

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Wednesday, January 25, 2017

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Hagedorn, Senators Davis, Hill, Winder, Lodge, 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 Siddoway** called the Senate State Affairs Committee (Committee) to order at 8:05 a.m. **Chairman Siddoway** welcomed those who were in attendance and introduced Tracy Schaner, Deputy Administrator in the Division of Veterans Services.

RS 24836: **Tracy Schaner**, Deputy Administrator in the Division of Veterans Services (Division), stated that the bill before the Committee is an amendment to I.C. § 65-208, the Wheelchair Transportation Program. The bill would change the program from a voucher reimbursement system to a payment authorization program. **Ms. Schaner** said the current voucher reimbursement program is cumbersome and limits the Division's ability to administer the program, particularly in rural areas. In addition, only one company is providing transportation services at this time. The statutory amendment proposed would give the Division greater latitude to authorize payments and enter into agreements with commercial transportation providers.

Ms. Schaner noted that current statute only provides transportation to veterans to and from medical appointments. The proposed amendment would allow payment authorization to veterans confined to wheelchairs to receive transportation for meeting the daily necessities of life.

Vice Chairman Hagedorn asked how many veterans served are not covered through similar Veterans Affairs (VA) programs. **Ms. Schaner** responded that other programs are currently available but the Disabled American Veterans Program has liability insurance that only permits ambulatory transport, not wheelchair bound veterans. Other VA programs have limited ability to provide rural veterans with necessary services due to their locations.

Senator Winder addressed the fiscal note which states that the legislation has no fiscal impact at this time, and asked what that impact would be in the future. **Ms. Schaner** replied that currently \$7,000 is continuously appropriated. **Ms. Schaner** pointed out that the Division intended to monitor the costs of the program for a year before making an appropriation request. **Senator Winder** cautioned that the program could have other impacts if it is put into statute.

Senator Davis stated that the fiscal note on this bill does not comply with the new Joint Rule 18(B), which states that if there is no fiscal impact then a short reason must be given in explanation as to why there is no fiscal impact. This bill does not contain that explanation. **Chairman Siddoway** asked Ms. Schaner if she wanted

to pull the bill back and revise the fiscal note and re-calender the presentation of the bill. **Senator Davis** replied that he would print the bill if the Division revises the fiscal note before it appears on the Senate floor.

MOTION: **Senator Davis** moved to send **RS 24836** to print. **Senator Hagedorn** seconded the motion. The motion carried by **voice vote**.

VOTE ON GUBERNATORIAL APPOINTMENTS: **Senator Winder** moved to send the Gubernatorial appointment of Dr. Gregory Shade to the State Building Authority to the Senate floor with the recommendation that he be confirmed by the Senate. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**. Senator Buckner-Webb will be the floor sponsor.

VOTE ON GUBERNATORIAL APPOINTMENTS: **Senator Hagedorn** moved to send the Gubernatorial appointment of Robert Mooney to the Idaho Energy Resources Authority to the Senate floor with the recommendation that he be confirmed by the Senate. **Senator Lodge** seconded the motion. The motion carried by **voice vote**. Senator Buckner-Webb will be the floor sponsor.

VOTE ON GUBERNATORIAL APPOINTMENTS: **Senator Davis** moved to send the Gubernatorial appointment of Mark Llitas to the Idaho Energy Resources Authority to the Senate floor with the recommendation that he be confirmed by the Senate. **Senator Stennett** seconded the motion. The motion carried by **voice vote**. Senator Jordan will be the floor sponsor.

GUBERNATORIAL APPOINTMENT HEARING: The Gubernatorial reappointment of Gary L. Mahn to the Idaho Endowment Fund Investment Board (EFIB).

Mr. Mahn stated that he has been on the EFIB for two terms and is Chairman of the Land Board Audit Committee, which is a newly formed association between the Land Board and the EFIB. **Mr. Mahn** is happy with the work done by the EFIB, the staff, and members. They have done a great job of watching out for the assets, seeing that they grow and that they are distributed appropriately. **Mr. Mahn** said he is proud to be a member of the Land Board Audit Committee.

Senator Stennett asked what Mr. Mahn does different on the Land Board Audit Committee compared to what he does on the EFIB. **Mr. Mahn** stated that the Audit Committee is put together by the EFIB members to make sure the financial integrity of the Endowment Fund is stable. The Audit Committee works with outside auditors to make sure all records are correct and the fund is healthy. **Mr. Mahn** stated that the Audit Committee started working with the Land Board this year and decided to have one audit committee, the Land Board Audit Committee, for both. **Mr. Mahn** said the Land Board Audit Committee is working on procedures with the Land Board to make sure they are consistent with the missions of both the Land Board and the Endowment Fund.

Senator Davis commented that he was present when Mr. Mahn was first appointed as Director to the Department of Commerce. **Senator Davis** stated that Mr. Mahn is an excellent example of an outstanding Idaho public servant and thanked Mr. Mahn for his service.

Senator Hill expressed his gratitude to Mr. Mahn and the many others who serve Idaho. He added that the EFIB members are all outstanding public servants.

Chairman Siddoway stated his appreciation to Mr. Mahn and the other members of the EFIB for their directed interest for the benefit of the beneficiaries.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

The Gubernatorial reappointment of Kerrie Murray to the Treasurer's Investment Advisory Board.

Kerrie Murray stated that she is a Boise native and has been on the Treasurer's Investment Advisory Board since its inception. **Ms. Murray** stated that helping the State Treasurer look at investments and procedures in their office has been very fulfilling. **Ms. Murray** said she was a banker for 42 years and has been retired since 2011. She has been active in philanthropy nationwide and helped guide the investment decisions for the Kappa Kappa Gamma sorority which has the largest Greek investment portfolio in the nation.

