

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Tuesday, April 07, 2015

TIME: 8:00 A.M.

PLACE: Room WW55

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

ABSENT/ EXCUSED: Vice Chairman Lodge

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.

HJM 12 **A House Joint Memorial to Urge the Government of Turkey to Respect the Rights and Religious Freedoms of the Ecumenical Patriarchate of the Eastern Orthodox Church.**

Representative Erpelding explained that **HJM 12** is a rewrite of **HJM 3** which was brought to the Legislature on behalf of the Greek Orthodox Church and addresses the Ecumenical Patriarchate in Turkey. The Turkish Consulate voiced a few concerns, and as a result, the following changes were made:

- Line 16 of the original bill was changed to read that the Orthodox Christian Church is a recognized religion by the Turkish government.
- Line 20 of the original bill talked about millions of Orthodox Christians living in Turkey at the turn of the 20th century. They requested that language be removed because of the changes in the composition of the population after World War I.

Representative Erpelding said the Turkish Consulate stated their appreciation that the Legislature had allowed them to participate in the discussion.

Chairman McKenzie stated his appreciation for the work that had been carried out on this bill.

MOTION: **Senator Buckner-Webb** moved to send **HJM 12** to the floor with a **do pass** recommendation. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

HCR 23 **A House Concurrent Resolution to Appoint a Committee to Undertake a Study of the Purchasing Laws of the State and Make Recommendations.**

Representative Malek said that **HCR 23** deals with organizing an interim group to review Idaho's procurement laws. It would address all areas such as contracts, services and construction bids.

Senator Davis extended his appreciation to Representative Malek for bringing this bill to the Committee. A recommendation will be made to the Legislative Council to fund the interim committee.

MOTION: **Senator Davis** moved to send **HCR 23** to the floor with a **do pass** recommendation. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

RS 23922

Relating to Health Care to Establish a Community Primary Care Pilot Program Within the Catastrophic Health Care Cost Program.

Senator Thayne described **RS 23922** as a way to stimulate discussion during the interim about ways to address healthcare for those people that are at 100 percent of poverty and do not qualify for subsidies or Medicaid. The bill proposes a method to help individuals that would benefit from enhanced primary care, that don't have insurance, and that have chronic health conditions. The State would match local funds and there would not be any federal money involved; it would be local and state money and the State could write its own rules.

Senator Stennett asked how many adults would be affected. **Senator Thayne** said he thought there would be about 70,000 adults that fall into this category, but he didn't know how many of those had chronic conditions. These are only adults; children from low income families qualify for Medicaid.

Senator Stennett talked about reducing uncompensated care by providing preventative care in a medical home. Are there enough medical homes that would fit this profile and would that be part of the responsibility of the local community?

Senator Thayne outlined how the process would work from the time an individual was diagnosed with a chronic condition to the time a treatment plan was developed. Community resources would be identified that would help pay for some of the services then a proposal would go to the county commissioners. An appropriate local facility that agrees to provide services would be required as part of the proposal.

MOTION:

Senator Winder moved to print **RS 23922**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 318

Relating to Liquor Licenses to Create a Specialty License for a Conference or Event Center Within the City Limits of a Resort City.

Representative Miller stated that **H 318** provides a way for a convention and event center to procure a liquor license. It adds Subsection (13) to Idaho Code § 23-903. This applies only to a resort city with a population of less than 10,000 as defined in Idaho Code 50-1044. It implements a local option non-property tax; the facility must be within the city limits of a resort city; there can only be one conference center per resort city; it must have at least 4,000 square feet of meeting space; there must be a commercial kitchen; and it must derive the major portion of its economic wellbeing catering to recreational needs for people traveling to that destination city. This license may be renewed without regard to the population; liquor can only be sold while hosting a conference or event; and the license is nontransferable and cannot be sold. Alcohol and Beverage Control (ABC) requested that Subsection 14, line 35 be added to comply with the youth standards.

Representative Miller gave an overview about the economic state of the small resort cities in Idaho and emphasized that this is an opportunity to generate business. This provides for smaller groups to assemble in a place that is more economical than large convention centers and would add business to existing establishments such as hotels and restaurants in that destination resort city. According to the Liquor Division, 65 percent of the people attending a convention drink, so the ability to serve opens a number of opportunities for small businesses.

