

MINUTES

## SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

**DATE:** Tuesday, February 03, 2026

**TIME:** 1:30 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Foreman, Vice Chairman Lenney, Senators Lakey, Guthrie, Nichols, Bernt, Zito, Ward-Engelking, and Ruchti

**ABSENT/ EXCUSED:** None

**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 Foreman** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

**PRESENTATION:** **Senator Grow**, Chairman, Joint Finance-Appropriations Committee (JFAC), gave an overview of the JFAC budget process and the fiscal years 2026-2027 budgets. **Senator Grow** explained that revenue projections had recently been raised and that conformity legislation affected the fiscal year (FY) 2026 numbers. **Senator Grow** highlighted the uncertainty in revenue projections, noting \$430 million on the bottom line had been used up, leaving a much smaller and more volatile ending balance (around \$30 million), which could change quickly as new monthly revenue reports came in. Committee members would soon be voting on many budget bills and he wanted them to have deeper context rather than just brief bill blurbs. **Senator Grow** introduced **Keith Bybee**, Division Manager, Budget & Policy, Legislative Services Office (LSO), who detailed the State's financial position, showing a \$5.6 million revenue shortfall.

**DISCUSSION:** **Senator Bernt** asked for an explanation of the Delaware model. **Senator Grow** explained that federal law had previously forced businesses to capitalize Research and Development (R&D) expenses over five years rather than deducting them immediately. **Senator Grow** described how the recent federal "big, beautiful bill" allowed taxpayers to go back and expense all those capitalized R&D amounts in one current year, creating a large one-time hit in FY 2026. He said Idaho chose a "Delaware model" approach. The State would not allow that big retroactive expense all at once, but would continue to let taxpayers depreciate or expense the R&D over the five-year period. He summarized this as primarily a timing issue: taxpayers still received the deductions, but the State avoided a large sudden impact to the FY 2026 budget.

**Senator Ruchti** asked Mr. Bybee for the definition of structural balance. **Mr. Bybee** provided an overview of the State's financial position and the importance of structural balance. He pointed out the State's revenue collections and expenditures from fiscal year (FY) 2018 to FY 2025.

**PRESENTATION:** **Mr. Bybee** presented charts showing actual and projected General Fund revenues and expenditures from FY 2018 through projected FY 2028. He defined structural balance as ongoing revenues exceeding ongoing appropriations over the business cycle (the projected three-year period), and warned against relying repeatedly on one-time money to cover ongoing spending.

**Mr. Bybee** pointed out that looking ahead to FY 2027-2028 projected revenues were expected to be lower than projected budget growth if historical expenditures growth trends continued. He indicated the State had reached a "crossroads" where it needed to rebalance on the revenue side, the appropriation side, or both. He noted that in earlier years, large surpluses had been used for capital projects for roads, land, water infrastructure, and substantial tax relief, which influenced the current structural picture.

**Mr. Bybee** walked through the General Fund "balance sheet" for FY 2026, showing revenue lines at the top and appropriations lines at the bottom. He compared the revenue forecast in place when the Legislature adjourned the prior spring to the Governor's updated forecast and the Legislature's newly adopted revenue number. He explained that the Legislature had previously reduced the original revenue forecast to account for policy changes such as tax relief and sales tax-related bills. **Mr. Bybee** showed that the updated projections reflected both softer-than-expected economic performance (especially in sales tax collections) and the cumulative effect of multiple tax cuts and credits.

**DISCUSSION:** **Senator Guthrie** commented that a large part of the current structural imbalance was self-inflicted through roughly \$4 billion in income tax reductions over the past five years. **Senator Ward-Engelking** agreed.

**PRESENTATION:** **Mr. Bybee** highlighted the need for rebalancing revenues and appropriations to maintain structural balance. He outlined the impact of tax relief and capital projects on the State's finances. He explained the impact of policy decisions on State revenue, including tax relief and capital projects. **Mr. Bybee** provided a detailed breakdown of the State's General Fund budget, including revenue and appropriation sections. He highlighted the changes to revenue projections and the impact on the State's budget, including the impact of economic indicators. He provided a detailed comparison of the Governor's revenue forecast and the Legislature's revenue projection. He highlighted the potential impact of conformity and the need for decision-making on the budget.

