

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Friday, January 26, 2018

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Hagedorn, Senators Winder, Lodge, Vick, Anthon, Stennett, and Buckner-Webb

ABSENT/ EXCUSED: Senator Hill

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 8:00 a.m. with a quorum present.

GUBERNATORIAL APPOINTMENT: **The reappointment of L. Daniel Cravens to the Idaho Commission on Human Rights (telephone interview).**

Chairman Siddoway welcomed Mr. Cravens and requested he provide details about his past service on the Commission and some of his accomplishments and challenges.

Larry Daniel Cravens said he lives in Blackfoot, Idaho, with his wife and three children. He explained he is involved in different civic organizations in Bingham County and Southeastern Idaho. He is also a member of the Executive Board of Directors of the Regional Economic Development Corporation for Eastern Idaho. **Mr. Cravens** stated he currently is employed by the College of Business at Idaho State University.

Mr. Cravens stated he was originally appointed to the Idaho Commission on Human Rights (Commission) to complete an unexpired term. He was subsequently nominated by Governor C. L. "Butch" Otter. His interest in the Commission stems from work with assisted technology that allows individuals with disabilities to engage in learning and training. **Mr. Cravens** said the current challenge for the Commission is the result of turnover in staff and a new director, although the change has been positive.

Senator Stennett inquired as to what Mr. Cravens thought was most challenging about this position. **Mr. Cravens** answered raising awareness about the Commission and educating people as to what the Commission does. A majority of Idahoans do not know what the Commission does or the rights it protects.

Senator Stennett asked what could be done differently to raise awareness. **Mr. Cravens** responded that greater outreach to the community and citizens through the news media would be an effective tool.

Senator Buckner-Webb asked if, considering the amount of growth in Idaho, the Commission has an adequate number of investigators to support the Commission's work. **Mr. Cravens** stated it was more of an issue of experience. There is an adequate number of investigators and the new investigators will become more efficient over time.

Chairman Siddoway referred to the recent media coverage about abuses. He asked Mr. Cravens if he has seen an increase in the number of people initiating abuse or harassment complaints. **Mr. Cravens** replied that the short answer is no. However, it takes time for a complaint to be filed and investigated before it reaches the Commission; there is usually a delay of several months.

Vice Chairman Hagedorn thanked Mr. Cravens for his service on so many boards and commissions. He asked Mr. Cravens if, considering his experience, there was anything about the Commission that surprised him. **Mr. Cravens** responded that he was well versed on the Commission when he accepted the first appointment. Before he joined the Commission, he worked for the Idaho Department of Labor (DOL). The Commission is an agency within the DOL, so he had the opportunity to become familiar with it.

GUBERNATORIAL APPOINTMENT: The appointment of Valisa Say to the Bingo-Raffle Advisory Board (Board) (telephone interview).

Valisa Say, Executive Director, Idaho Falls Senior Citizens Community Center (Center), said she has been with the Center since 2006 and the Executive Director since 2009. The Center has held a charitable gaming license since 2013 and is in good standing with the Idaho Lottery Commission. Through charitable bingo, over \$14,000 was raised for the Center in 2017. These funds assisted the Center with its nutrition programs. **Ms. Say** said she is very new to this position on the Board.

Senator Stennett asked how long the region was without a board member. She wondered if Ms. Say had the opportunity to become acquainted with her responsibilities. **Ms. Say** answered that she assumed the position a few weeks ago. **Senator Stennett** asked what made her decide to accept this appointment. **Ms. Say** responded that she wanted to represent the eastern area of Idaho so that the rules would be followed.

Vice Chairman Hagedorn asked, as a user, if Ms. Say noticed anything she would like to see improved. **Ms. Say** said that she has read Idaho Code, Chapter 77, Title 67, and the process seems to be working well.

Chairman Siddoway inquired if there would be any conflict of interest between activities at the Center and the requirements of the Board. **Ms. Say** answered that she could separate the two areas and do what is best for each entity.

GUBERNATORIAL APPOINTMENT: The appointment of Michael Elliot to the Idaho Energy Resources (IERA).

Michael Elliot stated his background is in electrical engineering; he has about 45 years of experience in that area. He has been asked to fulfill the term of E. Robert Mooney. He has worked with Mr. Mooney since 1976 and was familiar with his actions on this IERA.

