

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, April 14, 2021
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, and Nash
ABSENT/ EXCUSED: None

CONVENED: **Chairman Bair** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:01 a.m.

S 1204 **AMERICAN RESCUE PLAN ACT 2021 (ARPA)**
Paul Headlee, LSO — Budget and Policy Analysis Division, Division Manager

S 1204 addressed the allocation and spending of the federal ARPA of 2021. Section 1 of the bill defined any funding from ARPA directed to Idaho state agencies as cognizable and not subject to the provisions of Idaho Code § 67–3516 (2). As a result, the federal funds would require Legislative approval for appropriation for their expenditure.

The proposed bill would provide guiding principles on the appropriation and expenditure of the federal funds, namely:

- The State should make long-range investments that will benefit the next generations of Idahoans.
- In accordance to Idaho Code § 67–1917, state agencies should use federal funds for one-time expenditures and should avoid creating ongoing obligations that would eventually shift to the State’s General Funds after they are completely utilized.
- The use of ARPA funds should not impede nor inhibit the State’s constitutional mandate in providing a balanced budget for Idahoans.
- ARPA funds should not duplicate other federal programs under which support is provided to specific industries or through specific programs.
- Local governments and state agencies receiving direct funding from the federal government should use utilize such direct funds as the primary source, and should exhaust their direct funds before requesting assistance from the coronavirus state fiscal recovery fund established under ARPA.
- Local governments receiving direct funds from the federal government should use the funds for infrastructure investments and allowable offsets that can reduce the property tax burden the Idahoans face.

DISCUSSION:

Senator Ward-Engelking asked Mr. Headlee to expound the funding availability and time lines of the programs included in the ARPA funding. **Mr. Headlee** stated 46 programs identified by LSO would require Legislative approval for appropriation for their expenditure by state agencies. He added there are provisions in ARPA that would establish specific spending deadlines and requests. He explained if the Legislative bodies adjourned without allocating funds to some programs, there are some ways wherein the Legislature could be called back for a Special Session to approve the appropriations.

Representative Troy asked Mr. Headlee to elaborate on one of the guiding principles of the proposed bill. **Mr. Headlee** emphasized **S 1024** would not preclude any projects by local governments, and these are only benchmarks and guidelines to state agencies in expending funds awarded by the federal government through ARPA of 2021. It is up to the Legislature to decide on which projects and initiatives are eligible for the ARPA funds. However, more specific guidance from the US Treasury on how to manage the funds are anticipated to be announced soon.

In response to **Representative Nate's** questions, **Mr. Headlee** replied that **S 1024** is not subject to Idaho Code § 67-3516 (2). In addition, he said professional legal opinion has not been sought prior to the meeting.

Senator Nye asked Mr. Headlee to clarify if federal funds granted to the State would require Legislative action for appropriation, regardless if it is cognizable and noncognizable. **Mr. Headlee** answered yes.

**PUBLIC
TESTIMONY:**

Fred Birnbaum, Idaho Freedom Foundation, spoke in opposition of **S 1024**. He stated codifying future federal funds would be problematic and should remain to be determined in the future.

DISCUSSION:

Senator Ward-Engelking expressed concerns about the requirement for Legislative approval for appropriation on ARPA funding. She stated families and businesses need immediate financial aid from the State due to the COVID-19 pandemic. Additionally, she has concerns on the capability of the Legislative bodies to make the approval of the appropriations as quickly as possible.

MOTION:

Moved by **Representative Youngblood**, seconded by **Senator Agenbroad** to send **S 1204** to the floor with a **do pass** recommendation. Representative Youngblood requested for a roll call vote.

Representatives Youngblood and **Troy** expressed their support on **S 1204**. They agreed the federal fund grants should be used wisely, and the Legislature should take part in allocating the funds to state agencies.

Senator Agenbroad spoke in support of the bill. He indicated that the Legislature should be thoughtful in managing federal funds. He further said that Legislature has to make sure that all immediate and urgent needs of the people of Idaho should to be addressed before the current legislative session adjourns.

Senator Riggs conveyed his support to **S 1204**. He stated sending the bill to the floor with a do pass recommendation would generate larger and robust discussions among the legislators. This discussion would result to more ideas to get a better and solid foundation on how to use the State's funds discerningly.

Representative Nate indicated he would vote against the bill out of concerns on accepting federal funds, and on agreeing with all the provisions and prohibitions attached to any federal aids.

CARRIED:

AYES: 14

Senators Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, and Nye

Representatives Youngblood, Troy, Amador, Syme, and Bundy

NAYS: 5

Senator Ward-Engelking

Representatives Nate, Giddings, Green, and Nash

ABSENT/EXCUSED: 1

Representative Horman

The majority having voted in the affirmative, the motion passed, and without objection, will carry a **do pass** recommendation. Hearing no objection, it was so ordered by **Chairman Bair**.

