

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, March 03, 2016
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
**ABSENT/
EXCUSED:** None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 AM.
PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analysis**
Board of Land Commissioners: Department of Lands

The Department of Lands has five budgeted programs. 1) The Support Services Program; 2) The Division of Forest Resources; 3) The Lands and Waterways Program; 4) The Forest and Range Fire Protection Program, and 5) The Board of Scaling Practices.

Mr. Houston explained the funding procedures, requests, and the FY 2017 budget recommendation for the Idaho Department of Lands. In FY 2015 about 11% of the funding came from General Funds, 16% from the dedicated Department of Lands Fund, and moneys inside the non-endowment related activities. Specific requests for this budget include: the Lands Information System Phase 2 Lands and Waterways, this funding is requested to implement the second phase of the Land Information Management System for Lands and Waterways; funding for a full-time permanent eastern Idaho fire services coordinator to handle administrative duties such as maintaining the Private Fire Program, developing and updating agreements with local fire service organizations and local governments, assisting as a line officer, and coordinating with other agencies on existing and emerging fire management issues; funding to convert part-time positions to permanent positions; four additional seasonal wildland fire-fighting staff and training costs; \$482,100 for the Oil and Gas Conservation Program to ensure that the Oil and Gas Conservation Commission can fulfill its duties; additional equipment for the Forest Resources Management Program.

Mr. Houston stood for questions regarding the Forest Legacy Projects and responded to concerns raised by committee members. The department requests \$5 million in ongoing federal appropriation for forest legacy projects. The Forest Legacy Program was established by the federal Cooperative Forestry Assistance Act of 1978 to protect environmentally important forest lands threatened with conversion to non-forest use. As the state administrator, the Department of Lands uses federal grant money to purchase conservation easements, often in conjunction with other non-profit or state agencies, on private forestlands.

The Clagstone Meadows Forest Legacy project is composed of 13,000 acres of contiguous private forest land in Bonner County.

FAILED:

Substitute Motion
Board of Land Commissioners
Department of Lands
Appropriation

Moved by **Nuxoll**, seconded by **Guthrie**, to approve for introduction \$5,344,900 General Funds, \$42,562,900 Dedicated Funds, \$6,617,600 Federal Funds for a total of \$54,525,400 with FTP of 291.10

Ayes: 4

Nuxoll, Thayn, Guthrie, Monks

Nays: 16

Keough, Johnson, Bair, Mortimer, Brackett, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Ab/Ex: 0

CARRIED:

Original Motion
Board of Land Commissioners
Department of Lands
Appropriation

Moved by **Burtenshaw**, seconded by **Brackett**, to approve for introduction \$5,344,900 General Funds. \$42,562,900 Dedicated Funds. \$11,617,600 Federal Funds for a total of \$59,525,400 with FTP of 291.10

Ayes: 16

Keough, Johnson, Bair, Mortimer, Brackett, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 4

Nuxoll, Thayn, Guthrie, Monks

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Burtenshaw**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 4. RE-APPROPRIATION. There is hereby re-appropriated to the Department of Lands any unexpended and unencumbered balances appropriated or re-appropriated for the Forest Resources Management Program for fiscal year 2016, from federal funds for trustee and benefit payments, to be used for the Forest Legacy Program for the period July 1, 2016 through June 30, 2017.

PRESENTER:

Ray Houston, Principal Analyst, Division of Budget and Policy Analysis

Department of Water Resources

Mr. Houston explained to the committee the budget requests and recommendations for FY 2017, for the Department of Water Resources. Specific line items include: additional appropriation from the dedicated Miscellaneous Revenue Fund in order to spend money received from lessees in the Idaho Water Center; \$716,000 be transferred from the Revolving Development Fund to the Aquifer Planning and Management Fund; shift \$79,500 in personnel costs from the dedicated Northern Idaho Adjudication Fund to the General Fund because cash in the dedicated fund is rapidly declining (fund balance of \$62,700 at end of FY 2015); \$543,300 for the Surface Water Settlement Agreement; funding to re-establish an office in Salmon, Idaho; funding for water sustainability projects and cash transfers.

CARRIED:

Original Motion

Department of Water Resources

Appropriation

Moved by **Bair**, seconded by **Burtenshaw**, to approve for introduction \$18,630,800 General Funds, \$7,465,600 Dedicated Funds, \$2,278,300 Federal Funds for a total of \$28,374,700 with FTP of 155.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Bair**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 3. CASH TRANSFER. There is hereby appropriated to the Department of Water Resources and the State Controller shall transfer \$716,000 from the Revolving Development Fund to the Aquifer Planning and Management Fund, on July 1, 2016, or as soon thereafter as practicable, for the period July 1, 2016, through June 30, 2017.

