

Legislative Report

February 29, 2008 • 8th Week

News to Use:

Personal Property Tax: The personal property tax legislation will have a print hearing next Tuesday in the House Revenue & Taxation committee. We have seen a tremendous response to our grassroots campaign. Over 20 different statewide associations have joined together to end this onerous tax. In the first 72 hours of the campaign, over a 1,000 people from across the state responded to the mailer. We thank those of you who have supported this effort and hope you will continue to do so with your members, employees, clients, colleagues and friends. We are still encouraging folks to fill out these mailers to show their support in eliminating this unfair tax. If you have further questions, please visit our website at www.endthetax.com.

Grocery Tax Credit Bill Introduced: After four votes, the House Revenue & Taxation committee decided to introduce a bill this morning regarding the grocery tax credit. Representative Cliff Bayer presented the legislation which will have a \$22 million fiscal impact its first year, and over a \$120 million impact once it is completely phased in. This bill is set to have a hearing on Monday.

Economic Development on Manufacturing: The House Revenue & Taxation committee passed H550, the Economic Development on Manufacturing Facilities bill. The purpose of this legislation is to provide an economic development incentive for new manufacturing facilities construction and development in designated rural development areas in the state of Idaho. This legislation will provide counties with a critical tool to attract, maintain, and expand business in all parts of Idaho. It provides greater local control over the types of economic development local officials wish to attract to their counties, which is a reasonable approach to stimulating rural economic development in Idaho.

I-STARS 'Light' Defeated: In a move that will likely defeat the measure for the balance of this session, the Senate voted down on a 19 to 16 vote Superintendent Tom Luna's plan to pay teachers based on performance measures. The IACI-supported measure to give bonuses for performance for instructors is an issue that will likely be taken up by legislators over the interim. Next week a group including IACI commissioned by the Governor will start the process of revamping Idaho's education system by holding discussions with representatives from the National Center on Education and the Economy. It will be the start to the process initiated by Governor Otter to engage the education community over the next several months to establish new recommendations for improving the Idaho education system.

Transportation Investments: On Tuesday a Joint Transportation Committee was held in which Governor Otter's transportation funding package was discussed. The Governor's plan had several revenue sources, which include supporting the Board of Transportation's request for an additional \$134 million in GARVEE bonding authority. The Governor's package does not include specific proposed legislation on the local option tax, but the Governor remains committed to working with members of the Legislature on addressing this important part of the transportation funding solution.

The Governor would also like to move the funding for the Idaho State Police to the general fund, rather than have them funded by the state fuel tax. The Governor would also like to institute a 4 percent user tax on the daily lease or rental rate on rental vehicles across the state. Additionally, he would like to significantly increase the vehicle registration fee, and institute a flat \$150 vehicle registration fee in addition to the state, county and local surcharges now in place. And, while the Governor's package does

not include a specific bill on truck registrations, the Governor believes this is an essential element to be addressed.

IACI Employer Protection Act (S-1393) Passes Idaho Senate: IACI passed Senate Bill 1393 in Senate Commerce & Human Resources on Tuesday the 26th by a 6 to 3 vote, and the bill was considered by the full senate on the 29th. The legislation would legitimize employer non-compete contracts with employees. The legislation gives 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.

After a reasonably short debate on the Senate floor the legislation passed on a 25 to 10 vote. Those speaking in favor of the legislation include Sen. John Goedde (Coeur d'Alene), Jeff Siddoway (Terreton), Monty Pearce (New Plymouth), Brent Hill (Rexburg), Bart Davis (Idaho Falls), and John Andreason (Boise). The legislation now heads to the House where it has been requested that the House Business committee be assigned the legislation.

Upcoming IACI Meetings:

Legislative Committee: The Legislative Committee will meet weekly on **Tuesdays at 10:00 am** throughout the Legislative session. All members are eligible to attend and vote on action items. The next meeting is scheduled for **March 4th**. All members will receive notice.

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.