Mr. Elliot said the mission of the IERA is energy related lending and financing. It is to help the municipalities and cooperatives in the State in terms of the electrical facilities and needs for generation and transmission of electricity. In addition to Idaho Power, Rocky Mountain Power, and Avista Power, there are over 20 other electric utilities in the State - most of which are Bonneville Power Administration (BPA) customers. The IERA finds projects for infrastructure, transmission, and generation on behalf of those utilities. The IERA has been developing several new bond issues. In September 2017, the IERA sold \$200 million of bonds that are fully backed by BPA for repayment. They are evaluating another \$180 million for 2018. In addition, they are investigating other projects such as the Horse Thief Wind Farm. **Mr. Elliott** hopes his experience in energy engineering with utilities will benefit the IERA.

Senator Winder acknowledged the importance of the IERA to rural Idaho. He asked Mr. Elliott to discuss how the IERA is important and provide some history about some of the projects. **Mr. Elliott** explained the nature of the IERA is to secure the infrastructure necessary for the transmission and generation facilities to supply power to rural Idaho. The municipalities determine what their needs are and the IERA works toward addressing those needs. These are needs BPA cannot fulfill. The Bonneville Lending Program can apply directly to those needs.

Senator Stennett referred to a Canadian company providing power to Northern Idaho; she asked Mr. Elliott what his perception is for the opportunity to conduct projects with this company. **Mr. Elliott** said he has not had the opportunity to pursue this, although they are talking with communities in northern Idaho.

Vice Chairman Hagedorn inquired about the growth of solar and wind power. He asked how adding those producers into the grid will raise the costs for BPA and hydropower. **Mr. Elliott** answered solar and wind are viable, but they do require subsidies to make them profitable and to attract developers. As long as the subsidies exist, viability will exist. However, renewables are not the complete answer; having immediate access to power is critical. A mix of all sources of energy such as hydro, gas-fired, coal-fired, and renewables, is important. **Vice Chairman Hagedorn** asked about the current capacity for BPA; he wondered if they are at maximum capacity. **Mr. Elliott** said BPA has the mechanisms to supply that power. They have met the needs through funding programs such as the IERA.

Senator Vick asked Mr. Elliott what he learned from his experiences in working with the nations of Afghanistan and Georgia that would help him in this position. **Mr. Elliott** stated he learned design methods and the differences between foreign processes and United States (U.S.) processes; the materials they use are entirely different from the U.S. The technical exchange benefited both parties.

Senator Anthon inquired as to Mr. Elliott's thoughts on discussions about breaching the Columbia and Snake dams. **Mr. Elliott** stated, in his personal opinion the dams should not be breached. The dams are paid in full; the energy generated from those dams is essentially free. Breaching would be a loss to the area, and he is not convinced the dams are damaging the environment. He emphasized this was only his opinion.

Chairman Siddoway asked if the IERA has been approached by any municipalities about funding a NuScale nuclear project. **Mr. Elliott** said, to date, the IERA is not involved in that project. However, they have had some conversations with cities such as Idaho Falls, who also has a relationship with the Idaho National Laboratory (INL) about NuScale. Idaho Falls is also involved with Utah Associated Municipal Power Systems (UAMPS). UAMPS serves approximately 40 utilities in Idaho, Utah, Colorado, and Wyoming. UAMPS is working with Idaho Falls and INL on the development of small nuclear reactors.

**GUBERNATORIAL
APPOINTMENT:**

The reappointment of Melville Fisher II to the Idaho Lottery Commission.

Melville Fisher stated he is currently a member and Chairman of the Idaho Lottery Commission (Commission). It is his fourth appointment. He outlined the attributes of the Commission: they are successful, transparent, and responsible. He is very happy to be associated with such an organization. The Commission has four meetings each year, but have additional interim meetings as needed. It is important to have continuity; however, it takes a period of time to attain the background needed to meet the needs of the Commission. **Mr. Fisher** stated he is confident that he has that background, and would like to continue to serve.