The bill has been viewed by the Idaho Licensed Beverage Association and a variety of hotel and restaurant owners. The current license holders in the Wood River Valley are not opposed to it.

Senator Davis noted that 4,000 square feet is very small. **Representative Miller** acknowledged that in Boise it is small, but a small resort city does not expect

anything large. The 4,000 square feet is only the meeting space and doesn't include the restaurant or kitchen.

Senator Davis asked where was the language in the bill stating that the primary purpose was holding a conference. Where is conference or event defined?

Representative Miller pointed to page 5 beginning with line 28 and read the contents in answer to the first statement. Conference or event is defined on page 4, Subsection 12. **Senator Davis** said that is a description of a facility, not the definition of a conference or event. **Representative Miller** said a conference is tied to one location and stated that, to his knowledge, there was not a definition of event in Idaho Code.

Senator Lakey inquired about the tie to the local option requirement.

Representative Miller said it is part of the definition of a resort city. It must have enacted the local option, non property tax requirement as stated in Idaho Code § 50-1044.

Senator Davis referred to other Idaho Code sections that define entities such as club, director, gaming theatre, premises and liquor. Convention is a defined term; conference and event are not defined terms. Why would conference be used in the bill instead of currently defined terms? **Representative Miller** couldn't answer that question.

Senator Siddoway remarked on the disproportionate number of bars and restaurants in the Wood River Valley that can already sell liquor, wine and beer by the drink. Are there more licenses issued than the law allows? **Representative Miller** gave the population of the towns and how the law works. He didn't think there were any specialty licenses in Ketchum. Sun Valley has five specialty licenses for various activities and so that is a little higher. There are four specialty licenses in Hailey. **Senator Siddoway** stated that his concern was, if liquor is supplied at these events, is there a disproportionate amount of unruliness by the added number of people, does that cause stress on the local police force, does the community suffer damages or are there increased accidents? **Representative Miller** said he had not run into those situations and he didn't know if resort cities had higher percentages of those types of incidents.

Senator Stennett stated that Wood River Valley adheres to the law that designates the number of liquor licenses that can be issued in each town. Beer and wine licenses fall under a different standard. They have hosted much larger conferences than what is in this bill and there hasn't been any trouble. This is just a way to have a smaller venue without going into a large area like Sun Valley.

Senator Siddoway asked if there was a prospective facility that would utilize the conditions outlined in this bill. **Representative Miller** said there is at least one facility that would qualify. **Senator Stennett** added that there were two potential facilities that could house a center. **Senator Siddoway** stated his understanding that at least one business is willing to go ahead with a facility without a liquor license. **Representative Miller** said there is an existing facility, but they have missed business opportunities because of the lack of such a license.

Representative Miller commented on the "slack" time in these resort cities. When this happens it has an effect on local year-round citizens because there is a lack of jobs or reduced working hours.

Senator Lakey wanted to understand why the local option requirement is in this bill. As he reads § 50-1044, it seems to be it permissive; a resort city can enact this if their population is less than 10,000 but it is not a requirement. **Representative Miller** said this was a restriction to help satisfy everyone involved. Page 5, line 6 gives the exact reference.

Senator Davis referred to lines 22-24, page 5. It seems that what is given at one point in the bill is then taken away in this section. **Representative Miller** answered that once the facility has a license, any change in population or city structure will not affect that license.

Senator Davis noted that the Governor has said that there shouldn't be any more specialty liquor licenses issued until there was an overhaul of the liquor laws; is that still true? **Representative Miller** said that the Governor said "it was a good idea" in reference to this bill. **Senator Davis** found definitions in Title 23, Chapter 9, § 942 and neither conference nor convention are defined terms there. Title 50, Chapter 10 did not have those definitions either. He searched in several areas and could not find the definitions of either conference or event centers. What is the intention when using conference or event center instead of convention center? **Representative Miller** answered that they are interchangeable in the applicability to the use of this license and the use of the facility. These would be relatively small group meetings. **Senator Davis** read the definition of convention under this Title and Chapter. **Representative Miller** responded that the definition is part of the type of meeting that would occur but it could be extended to cover other meetings as well.

