

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, March 02, 2017

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman, Malek, Anderson, Dixon, King, Wintrow

ABSENT/ EXCUSED: None

CONVENED: Chairman Keough convened the meeting at 8:01 A.M.

AGENCY PRESENTATION: DEPARTMENT OF COMMERCE

LSO STAFF PRESENTATION: KEITH BYBEE

CARRIED ORIGINAL MOTION

Moved by Sen. Lee, for FY 2018, I move \$5,730,500, from the General Fund, \$17,784,800, from dedicated funds and \$16,264,300, from federal funds for a total of \$39,779,600, and cap full-time equivalent positions at 43, seconded Sen. Martin

DISCUSSION: This motion includes the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, Change in Employee Compensation, and Cybersecurity Insurance. Additionally, it includes \$20,200 to replace one van. Finally, this motion includes 4 line items. Line item 1 provides \$3,510,900 for additional tourism grants that will boost promotion of statewide tourism. Line item 2 provides \$3,000,000 for additional Idaho Opportunity grants. This is a cash transfer from the General Fund and will be taken up as a second motion later. Line item 5 provides a \$40,000 appropriation from the Indirect Cost Recovery Fund that will transfer moneys back to the original fund source. This cash transfer will be taken up in a third and fourth motion. Line item 6 provides \$43,000 for leave benefits that were accrued to the Indirect Cost Recovery Fund from federal grants. Overall, this budget is a 9.8% increase above the FY 2017 original appropriation.

QUESTIONS: SEN. MARTIN: Mr. Bybee, with the Opportunity Fund, do you know what the balance is at this time and what percent is that balance incumbered?
BYBEE: At the beginning of fiscal year 2017, there was a \$3,929,100 fund balance in the Idaho Opportunity Fund. There is only \$85,000 that is not obligated to a project currently.
SEN MARTIN: So, my understanding is that the fund balance that is there now, most of it is set aside for ongoing projects out in the communities for different infrastructure programs? Is that correct?
BYBEE: That is correct.
[AUDIO](https://go.usa.gov/xXa8e) (https://go.usa.gov/xXa8e)

CONFLICT: SEN. SOUZA: Under Senate Rule 39 H. My husband and I own a convention service business that is related to tourism. [AUDIO](https://go.usa.gov/xXa8e) (https://go.usa.gov/xXa8e)

SUBSTITUTE: SUBSTITUTE MOTION
Moved by Rep. Anderson, for FY 2018, I move \$5,780.500 from the General Fund, \$16,784,800, from dedicated funds, and \$16,264,300, from federal funds for a total of \$38,829,600, and cap full-time equivalent positions at 43, seconded by Rep. Youngblood.
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 Keough.

DISCUSSION: This motion includes the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, Change in Employee Compensation, and Cybersecurity Insurance. Additionally, it includes \$20,200 to replace one van. Finally, this motion includes 5 line items. Line item 1 provides \$2,510,900 for additional tourism grants that will boost promotion of statewide tourism. Line item 2 provides \$2,000,000 for additional Rural Community Block Grants. These grants fund infrastructure necessary to support local economic development projects. Line item 5 provides a \$40,000 appropriation from the Indirect Cost Recovery Fund that will transfer moneys back to the original fund source. This cash transfer will be taken up in a third and fourth motion. Line item 6 provides \$43,000 for leave benefits that were accrued to the Indirect Cost Recovery Fund from federal grants. Overall, this budget is a 7.2% increase above the FY 2017 original appropriation.

QUESTIONS: REP. YOUNGBLOOD: Mr. Bybee, could you give us the balance of the Tourism Grant Funds? I realize they are split 45/45/10 with the State.
BYBEE: Beginning balance in the Tourism Promotion Fund for FY 2017, was \$7,680,800.
REP. YOUNGBLOOD: In the Opportunity Cash Infusion Fund, I believe you said there was approximately \$3,000,000, you committed \$85,000 balance that is left, but we haven't spent any of that year-to-date, is that correct?
BYBEE: There has been some spending that has occurred in the current fiscal year that was the beginning balance that I quoted to you.
SEN. KEOUGH: Just for clarification, I thought I heard that only \$85,000, of that \$3,000,000, was not committed.