SECTION 4. CASH TRANSFER. Of the amount appropriated in Section 1 of this act to the Planning and Technical Services Program from the Economic Recovery Reserve Fund for lump sum, the State Controller shall transfer \$2,500,000 to the Secondary Aquifer Planning, Management and Implementation Fund, on July 1, 2016, or as soon thereafter as practicable, for the period July 1, 2016, through June 30, 2017.

SECTION 5. CASH TRANSFER. Of the amount appropriated in Section 1 of this act to the Planning and Technical Services Program from the General Fund for lump sum, the State Controller shall transfer \$5,000,000 to the Secondary Aquifer Planning, Management and Implementation Fund, on July 1, 2016, or as soon

thereafter as practicable, for the period July 1, 2016 through June 30, 2017.

SECTION 6. CASH TRANSFER. There is hereby appropriated to the Department of Water Resources and the State Controller shall transfer \$100,400 from the General Fund to the Miscellaneous Revenue Fund, on July 1, 2016, or as soon thereafter as practicable, for the period July 1, 2016, through June 30, 2017. Such moneys shall be credited to the Priest Lake Outlet Subaccount.

**UNANIMOUS
CONSENT:**

On request by **Brackett**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 7. LEGISLATIVE INTENT. It is the intent of the Legislature that the Idaho Water Resource Board sell the Pristine Springs property for the appraised value, and that the proceeds be deposited to the General Fund.

PRESENTER:

**Ray Houston, Principal Analyst, Division of Budget and Policy Analysis
Department of Parks and Recreation**

Mr. Houston presented to the budget committee the FY 2017 program maintenance requests for the Idaho Department of Parks and Recreation. There are twelve line items in this request to fund maintenance to the public facilities used to service Idaho parks and campgrounds.

CARRIED:

**Original Motion
Department of Parks and Recreation
*Appropriation***

Moved by **Miller**, seconded by **Lacey**, to approve for introduction \$3,336,700 General Funds, \$31,396,400 Dedicated Funds, \$4,897,800 Federal Funds for a total of \$39,630,900 with FTP of 150.89

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Miller**, granted by unanimous consent, the legislative intent language shown below was accepted.

SECTION 3. EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS. Notwithstanding Section 67-3511(1) and (2), Idaho Code, trustee and benefit payments appropriated for grants in the Management Services Program may be transferred to capital outlay in the Capital Development Program or to capital outlay in the Park Operations Program to reflect grants awarded to the Department of Parks and Recreation for the period July 1, 2016 through June 30, 2017. Legislative appropriations shall not be transferred from one fund to another unless expressly approved by the Legislature.

SECTION 4. RE-APPROPRIATION. There is hereby re-appropriated to the Department of Parks and Recreation any un-expended and unencumbered balances appropriated or re-appropriated to the Department of Parks and Recreation for the Capital Development Program for fiscal year 2016 to be used for nonrecurring expenditures in that program for the period July 1, 2016 through June 30, 2017.

PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analysis**
Commissioner Salary Increases: DRAFT RWH020

The Budget Committee adopted the draft for Public Utilities, State Tax Commission, Industrial Commission, then moved for the appropriation for commissioner salaries.

CARRIED: **Original Motion**

Public Utilities Commission
State Tax Commission
Industrial Commission

Moved by **Johnson**, seconded by **Gibbs**, to approve for introduction **DRAFT RWH020, Commissioner Salary Increases.**

Ayes: 16

Keough, Johnson, Bair, Mortimer, Brackett, Schmidt, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 2

Nuxoll, Guthrie

Ab/Ex: 2

Thayn, Lacey

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

CARRIED: **Original Motion**

Public Utilities Commission

State Tax Commission

Industrial Commission

Appropriation

Moved by **Johnson**, seconded by **Gibbs**, to approve for introduction \$10,400 General Funds, \$23,900 Dedicated Funds, \$0 Federal Funds for a total of \$34,300 ongoing to be used for 3% commissioner salary increases effective July 1, 2016.

Ayes: 16

Keough, Johnson, Bair, Mortimer, Brackett, Schmidt, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 2

Nuxoll, Guthrie

Ab/Ex: 2

Thayn, Lacey

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis**

Department of Revenue and Taxation

Board of Tax Appeals

Mr. Bybee explained each budgeted program, and FY 2017 budget requests for the Board of Tax Appeals. The Board of Tax Appeals provides taxpayers the opportunity to appeal their ad valorem assessed valuations from a county board of equalization or tax decisions from the Idaho State Tax Commission. The three-member board provides an opportunity for appellants and respondents to present testimony and evidence at a quasi-judicial board hearing, rather than through a district court trial which can necessitate legal representation and expense.

