It is proposing a minimum wage of \$9.25 after the second year and then would adjust the minimum wage to the Consumer Price Index for Urban Earners. Wage compression will occur no matter which way the minimum wage is increased. For these reasons and for those workers earning minimum wage, he is asking the Committee to consider this legislation.

MOTION: **Senator Stennett** moved to print **RS 23694**. **Senator Siddoway** seconded the motion. The motion carried by **voice vote**.

RS 23700 **Relating to Vacancies in State Office to Provide for the Reappointment, Documentation and Timing when Filling Vacancies.**

Senator Siddoway moved to print **RS 23700**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **The Appointment of Dennis Johnson to the Treasurer's Investment Advisory Board.**

MOTION: **Senator Winder** moved to send the gubernatorial reappointment of Dennis Johnson to the Treasurer's Investment Advisory Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Lodge** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **The Reappointment of Wendy Lively to the Bingo Raffle Advisory Board.**

MOTION: **Senator Davis** moved to send the gubernatorial reappointment of Wendy Lively to the Bingo Raffle Advisory Board to the floor with the recommendation that she be confirmed by the Senate. **Senator Winder** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: **Chairman McKenzie** adjourned the meeting at 8:55 a.m.

Senator McKenzie
Chair

Twyla Melton, Secretary

Marian Smith, Assistant Secretary