



Idaho Association of
Commerce & Industry
The Voice of Business in Idaho®

Legislative Report

February 8, 2008 • 5th Week

News to Use:

GARVEE: With the groundwork laid – a major wave of construction is coming. The 2008 Legislature is beginning to discuss the GARVEE package. The FY2009 GARVEE request will be for \$134 million, which IACI is firmly supporting. In regards to the bonds for the \$250 million authorization for FY2008, ITD has committed to issue bonds only when they are needed for contract authority. The first issue of bonds authorized for FY2008 is scheduled to be offered in March 2008. A bond sale for the remaining portion of the \$250 million authorization will be sought later this year, possibly in conjunction with the \$134 million requested from the Legislature this year. As the session continues, IACI will plan to support a diverse mix of transportation measures that increase safety, support economic growth, reduce congestion and increase efficiency in the movement of goods and people.

Personal Property Tax: As the session moves forward we continue to gain positive momentum on our legislation repealing the personal property tax. We have added several new co-sponsors this week, including Senators Heinrich of Cascade, McGee of Caldwell, Lodge of Huston, and Jorgenson of Hayden Lake. In the House of Representatives, our list of co-sponsors includes Representatives Kren of Nampa, Crane of Nampa, Bilbao of Emmett, Hagedorn of Meridian, Vander Woude of Nampa, Snodgrass of Meridian and House Majority Leader Mike Moyle of Star. Again, we would like to thank all of our co-sponsors for their support and hope that we continue to add names to the list.

We have still not introduced our bill, as we continue to diligently monitor the debate regarding the grocery tax credit. Earlier this week, House Bill 439 on the grocery tax credit was held by a 10-8 vote in the House Revenue & Taxation Committee. As negotiations between House and Senate Leadership and the Governor's Office continue, we will keep you updated.

Don't Freak Out!: Yes, the budget numbers for Fiscal Year 2008 in January are down \$37 million from estimates. However, prior to that number, the state was ahead over \$38 million in the previous six months. We are still in the black. January's numbers are typically the least correlative to the overall budget projection for each fiscal year. In addition, this fiscal year is still tracking over 5% ahead of Fiscal Year 2007, which was the highest on record. IACI anticipates there will be those that will see this as justification for slash and burning state budgets and others will see this as a reason to not support our objectives for economic stimulus by eliminating the personal property tax. We anticipate a new projection for the remainder of the year to come out within the next two weeks. It will show that despite the slight slowdown the state is still on a growth path. Therefore, now, more than ever, is the time to invest in our economy by allowing businesses to invest in equipment and people because it is business that drives the economic engine of the state.

IACI Supports Small Business Incentive: Legislation that amends the current law for small business investment into Idaho was heard by the House Revenue and Taxation Committee on Wednesday. The legislation will likely go before the Committee again on Monday to be sent to the amending order. Essentially, the legislation removes the pay-scale restrictions contained within the legislation that are simply too restrictive to be useful for the Department of Commerce in their efforts. IACI has submitted comments to the Committee in support.

IACI Introduces Employer Protection Act: IACI recently introduced legislation in Senate Commerce and Human Resources that 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. Without such legislative guidance, the employers in Idaho are left wondering if contracts they have with employees are enforceable. Sen. John Goedde of Coeur d'Alene is sponsoring the legislation.

Hospitals Introduce Bill Leverage Medicaid to Control Costs: The Idaho Hospital Association has introduced legislation supported by IACI that would create a system to leverage federal dollars. The legislation (H-443) is being sponsored by Sen. Denton Darrington of Declo and Rep. Fred Wood who is from Burley and serves as an ER physician. With the passage of the legislation, unreimbursed costs that are normally passed on to other consumers of healthcare and employers paying the premiums will be mitigated.

Aquifer Study Legislation: The IACI Legislative Committee has voted to support legislation proposed by the Governor that would further develop and modify the model used on the Eastern Snake Plain Aquifer. The new model would then be adapted for use on the remaining aquifer basins. This legislation will provide the first \$20 million of a \$30 million effort by the Idaho Water Resource Board and the Idaho Department of Water Resources. The following basins will be studied in order of the following priority: Lower Boise/Treasure Valley, Rathdrum Prairie, Big Wood, Moscow-Pullman, Mountain Home, Bear River, Teton, Big Lost, Portneuf and Blackfoot.

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 **February 12th**. 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:

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Weekly Legislation Tracking Sheet is attached.



(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	Local Government & Taxation	
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	Local Government & Taxation	
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.	Revenue & 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.	Health & Welfare		
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	
S1344 (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.		Health & Welfare	

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.		Transportation	