BYBEE: You have that correct. Of the beginning \$3.9 million only \$85,000 is uncommitted.

SEN. KEOUGH: So, basically there is only \$85,000 left to work with in the Opportunity Fund.

REP. YOUNGBLOOD: So, can I hear it from somebody as to what has been spent out of that fund, for this year?

MEGAN RONK, DIRECTOR OF COMMERCE: The Opportunity Fund is a performance based tool. So, we commit a certain amount for infrastructure grants associated with a particular economic development projects and those funds are not expended until the company meets negotiated performance milestones. Which may include job creation, and/or capital investments, completion of construction. So, there is always a bit of a lag time of when those funds are committed and when those funds are actually expended based on the company meeting those performance milestones.

REP YOUNGBLOOD: There are occasions as well that we have made that commitment and for whatever reason they didn't get funded or they didn't come here or those commitments weren't met, is that true?

DIRECTOR: I will say to date we have not had any projects that have missed their performance milestones, so we would expect the funds that we have committed to the best of our knowledge, at this point and time, would actually be expended on those particular projects

SEN. KEOUGH: So if today a grant application came from a company and asked for a infrastructure grant, would you only be able to then consider a project for \$85,000 and nothing more, depended upon if a new appropriation came in.

DIRECTOR: Correct. We consider those contracts, we currently have with other companies to be incumbered monies, and would not able to allocate to future projects.

SEN. LEE: Speaks to the Original Motion.

REP. MILLER: What is the funding history of this?

BYBEE: The Idaho Opportunity Fund, in FY 2014, there was a cash infusion of \$3,000,000, from the General Fund. And in FY 2016, there was another cash infusion of \$1,750,000.

REP. ANDERSON: We funded them \$3 million in 2014 and did that last them two years? Then we funded them \$1,750,000 last year?

BYBEE: Yes, that is correct.

REP. ANDERSON: So, the average funding level has been below \$2 million on a per year basis, the last few years?

BYBEE: Because this fund receives all this cash from the General Fund, the funding levels verses the cash balance are two distinct things here. So there has been cash infusions of \$450,000 when the Opportunity Fund was created. Before that it was the Business and Jobs Development Fund. But they have had a \$3 million appropriation ongoing since 2014. So they have spending limitations on that appropriation.

REP. ANDERSON: It would appear to me that the funding level that we are proposing is \$2 million this year, which would be excess of that of the average per year

REP. YOUNGBLOOD: Regarding the Tourism Grants, the current balance in the Grant Fund is approximately \$7 million, is that correct? Can you tell me what the current spending authority is in that account?

BYBEE: They have a current appropriation of \$10.6 million from the Tourism Promotion Fund.

SEN MORTIMER: Can you tell me the onetime verses on-going, so we can understand if there is a running balance or if we are adding to a running balance or if we are working with only one time funding?

BYBEE: I believe you are talking about the Tourism Promotion Fund?

SEN MORTIMER: I'm talking about the Opportunity Fund Account.

BYBEE: The cash in that fund is all one time cash. They are all onetime transfers from the General Fund to the Idaho Opportunity Fund. They have an ongoing appropriation of \$3 million but the cash is all onetime. There is no dedicated fund source to it.

[AUDIO](https://go.usa.gov/xXa8e) (https://go.usa.gov/xXa8e)

**VOTE ON
SUBSTITUTE
MOTION:**

AYES: 11

NAYS: 9

ABSENT/EX:

CARRIED:

ORIGINAL MOTION

Moved by Rep. Anderson, seconded Rep. Youngblood, move the appropriation and transfer of \$2,000,000, from the General Fund to the Idaho Opportunity Fund.

