

## Legislative Report

### February 1, 2008 • 4<sup>th</sup> Week

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#### News to Use:

#### **CALL TO ACTION ON ELIMINATION OF PERSONAL PROPERTY TAX**

The Idaho Legislature is in the process of considering legislation to phase out the personal property tax. While efforts are ongoing to fine-tune the legislation, now is the time to seek support and co-sponsorship of the bill. Legislators need to hear from businesses of *all* sizes about the importance of eliminating this onerous tax. IACI lobbyists have been working with members of the Senate to gain support. The first to sign on as a co-sponsor in the Senate was Senator Dean Cameron, Rupert. Others to sign on have been Senators Siddoway of Terreton, McKenzie of Nampa, and McKague of Meridian. Others committed to support are Senator Hill of Rexburg and the Pro Tem of the Senate, Bob Geddes of Soda Springs. All of these Senators deserve our thanks and ongoing support for the work they are doing this legislative session. We would like to add more to the list!

IACI is asking all members to contact their legislators and ask them to sign on in support of the elimination of the personal property tax legislation. The business community knows that this year it is particularly important for legislators to pay close attention to the economy. What better way to provide additional economic stimulus than to pass legislation to eliminate the personal property tax on business equipment, machinery and tools?

The IACI-backed legislation eliminates the ongoing shift to real property. When new equipment comes on the tax rolls and is added into the base value for property taxes, the budgets of local government increase. Each year that equipment depreciates in value, shifting a larger burden onto homeowners and other real property tax payers. It is time to stem the tide by eliminating the tax and replacing those dollars from the state tax collections. This legislation is a win for individuals and government.

The legislation helps business. Businesses are made up of two things: equipment and people. By eliminating the tax, the legislature will free up those dollars to allow business owners to invest in new equipment and their employees, thereby growing the state economy from within. This legislation is a win for both business and employees.

This legislation provides an incentive to invest in Idaho. By eliminating the tax, new businesses seeking to expand operations will look more favorably upon Idaho as they choose to expand and grow. This is a win for business, a win for Idaho and, most importantly, a win for our citizens by expanding economic opportunity for all.

It is hard to wonder why any policy maker would oppose legislation that provides such a broad benefit for all. This legislation is economic stimulus in the truest sense. Make no mistake; there are many who refuse to accept that this tax is bad for business and our economy. Therefore, all legislators need to hear from you now. We appreciate your assistance.

**Employer Protection Act:** IACI is planning to introduce legislation that would clarify the intent of non-compete contracts with employees. Sen. John Goedde of Coeur d'Alene has agreed to sponsor the bill. The new legislation would give employers assurances that contracts with key employees to protect their 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.

**Water Board Supports Recommendations:** IACI is a member of the Advisory Committee for the Eastern Snake Plain Comprehensive Aquifer Management Plan. A draft report from the Idaho Water Resource Board outlines the interim recommendations of the Committee. That draft report will be submitted to the Idaho Legislature. There are three key items within the report:

1. Minidoka Dam is scheduled for reconstruction by the Bureau of Reclamation in 2011. Raising the dam during reconstruction by five feet could result in an addition 40 to 50 thousand acre feet of water storage capacity. However, to take advantage of the reconstruction opportunity, it requires a \$1.4 million expenditure to complete the necessary studies including determinations of what conversions could take place as a result of the new storage capacity. Once the studies are completed, the state would be in a good position to make decisions on committing resources to such a potential project.
2. Voluntary demand reductions on the Eastern Snake Plain Aquifer are important considerations. It is estimated that approximately \$5 million will be required to buy down selected water rights and support subordination agreements. There could also be dry-year lease agreements that could be used to augment the federal CREP program.
3. \$1 million will be sought to execute recharge projects. With several pilot projects already underway, additional funding would be needed to support efforts in existing facilities like canal systems. This may include construction of additional facilities, water-wheeling, renting of storage water and measurements of the effectiveness of the recharge.

**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 **February 5th**. All members will receive notice.

**Board of Directors:** The IACI Board of Directors is scheduled for Thursday, **February 7<sup>th</sup>, at 9:00am**.

**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

**Legislative Tracking** sheet follows.



## LEGISLATION TRACKING SHEET 2/1/08

*(IACI Position: (+) Support, (-) Oppose, (M) Monitoring, (N) Neutral)*  
*Action on Bill*