Senator Stennett remarked that other resort cities outside of Wood River Valley that would benefit from this bill are Stanley, Driggs, Victor, Lava, Ponderay, Sandpoint, Salmon, Riggins, McCall and Donnelly. Driggs has a resort because they are close to Jackson Hole but it does not have a conference center.

TESTIMONY:

Pam Eaton, President and Chief Executive Officer of the Idaho Retailers Association and the Idaho Lodging and Restaurant Association, supports this legislation. This is an enhancement for businesses in these areas rather than competition. This bill addresses conferences and events these small businesses now miss out on. Other licensees in the area believe this will bring more business to their restaurants and hotels by having more activity in the area. It is good for Idaho, the economy and the area. **Ms. Eaton** addressed Senator Davis' concerns regarding definitions. In many different areas of Idaho Code, definitions are addressed in rulemaking. ABC is very strict with liquor licensing and they have a very strong oversight position. **Ms. Eaton** said they will work with ABC to with construct good definitions.

Kate Haas, Kestrel West representing Ketchum Center LLC, one of the facilities in the Wood River Valley that would hope to take advantage of this license should this bill pass, she said the object of the bill is to provide an economic development tool. A resort city has an influx of population during the peak season and then suffers during the slack season when it is just the year-round residents; it is a struggle to fill hotel rooms and restaurants. The idea is to bring a small scale center to attract groups of people from 20 - 100 at a time. The small center does not have a hotel attached to it like the existing specialty license holders have. When people attend an event at the center, they will use existing facilities for food and lodging. Ketchum is a good example because they have lost some major employers over the past few years and are looking for an economic development tool. The Mayor of Ketchum has already expressed her support for this type of a facility.

Ms. Haas addressed Senator Siddoway's question about an existing center without a liquor license. Her client has tried to host events and has been turned down for small scale conferences because they did not have a liquor license.

Ms. Haas agreed that there is a tie to the local option non-property tax. It is included in the language for two reasons: 1) there is a direct tie in the definition and 2) it is limiting. Just because the city has less than 10,000 people doesn't mean that the city can automatically obtain one of these licenses. When a resort city enacts the local option non-property tax it is most often for economic development; that is in line with the spirit of this bill.

Ms. Haas then addressed Senator Davis' questions on definitions. The 4,000 square feet of space is a small space but these are small scale conference and event centers. It is very different from something like Boise Centre on the Grove. She gave some examples of smaller event centers in downtown Boise. These are small communities and it is only natural that an event or conference center would be smaller. **Ms. Haas** pointed out that liquor can only be served during a hosted event.

Ms. Haas stated from her perspective, for a small scale center the word convention is too narrow as written in the defined terms. **Senator Davis** said that when he looked at the language on lines 30-31, it says they can serve while hosting an event, it doesn't say that they can only serve to the event. **Ms. Haas** stated that the intent is that liquor can only be served while they are hosting the event. **Senator Davis** asked why a catering license wouldn't work instead of instituting another specialty liquor license. **Ms. Haas** couldn't speak to the catering license. The focus is not on a specific license, it is about the resort cities finding another way to attract people to their cities. **Senator Davis** said that conference has not been defined, shouldn't it be defined now? **Ms. Haas** agreed with Senator Davis and they would be glad to work on those definitions with ABC.

Senator Siddoway stated his concern about the definition of event and who makes that determination. Does the owner of the facility make that decision? **Ms. Haas** said ABC makes the final determination.

MOTION:

Senator Stennett moved to send **H 318** to the floor with a **do pass** recommendation. **Senator Buckner-Webb** seconded the motion.

Senator Davis said he wouldn't be supporting the motion because of the absence of those defined terms.

Senator Hill said that words and terms do matter. He is going to be more careful and make sure that the Legislature places its own sideboards on statutes and not rely on others to do that. He will be opposing the motion.

Chairman McKenzie called for a voice vote.

**ROLL CALL
VOTE:**

Being in doubt, **Chairman McKenzie** called for a roll call vote. **Chairman McKenzie** and **Senators Winder, Lakey, Stennett** and **Buckner-Webb** voted aye. **Senators Davis, Hill** and **Siddoway** voted nay. The motion carried.

H 319

Relating to Administrative Rules to Continue Certain Administrative Rules in Full Force and Effect Until July 1, 2016.