**Mr. Bybee** provided historical tables covering approximately 22 years to show what happened during the Great Recession. He noted that between FY 2009 and FY 2011, the State cut roughly \$600 million in total appropriations. He highlighted that Health and Welfare and Public Schools experienced significant cuts; for example, one line item in Health and Welfare dropped by approximately \$150 million year-over-year. He explained that during that period, the Legislature used reserve balances over three years and then largely exhausted them, pairing one-time funds with deep agency cuts. He noted that when asked how current charts would look if extended back through the Great Recession, he said they would show a pronounced dip in spending followed by a gradual recovery (Attachment 1).

**DISCUSSION:** In response to questions from the Committee, **Mr. Bybee** presented a chart that adjusted historical budgets for both inflation and population, converting them to real dollars per capita. He explained that in 2005, real per-person State spending was approximately \$2,500, and by the current period, it was approximately \$2,725 per person. He said this represented only about 9 percent total growth over roughly 20 years - about 0.4 percent average annual growth in real per-capita terms. **Mr. Bybee** argued that, historically, Idaho Legislatures had been relatively restrained and thoughtful in not dramatically increasing real per-person spending. He also noted there was no universal metric saying exactly how much additional spending each additional resident "should" require; those choices remained policy decisions.

**PRESENTATION:** **Mr. Bybee** showed a chart of General Fund growth by major category over ten years. He stated that the Medicaid budget on the General Fund had nearly doubled over that period, with a steep increase around 2019-2020 when Medicaid expansion was implemented, then returning to a more standard growth trend. He said the public schools budget had almost doubled as well, with a major jump between FY 2023 and FY 2024 driven by H 1 (adding approximately \$330 million to public schools). He described other large growth areas tied to policy. The current Medicaid expansion contributed to an impact on the General Fund of approximately \$90 million, but some was offset by prior programs such as the Catastrophic Health Fund (CAT) and county indigent funds that had been reduced or eliminated.

**DISCUSSION:** **Mr. Bybee** discussed the role of the Budget Stabilization Fund (BSF) in maintaining financial stability. In response to a question from **Senator Guthrie**. **Mr. Bybee** noted the impact of one-time revenues and the need for careful management. He highlighted the importance of maintaining a balanced budget and the role of the BSF. He provided a detailed comparison of the State's current cash position and historical data. He emphasized that reserves existed to help the State weather a future major downturn and that drawing them down now to cover ongoing structural gaps for multiple years could leave Idaho exposed when the next recession arrived.

**Senator Grow** commented on the structural balance. He stated there were ongoing preventatives projected to be lower than ongoing expenses. This was a temporary fix for three years. He explained that tens of millions were short-term periods and not sustainable. The budget was not balanced at this time. There were \$80 million in cuts from Education and Health and Welfare. JFAC was trying to be ultra conservative.

**MINUTES APPROVAL:** **Senator Ruchti** moved to approve the Minutes of January 27, 2026. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL REAPPOINTMENT VOTE:** **Committee Vote on the Gubernatorial Reappointment of Brett Thomas to the Idaho Health Insurance Exchange Board.**

**MOTION:** **Senator Ward-Engelking** moved to send the Gubernatorial Reappointment of **Brett Thomas**, to the Idaho Health Insurance Exchange Board (IHIEB), to the floor with the recommendation that he be confirmed. **Senator Nichols** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT VOTE:** **Committee Vote on the Gubernatorial Appointment of Erika Malmen to the Idaho Personnel Commission.**

**MOTION:** **Senator Lakey** moved to send the Gubernatorial Appointment of **Erika Malmen**, to the Idaho Personnel Commission, to the floor with the recommendation that she be confirmed. **Senator Ruchti** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT VOTE:** **Committee Vote on the Gubernatorial Appointment of Dr. Karen Cabell to the Idaho Health Insurance Exchange Board (IHIEB).**

**MOTION:** **Senator Nichols** moved to send the Gubernatorial Appointment of **Dr. Karen Cabell**, to the Idaho Health Insurance Exchange Board (IHIEB), to the floor with the recommendation that she be confirmed. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL REAPPOINTMENT:** **Committee Consideration of the Gubernatorial Reappointment of Representative Jon Weber of Rexburg, Idaho, to the State Insurance Fund Board (ISIF) to serve a term commencing November 30, 2024 and expiring November 30, 2026.** **Representative Weber** stated it was his pleasure to serve on the ISIF for the last four years. He remarked he understood the process and learned about the inner workings of the ISIF.

**DISCUSSION:** **Chairman Foreman** said the vote would take place at the next meeting.

**GUBERNATORIAL REAPPOINTMENT:** **Committee Consideration of the Reappointment of Robert Cuoio of Pocatello, Idaho, to the Idaho Health Insurance Exchange Board (IHIEB) to serve a term commencing April 10, 2025 and expiring April 10, 2029.** **Mr. Cuoio**, (who testified virtually) stated he had been on the IHIEB for the past three years. He stated it was a pleasure serving on the IHIEB. He wanted to make the future better for Idahoans.