**Bold=Final**

Bill	Description	House	Senate	Final
H360 (M)	<b>(By Sen. Brad Little) Establishing retailer nexus:</b> This legislation amends Section 63-3611 of the Idaho Code to provide that a "retailer engaged in business in this state" be defined as any retailer with substantial nexus in this state, and creates a new Section 63-3615A of the Idaho Code to define substantial nexus for any retailer having a franchisee or licensee operating under its tradename or owned by the same entity or corporation in the State of Idaho be required to collect taxes from its customers.	3 <sup>rd</sup> Reading Calendar		
H412 (M)	<b>(Dept. of Insurance) Managed Care Plans Requirements:</b> This legislation Amends existing law relating to managed care to revise the deposit required of an organization offering a limited managed care plan; to revise a due date for filing an annual report to the director of the Department of Insurance; to revise a requirement for certain information submitted to the Department of Insurance; and to revise a provision relating to grievance procedures.	Business		
H413 (M)	<b>(By Reps. Bilbao, Durst) Absentee Voting:</b> This legislation would allow absentee voters the option of applying for status as a permanent absentee voter in all elections which they are qualified.	State Affairs		
H420 (M)	<b>(By Idaho Association of Counties) Property Tax Payment Methods:</b> This legislation would allow counties to receive payment of taxes using a debit card, credit card, or electronic funds transfer.	3 <sup>rd</sup> Reading Calendar		
H428 (M)	<b>(By Sens. Schroeder, Coiner, Stennett, Siddoway, Reps. Raybould, Stevenson, Moyle, Bedke, Pence) Aquifer Planning and Management:</b> This legislation repeals and adds to existing law relating to water to provide for a statewide comprehensive aquifer planning and management effort.	3 <sup>rd</sup> Reading Calendar		
S1249 (M)	<b>(By Sen. Keough, Reps. Eskridge, Anderson) North Idaho Adjudication amendments:</b> This legislation Amends existing law relating to water rights adjudication to delete reference to water rights adjudication in the Kootenai and Clark Fork-Pend Oreille river basin. The purpose of this legislation is to remove Basins # 96, 97, 98, from the NIA.		Resources & Environment	
S1278 (M)	<b>(By Sens: Broadsword, Keough, Reps. Eskridge, Anderson, Mary Lou Shepherd, Harwood) Rathdrum Prairie Adjudication Narrowing:</b> This legislation would narrow the focus of the North Idaho Water Adjudication to the Rathdrum Prairie.		Resources & Environment	
S1279 (M)	<b>(By Sen: Broadsword, Reps. Mary Lou Shepherd, Harwood) North Idaho Adjudication repeal:</b> This legislation would repeal the Idaho Code relating to the northern Idaho water right adjudication.		Resources & Environment	

S1283 (-)	<b>(By Human Rights Commission) Allows attorney fees in discrimination cases:</b> This legislation would provide that a district court may issue an order for attorney's fees in a civil action filed by the Human Rights Commission or filed by a person alleging unlawful discrimination. IACI believes this would lead to an unsubstantiated increase in the number of claims by setting up plaintiffs firms to receive bounties.		Judiciary & Rules	
S1289 (-)	<b>(By Sen. Stennett) Nuclear facility election:</b> This legislation would require a vote of the people to construct a nuclear facility in Idaho.		State Affairs	
S1291 (-)	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness) Personal financial disclosure:</b> This legislation would require elected officials and candidates for public office to file personal financial disclosure statements with the Secretary of State.		State Affairs	
S1292 (-)	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness) "Fair" elections act:</b> This legislation would establish an alternative campaign financing option by creating the Idaho Fair Elections Trust Fund.		State Affairs	
S1293 (-)	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness) Energy facility siting:</b> This legislation provides for an energy facility siting panel to approve or disapprove sites for the proposed construction and operation of large merchant electric generation facilities.		State Affairs	
S1302 (-)	<b>(By Sen. Kelly) Lobbying prohibition for elected officials:</b> This legislation would require a one-year "cooling off" period before a former legislator or executive official could register as a lobbyist.		State Affairs	
S1303 (-)	<b>(By Sen. Kelly) Lobbying door prohibition for public officials:</b> This legislation would require a one-year "cooling off" period for former government officers and employees before lobbying the groups they previously worked with.		State Affairs	
S1304 (-)	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Sagness) Raises homestead exemption to \$150,000:</b> This legislation would increase the homeowner property tax exemption to \$150,000.		Local Government & Taxation	
S1314 (-)	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk,) Moratorium on merchant power plants:</b> This bill would place a two (2) year moratorium on applying for or issuance of permits, licenses or construction of a merchant thermal power plant.		State Affairs	
S1315 (-)	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness, Corder) Sunset to all sales or income tax exemptions:</b> This legislation proposes to implement a "zero-based tax exemption" system which would apply to all Idaho statutory tax credits, deductions, and exemptions. It provides for the expiration of all such credits, deductions, and exemptions on a periodic basis unless they are reauthorized by statute.		Local Government & Taxation	
S1344 (M)	<b>(By Department of Health &amp; Welfare) Requirement of Cooperation with H&amp;W to be an insurer in Idaho:</b> This legislation would require insurance companies to share coverage information about Medicaid recipients and enhances the Department's ability to recover funds that should have been paid by insurance carriers. The purpose of this proposed legislation is to bring Idaho in compliance with Federal Law.		Health & Welfare	
S1345 (M)	<b>(By Department of Health &amp; Welfare) Medical Assistance:</b> The purpose of this legislation is to require consent of the Department of Health and Welfare in order to settle claims against third parties which affect the recovery rights of the Department. It also requires judgments and settlements against third parties to give priority to recovery of medical assistance payments.		Health & Welfare	