AYES: 20

NAYS: 0

ABSENT/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 Keough.

CARRIED:

ORIGINAL MOTION

Moved by Rep. Anderson, seconded Rep. Youngblood, move the appropriation and transfer of \$31,800, from the Indirect Cost Recovery Fund to the General Fund.

AYES: 20

NAYS: 0

ABSENT/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 Keough.

DEPARTMENT OF REVENUE AND TAXATION: BOARD OF TAX APPEALS

KEITH BYBEE

CARRIED: ORIGINAL MOTION

Moved by Rep. Anderson, for FY 2018, I move \$606,700, from the General Fund and cap full-time equivalent positions at 5, seconded Rep. Youngblood.

DISCUSSION: This motion includes the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, Change in Employee Compensation, and Cybersecurity Insurance. Additionally, it includes \$2,300 for rent and IT increases under inflationary adjustments, and \$2,900 for replacement items which digital recorders and a laser printer. Finally, this motion includes 2 line items. Line item 1 provides \$26,800 to increase the board member honoraria in accordance with Senate Bill 1016, which has been signed into law. Line item 2 provides \$2,200 for additional travel costs associated with the per diem increase approved last year by the Board of Examiners. Overall, this budget is a 7.3% increase above the FY 2017 original appropriation.

VOTE ON ORIGINAL MOTION:

AYES: 19

NAYS: 0

ABSENT/EX: 1

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 Keough.

**DEPARTMENT OF REVENUE AND TAXATION: TAX COMMISSION
KEITH BYBEE**

CARRIED: ORIGINAL MOTION

Moved by Rep. Anderson, , for FY 2018, I move \$35,787,400, from the General Fund, \$7,572,300, from dedicated funds, and \$8,000, from Federal Funds for a total of \$43,367,700, and cap full-time equivalent positions at 455, seconded by Rep. Youngblood

DISCUSSION: This motion includes the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, Change in Employee Compensation, and Cybersecurity Insurance. Additionally, it includes \$408,200 to replace three vehicles, desktop computers, laptops, servers, other IT equipment, security software, and software for W-2 processing, Finally, this motion includes 4 line items. Line item 1 provides a net zero program transfer of 11 FTP and \$718,500 from the Collections Division to the General Services Division creating a Taxpayer Resource Program within General Services. Line Item 2 provides 1 FTP and \$78,300 for an IT Programmer in the Property Tax Division to help with the re-write and modernization of Property Tax Software used by 22 counties. Line item 3 provides 3 FTP and \$203,000 for new auditors to help alleviate the additional work created by addressing identity theft and fraudulent tax returns. Line item 4 provides \$300,000 for new storage technology. These new servers will replace the current platter data storage technology with flash array storage and will decrease processing time an average of 40%. Overall, this budget is a 1.7% increase above the FY 2017 Original Appropriation.

VOTE ON ORIGINAL MOTION:

AYES: 20

NAYS: 0

ABSENT/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 Keough.

DEPARTMENT OF LANDS

RAY HOUSTON

CARRIED: ORIGINAL MOTION

Moved by Rep. Miller, to the Department of Lands for fiscal year 2018: \$5,695,100 from General Fund, \$41,774,500, from Dedicated Funds, and \$6,889,500, from Federal Funds for a total of \$54,359,100 and 309.15 FTPs. The motion is lump sum for the Forrest and Range Fire Protection Program only, seconded by Rep. Burtenshaw.

DISCUSSION: This motion has a few differences from the Governor's Recommendation. First, in the replacement items, I use \$15,000 in one-time dedicated fire preparedness moneys for the radio repeater instead of the General Fund. Next, for line item 1, I use use \$20,000 from dedicated navigable waterways moneys for the information system instead of the General Fund. I then add \$20,000 ongoing from the General Fund for project learing tree and \$23,800 from the General Fund for additional ongoing Timber Protective Association support.

