

MINUTES
SENATE TRANSPORTATION COMMITTEE

DATE: Tuesday, January 27, 2026

TIME: 1:30 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Okuniewicz, Vice Chairman Keyser, Senators Burtenshaw, Hart, Galloway, Kohl, Rabe, and Semmelroth

ABSENT/ EXCUSED: Senator Adams

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 Okuniewicz** called the meeting of the Senate Transportation Committee (Committee) to order at 1:32 p.m.

AGENCY UPDATE: **Idaho Transportation Department (ITD) 2026 Agency Update. Scott Stokes**, Director, Idaho Transportation Department (ITD), provided an agency update (Attachment 1). **Mr. Stokes** introduced Dave Kuisti, their new Chief Deputy and noted his accomplishments during his 35 years at ITD (slide 2) including the replacement of the Goff Bridge and I-84 construction. ITD completed several major projects in 2025 which included the South Saint Anthony Interchange, US-95 from Thorn Creek to Moscow, and the I-86/I-15 Interchange, State highway 35 Banks/Lowman traffic signals, Little Goose Creek bridge repair, US-93 South road widening, and I-90 Westbound off ramp at State Highway-41. ITD is held accountable to the public for construction costs through an online dashboard. A second dashboard tracks performance regarding the five-year mortality rate, employee turnover, and the condition of pavement, bridges, and highways during winter storms (slide 10). ITD prioritized their time and resources through the acronym OPRE for operate, preserve, restore and expand (slides 11 and 12). Part of operating a safe highway included handling emergencies such as repair work on US-95 after a mud slide caused by heavy rain, a culvert replacement on Highway 21 after fires and subsequent mudslides, repair of Eckhart bridge, and reopening the interstate near Blackfoot after a semi-truck struck a bridge pillar. ITD preserved and restored the roads through pavement overlays and bridge rehabilitation. ITD balanced revenues with transportation needs in high-growth areas. Slide 19 illustrated the allocation of the fiscal year (FY) 2026 budget. The ITD revenue sources, both federal and state, were outlined in slides 20 and 21. **Mr. Stokes** explained that in FY 2022 ITD began receiving Strategic Initiatives and Transportation Expansion and Congestion Mitigation (TECM) funds. TECM was the sales tax provided to ITD to cover debt service for 25 years. Strategic Initiatives funds were the General Fund dollars ITD received. The Governor's FY 2027 budget recommendation was outlined on slide 22. This included \$938 million for program maintenance and \$94 million for equipment and additional line items. **Mr. Stokes** explained that the line items were funded from the constitutional spending authority for operation and maintenance of state highways rather than the General Fund. The cost of replacing snowplows has doubled to \$500,000 since 2022 due to inflation. Another line item provided spending authority to build a new section of SH-16. In addition, ITD's funding request for FY 2027 included spending authority for roadside safety enhancements such as tree removal. ITD encouraged employee innovation which resulted in \$5 million in savings and 1.8 million Skip the

Trip Transactions during FY 2025. Finally, ITD connected with communities with such things as winter driving classes (Slides 29 and 30).

DISCUSSION: **Senator Hart** asked whether there was a connection between the increase in Idaho's population and the 2 percent increase of lane miles. **Mr. Stokes** replied that there was not a one to one correlation. However, it was important to quickly address those situations where roads were at a 90 to 100 percent capacity. **Senator Hart** then requested an update on the new north-south roadway. **Mr. Stokes** explained that there was a study of the needs in the Kootenai County area. There was also a need to work with local communities to address congestion.

Senator Rabe expressed concern for the recent pedestrian deaths and asked Mr. Stokes to discuss how the 2025 bill limiting the ability to spend on pedestrian and bike projects had affected their ability to build pedestrian infrastructure. **Mr. Stokes** stated that it had not affected ITD's ability to create that infrastructure because their projects were generally for the benefit of the traveling public and involved the whole street. However, it had likely affected local projects.