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

Bold=Final

Bill	Description	House	Senate	Final
H360 (M)	(By Sen. Brad Little) Establishing retailer nexus: 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.	Passed 67-0-3	Passed 33-0-2	Speaker signed; President signed 2/28
H403a (M)	(Dept. of Administration) Department of Administration: This legislation will make changes to the statutes governing the department of administration .	Passed 62-8	State Affairs	
H412 (M)	(Dept. of Insurance) Managed Care Plans Requirements: 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)	(By Reps. Bilbao, Durst) Absentee Voting: 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 (+)	(By Idaho Association of Counties) Property Tax Payment Methods: This legislation would allow counties to receive payment of taxes using a debit card, credit card, or electronic funds transfer.	Passed 68-0-2	Passed 33-0-2	Speaker signed; President signed
H428 (+)	(By Sens. Schroeder, Coiner, Stennett, Siddoway, Reps. Raybould, Stevenson, Moyle, Bedke, Pence) Aquifer Planning and Management: This legislation repeals and adds to existing law relating to water to provide for a statewide comprehensive aquifer planning and management effort.	Passed 68-0-2	Resources & Environment	
H431 (+)	(By Idaho Department of Commerce) Small Employer Incentive Act: The goal of this legislation is to change a portion of the Small Employer Incentive Act of 2005, by revising the definition of "tax incentive criteria" to make it more flexible and useful.	Passed 58-9-3	Local Government & Taxation	
H443 (+)	(By Sen. Darrington, Rep. F. Wood, Idaho Hospital Association) Hospital Assessment Act: This legislation will increase federal Medicaid funding by assessing certain private hospitals the amount necessary to match the federal funds available for reimbursement to private hospitals. These dollars will enhance existing below-cost reimbursement to hospitals, thereby reducing the losses hospitals incur when they treat Medicaid patients. Additionally, the mitigation of some of these losses will lessen the impact of cost shifting to private payers and insurers.	Passed 65-0-5	Health & Welfare	

H469 (+)	(By Sens. Hill, Davis) Personal Property Taxes regarding leases of Tangible Personal Property: This legislation provides that charges for personal property tax added to the rents paid by a lessee of tangible personal property are not subject to sales tax as long as the lease period is at least one year and the property tax is separately stated.	Passed 69-0-1	Local Government & Taxation	
H482 (+)	(By Sen. Langhorst, Rep. Snodgrass) Vehicle Inspection: This legislation provides authority to the Department of Environmental Quality to establish a vehicle emission testing and maintenance program to control air pollution emissions from vehicles in air sheds that are approaching non-attainment with applicable air quality standards and rules.	Environment Energy & Technology		
H495 (+)	(By Reps. Marriott, Nonini, Bilbao, Pasley-Stuart) Public Corporations Bids for Worker's Comp Coverage: This legislation would amend Chapter 9 of Title 72 to permit public corporations to solicit bids for workers compensation liability insurance from private insurance carriers. Currently in Idaho Code, public corporations, such as city and county governments and school districts, may only insure against liability for workers compensation through the State Insurance Fund.	Passed 64-1-5	Pulled from Commerce & Human Resources	
H497 (-)	(By Reps. Durst, Rusche) Public Works Contractors – Health Insurance: Amends existing law to provide that as a condition for licensure of public works contractors licenses, the licensee shall provide health insurance to each of its employees that is equivalent or superior to the coverage the state of Idaho provides for its employees.	Business		
H531 (+)	(By Reps. Denney, Moyle; Roger Batt, Dan Steenson) Negotiated Rulemaking: This legislation strengthens the legislature's statement of support for negotiated rulemaking by clarifying its purposes and providing minimum procedures.	General Order		
H534 (-)	(By Rep. Jaquet, King, Pence) Workforce Housing Requirements: The legislation will establish the requirement for owners or developers obtaining a residential building permit to develop or ensure the development of affordable workforce housing either onsite or on a site deemed eligible by the governing board. The legislation may require the owner or developer to pay a fee in lieu of onsite or eligible site development of affordable workforce housing.	Revenue & Taxation		
H529aa (+)	(By Centra Consulting, US Geothermal) Taxation – Geothermal Energy: The purpose of this legislation is to include producers of geothermal energy under the identical tax provisions of Idaho Code as producers of wind energy. It clarifies that the "Operating Property" as defined in Idaho Code Section 63-3501(h) is included in the definition of "Machinery and Equipment" as defined in Idaho Code Section 63-3622QQ(b).	3 rd Reading Calendar		
H543 (+)	(By Superintendent Luna, Mike Gwartney, Rep. Bob Nonini, et al.) Idaho Education Network: The purpose of this legislation is to enable the Department of Administration to start the process of implementing a statewide education network. This legislation would also create a place for funds when available for the continued development of the Idaho Education Network.	Education		
H550 (+)	(By Reps. Bayer & Moyle, Sen. Heinrich; Ken Burgess) Property Tax Exemptions: The purpose of this legislation is to provide an economic development incentive for new manufacturing facilities construction and development in designated rural development areas in the state of Idaho.	2 nd Reading Calendar		

