

MINUTES
SENATE TRANSPORTATION COMMITTEE

DATE: Wednesday, April 08, 2015

TIME: 9:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Brackett, Vice Chairman Nonini, Senators Keough, Winder, Hagedorn, Vick, Den Hartog, Buckner-Webb and Lacey

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 Brackett** called the meeting of the Senate Transportation Committee (Committee) to order at 9:03 a.m. and welcomed all in attendance.

Speaker Bedke asked Chairman Brackett if the Committee could go at ease in order for he and the Chairman to have a discussion outside the Committee hearing room. **Chairman Brackett** called the meeting at ease at 9:04 a.m.

Chairman Brackett reconvened the Committee meeting at 9:06 a.m. and invited Representative Monks to take the podium to present **H 310**.

H 310: **Representative Monks** said that **H 310** is one of three bills sent over from the House to help with the shortfall in transportation funding needed to maintain Idaho's roads.

Representative Monks said that when he moved to Meridian 23 years ago the population was right around 9,000 people, today there are more than 80,000 people. He said there is lots of growth in lots of areas, and Idaho's transportation needs have increased with that growth. The State's fuel tax has not increased in the same proportion. From 1997 to today, fuel usage has increased 13 percent even though population has increased at a much higher rate during those 17 years. Vehicles have become more fuel efficient, and there has been an introduction of hybrids that utilize alternative fuel sources.

The fuel tax is a dying tax that will not get transportation funding to where it needs to be. Vehicle registration fees can be increased, but that can only go so far. **H 310** looks at other issues and means of raising transportation funding. Idaho's revenue receipts will see an increase of 5.5 percent. He believes it is appropriate to look at economic growth and revenue increase as a funding source. In the bill, changes to the Highway Distribution Account (HDA) occur on page 1, Section 1, Idaho Code § 40-701. The 5 percent that currently goes into the Law Enforcement Account is eliminated. That amount will now go to local jurisdictions. The Idaho State Police (ISP) would become fully, instead of partially, dependent on the General Fund for their funding. That amounts to an additional \$16 million from the General Fund to fulfill ISP's budget.

Page 2 of the bill, Idaho Code § 57-814, adds wording for distributing funds from the Budget Stabilization Fund (BSF). After comparing the current fiscal year with the prior fiscal year, if the receipts exceed 4 percent from the previous year then the excess funds go into the BSF. One-third of whatever amount goes into the BSF would now be directed to transportation; that amount is roughly \$30 million. If the receipts do not exceed 4 percent or more, then no funds go into the BSF or to transportation. **Representative Monks** offered to respond to questions.

Before taking questions, **Chairman Brackett** set some ground rules for the Committee. He explained that he wanted all their questions answered and time to hear all testimony, but the Committee needed to complete its business before the Senate convened at 10:30 a.m.

Senator Den Hartog wanted to know the history behind ISP being part of the distribution formula. **Representative Monks** said he wasn't certain about the full history, but he questioned the constitutionality of whether dedicated fuel tax should go to ISP. He said the Constitution was clear with regard to funding maintenance and repairs and there are some administrative use provisions. At one time ISP was responsible for licensing, but that is no longer the case.

Senator Buckner-Webb asked if this would destabilize the BSF, especially during a recession. **Representative Monks** said he didn't think so, but it depends on the economic times. ISP already gets \$25 million from the General Fund; when there was an economic downturn ISP was impacted as were all agencies that depend on the General Fund for its revenue. **Senator Buckner-Webb** asked if expanded growth continued would Idaho be able to maintain the level of need. **Representative Monks** responded, absolutely. If Idaho's population grows so will its economy. The budget numbers in growth of revenue increases are significant which will continue as long as Idaho grows. Only growth over 4 percent is what **H 310** takes from the BSF.

Senator Keough said her concern was the BSF as she has had to attend mid-year holdbacks because of a dip in the economy. If there had not been money in the BSF, Idaho would have had a devastating result. The BSF helps ride out these fluctuations in the economy. Even though cuts were made, Idaho was able to use BSF revenue. These funds are for a budget growth limitation situation rather than for helping just one segment of the budget. **Representative Monks** agreed that the BSF helped ride out the economic storm. He expects that the BSF will continue to grow the same way. The General Fund question is that transportation should not compete for education and health and welfare dollars. He said that the percentage of the General Fund that funds education is big when compared to other states; Idaho does a good job. Every tax dollar taken from Idahoans competes with their meeting their own personal needs. It is appropriate that the dollars compete whether during economic growth or in an economic downturn. Those decisions will be made no matter what the situation. **Senator Keough** said her specific concern is with moving ISP's full budget into the General Fund. Education is required in Idaho's Constitution and the Legislature must comply. Mandates with Health and Welfare are required. The result of ISP's budget shortfall could hamper Idaho's ability to provide critical services. She wanted to know why this was a better way to go than the traditional way of increasing user fees. **Representative Monks** responded with two points: (1) he said that the proportion does not change because this is additional money from growth funds over 4 percent; and (2) earmarking where those additional funds go is appropriate.