Chairman Okuniewicz noted that budget cuts were likely coming to ITD and asked how that would affect their five-year plan. **Mr. Stokes** acknowledged that they would have to make some adjustments after the legislative session.

PRESENTATION: **JFAC Budget Process.** **Senator Grow**, Co-Chairman of the Joint Finance-Appropriations Committee (JFAC), gave a presentation on the JFAC budget process. **Senator Grow** explained that there would need to be budget cuts as a result of insufficient revenues. State agencies had been requested to cut their budgets by 3 percent. He further explained that Governor Little did not recommend adoption of certain provisions of the One Big Beautiful Bill of 2025. The Economic Outlook Revenue Assessment Committee (EOROC), comprised of ten House members and ten Senate members, projected revenues that were a couple hundred million higher than the Governor's revenue projection. JFAC adopted EOROC's revenue projection. However, with the House proposal to adopt tax conformity for FY 2025, and the projected cost of \$155 million, that additional revenues have disappeared. As a result, JFAC asked state agencies to cut an additional 2 percent from their budgets, for a total of 5 percent in budget cuts.

DISCUSSION: **Chairman Okuniewicz** asked whether ITD might be required to make more than a 5 percent cut in their budget. **Senator Grow** stated that every agency was requested to make a 5 percent budget cut for both FY 2026 and FY 2027.

PRESENTATION: **Keith Bybee**, Division Manager, Budget and Policy Analysis Division, Legislative Services Office continued the presentation with a budget update for FY 2026 and FY 2027. **Mr. Bybee** first clarified that the Governor's hold back plan and the additional one or 2% cuts that JFAC requested is limited to General Fund agencies. Some of the \$275 million appropriated to ITD last year was unobligated. Approximately \$43 million was not subject to the budget cuts. Therefore, this was not an operational cut, but rather a project cut.

Mr. Bybee next discussed General Fund structural balance. He cautioned that, using the average actual expenditure growth rate from 2013 to 2025 of 5.7 percent for FY 2026, FY 2027, and FY 2028, EORAC revenue projections would not keep up with expenditures. **Mr. Bybee** suggested that the Legislature could either use some one-time money to meet the projected shortfall or it could adjust the budget to achieve structural balance. **Mr. Bybee** illustrated the ten year General Fund growth in the areas of public schools, higher education, Medicaid, Health and Welfare, adult and juvenile correction, and all other areas. **Mr. Bybee** explained that Medicaid Expansion and population growth affected Medicaid's budget. Population growth also necessitated an increase in the budget for education and corrections. There were also some large expenditures for the Empowering Parents Program,

water infrastructure, and the LUMA program in the State Controller's office.

Mr. Bybee then provided an update on the FY 2026 General Fund. He noted that, as a result of lower than expected revenues from sales taxes as well as individual and corporate income taxes, the projected beginning balance was almost \$100 million less than anticipated. The Legislature's revenue projection was higher than the Governor's which did not include \$155 million for tax conformity. If the Legislature adopted **H519**, the tax conformity bill, that would reduce revenues by \$155 million as shown on line 6. Line 8 showed the FY 2026 transfers to the Strategic Initiatives Fund and deficiency warrants for pests and hazardous materials. Those transfers were partially offset by some transfers in from some cash balances from the Strategic Initiatives Fund, the Building Fund, and other sources. Line 20 was the FY 2026 ending balance under each of the Governor's and the Legislature's proposals. That did not include any revenues from the 2 percent budget cut from state agencies which could increase the revenue projection by about \$30 million. Slide 6 compared the State's financial position during the recession of 2008-2009 and FY 2026 and showed Idaho is in a stronger financial position now. **Mr. Bybee** noted that the Budget Stabilization Fund exceeded the statutory cap.

DISCUSSION: **Chairman Okuniewicz** inquired what the statute required about the handling of the excess. **Mr. Bybee** responded that the Legislature needed to decide whether to leave the excess funds in the Budget Stabilization Fund or transfer it to the General Fund as required under statute.