Chairman McKenzie said that this is the "drop dead" bill that must be passed each year or the administrative rules will expire. **Senator Davis** asked if the bill were to be held in Committee, what date would the existing rules expire. **Chairman McKenzie** said it would be June 30, 2016. **Senator Davis** asked what would happen to each department, agency and commission if the bill were to be defeated. **Chairman McKenzie** said that if that happened, they would have to go through the rulemaking process to recreate every rule.

Senator Davis recalled that at one time the Legislature chose, in an organized way, to set a sunset on all administrative rules and required each department and agency to repromulgate those rules and bring them back to the Legislature for review and to compel departments and commissions to defend their policies. It may be time to do this again. He observed that next year the "drop dead" bill should contain something to that effect. As a Legislative body preserving its rights to review, it should also do a periodic review of all the administrative rules.

MOTION:

Senator Davis moved to send **H 319** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion.

Senator Winder said he could see no reason to wait. It is important. These rules impact Idaho citizens on a regular basis and this should be talked about during the interim.

The motion carried by **voice vote**

RS 23948

A Senate Concurrent Resolution Rejecting a Certain Rule Docket of the Idaho State Police Idaho State Racing Commission Relating to Rules Governing Simulcasting.

Chairman McKenzie said the Committee will need to determine how to proceed with **RS 23948** related to the instant racing under the simulcast rules. He provided a brief history:

- The Committee voted to reject the rules after **S 1101** passed the Senate and the House.
- The Governor vetoed the bill.
- The Senate did not override the veto on that bill.
- This Senate concurrent resolution is now before the Committee and it must decide how to proceed.

Senator Winder said that there is considerable angst about the current machines and instant racing. What happens if this is adopted? **Chairman McKenzie** stated he was not sure if this affects the current practice. This docket relates to the location and type of facilities where historic horse racing takes place. **Senator Winder** observed that one of the biggest concerns was the off-track facility. He was not certain if there was enough time to address any of those concerns. Even those Senators that did not support the repeal see problems.

Senator Davis understood that the concurrent resolution is to reject the pending rule **Docket No. 11-0402-1401**. **Chairman McKenzie** concurred.

Ardie Noyes, Management Assistant, Horse Racing Commission, explained that there are only a set amount of race meet licenses and in order to have a simulcast license there must be live horse racing. There is a long process to get a simulcast license and not every track would qualify.

Senator Winder asked about the offsite location in eastern Idaho. **Ms. Noyes** explained that during 2011, there were changes in statute to allow for a live meet licensee to take their simulcast signal off the original site and move it to a different location. That signal can be taken anywhere within the county as well as to a different county.

Senator Hill inquired if anywhere in the rules that are the subject of this resolution, there is a reference to instant horse racing. **Ms. Noyes** said that in 2014 there were three actions on historical horse racing: 1) the Governor requested that the words "instant racing" be removed; 2) the viewing of the race would be at the patron's discretion; and 3) a credit card could not be used at the machine. Those items were addressed in rules, submitted by the Commission and assigned a DFM number. They were sent to the rules coordinator at the Idaho State Police and nothing further happened.

Senator Hill restated his inquiry. Is there any reference to instant horse racing in the docket this resolution is referring to? Does the Committee want to approve rules that deal with a term that is still in question and is not used in statute? **Ms. Noyes** answered that both terms are being used.

Chairman McKenzie asked how many times is the term specifically used in this docket. **Ms. Noyes** said she hasn't seen the words "instant racing" in this docket.

Senator Davis stated that these rules deal with live races. It applies to instant horse racing because it talks about historical horse racing throughout the docket; this only deals with the licensing component. It says that the "licensee may not apply for a license to conduct historical racing unless that licensee holds a current simulcast license and has conducted simulcasting of live racing for a period of at least one year."

Chairman McKenzie advised the Committee that unless there is a motion, **RS 23948** will remain in Committee. **Senator Davis** asked if the Committee could have a day to review these pending rules before taking any action. **Chairman McKenzie** said he would circulate the docket to the Committee and follow up on it.

Chairman McKenzie anticipates that this may be the last meeting. He formally thanked the secretary and the Committee for all they have done this session.

ADJOURNED: **Chairman McKenzie** adjourned the meeting at 9:34 a.m.

Senator McKenzie
Chair

Twyla Melton
Secretary