**DISCUSSION:** **Chairman Foreman** stated the vote would take place at the next meeting.

**PASSED THE GAVEL:** Chairman Foreman passed the gavel to Vice Chairman Lenney.

**DOCKET NO. 24-2101-2501** **Rules of the Idaho State Contractors Board (Fee Rule) - Pending Rule, p. 111.** **MiChell Bird**, Executive Officer, Division of Occupational and Professional Licenses, provided an overview of the rule docket for the Contractor Registration Board, including fee increases in order to maintain financial solvency.

**DISCUSSION:** **Senator Nichols** and **Ms. Bird** discussed the impact of the fee increases on registrants and the importance of maintaining a balanced budget.

**Ms. Bird** highlighted the support from industry associations and the need for rule approval.

**Vice Chairman Lenney** and **Ms. Bird** discussed how many applicants had been rejected and how many disciplinary actions occurred when the Contractor Registration Board was moved under the Division of Occupational and Professional Licenses (DOPL). **Ms. Bird** explained that some Boards had increased in size and other decreased. Cash balances were increasing.

**Senator Lakey** commented that if a Board was in the red and did not pay its expenses, what agency covered the shortage. **Ms. Bird** stated that DOPL funds had to cover those shortages.

**MOTION:** **Senator Lakey** moved to approve **Docket No. 24-2101-2501**. **Chairman Foreman** seconded the motion.

**DISCUSSION:** **Senator Lakey** remarked that a \$10 increase was not too much. He noted that complaints would increase due to growth.

**VOTE ON THE MOTION:** The motion carried by **voice vote**. **Vice Chairman Lenney** voted nay.

**DOCKET NO. 24-2201-2501** **Rules of the Idaho State Liquefied Petroleum Gas Safety Board (ISLPGSB) (Fee Rule) - Pending Rule, p. 114.** **Jessica Spoja**, Licensing and Registration Manager, Building Construction and Real Estate Bureau, provided an overview of the docket, including fee increases to comply with State requirements.

**DISCUSSION:** **Senator Lakey** and **Ms. Spoja** discussed the impact of the fee increases on licensees and the importance of maintaining a balanced budget. She highlighted the support from industry associations and the need for rule approval. **Ms. Spoja** provided a detailed comparison of the ISLPGSB's current cash balance and the need for fee increases.

**Vice Chairman Lenney** and **Ms. Spoja** discussed the negatives in the budget, how that happened relating to the move to the Chinden campus and the licensing system. **Senator Bernt** asked Ms. Spoja about the current licensing system in place now as opposed to the old system. **Ms. Spoja** stated that in the past they had to use paper instead of computers.

**.MOTION:** **Senator Ruchti** moved to approve **Docket No. 24-2201-2501**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. **Vice Chairman Lenney** voted nay.

**DOCKET NO. 24-2801-2501** **Rules of the Barber and Cosmetology Services Licensing Board (Fee Rule) - Pending Rule, p. 117.** **John Price**, Bureau Chief, Occupational Licenses Bureau, provided an overview of the docket and the fee increases and new regulations. He noted the fee increases were to comply with State requirements. Most of the fee increases were \$5. He noted DOPL tried to reduce expenses. DOPL reduced the amount of Board meetings in this docket.

**DISCUSSION:** **Senator Bernt** discussed the impact of the fee increases on licensees and the importance of maintaining a balanced budget. **Mr. Price** highlighted the support from industry associations and the need for rule approval. He also provided a detailed comparison of the DOPL Board's current cash balance and the need for fee increases.

**MOTION:** **Senator Bernt** moved to approve **Docket No. 24-2801-2501**. **Senator Ward-Engelking** seconded the motion.

**DISCUSSION:** **Vice Chairman Lenney** remarked there were some administrative hurdles at DOPL with raising fees for some boards while other boards did not raise fees.

**VOTE ON MOTION:** The motion carried by **voice vote**. **Vice Chairman Lenney** voted nay.

**PASSED THE GAVEL:** Vice Chairman Lenney passed the gavel back to Chairman Foreman.

**ADJOURNED:** There being no further business at this time, **Chairman Foreman** adjourned the meeting at 2:53 p.m.

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Senator Foreman  
Chair

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Linda Kambeitz  
Secretary