Senator Burtenshaw asked Mr. Bybee to provide further details on the options for structural balance he discussed. **Mr. Bybee** stated that one approach to address a budget shortfall would be to use a combination of smaller budget cuts along with some one time cash. One time cash could come from the Budget Stabilization Fund, cash balances from other dedicated funds, or cancelling other projects. The other approach would be to cut additional amounts to achieve structural balance more quickly.

PRESENTATION: **Mr. Bybee** provided a summary of the FY 2027 General Fund (slide 5). He commented that with the Governor's adjusted revenue projection on line 2 which increased the revenue projection by \$137 million, the FY 2027 outlook had improved. The Legislature's budget projection on line 2 included tax conformity in the amount of \$155 million each FY 2026 and FY 2027. **Mr. Bybee** cautioned that those were revenue projections on paper and that the economy could change.

PRESENTATION: **Brooke Dupree**, Budget and Policy Analyst for the Legislative Services Office, continued the presentation by JFAC with a discussion of transportation funding (Attachment 3). The five sources of funding for ITD included the General Fund, bond revenues, user fees, sales tax and cigarette tax (slide 4). A portion of those funds were dispersed into the Transportation Expansion and Congestion Mitigation Fund (TECM (slide 6)). This fund was funded primarily by sales tax with some cigarette tax revenues. ITD had legislative authority to bond with TECM funds. Those funds went to the TECM Debt Service Fund to make payments on those bonds. Proceeds from those bonds were deposited in the TECM Capital Project Fund.

Ms. Dupree explained that another source of funding for ITD was the Strategic Initiatives Program Fund. General Fund monies were appropriated by the Legislature and split with 60 percent going to ITD and 40 percent going to local jurisdictions (slide 7).

The last funding source for ITD was the Local Highway Distribution Fund. The Highway Distribution Fund included monies from user fees and distributions pursuant to Idaho Code § 63-2412 with 60 percent of the funds going to the State

Highway Fund and 40 percent going to the Local Highway Distribution Fund.

Ms. Dupree discussed legislation that had impacted ITD revenues. H 547 passed by the 2014 Legislature authorized payments of \$4.7 million annually from cigarette tax revenues to pay the State match for the Grant Anticipation Revenue Vehicle (GARVEE) debt. Any remaining cigarette tax revenues after the distribution went to the State Highway Fund. S 1206, enacted by the 2017 Legislature, redirected the cigarette tax distribution from the State Highway Fund to the TECM. H 312, enacted by the 2015 Legislature increased vehicle registration fees for personal vehicles, commercial vehicles, and motorcycles. Several pieces of legislation which affected sales tax distribution to TECM were enacted after 2017. In addition, the Legislature enacted bills in 2017 and 2019 regarding bonding authority.

In 2015 the Legislature authorized the General Fund Surplus Eliminator which provided that any unrecognized General Fund revenues be split equally between the Budget Stabilization Fund and the Strategic Initiatives Fund. The Legislature extended the General Fund Surplus Eliminator in 2017 for two additional years. Currently there was an equal split between the Budget Stabilization Fund and Strategic Initiatives Fund with a 60/40 split of the the Strategic Initiatives Fund between ITD and the Local Highway Technical Assistance Council (LHTAC).

Slide 16 included ITD's FY 2027 budget request. The Governor's recommendation was outlined. The Governor recommended \$94.3 million in enhancements. In addition, the Governor recommended transfers to the General Fund (slide 18). The Governor recommended that \$45 million from the General Fund that went to ITD be transferred back to the General Fund for FY 2026. For FY 2027, the Governor recommended that interest earned on the Strategic Initiatives Program Fund be transferred to the General Fund. The Governor further recommended that the interest earned on the portion of the Strategic Initiatives Fund that went to LHTAC be transferred back to the General Fund. Finally, the Governor recommended the closeout of the Strategic Initiatives Programs Grant Fund.

ADJOURNED: There being no further business at this time, **Chairman Okuniewicz** adjourned the meeting at 2:45 p.m.

Senator Okuniewicz

Chair

Melissa Price
Secretary

Meg Lawless
Secretary