Links to [Audio](#), [Ballot](#), [Bill](#), and [SOP](#) here.

**LSO STAFF
PRESENTATION:**

**BUDGET SETTING FOR DIVISION OF FINANCIAL
MANAGEMENT (DFM), ARPA — STATE FISCAL RECOVERY
FUND**

Paul Headlee, LSO — Budget and Policy Analysis Division, Division Manager

Section 9901 of the ARPA of 2021 provides recovery funding to states for COVID-related costs, revenue replacement, and for sewer, water, and broadband infrastructure. Idaho's allocation of funding is \$1.189 billion. On April 8, DFM requested \$50 million one-time from the aforementioned fund for unanticipated COVID-related costs for FY 2022 to the Committee. The uses could include, but would not be limited to, vaccine distribution and management, personal protective equipment, communications, public safety, and related technology needs.

DISCUSSION:

Senator Grow asked Mr. Headlee to clarify the revenue replacement stated in Section 9901 of the ARPA of 2021. **Mr. Headlee** cited that revenue replacement does not apply to Idaho because the State has not seen a revenue loss.

Senator Nye asked Mr. Headlee if \$50 million request is sufficient until January 2022. **Mr. Headlee** yielded to Alex Adams, Administrator, DFM. **Mr. Adams** replied that \$50 million request is adequate until the next Legislative session. Should there be any short funding, there are other ways to have the Legislature convene for a special session.

**UNANIMOUS
CONSENT:**

Requested by **Representative Youngblood**, granted by unanimous consent to reopen the fiscal year (FY) 2022 budget for the Office of the Governor, Division of Financial Management,

MOTION:

Moved by Representative **Youngblood** for the Division of Financial Management FY 2022 a one-time appropriation of \$50,000,000 from the American Rescue Plan Fund for COVID-19 public health related costs, seconded by **Senator Agenbroad**.

CARRIED:

AYES: 18

Senators Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, and Nash

NAYS: 2

Representatives Nate and Giddings

ABSENT/EXCUSED: 0

The majority having voted in the affirmative, the motion passed, and without objection, will carry a **do pass** recommendation. Hearing no objection, it was so ordered by **Chairman Bair**.

MOTION:

Requested by **Representative Youngblood**, granted by unanimous consent, to accept the language shown on the screen.

**INTENT
LANGUAGE:**

Section 2, LEGISLATIVE INTENT. It is hereby the intent of the Legislature that the moneys appropriated in Section 1 may be used to address undetermined needs related to the COVID-19 pandemic. The types of uses include, but are not limited to, vaccine distribution and management, personal protective equipment, communications, public safety, and related technology needs.

Links to [Audio](#), [Ballot](#), and [Motion](#) here.

**LSO STAFF
PRESENTATION:**

OFFICE OF THE STATE CONTROLLER, ARPA — LOCAL FISCAL RECOVERY FUND, DISTRIBUTION TO CITIES

Paul Headlee, LSO — Budget and Policy Analysis Division, Division Manager

Section 9901 of ARPA of 2021 provides recovery funding to units of local government. There was \$103,548,500 allocated to the State for distribution to nonentitlement units of local government. Nonentitlement cities are defined as cities with a population of less than 50,000. Funding is available through December 31, 2024 and the allowable uses include COVID-related costs, premium pay for certain employees, revenue replacement, and for sewer, water, and broadband infrastructure. The US Treasury will provide payment to the State in two tranches of 50 percent each. Idaho would receive the first payment no later than May 10, 2021 whereas the second installment would be expected to be received no earlier than 12 months after the first remittance. Distribution of the first portion of allocated funds must occur no later than 30 days after its receipt.

The Office of the State Controller can implement and distribute the requested funds to the cities within the required 30 days. As a result, the State Controller would need FY 2021 supplemental appropriations of \$51,774,300. Distribution would be based on population and would not exceed to 75% of the recent budget allocation. Lastly, in accordance to Section 9901 of ARPA 2021, any city awarded with the funds is required to submit periodic accounting reports and other information as necessary for administration to the US Secretary of Treasury.

**UNANIMOUS
CONSENT:**

Requested by **Senator Woodward**, granted by unanimous consent, to reopen the fiscal year 2021 budget for the Office of the State Controller.

MOTION: Moved by **Senator Woodward** for the Office of the State Controller, Administration Program, a fiscal year 2021 one-time appropriation of \$51,774,300 from the American Rescue Plan Fund to be distributed to Idaho Nonentitlement Units of Local Government in accordance with Section 9901 of the American Rescue Plan Act of 2021, seconded by **Representative Troy**.

DISCUSSION: **Senator Woodward** mentioned the aforementioned program would serve all Idaho's local government unit equally. Furthermore, he cited the funds would be beneficial for the small cities for the reason that they could use the money in long-term capital projects such as sewer, water, and broadband.

CARRIED: **AYES: 18**
Senators Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, and Nash

NAYS: 2
Representatives Nate and Giddings

ABSENT/EXCUSED: 0

The majority having voted in the affirmative, the motion passed, and without objection, will carry a **do pass** recommendation. Hearing no objection, it was so ordered by **Chairman Bair**.

UNANIMOUS CONSENT: Requested by **Senator Woodward**, granted by unanimous consent, to reopen the fiscal year 2022 budget for the Office of the State Controller.

UNANIMOUS CONSENT: Requested by **Senator Woodward**, granted by unanimous consent, to accept the reappropriation language shown on the screen.

INTENT LANGUAGE: REAPPROPRIATION. There is hereby reappropriated to the Office of the State Controller any unexpended and unencumbered balances appropriated to the Office of the State Controller from the American Rescue Plan Fund for FY 2021 to be used for nonrecurring expenditures for the period of July 1, 2021, through June 30, 2022. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

Links to [Audio](#), [Ballot](#), and [Motion](#) here.

LSO STAFF PRESENTATION: **DEPARTMENT OF PARKS AND RECREATION, COVID-19 RELIEF FUNDS**

Rob Sepich, LSO — Budget and Policy Analysis Division, Senior Analyst

The Idaho State Department of Parks and Recreation received a noncognizable increase of \$1,292,300 for maintenance costs due to surge in day use of Idaho parks in the recent year, and reimbursement cost for refunds of camping reservations cancelled due to COVID-19 pandemic. The majority of this fund was utilized for paving and road repair projects.

An additional funding is available through the CARES Act. These funds would be utilized on projects to increase social distancing at parks and to fix and improve state parks' roads due to wear and tear.

The proposed projects must be completed by December 30, 2021. The proposed projects are as follows:

- \$185,000 to finish paving projects at the East Beach unit of Bear Lake Park including the construction of a kiosk to help manage the increase of non-resident visitors;
- \$120,000 to finish paving the Indian Creek unit at Priest Lake Park;
- \$150,000 to pave the gravel entrance at Harriman Park;
- \$175,000 to complete the repair project at Lionhead Campground in Priest Lake State Park
- \$100,000 to provide large screen space visualization systems at Bruneau Dunes State Park that would enable visitors to social distance;
- \$280,000 to pave the Upper Campground at Winchester Lake State Park;
- \$650,000 to add new kiosk and conduct road works at Bruneau Dunes State Park; and
- up to \$75,000 for minor maintenance road repair projects due to increase of state parks visitors resulting wear and tear of the roads.

This proposed projects would add up to \$1,735,000.

DISCUSSION:

Representative Nate asked Mr. Sepich the correlation of COVID-19 virus to paving the roads in Idaho state parks. Mr. Sepich yielded to Mr. Adams. **Mr. Adams** stated during COVID-19 pandemic there was a renewed interest in outdoor recreation, in particular, Idaho had a record attendance at its state parks. He indicated that with increased visitations in the state parks comes higher road maintenance costs.

Senator Cook asked Mr. Adams to expound on the \$100,000 proposed budget for large screen at Bruneau Dunes State Park. Mr. Adams yielded to Susan Buxton, Director, Idaho State Department of Parks and Recreation.

Dir. Buxton stated the large screen space visualization system would be used in Bruneau Dunes Observatory. Due to the pandemic, social distancing was a big issue in the observatory. The large screen would provide education opportunity for visitors, especially school children, to see the night sky and heavens and carry out solar viewing while observing COVID-19 health protocols.

**UNANIMOUS
CONSENT:**

Requested by **Representative Green**, granted by unanimous requested to reopen the fiscal year 2022 budget for the Department of Parks and Recreation in the Capital Development Program.

MOTION:

Moved by **Representative Green** for Fiscal Year 2022 for the Department of Parks and Recreation in the Capital Development Program a one-time appropriation of \$1,300,000 from the Federal COVID-19 Relief Fund, seconded by **Senator Lent**.

DISCUSSION:

Representative Green stated the requested funds would be able to enhance Idaho's infrastructure. Additionally, capital improvements could support the capacity and volume of visitors in state parks. She added that the capacity enhancement would ensure that Idahoans could enjoy their great outdoors.

CARRIED:

AYES: 18

Senators Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, and Nash

NAYS: 1

Representative Giddings

ABSENT/EXCUSED: 1

Representative Nate

The majority having voted in the affirmative, the motion passed, and without objection, will carry a **do pass** recommendation. Hearing no objection, it was so ordered by **Chairman Bair**.

Links to [Audio](#), [Ballot](#), and [Motion](#) here.

ADJOURNED:

There being no further business at this time, **Chairman Bair** adjourned the meeting at 9:03 a.m.

Senator Bair
Chair

Rellie Wisdom
Secretary