The motion is a 6.6% increase in the General Fund, a 1.9% reduction in dedicated funds, and an 40.7% reduction in federal funds for an overall cut of 8.7% from the

current budget.

QUESTIONS:

SEN. SOUZA: On line item 17, are we adding 13 FTPS that are currently temporary and now they would be full-time permanent employees?

HOUSTON: Yes, we would be adding 13 current temporary to full-time permanent.

SEN. SOUZA: So out of the 13 positions that are now temporary, I'm assuming as temporary employees don't get CEC or benefits?

HOUSTON: They do not get a CEC unless there is enough in the budget. There is no particular line item in this budget that would provide money for temporary employees. In terms of benefits, that is part of the issue with why they want to convert these full-time is so they can put benefit costs into the budget for next year so those permanent employees would get the full benefit increase.

SEN. SOUZA: On line item 19, I know that it's a small amount but \$23,800 was not requested by the agency. The agency only requested \$8,000 and the Governor didn't recommend it, so why did we come up with \$23,800?

HOUSTON: The \$8,000 in the request is for the 1% increase in the base budget for the Southern Idaho Timber Protection and the Potlach Timber Protection Association. Their base budget is \$793,100, so 1% increase rounded to \$8,000. The Governor did not recommend the inflationary and CEC increase for the Timber Protection Associations.

SEN. KEOUGH: The Timber Protection Associations are organizations, and during the hearing the Governor's Staff recommendations from the Governor did not recommend the CEC because they are not deemed to be State employees. However, both associations have responsibilities for initial attack of wild fire outbreaks on State Land in addition to private lands as well. This is a perennial issue that comes up, they do provide a State service that is why this issue comes up each year.

SEN. SOUZA: Why do we have a 40.7% reduction in the Federal Funds?

HOUSTON: Last year there was a large amount of Federal Funding that was onetime. Last year we had an easement in Northern Idaho that was about \$5,000,000. So, when we take out those Federal Funds out of the base it creates this large reduction.

[AUDIO](https://go.usa.gov/xXa8z) (https://go.usa.gov/xXa8z)

CONFLICT

SEN. KEOUGH: Committee members, I need to let you know that on line item 18, should this motion pass that money would flow threw to Idaho Forest Products Commission and I am appointed by the Governor to serve as an advisory capacity on that commission. A potential conflict of interest. [AUDIO](https://go.usa.gov/xXa8z) (https://go.usa.gov/xXa8z)

VOTE ON ORIGINAL MOTION:

AYES: 20

NAYS: 0

ABSENT/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 Keough.

CONSENT

On request of Rep Miller, granted by unanimous consent, as is customary, the lump sum authority for the Forest and Range Fire Protection Program gives the department the flexibility to contract for services or pay personnel depending on the situation, the intent language shown below was accepted:

STANDARD INTENT LANGUAGE INCLUDED IN IDL BUDGET:
SECTION 3. EXEMPTIONS FROM OBJECT TRANSFER LIMITATIONS.
For fiscal year 2018, the Department of Lands is hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between object codes, for all moneys appropriated for the Forest and Range Fire Protection Program for the period July 1, 2017, through June 30, 2018. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

DEPARTMENT OF WATER RESOURCES

RAY HOUSTON

CARRIED:

ORIGINAL MOTION

Moved by Sen. Bair, to the Department of Water Resources for fiscal year 2018, \$19,000,500, from the General Fund, \$5,004,300, from dedicated funds, and \$2,307,000, from Federal Funds for a total of \$26,311,800. FTPs are capped at 158.00, seconded by Rep. Burtenshaw

AYES: 20

NAYS: 0

ABSENT/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 Keough.

