

Legislative Report

January 18, 2008 • 2nd Week

News to Use:

iSTARS to be Scaled Back: Superintendent of Public Instruction Tom Luna presented his plan for teacher compensation to the Joint Finance & Appropriations Committee and Education Committees. The plan has received a chilly reception from the Idaho Education Association, which has offered a counter plan referred to as weTEACH. Both plans offer a new system of teacher pay that would include incentives for performance and additional education. The major disagreement in the plans is the portion of Luna's plan that would offer incentives to teachers to go to a multi-year contract rather than the current tenure system. Even so, it is clear that the citizens of the state agree with the direction of the Luna plan. In a recent Bob Moore poll, 61% of Idahoans disagree that lifetime tenure for public school teachers is good for education. And 80% agree that job performance should be part of the compensation package—largely that performance should be tied to improvement in student performance, where 70% of our citizens agree.

The issue comes down to money. Like all issues of this magnitude, it must find its place among the myriad of other priorities. Therefore, it is likely this issue will face multiple versions and will be scaled back for the coming year. Nevertheless, IACI believes that Superintendent Luna is on the right track. Expect next week to be full of media reports as both versions are formally presented to and are taken up by the House and Senate Committees starting on Monday. Public testimony will start on Tuesday and is expected to last throughout the week with deliberations by the Senate Education Committee occurring on the following Monday, January 28th.

Contact Your Legislator Now: As we begin the 3rd week of this legislative session, we are continuing to have many positive discussions about our personal property tax legislation. We all know that this is a good idea and that it will be a huge benefit to all of the businesses across this state.

To accomplish this goal, it is going to take a large effort from everyone, which is why we are asking for you to contact your legislators today and let them know that you would like to see the personal property tax repealed. We are currently focusing on the Senate and, specifically, the members of the Local Government & Taxation committee. We hope that you and all of your employees will take a minute to contact these Senators to tell them how onerous and burdensome the personal property tax is on your business. Each business paying this tax has a great story to tell about the problems associated with the tax. This group of folks will be crucial in the success of this bill.

The bill is designed to permanently eliminate the personal property tax on business machinery, furnishings and tools and will be introduced soon. IACI staff is working with a large coalition of business organizations and lobbyists to advance the issue in 2008. The legislation first exempts all personal property purchases that occur after January 1, 2008. Then the legislation will phase out the remaining portion of personal property subject to tax over four years starting with the first 25% in 2009. In addition, the legislation holds local governments and taxpayers harmless through replacement money from the state sales tax to ensure there is no shift in local property taxes.

Co-sponsors of the legislation will be announced soon. At this point the only expressed opposition comes from a few Senators who want the business community to support the elimination of the Investment Tax Credit or the Production Exemption as a "tradeoff." "We don't believe that the business community in the state should seek to eliminate these important tools for economic development," said Alex LaBeau, President of IACI. "It makes no sense to take arrows out of the quiver when we are trying to expand economic opportunity for our citizens in Idaho."

Exemptions Survive: On Thursday the House Revenue and Taxation committee rejected five of the six sales tax exemption bills before it. The only bill that will be introduced is one regarding the exemptions for items sold in vending machines.

The sales tax exemption issue was thoroughly discussed by the joint interim committee, but no consensus on the issue was able to be reached. Representatives Moyle and Roberts led the discussion against re-examining the bills saying they hoped to avoid the impression they were singling out some exemptions while letting other businesses or organizations keep theirs.

Grocery Tax Credit: The Grocery Tax Credit issue continues to dominate the discussions of leadership as negotiations continue. No resolution to the issue has emerged but, as the session progresses, we are seeing early signs of agreement. With the emergence of agreement on what the Grocery Tax Credit will be, it is likely other issues will start to come into focus.

Rulemaking Process Changes: Roger Batt of the Idaho Groundwater Association and others has drafted a bill that will amend the process regarding negotiated rulemaking. At the heart of the legislation is a requirement that agencies crafting rules must provide written explanations of the agency's acceptance or rejection of recommendations from parties participating in the negotiated rulemaking process. A draft of the legislation will be presented to the IACI Legislative Committee on January 22nd at the regularly scheduled meeting. Dan Steenson will be available to address questions from the membership.

Transportation Funding: At this point, transportation remains a significant issue that is yet to be outlined by the Legislature. Negotiations are ongoing regarding the proposal for a local option tax. IACI remains opposed to the idea unless there are specific safeguards within the bill. Those safeguards would include county-wide caps, reasonable sunset dates, consolidated election dates and others to ensure the citizens are given all of the information regarding additional taxes and the greatest opportunity to have a say in the process.

IACI remains supportive of the concept of increasing registration fees, finding additional efficiencies in ITD operations, and funding the next \$134 million installment of GARVEE. We oppose new sources of tax for state transportation projects and an increase in the gas tax.