Chairman Siddoway expressed concern that technology has produced machines that are similar to slot machines. He is also concerned about the people who buy lottery tickets instead of providing for the material needs of their family. He inquired as to the types of programs the Commission supports that address gambling addiction. **Mr. Fisher** explained they are aware of the prohibition on casino gaming. The machines operate similar to a person scratching a ticket, except the machine scratches the ticket for them. They are aware that gambling can be an addictive activity. There is a phone number for the Department of Idaho Health and Welfare – 211 – where problem addictions can be reported. The lottery is not a stimulation type of game that leads to addiction. The Commission has not seen any reports of people spending their last dollar to purchase a lottery ticket. As the jackpot amount increases, the Commission increases the "play responsibly" ads.

Vice Chairman Hagedorn asked how vendors are managed. He inquired as to how effective the Commission is at driving costs down. **Mr. Fisher** replied that they constantly monitor the vendors. When a Request for Proposal is advertised, they generally get multiple bids. The Commission looks at the proposal and the background of the company. They constantly do their due diligence. All major contracts are brought before the Commission, so they are aware of all the details. The staff does a phenomenal job of vetting vendors.

**GUBERNATORIAL
APPOINTMENT:**

The reappointment of Timothy Anderson to the State Building Authority.

Timothy Anderson stated he is a Certified Public Accountant. He lives in Pocatello, Idaho with 25 years of professional experience. **Mr. Anderson** explained that he filled a position on the State Building Authority (SBA) four years ago. The SBA serves at the pleasure of the Legislature. There was a period of time without projects; however, 12 months ago several projects came before the SBA. The SBA meets one or two times a year unless there are active projects. Last year, the SBA was asked to secure funding to purchase and construct two buildings in Idaho Falls and to acquire the Hewlett-Packard Campus (HP) in Ada County. Those are ongoing projects.

Senator Stennett asked if Idaho has enough inspectors available, given the current growth across the State. **Mr. Anderson** replied that the HP campus will provide growth for decades. HP has agreed to lease back several of those buildings; those leases will pay the bonds for the near future while the State slowly migrates departments to that location. The current square footage leased in the Boise area by different State departments is enormous and that space is becoming scarce and expensive.

Chairman Siddoway inquired if there were any concerns with the buildings or access to technology at HP that would require a large amount of repair to make it habitable for the State. **Mr. Anderson** said he is not involved on a day-to-day basis. However, there have been many conversations with attorneys and HP; they have obtained environmental studies regarding the property and the Department of Environmental Quality has approved the location. The facility is fairly modern and is up to date. There will be renovations to customize each area for the departments.

S 1213

**RELATING TO THE ENDOWMENT FUND INVESTMENT BOARD (EFIB) to
revise compensation provisions regarding board members.**

Chris Anton, Manager of Investments, EFIB, explained that **S 1213** proposes to increase the per diem honorarium for the EFIB members from \$50 to \$100. The purpose is to retain the EFIB and to recognize the efforts they make as fiduciaries for the \$3 billion in investable funds. The per diem was last increased in 1992. The cost is estimated to be less than \$2,000 per year; the funds would come from funds that are managed rather than the General Fund.

Vice Chairman Hagedorn asked if failure to provide a \$50 increase in pay per day would have enough of an impact to preclude them from continuing on the EFIB. **Mr. Anton** responded that the EFIB members do not do this for the money; however, an increase is a symbolic gesture to express appreciation for their efforts. It would help the members who travel from out of town.

Senator Winder advised the Committee that he serves as a member of the EFIB without compensation; there could be a potential conflict. He intends to vote.

MOTION:

Senator Vick moved to send **S 1213** to the floor with a **do pass** recommendation. **Senator Lodge** seconded the motion.

Vice Chairman Hagedorn acknowledged that those serving on the EFIB were to be commended. However, he could not support the bill. There could be better ways to show appreciation. This would not have a great impact, it is more of a symbolic gesture.

Senator Winder clarified that this money would not and cannot come from the endowment funds. The EFIB charges administrative fees for managing funds for various entities.

The motion carried by **voice vote**. **Senator Hagedorn** was recorded as voting **nay**.

ADJOURNED:

There being no further business, Chairman Siddoway adjourned the meeting at 9:00 a.m.

Senator Siddoway
Chair

Twyla Melton
Secretary