DISCUSSION:

Inflationary adjustments include General Funds for rent costs at the state and regional offices, and dedicated funds for general inflation such as travel and repairs. Replacement items include computer equipment, five vehicles, and office furniture. The Governor’s recommendation removed one low mileage vehicle from the request. Line item 1 reflects the eighth year of loan repayments from Groundwater users for purchase of the water rights at Pristine Springs. This motion then transfers those money to the Aquifer Planning and Management Fund for aquifer monitoring, groundwater in the Treasure Valley for uranium and arsenic levels due to the request of the city of Meridian for a drilling area of concern. Other examples include, the gage near Swan Falls that is needed for evaluating the requirements of the Swan Falls agreement. Also, a new gaging station is needed near Peck to serve as a flood warning system.

Overall, the motion adds funding for three additional positions: one water resource agent for the water bank program, one stream channel program specialist, and one technical hydrogeologist. The total motion is 2.5% increase in the

General Fund and a 6.9% decrease in all funds. I have additional language for the needed cash transfers.

CONFLICT: SEN. NYE: For disclosure, for a potential, not an actual conflict, but an appearance of a conflict. Our firm has done a lot of work for ground water users and council.

[AUDIO](https://go.usa.gov/xXa8J) (https://go.usa.gov/xXa8J)

CONSENT: On request of Sen. Bair, granted by unanimous consent, Sections 3 and 4 authorize the two requested cash transfers, the 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, 2017, or as soon thereafter as practicable, for the period July 1, 2017, through June 30, 2018.

SECTION 4. 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, 2017, or as soon thereafter as practicable, for the period of July 1, 2017, through June 30, 2018.

DEPARTMENT OF PARKS AND RECREATION

RAY HOUSTON

CARRIED: ORIGINAL MOTION

Moved by Rep. Burtenshaw, to the Department of Parks and Recreation for fiscal year 2018: \$3,356,600, from the General Fund, \$31,145,100, from Dedicated Funds, and \$6,727,500, from Federal Funds for a total of \$41,229,200, and 154.64 FTPs, seconded by Sen Bair.

DISCUSSION: This motion adds 3.75 additional positions: one trail maintenance equipment operator, a three-quarter time boating program coordinator, and the equivalent of two park rangers. The motion includes \$2.2 million for an RV campground at Eagle Island State Park; \$50,000 to study the expansion of the marina at Lucky Peak; \$50,000 to do a conceptual design for the development of the Kokanee Cove area at Ponderosa State Park previously occupied by the Nazarene Church Camp; \$250,000 for a primitive campground at McCrosky State Park; an increase of \$602,900 for Land and Water Fund Conservation grants; an increase of \$848,800 for recreational vehicle program grants, and funding for a variety of building projects including a group shelter, day use shelters, and a yurt. The motion is a \$19,900 or 0.6% increase in the General Fund, a 0.8% decrease in dedicated funds, and a 37.4% increase in federal funds for an overall increase of 4.0% in all funds from the current budget. There are two sections of standard legislative intent that I will address later.

**VOTE ON
ORIGINAL
MOTION:**

AYES: 19

NAYS: 0

ABSENT/EX: 1

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 Keough.

CONSENT:

On request of Rep Burtenshaw, granted by unanimous consent, Section 3 allows the department to transfer appropriations from the management services program to the park operations or capital development programs to reflect grants awarded to the department. Section 4 provides carryover authority for the capital development program, the 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, 2017 through June 30, 2018. Legislative appropriations shall not be transferred from one fund to another unless expressly approved by Legislature.

SECTION 4. REAPPROPRIATION. There is hereby reappropriated to the Department of Parks and Recreation any unexpended and unencumbered balances appropriated or reappropriated to the Department of Parks and Recreation for the Capital Development Program for fiscal year 2017 to be used for nonrecurring expenditures in that program for the period July 1, 2017 through June 30, 2018.

CONVENED:

There being no further business, Senator Keough adjourned the meeting at 9:07 A.M.

Senator Keough
Chair

Amberlee Honsaker
Secretary