Senator Stennett asked Ms. Murray how the work on the Treasurer's Investment Advisory Board has evolved as the Advisory Board has matured. **Ms. Murray** stated the Advisory Board spends quite a bit of time each meeting going over the investments themselves. **Ms. Murray** noted that the Advisory Board also resolved an issue involving the securities agreement.

Senator Winder noted that the Advisory Board has done a great job dealing with issues posed by the Legislature and asked if there were any other upcoming issues and whether the Treasurer's Office is cooperative with the Advisory Board's requests for information. **Ms. Murray** noted that there were not any issues at the time that needed to be brought to the Legislature's attention and that the Treasurer's Office is filled with very helpful employees, and issues that come up are worked through cooperatively.

Chairman Siddoway stated a vote would take place at the next meeting of the Committee.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

The Gubernatorial reappointment of Gary Glenn Michael to the Treasurer's Investment Advisory Board.

Mr. Michael noted that the Advisory Board has been running smoothly since it was created and manages anywhere between \$1.6 billion and \$1.8 billion in any given day. **Mr. Michael** said he found the staff in the Treasurer's office very competent and there were no transparency issues at this time. **Mr. Michael** said he was, and still is, very active in the supermarket business.

Senator Hill asked if there was a good working relationship between the Advisory Board members and the Treasurer's staff. Have there been any recommendations made to the Treasurer's Office that Mr. Michael was concerned about that have not been followed. **Mr. Michael** stated that detailed information is received by the Advisory Board. Recommendations have been carried out or are in the process of implementation. **Mr. Michael** said the staff and the Advisory Board dealt with a substantial loss in 2008 and now that ordeal is mostly behind them.

Senator Davis asked what would cause Mr. Michael to allow himself to be appointed to two separate advisory boards. **Mr. Michael** said he appreciated the work of legislators and he wanted to give something back to the community. In addition, his curiosity caused him to take an interest.

Chairman Siddoway asked how often the Advisory Board meets. **Mr. Michael** answered that the Advisory Board meets quarterly with meetings taking place in between if necessary.

**GUBERNATORIAL
APPOINTMENT:**

The Gubernatorial reappointment of Gary Glenn Michael to the Idaho Lottery Commission.

Mr. Michael stated that the Idaho Lottery Commission (Commission) was very enjoyable work, and the leadership and staff are very knowledgeable and hard-working. **Mr. Michael** emphasized that the Commission works to maximize revenue to the State without promoting any of the potential negative aspects that could be associated with the lottery.

Senator Stennett asked if Mr. Michael's supermarkets made the lottery available. **Mr. Michael** said the Albertsons stores in Idaho do sell them but his Hispanic supermarket stores in California do not.

Vice Chairman Hagedorn asked if Mr. Michael sought out these particular Boards and Commissions or if he was sought out. **Mr. Michael** stated he reached out to the Lieutenant Governor on the Lottery Commission position because he found it interesting, whereas the Lieutenant Governor approached Mr. Michael about a position on the Treasurer's Investment Advisory Board. **Vice Chairman Hagedorn** asked if Mr. Michael had identified any issues during his tenure with the Lottery Commission. **Mr. Michael** stated the lottery operation is very transparent so he could not think of any issues. The Commission is more aligned with business than the State budget, so it makes sense to him.

Senator Winder asked if he could be briefed on how the lottery puts together agreements like Powerball and how distribution is negotiated. Would be possible to negotiate a better split for the schools going forward. **Mr. Michael** stated that it is not the job of the Commission's to decide the funding mechanism, but its job is to make sure games are played appropriately. **Mr. Michael** said the sales mix of draw games and scratch games are more important in determining how that money is allocated.

Senator Davis stated he was not a fan of the Scratch for Schools program. **Senator Davis** stated he believed that it creates a mind-set in young people that is inappropriate. **Senator Davis** expressed his deep reservations and concerns to the Commission through Mr. Michael regarding that program. **Mr. Michael** said he would relay that information.

Chairman Siddoway asked Mr. Michael to shed some light on the pull-tab machines. He believed they were becoming to similar in use to slot machines. **Mr. Michael** explained that the pull-tab machines are a very small part of the total lottery's budget. He recalled a briefing from the Attorney General's office that the pull-tab machines were in fact not slot machines. **Mr. Michael** noted he has spent 16 years working with Caesar's Palace in Las Vegas doing compliance; he is very aware of the regulatory issues. **Mr. Michael** said that the pull-tab machines do not dispense cash and they are mostly in bars. **Mr. Michael** noted they are legally allowed and stated his belief that they are placed in appropriate locations.

Vice Chairman Hagedorn stated that he shared some of these personal opinions regarding the negative aspects of gambling but the Legislature has allowed it to exist by passing laws regulating the industry. **Vice Chairman Hagedorn** extended his appreciation to Mr. Michael and those who work hard in one of the few profit centers the State has; it brings money in to the General Fund. **Vice Chairman Hagedorn** noted that the Commission operates within the bounds of the Idaho Constitution and does everything it can to comply with State laws. **Mr. Michael** replied that he believed the Idaho Commission was being run appropriately and he understood the issues very well; he is not in favor of expanding the Idaho Lottery.

Chairman Siddoway stated a vote would take place at the next meeting of the Committee.

ADJOURNMENT: There being no further business, **Chairman Siddoway** adjourned the meeting at 8:45 a.m.

Senator Siddoway, Chair

Twyla Melton, Secretary

David Bujarski, Assistant Secretary