

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Wednesday, January 13, 2016

TIME: 9:00 A.M.

PLACE: Room EW40

MEMBERS: Chairman Loertscher, Vice Chairman Batt, Representatives Andrus, Luker, Crane, Palmer, Sims, Barbieri, Holtzclaw, McMillan, Bateman, Cheatham, Nielsen, Smith, Jordan, McCrostie, Wintrow

**ABSENT/
EXCUSED:** Representative(s) Luker, Nielsen

GUESTS: Paul Kjellander, Idaho Public Utilities Commission; Joe Leckie, Idaho Public Utilities Commission; Jeff Anderson, Idaho State Liquor Division; Tyler Mallard, Risch Pisca; Russ Wheatley, Idaho State Police; Skip Smyser, Lobby Idaho; Kate Haas, Kestrel West; Doug Paddock, IORC; Suzanne Budge, SBS Association.

Chairman Loertscher called the meeting to order at 9:01 a.m.

Chairman Loertscher welcomed the committee members back to the legislature. He also introduced the intern assigned to the Committee, **Tony Eldeen** and **Tyra Peone**, the page assigned for the first part of the session.

RS 24043: **Paul Kjellander**, Commissioner, Idaho Public Utilities, presented **RS 24043**, proposed legislation that amends Section 61-712A of the Idaho Code to change civil penalties according to limits set by the PHMSA. He stated the Pipeline and Hazardous Materials Administration (PHMSA) is requiring all states who participate in the pipeline safety grant program to have statutory authority to assess civil penalty with maximum limits that are acceptable to the PHMSA. He stated the fines would increase from a limit of \$2,000 per violation per day to \$100,000, and the \$200,000 limit for a related series of violations to \$1,000,000. He stated the increase would put the State of Idaho in compliance with the limits accepted by PHMSA and all civil penalties assessed and collected under the current statute will be deposited into the General Fund. He also stated any monies collected would not directly benefit the Public Utilities Commission (PUC). He stated if a fine is assessed and contested, the issue would go directly to the District Court. He also asked that if the proposed legislation was introduced, that the committee strike the word "of" after "civil penalty" on line 14, as it is a grammar correction.

In response to committee questions, **Mr. Kjellander** stated penalties would most likely not be assessed against offenders by the PUC and the PHMSA simultaneously but that he would confirm that information later if needed. He also stated funding for the pipeline safety grant program provides approximately \$4,000 a year in federal funding to the PUC. He stated the proposed change primarily focuses on compliance with the recommended standards because Idaho is seen as currently having lenient standards.

MOTION: **Rep. Palmer** made a motion to return **RS 24043** to the sponsor. He spoke to the motion and stated raising the fees is a long reach approach and there needs to be a good reason for the increase besides preserving the reputation of the State to the federal government. He stated the revenue collected from the fines should go back into training or something productive instead of just sending it to the General Fund.

Rep. Crane spoke in support of the original motion and stated the proposed legislation is a significant increase in fines and raising them over a period of time would be better.

SUBSTITUTE MOTION: **Rep. Wintrow** made a substitute motion to introduce **RS 24043** with the proposed changes striking the word "of" after "civil penalty" on line 14.

Rep. Andrus spoke in support of the substitute motion.

ROLL CALL VOTE: A roll call vote was requested on the substitute motion. **Substitute motion failed by a vote of 6 AYE, 9 NAY and 2 Absent/Excused. Voting in favor** of the motion: **Chairman Loertscher, Reps. Andrus, Smith, Jordan, McCrostie and Wintrow. Voting in opposition** to the motion: **Reps. Batt, Crane, Palmer, Sims, Barbieri, Holtzclaw, McMillan, Bateman and Cheatham. Absent/Excused: Reps. Luker and Nielsen.**

VOTE ON ORIGINAL MOTION: **Chairman Loertscher** called for a vote on the original motion to return **RS 24043** to the sponsor. **Motion carried by voice vote.**

RS 24031: **Jeff Anderson**, Director, Idaho State Liquor Division, presented **RS 24031**, proposed legislation that prohibits the possession, use, sale and purchase of powdered alcohol. He explained that the product is considered dangerous, unnecessary, and prone to abuse. In it's solid, powdered state at which it would be sold at retail, it is nearly 70% alcohol by volume (ABV). Unapproved uses include snorting, misuse by irresponsible adults of legal drinking age with underage persons, improper mixing with less than the prescribed amount of water, mixing with other spirituous liquors that could create lethal drinks, mixing with foods, and the inherent concealability that will lead to illicit use in venues where alcohol is prohibited (football stadiums, high school lunch rooms, etc.) He stated last year powdered alcohol received label approval from the Federal Alcohol and Tobacco Tax and Trade Bureau (TTB), which is the first step in allowing the product to be sold legally in the USA, the second step would be FDA approval. He stated the powder has been banned in 24 other states through legislation in the past two years. He also stated law enforcement, the education community and the liquor community all support the proposed legislation.

MOTION: **Rep. Bateman** made a motion to introduce **RS 24031. Motion carried by voice vote.**

Vice Chairman Batt was recognized for the purposes of coordinating the Administrative Rules that are assigned to the committee. She stated that the Military Division, Bureau of Homeland Security Rules, Public Utilities Commission Rules, State Liquor Division Rules, and Department of Administration, Capitol Mall Parking Rules and Interior of State Property Rules will be sent to a subcommittee to review, which will include the following members- **Chairman Holtzclaw, Reps. Slms, Nielsen, Cheatham and Wintrow.** She also advised the Idaho State Racing Commission Rules and Secretary of State Rules will be reviewed by another subcommittee, which will include the following members- **Chairman Bateman, Reps. Andrus, Jordan, McCrostie and McMillan.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:25 a.m.

Representative Loertscher
Chair

Kasey Winder
Secretary