

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 17, 2020
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, and Nye.
Representatives Co-chairman Youngblood, Horman, Anderson, Kauffman, Raybould, Syme, Troy, Wintrow, and Toone.
ABSENT/ EXCUSED: Representative Amador(Malek), Representative Troy, and Representative Raybould
CONVENED: **Chairman Bair** called the Joint-Finance and Appropriations Committee (Committee) to order at 8:00 a.m.

AGENCY PRESENTATION: **IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (IDEQ), John Tippetts, Director**
Rob Sepich, LSO Analyst

The IDEQ's mission is to protect public health and the environment through administration and enforcement of environmental laws. The State of Idaho has authority to administer several federal environmental laws, including the Clean Air Act, Clean Water Act, Safe Drinking Water Act, Resource Conservation and Recovery Act, and the Comprehensive Environmental Response Compensation and Liability Act. In addition, it administers state laws to protect the environment, such as the Ground Water Protection Act.

Organization: The IDEQ manages 6 budgeted programs. Funding sources include 33.2 percent from General Funds, 23.6 percent from dedicated funds, and 43.2 percent from federal funds. The Boise office employs 200 people, and six regional offices employ and additional 190. Its total FTP allocation is 389. Typically, the IDEQ is in the process of filling approximately 15 positions at any given time. Turnover is high due to many employees reaching the age of retirement.

Performance Measures and Audit: **Director Tippetts** reviewed in depth specific measures and projects accomplished in FY 2019. No audit findings were reported.

Director Tippetts answered several performance-based questions from the Committee.

FY 2019 Actual Expenditures: **Mr. Sepich** reviewed and detailed several net object transfers, which helped to provide flexibility within the budget.

FY 2020 Line Items: The legislature funded seven line items. **Director Tippetts** reported that no issues or challenges have occurred in any of those items, and IDEQ is moving forward as expected. IDEQ requested a \$300,000 carryover from FY 2019 to FY 2020 for Agricultural Best Management Practices. The governor recommended this request.

FY 2021 Line Items: IDEQ requested ten line items: Final BURP & LMP Fund shift, Title V fee replacement, Bunker Hill treatment plant, Triumph Mine remediation, Coeur d'Alene restoration partnership, IPDES shift to dedicated funds, cash transfer WPCF to Environmental Remediation (Basin) Fund, Environmental remediation match, personnel appropriation allocation, and Small and Disadvantaged Community Grant.

Director Tippets answered several detailed questions concerning the FY 2021 line items.

FY 2021 Total Appropriation: IDEQ requested a total appropriation of \$67,500,000, a 1.3 percent decrease; the governor recommended \$66,435,100, a 2.9 percent decrease. See [Audio](#), [Information](#), and [Presentation](#).

AGENCY

IDAHO SOIL AND WATER CONSERVATION COMMISSION

PRESENTATION: (Commission), Teri Murrison, Administrator

Rob Sepich, LSO Analyst

Approximately 30 percent of all Idaho lands are privately owned, and the health of Idaho's economy and natural resources depend on them. The Commission promotes Conservation IdahoOne, a locally led agricultural stewardship on private lands. It has no regular regulatory authority. Typical stewardship project outcomes include improving water quality; restoring streams, rivers, forest range and crop lands; contributing to healthy soils, saving water, reducing erosion in energy and biofuels; and improving habitat for livestock fish and wildlife.

Historical Summary: Funding for the Commission comes primarily from General Funds, with additional funding from dedicated and federal funds. The governor appoints five commissioners, four of which positions are filled, and one in the process of appointment. Commissioners hire the administrator who oversees day-to-day operations and major programs. The Commission is authorized 21.75 FTPs, and one position is vacant.

Performance Measures and Audit: **Administrator Murrison** reviewed the one Commission measure. One audit finding was reported. Corrective actions have been taken and the Commission expect the finding to be cleared at its next review.

FY 2019 Expenditures: With only one program, no funds were transferred. The Commission did revert \$105,800.