CARRIED: **Original Motion**

Department of Revenue and Taxation

Board of Tax Appeals

Appropriation

Moved by **Johnson**, seconded by **Monks**, to approve for introduction \$565,300 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$565,300 with FTP of 5.00

Ayes: 17

Keough, Johnson, Bair, Mortimer, Nuxoll, Guthrie, Schmidt, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 3

Brackett, Thayn, Lacey

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

Department of Revenue and Taxation:
State Tax Commission

Mr. Bybee explained each budgeted program and FY 2017 budget requests for the State Tax Commission. The State Tax Commission currently has five budgeted programs: General Services, Audit, Collections, Revenue Operations, and Property Tax.

1) The General Services Program consists of the Commissioners, Administrative Section, Legal Section, Tax Policy Section, Information Technology Section, Human Resources, Strategic Development Services, and the Management Services Division. This organizational structure provides for centralized management, policy development, legal, personnel, fiscal, and computer services.

2) The Audit Program conducts audits on all tax types administered by the agency by the authority of Idaho Code and the Multistate Tax Compact; conducts discovery and enforcement efforts directed at non-filers.

3) The Collections Program operates from the administrative office in Boise and works from and oversees five field office locations; it is also responsible for collecting delinquent taxes for all tax types, and for providing frontline taxpayer services at the offices or over the phone.

4) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents.

5) The Property Tax Program, formerly County Support, provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is required to: annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; examine property tax levies of all taxing districts to ensure compliance with Idaho Code; develop forms, procedures and computer software necessary for county assessors to appraise property; develop an assessor's manual in order to facilitate uniformity of appraisals; and to administer property tax relief through the Circuit Breaker Program.

Mr. Bybee then stood for questions regarding the budget request.

FAILED:

Substitute Motion
Department of Revenue and Taxation
State Tax Commission

Moved by **Guthrie**, seconded by **Nuxoll**, to approve for introduction \$34,974,700 General Funds, \$7,490,000 Dedicated Funds, \$8,000 Federal Funds for a total of \$42,472,700 with FTP of 449.00

Ayes: 5

Bair, Mortimer, Nuxoll, Guthrie, Monks

Nays: 13

Keough, Johnson, Brackett, Schmidt, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Ab/Ex: 2 Thayn, Lacey

CARRIED:

Original Motion

Department of Revenue and Taxation
State Tax Commission
Appropriation

Moved by **Youngblood**, seconded by **Schmidt**, to approve for introduction \$35,152,200 General Funds, \$7,490,000 Dedicated Funds, \$8,000 Federal Funds for a total of \$42,650,200 with FTP of 451.00

Ayes: 18

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Guthrie, Schmidt, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Lacey

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER:

Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis
Department of Commerce

The Idaho Department of Commerce is dedicated to creating jobs, generating economic growth, creating economic opportunities, and advancing the well-being and prosperity of Idaho citizens. The agency offers many economic development programs to both existing and new businesses to the state, and is committed to ensuring access to services and information for all its customers and partners. **Mr. Bybee** then read through the line items and recommendations for the FY 2017 budget request for the Department of Commerce.

CARRIED: **Original Motion**
Department of Commerce
Appropriation

Moved by **Monks**, seconded by **Mortimer**, to approve for introduction \$5,713,800 General Funds, \$14,254,000 Dedicated Funds, \$16,264,900 Federal Funds for a total of \$36,232,700 with FTP of 43.00

Ayes: 15

Keough, Johnson, Bair, Mortimer, Guthrie, Schmidt, Bell, Gibbs, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 5

Brackett, Nuxoll, Thayn, Lacey, Miller

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Monks**, granted by unanimous consent, the following intent language was accepted:

SECTION 3. There is hereby appropriated to the Department of Commerce and the State Controller shall transfer \$17,000 from the Small Business Assistance Fund to the Idaho Global Entrepreneurial Mission Fund, on or after July 1, 2016, or as soon as is practicable.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis**
Department of Labor

Mr. Bybee read through each line item as it pertained to the FY 2017 budget request for the Department of Labor, then addressed concerns voiced by members of the budget committee.

CARRIED: **Original Motion**
Department of Labor
Appropriation

Moved by **Mortimer**, seconded by **Gibbs**, to approve for introduction \$389,600 General Funds, \$34,931,000 Dedicated Funds, \$69,498,600 Federal Funds for a total of \$104,819,200 with FTP of 700.00

Ayes: 17

Keough, Johnson, Bair, Mortimer, Brackett, Guthrie, Schmidt, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 3

Nuxoll, Thayn, Lacey

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Mortimer**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 3. It is the intent of the Legislature that the Department of Labor shall present a report to the Joint Finance-Appropriations Committee by January 1, 2017, detailing FY 2017 operating costs for all the local Department of Labor offices. The costs shall be reported at the sub-object level and include the number of personnel and the projected annual number of hours worked by position. Additionally, this report shall include revenues for the local offices, by fund source, and include a five-year projection for those fund sources.

ADJOURN:

There being no further business to come before the committee, **Chairman Bell** adjourned the meeting at 10:15 AM.

Representative Bell
Chair

Christi Cox
Secretary