

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 12, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Patterson (Ward-Engelking), Just
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green
ABSENT/ EXCUSED: None
CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:00 a.m.

LSO STAFF PRESENTATION: **ECONOMIC INDICATORS, (EORAC) PRESENTATIONS, LBB FRONT END REPORT: GENERAL FUND REVENUE ESTIMATES; Erin Phipps, Revenue Analyst, Legislative Services Office (LSO) Central Administration**
Ms. Phipps presented before the Committee key takeaways for the Economic Outlook and Revenue Committee (EORAC) including economic projections and indicators (see, attachment 1).

This included FY 24 General Fund Revenue Forecast Overview broken out by month, DFM Forecast by Revenue Category for 2023–2025, Individual Income Tax to General Fund for FY 24, Individual Income Tax Forecast and History for 2023–2024, Income Tax Withholdings FY 21–FY 23, Actual FY23 and Projected FY 24 Withholdings, Refunds and Projections FY 21 — FY 24, Labor Force Participation FY 21– FY 23, Real Income Per Capita FY 10– FY 22, Net Sales Tax FY 24 Forecast, FYTD 24 Sales Tax to the General Fund, Housing Starts FY 20–FY 23, Home Valuation and Mortgage Rates 2018–2023, and CPI & Inflation detail for 2019–2023.

She stated Idaho has major economic conditions to consider including new building at Micron and Idaho National Laboratory which will impact many industries. She stated FY 23 had the highest withholdings in Idaho history, with FY 24 coming in stronger than the previous year. Labor participation has been declining over the past couple decades. She stated that looking ahead, revenues appear to be leveling out, withholdings remain strong, net sales taxes mostly match last year, and still looking for headwinds on economic stability in a unique economy.

COMMITTEE PRESENTATION: ECONOMIC OUTLOOK & REVENUE ASSESSMENT COMMITTEE (EORAC); Senator Kevin Cook and Representative Steve Miller; Co-Chairs, EORAC

Senator Cook and **Representative Miller**, Co-Chairs of the EORAC Committee presented the Joint Legislative EORAC Committee Report (see, attachment 2).

Representative Miller stated the Idaho constitution requires the legislature to balance the state budget. He provided a comparison of the Committee's median projections compared with Governor Little's projections, emphasizing that with world events and conflicts, the Committee took a conservative approach with lower estimate numbers.

Senator Cook stated the EORAC met a week before the legislative session started, listened to many presentations about economic outlook and included the EORAC Committee's median for its projections.

UNANIMOUS CONSENT: Requested by **Senator Bjerke**, and accepted by unanimous consent, the EORAC Committee report was accepted.

LSO STAFF PRESENTATION: GENERAL FUND DAILY UPDATE; Keith Bybee, Division Manager, LSO, Division of Budget & Policy Analysis

Mr. Bybee presented the Daily Fund Update before the Committee (see, attachment 3), with the goal of providing a closer look at the budget, tracking Legislative and Executive action, and showing the impact of germane committee action on revenue. He stated the Committee just accepted the work of the EORAC, and will adopt a revenue number after receiving and reviewing some additional revenue information.

LSO STAFF PRESENTATION: REVIEW MAINTENANCE OF CURRENT OPERATIONS BUDGETS; Keith Bybee, Division Manager, LSO, Division of Budget & Policy Analysis

Mr. Bybee presented a review of the maintenance budgets before the Committee. The ten maintenance budgets, broken out by functional areas for state departments and agencies include: Public School Support, State Board of Education, Health and Human Services, Public Safety, Judicial Branch, Natural Resources, Economic Development, General Government, Constitutional Officers, and Legislative Branch.

DISCUSSION: **Co-Chair Grow** stated there will be a holding of 1% CEC in the maintenance budgets. The Committee is required to review CEC recommendations from the CEC Committee before a final number is adopted. Co-Chair Grow asked if that approach worked for the CEC Co-Chairs and Senator Cook and Senator Bundy confirmed yes.

Co-Chair Horman discussed the impact of removing onetime expenditures. **Representative Tanner** asked when the Committee would look into the base budget and review what prior legislators had approved. In response, **Co-Chair Grow** stated the Committee would review the base budgets together during spring and fall tours with the goal to review 1/5th of state agencies and all departments each year to be able to fully review all budgets over a five year time period.

Co-Chair Horman emphasized that Committee members can review base information at any time through the Transparent Idaho website, all members are

free to vote yes or no on budgets and to bring alternate motions.
Senator Ward-Engelking stated concern with setting a maintenance budget without fully understanding what is included in the maintenance budget. In response, **Co-Chair Grow** stated statute requires the Committee to address all line items and the Committee is committed to completing all budget work.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 10:15 a.m.

Senator Grow
Chair

Linsy Heiner
Secretary