FY 2020 Line Items: The Legislature funded one line item in FY 2020 for technology consolidation and modernization. **Administrator Murrison** reviewed the impact of the FY 2020 one percent reduction and the upcoming FY 2021 two percent reduction. These adjustments will come from personnel costs and trustee and benefits.

FY 2021 Total Appropriation: The Commission requests a total appropriation of \$3,370,000, a 2 percent reduction. The governor recommended \$3,285,200, a 4.4 percent reduction.

Administrator Murrison answered questions from the committee concerning collaboration with the Department of Agriculture and the Department of Environmental Quality. See [Audio](#), [Information](#), and [Presentation](#).

AGENCY EXECUTIVE OFFICE OF THE GOVERNOR (the Governor's office), Alex
PRESENTATION: Adams, Administrator, Division of Financial Management
Maggie Smith, LSO Analyst

The governor is the chief executive of the state of Idaho and exercises the powers and discharges the duties delegated by the state constitution and laws of the state. The bulk of the governor's budget comes from General Funds with the exception of dedicated funds for the governor-elect transition. The Governor's office operates with 21 FTPs. The governor filled the North Idaho and Eastern Idaho field director positions so that those areas now have a liaison to the Governor's office.

FY 2020 and 2021 Line Items: In FY 2020, the Governor's office shared in the statewide I.T. consolidation costs and the 1 percent budget reduction. The Governor's FY 2021 budget also reflects a 2 percent budget reduction.

FY 2021 Total Appropriation: The Governor's office requested a total appropriation of \$2,341,600, a 2.6 percent increase. The governor recommended \$2,268,100, a 0.7 percent decrease. See [Audio](#) and [Presentation](#).

AGENCY DIVISION OF FINANCIAL MANAGEMENT, (DFM) OFFICE OF THE
PRESENTATION: GOVERNOR, Alex Adams, Administrator
Maggie Smith, LSO Analyst

The Division of Financial Management (DFM) supports the Governor's vision of short and long term policies through effective resource allocation. DFM seeks to improve agency service delivery to citizens by developing, monitoring, and publicizing performance outcomes, facilitating the development of the executive budget recommendation, and providing a proactive policy resource for the Governor to shape Idaho's future. The division consists of four main administrative units: Budget, Economic Analysis, Management Services, and Regulatory and Legislative Affairs, which includes the Office of the Administrative Rules Coordinator.

Historical Background and Organization: As one single budgeted program, DFM receives approximately 75 percent of its budget from General Funds. Dedicated funds come from fees charged to agencies for publishing the administrative code. Dedicated funds increased in FY 2020 due to the Office of the Administrative Rules Coordinator who will move from the Department of Administration to DFM. DFM employs 18 FPTs.

Performance Measures: **Administrator Adams** reviewed specific measures and projects accomplished in FY 2019.

FY 2019 Actual Expenditures: DFM made one transfer from personnel costs to operating expenses and capital outlay. This type of transfer has been ongoing for several years. For FY 2021, DFM requested that a transfer of this kind be made ongoing.

FY 2020 Line Items: The legislature appropriated two line items which included three FTP and associated personnel and operating costs of the Office of Administrative Rules Coordinator, in addition to I.T. costs. The one percent general fund reduction came from personnel costs.

FY 2021 Line Items: DFM requested two line items for FY 2021: one FTP and ongoing personnel costs from the Administrative Code Fund to create an administrative rules compliance coordinator position. DFM plans to fill this role with one of its current analysts and transfer that individual from the General Fund to the Administrative Code Fund. The governor recommended this funding. In addition, the governor recommended onetime operating expenditures from the General Fund to update and modernize DFM's computer applications.

FY 2021 Total Appropriation: DFM requested a total appropriation of \$2,650,600, a 5.9 percent increase. The governor recommended \$2,614,100, a 4.4 percent increase.

Administrator Adams answered questions from the Committee. See [Audio](#) and [Presentation](#).