Senator Lacey said he was also concerned about the BSF. He used Representative Monks' example of a 5 percent growth rate yielding \$30 million for transportation. Then there would be \$16 million out for ISP, another \$10 million for another program, and soon there is a much bigger hit. He said there are many agencies that are not yet back to 2009 budget levels. He asked if he was correct that there would be a \$26 million hit. **Representative Monks** said that once the ISP \$16 million is taken out, it is a onetime hit. Idaho's growth after that should cover the cost. **Senator Lacey** asked if the \$16 million wasn't an ongoing hit. **Representative Monks** said it was, but it would be a smaller percentage as Idaho's growth continues.

Senator Winder made a statement that people want to deal with the merits of the bill, but many are ready to go home. So some are saying it is a "hold your nose and vote for it" situation. The Senate sent **S 312aaS** to the House yesterday, and it was rejected. This bill could provide critical transportation funding. The Speaker of the House came into this Committee and asked for a few minutes with Chairman Brackett; what that means is uncertain.

For clarification, **Chairman Brackett** said that he had walked the Speaker through the Senate amendments to **H 312aaS**.

Representative Monks said he wished he knew the lay of the land. **H 310** is part of a package, and he can't speak to the merits of the rest of the package. He thinks **H 310** has merits and is appropriate. There were many bills in the House that were big package legislation, but they did not get very far. So, instead, they broke apart some of the concepts into separate bills thinking they were easier to understand and present. He said the Senate may know better. **Senator Winder** said that the scheme in **H 310** of transferring funds and the change in ISP's funding were ingenious ways of dealing with things from the past. A third of those funds will impact the future, and the Legislature has a chance to make adjustments later. If the Senate passes **H 310**, will it help those in the House who want to keep more in the General Fund?

Chairman Brackett reminded Senator Winder that if the Senate passes **H 310**, the House does not get another chance to change it; it goes directly to the Governor.

Representative Monks said he was not sure what the strategic impact would be. He looks at each bill on its merits.

Senator Nonini asked Representative Monks to share why there was such a close vote on **H 310** in the House.

Representative Monks said that a handful of those who voted against it would now support it. They just needed more time to understand what the bill does. He really didn't know why the vote was as it was. He did say that there are so many ideas on transportation funding that it's tough to get many members to get behind a bill. There were no further questions for Representative Monks.

Chairman Brackett thanked Representative Monks for his presentation and discussion. **Chairman Brackett** noted that no one had signed up to testify, but he asked if there were any who would now like to do so; there were none.

Chairman Brackett asked Representative Monks to offer any closing remarks. **Representative Monks** simply said that **H 310** was a good bill and it should be passed.

MOTION:

Senator Den Hartog moved to send **H 310** to the floor with a **do pass** recommendation. **Senator Hagedorn** seconded the motion.

Chairman Brackett asked if there was any discussion on the motion.

Senator Winder commented that the Committee had passed **H 311**, but the Senate body did not accept the bill. Despite what had been said, the Committee was not disrespectful to House Leadership. He wanted to apologize that the action was misconstrued as it was not the Committee's intent. This bill, **H 310**, is an up-or-down vote, and the Committee wanted to give it a full hearing. **Senator Winder** thanked Representative Monks for his presentation.

Senator Hagedorn said that **H 310** was more about dedicated funds for roads and the General Fund. One grows and the other doesn't. This bill is a creative solution of taking from the growing fund and placing it in the road fund. The General Fund may have fewer funds, but there will be \$10 million for bridges and roads. Half of Idaho road funding comes from the federal government, and most states also commit their general funds to their highways because federal funds are declining.

Senator Winder said that he supports the motion because he understands the commitment to education from the General Fund, but he can see the nexus. The safer we make our roads, the safer our citizens are; that includes school children riding their school buses to their school. It is worth considering.

Senator Keough said she would not support the motion, but she appreciates Representative Monks engaging in the situation in such a productive way. She has even come to support ISP's full budget coming from the General Fund, but the problem is the BSF. It is hard to come back in the middle of a budget year, which happened in 2003, to make cuts. It is hard to hear from parents whose children got in trouble, are incarcerated and need programs that have been cut from the prison budget. It is hard to hear about college-aged students that have to spend a couple more years in college because funding has been cut. She said that the traditional funding of roads, like fuel tax increases, should be discussed. Other options should be discussed, but she cannot support **H 310**.

Senator Lacey said that he too has gotten past the ISP budget, but he too sees the problem as the BSF language.

SUBSTITUTE MOTION:

Senator Lacey moved to hold **H 310** in Committee. **Senator Keough** seconded the motion. **Chairman Brackett** called for a roll call vote. **Senators Keough, Buckner-Webb** and **Lacey** voted aye. **Chairman Brackett, Vice Chairman Nonini, Senators Winder, Hagedorn, Vick** and **Den Hartog** voted nay. The motion failed.

VOTE ON ORIGINAL MOTION:

Chairman Brackett called for a roll call vote on the original motion. **Chairman Brackett, Vice Chairman Nonini, Senators Winder, Hagedorn, Vick** and **Den Hartog** voted aye. **Senators Keough, Buckner-Webb** and **Lacey** voted nay. The motion passed. **Senator Den Hartog** offered to carry the bill on the floor.

ADJOURNED:

With no further business before the Committee, **Chairman Brackett** adjourned the meeting at 9:48 a.m.

Senator Brackett
Chair

Gaye Bennett
Secretary