Employer Protection Act: A group of IACI members expressing interest in non-compete contracts with employees recently met to consider legislation that would give employers assurances that contracts with key employees to protect the business can be legally made and enforced. The concept provides that the freedom of people and businesses to enter into contracts is protected. Without such legislative guidance, the employers in Idaho are left wondering if contracts they have with employees are enforceable. We look forward to bringing the legislation forward later this session after the details on the bill are worked out with those members working on the issue.

Idaho Meth Project: Last week during his State of the State address, Governor Otter officially launched the Idaho Meth Project. The goal of this project, which is modeled after the successful Montana Meth Project, is to reduce the prevalence of first-time Meth use. When the program was initially launched in Montana, the state ranked 5th in the nation for Meth abuse – they now rank 39th. Idaho has taken Montana's spot as 5th in the nation – which is why the Governor felt it was important to undertake a statewide campaign to ensure the next generation of Idahoans chooses to remain Meth-free. Beginning last week, Idaho Meth Project television, radio, billboard and print advertisements have blanketed the state of Idaho. To learn more about the program or to find out how to get involved, visit www.idahomethproject.org.

IACI Legislative Guide Available Now: IACI will be sending out the 2008 version of the Legislative Directory to members upon renewal of their memberships. This year's version will be easier to use with contact information on all Idaho elected officials and the 2008 IACI Statement of Policy.

Want to Contribute to the New IACI Business PAC?: The purpose of the IBP is to promote and strive for the improvement of government at the State and Local level by encouraging and stimulating business and their employees to take a more active and effective part in government. We seek to encourage business to understand the nature of and actions of elected leaders as they pertain to the protection of the free enterprise system.

The IBP will assist business to be an effective political voice espousing the principles of the free enterprise system. The IBP will financially assist candidates for Statewide, Legislative and Local office through independent expenditures and/or direct contributions for candidates who demonstrate commitment to the ideals of a free market society, who believe in the rights of the individual, and who are committed to preserving the free enterprise system. The IBP will also financially assist political issues of statewide significance.

All contributions from all members are appreciated. IACI has created a series of special categories for higher contribution levels:

\$250 contribution "Members Club" — Receives Certificate of Appreciation and recognition at IACI annual meeting, Invitation to special IACI Annual meeting Reception.

\$500 contribution “President’s Club” — Receives Certificate of Appreciation and recognition at IACI annual meeting, Invitation to special IACI Annual meeting Reception, IBP President’s Pin, Special recognition in the new IACI Website and invitations to special fundraising receptions with various Legislators.

\$1,000 contribution “Chairman’s Club” — Receives Plaque announcing IBP’s appreciation and recognition at the IACI annual meeting, Invitation to special IACI Annual meeting Reception, IBP Chairman’s Pin, Special recognition in the new IACI Website and invitations to special fundraising receptions with various Legislators and Statewide elected officials.

2 year x \$3,500 contribution or \$7,000 in election cycle “Great American Club” (in honor of the late Charlie Clark) — Receives Great American Pin, Special Honor at IACI Annual Meeting Reception, special fundraising receptions with various Legislators and Statewide elected officials, and a VOTING seat on the IBP.

Billing Option:

In order to increase the number of \$7,000 and \$1,000 annual contributors, the IBP allows for an optional monthly billing process. The option for either the 24-month \$291.67/mo. (\$7,000) or 12-month \$83.33/mo. (\$1,000) contribution billing process can be handled either by credit card (which is the preferred method) or by monthly invoice. No contributions below \$1,000 may use this monthly billing option.

Contributions are not deductible as charitable contributions for Federal income tax purposes. Contributions to IBP are voluntary and are used for political purposes. No money is used to support federal candidates or political action committees.

Upcoming IACI Meetings:

Legislative Committee: The Legislative Committee will meet weekly on **Tuesdays at 10:00am** throughout the Legislative session. All members are eligible attend and vote on action items. The next meeting is scheduled for **January 22nd**. All members will receive notice.

Executive Committee: The IACI Executive Committee is scheduled for **February 1st at 1:30pm**.

Board of Directors: The IACI Board of Directors is scheduled for **February 7th at 9:00am**.

Environment Committee: Scheduled for **January 23rd at 2:30pm** (The Environment Committee meets subject to the call of the chair).

IACI Contact information: Following is a list of contacts within the IACI organization. If there are issues with or questions on IACI policy, please do not hesitate to contact any of the following:

Alex LaBeau, IACI President
(208) 343-1849 Ext. 12

Jayson Ronk, IACI Vice President
(208) 343-1849 Ext. 16

Mike Reynoldson, Micron Technology
Chair, Legislative & Public Policy Committees
(208) 368-4344

Ed Lodge, Qwest Communications
Chair, Tax & Fiscal Responsibility Committee
(208) 385-2154

Pat Armstrong, Idaho Sand and Gravel
Chair, General Business Committee
(208) 465-4003

Susan Somers, Potlatch Corp.
Chair, Environment Committee
(208) 799-1404

NOTE: When IACI begins to take formal positions on specific legislation, a weekly updated tracking sheet will accompany this report.