AGENCY

PRESENTATION:

IDAHO TAX COMMISSION (Commission), Tom Harris, Chairman

Keith Bybee, LSO Analyst

The Idaho Tax Commission collects revenue for the state's General Fund, bringing in approximately 95 percent of the General Fund among 19 tax types. Most of that revenue comes from sales tax and individual income tax, fuels, and corporate income tax. The Commission's mission is voluntary tax compliance through innovative customer service, courteous and professional conduct, effective education, and fair administration.

Historical Summary and Organization: The Commission has five budgeted programs: General Services, Audit Division, Collection Division, Revenue Operations, and Property Tax. The Commission does not collect property taxes which are collected at the county level, but does provide services to the counties. Most of the Commission's revenues come from General Funds with smaller amounts from dedicated and federal funds. The legislature appropriated 448.0 FTP's. The Commission has 25 vacant FTPs.

Performance Measures and Audit: **Chairman Harris** reviewed specific measures and projects accomplished in 2019. No audit findings were reported.

FY 2019 Actual Expenditures. **Mr. Bybee** detailed specific transfers and reversions made by various divisions which informs how the Commission balances its budget.

FY 2020 Line Items. The legislature appropriated funds for six line items: employee security, batch monitoring, additional tax return processing staff, additional assistance in taxpayer services, two additional auditors, and a reduction of 17 FTP for technology consolidation and modernization. **Chairman Harris** discussed the status of each request and answered questions from the Committee.

FY 2021 Line Items: The Commission requested, and the governor recommended, funds for replacement items and building space charges. In addition, the governor recommended a 2 percent salary increase for commissioners and establishment of a Commission director position..

FY 2021 Total Appropriation: The Tax Commission requested a total appropriation of \$46,635,500, a 3.4 percent increase. The governor recommended \$45,554,200, a 1 percent increase.

Chairman Harris answered several questions from the Committee. See [Audio](#) and [Presentation](#).

AGENCY IDAHO BOARD OF TAX APPEALS, (Board), Steve Wallace, Executive
PRESENTATION: Director

Keith Bybee, LSO Analyst

The Board of Tax Appeals provides taxpayers the opportunity to appeal their ad valorem assisted valuations from a county board of equalization or tax decisions from the Idaho State Tax commission. The three-member Board provides a quasi-judicial board hearing, rather than through a district court trial, which could necessitate legal representation and expense.

Historical Summary and Organization: The Board of Tax Appeals derives its funding from General Funds, primarily in personnel costs. They employ five FTPs.

Performance Measures and Audit: **Director Wallace** reviewed specific measures and projects accomplished in FY 2019. No open audits were reported.

FY 2019 Actual Expenditures: The Board transferred funds from personnel costs to capital outlay and reverted approximately 8.4 percent of its total budget. The Board derives all of its funding from General Funds, and approximately 84 percent is used for personnel costs. Each member of the 3-person Board is allotted 80 hours of work per year, and in heavy work load years, most of those hours are used. In some years, members may only use 50 hours, resulting in funds reversion. The FY 2020 appropriation anticipated 250 appeals.

FY 2020 Line Items: The Board requested a supplemental appropriation in FY 2020 for additional board hours and operating funds due to an estimated 575 total cases. The request is related to an increased volume of appeals from special assessment decisions made by the Bannock County Board of Equalization. The governor recommended supplemental funding.

FY 2021 Line Items: The Board made no line item requests for FY 2021, however the Governor recommended \$3,200 for OITS.

FY 2021 Total Appropriation: The Board of Tax Appeals requested a total appropriation of \$655,700, a 3.2 percent increase. The governor recommended a 2.0 percent decrease from the General Fund, for an overall decrease of \$1,100, or 0.2 percent. See [Audio](#) and [Presentation](#).

UNANIMOUS CONSENT: Requested by **Chairman Bair**, granted by unanimous consent, the scheduled JFAC action on six supplemental appropriations was rescheduled to January 23, 2020.

ADJOURNED: Having no further business before the Committee, **Chairman Bair** adjourned the meeting at 11:06 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary