

MINUTES  
**HOUSE STATE AFFAIRS COMMITTEE**

**DATE:** Thursday, April 22, 2021  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW40  
**MEMBERS:** Chairman Crane, Vice Chairman Armstrong, Representatives Palmer, Barbieri, Holtzclaw, Monks, Scott, Andrus, Young, Furniss, Hanks, Skaug, Gannon, Mathias  
**ABSENT/  
EXCUSED:** Representatives Palmer, Monks, Young  
**GUESTS:** None

**Representative Armstrong** called the meeting to order at 9:00 a.m.

**DOCKET NO. 32-0101-2000F:** **Chris Anton**, Manager of Investments for the Idaho Endowment Fund, presented **Docket No. 32-0101-2000F**. He stated this is a one-rule chapter. It is an existing rule and has been previously reviewed and approved by the legislature. No changes were made to the existing rule because the Endowment Fund considers the rule to be beneficial to the citizens of Idaho and the fees reflected in the rule to be reasonable.

The credit enhancement program for school district bonds allows eligible voter approved school bonds to be issued with AAA credit ratings which is above the state of Idaho's AA+ rating. The credit enhancement is achieved by a pledge that the public school endowment fund, administered by the Endowment Fund Investment Board, will purchase up to \$300 million in notes from the State of Idaho, if needed, to avoid a default on school district bonds. The credit enhancement has the effect of reducing borrowing costs for Idaho schools as they build new facilities. This rule states school districts will be charged a \$500 application fee and a one-time bond guarantee fee equal to 2/100 of 1% of the total debt service. The credit enhancement remains in place for the life of the bonds, which is typically 20 - 30 years.

In response to questions, **Mr. Anton** said the Endowment Fund has the flexibility to incur a pass-through fee to a school district if there is a complication relating to the financing, requiring significant staff time or legal expenses during the bonding process. Historically the endowment has never charged a fee.

**Mr. Anton** explained school districts issue municipal bonds which are tax exempt bonds sold to the public. Used for construction or renovation of school buildings, they are not used for operational expenses. Because the State provides the first guarantee for the bonds, the Treasurer's Office does the accounting for this program and issues reports noting the solvency of school districts.

During discussion, **Mr. Anton** stated the Idaho Endowment Fund also oversees the Land Grant Endowment Fund at approximately \$3 billion. Four other state agencies are also invested, bringing the fund total to \$3.18 billion. The allocation is approximately 66% equities, 26% fixed income and 8% real estate. This fiscal year the fund is up \$550 million, (26.4%). The endowment also manages a reserve fund for the Department of Insurance which totals \$950 million. Regulated by statute, insurance code, and regulations, it is more conservatively invested with 85% invested in fixed income and 15% in equities.

**MOTION:** **Rep. Barbieri** made a motion to approve **Docket No. 32-0101-2000F**. **Motion carried by voice vote.**

**DOCKET NO. 11-0400-2000F:** **Major Charlie Spencer**, Idaho State Police, presented **Docket No. 11-0400-2000F**. There are six chapters which were previously reviewed and approved by the legislature. There have been no changes since the review. The Fee sections which allow horse racing to operate in Idaho govern a myriad of topics overseen by the Horse Racing Commission.

In response to questions, **Ardie Noyes**, Operations Director, Idaho Horse Racing Commission, explained simulcasting occurs in a brick and mortar building with video screens, betting machines, and pari-mutuel tellers. The Coeur d'Alene Event Center in Post Falls is the only simulcast facility in Idaho.

The Racing Commission's main job is to oversee horse racing in Idaho. The most important and expensive function is drug testing the horses. Hair testing of the horses allows labs to identify what medications horses have in their system and traces back as far as six months. It is one of the largest expenses. Background checks are conducted every five years on all employees and contractors.

**Ms. Noyes** stated the Commission is in dire straights with only \$67,000 to operate through the end of May. To run live horse racing the annual budget is \$240,000. Racing season begins May 8, 2021, with race tracks operating in Jerome, Burley, Rupert, Pocatello, Malad and Idaho Falls, and Blackfoot. Les Bois is still closed. The Commission employs one staff member and hires judges, veterinarians, veterinary assistants and licensers during racing season.

In 2020, \$13 million was wagered through Idaho's five licensed Advance Deposit Wagering sites. Historically, it has not raised more than \$8 million in one year. 90% of the money raised goes to the industry, 5% to the Commission and 5% to the Public School Fund.

**Ms. Noyes** said the Commission receives a percentage of what people wager plus licensing fees, totalling approximately \$40,000 per year. Racing runs five months out of the year and Idaho ranks third in the country for quarter horse population. She said horse racing is alive and well in Idaho.

**Ms. Noyes** shared the Horse Racing Commission is a dedicated fund agency and does not receive general funds. Fees were last raised in 2008. With all expenses horse owners have, the commission has not wanted to add the additional burden by increasing their fees.

The committee recommended identifying other sources of income and/or raising fees to ensure expenses can be covered. **Ms. Noyes** said if **S 1178** passes, it would give the Commission 10% of advanced deposit wagers, off the top, for administrative expenses.

**Ms. Noyes** shared the Idaho Racing Commission was placed with Idaho State Police in 1963, giving access to the police for the money raised through betting and drug enforcement. The Idaho State Police oversee all Commission activities including staffing and financial management.

**MOTION:** **Rep. Skaug** made a motion to approve **Docket No. 11-0400-2000F**. **Motion carried by voice vote.**

During discussion, **Rep. Barbieri** encouraged committee members to accept the Docket so the legislature does not create additional barriers to success for the Horse Racing Commission.

**VOTE ON MOTION:** **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:45.

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Representative Armstrong  
Chair

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Kelly Staskey  
Secretary