HCR45 (M)	(By Reps. Clark, Moyle) Property Tax Study: This resolution authorizes the Legislative Council to establish an interim committee to study Idaho's property tax system, including the expenditure of property tax revenues, to determine if such expenditures might more reasonably be covered from other revenue sources, and to make recommendations to provide property tax relief while encouraging economic development, meeting the needs of local governments, and furthering the improved administration of Idaho's criminal justice, juvenile justice and court systems.	Revenue & Taxation		
S1249 (M)	(By Sen. Keough, Reps. Eskridge, Anderson) North Idaho Adjudication amendments: 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)	(By Sens: Broadsword, Keough, Reps. Eskridge, Anderson, Mary Lou Shepherd, Harwood) Rathdrum Prairie Adjudication Narrowing: This legislation would narrow the focus of the North Idaho Water Adjudication to the Rathdrum Prairie.		Resources & Environment	
S1279 (M)	(By Sen: Broadsword, Reps. Mary Lou Shepherd, Harwood) North Idaho Adjudication repeal: This legislation would repeal the Idaho Code relating to the northern Idaho water right adjudication.		Resources & Environment	
S1283 (-)	(By Human Rights Commission) Allows attorney fees in discrimination cases: 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 (-)	(By Sen. Stennett) Nuclear facility election: This legislation would require a vote of the people to construct a nuclear facility in Idaho.		State Affairs	
S1291 (-)	(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness) Personal financial disclosure: 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 (-)	(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness) "Fair" elections act: This legislation would establish an alternative campaign financing option by creating the Idaho Fair Elections Trust Fund.		State Affairs	
S1293 (-)	(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness) Energy facility siting: 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 (-)	(By Sen. Kelly) Lobbying prohibition for elected officials: 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 (-)	(By Sen. Kelly) Lobbying door prohibition for public officials: 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 (-)	(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Sagness) Raises homestead exemption to \$150,000: This legislation would increase the homeowner property tax exemption to \$150,000.		Local Government & Taxation	

S1314 (-)	(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk,) Moratorium on merchant power plants: 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 (-)	(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Bilyeu, Sagness, Corder) Sunset to all sales or income tax exemptions: 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	
S1344a (M)	(By Department of Health & Welfare) Requirement of Cooperation with H&W to be an insurer in Idaho: 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.	Business	Passed aa 33-0-2	
S1345 (-)	(By Department of Health & Welfare) Medical Assistance: 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	
S1360 (M)	(By Sen. Corder) Transportation funding: This legislation will allow financing for projects under one of two conditions: (1) Judicial determination concludes that the project is "ordinary and necessary" and the board makes the build decision, or (2) The Board puts the decision to the patrons of the jurisdictional authority. Loans will be secured and paid by the collection of tolls from the project.		<i>Held</i> in Transportation	
S1393 (+)	(By Alex LaBeau) Business Interests Protection: This legislation provides that an employer may enter into agreements with key employees and key independent contractors to protect a company's legitimate business interests. The legislation defines "key employees" and "legitimate business interests," and creates rebuttable presumptions as to the terms of the agreements.		Passed 25-10	
S1423 (-)	(By Sen. Stennett) Transfer of Authority to Navigable Bodies of Water to Department of Parks Recreation: This legislation would transfer the authority to regulate and control the use or disposition of lands in the beds of navigable lakes, rivers and streams, to the ordinary high water mark from the state board of land commissioners to the park and recreation board.		Resources & Environment	
S1436 (+)	(By Sen. Goedde) Teachers - Salaries: This legislation provides for a new method of teacher compensation in Idaho, called the Idaho State Teacher Advancement and Recognition System, or I-STARS.		<i>Failed</i> 19-16	