



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

## Legislative Report March 21, 2008 • 11<sup>th</sup> Week

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### News to Use:

**Personal Property Tax (H599):** After a lengthy debate, the personal property tax legislation (HB 599) passed the House Floor today with a 39-31 vote.

**CALL TO ACTION!!!** The bill now moves to the Senate where it will be up for a hearing in the Local Government & Taxation committee on Monday. We are encouraging everyone to contact the members of this committee, as we are anticipating a close vote. **WE CANNOT LET UP OUR EFFORTS!** Local government officials are hammering legislators with calls telling them to vote know. Senators need to hear from the business community to let them know how important the passage of this legislation is to your business. Our grassroots campaign is still ongoing, and we are encouraging folks to fill out those mailers to legislators to show their support in eliminating this unfair tax. We have over 3,000 responses so far. If you have further questions, or need to direct others to contact their legislators, please visit our website at [www.EndTheTax.com](http://www.EndTheTax.com).

The members of the Senate Local Government & Taxation committee are: **Chair** Brent Hill—Rexburg, **Vice Chair** Tim Corder—Mountain Home, Joe Stegner—Lewiston, Curt McKenzie—Nampa, Jeff C. Siddoway—Terreton, Leland G. Heinrich—Cascade, Shirley McKague—Meridian, David Langhorst—Boise, and Diane Bilyeu—Pocatello.

**Local Option Amendment Passes:** Today the House passed HJR 4, the Constitutional amendment regarding local option taxes with a 51-19 vote. The amendment would require future local option taxes to obtain a 2/3 supermajority vote during the November general election in each county. The amendment must now also pass the Senate by a two-thirds vote. If that occurs, the amendment would then have to be passed by the citizens at the next general election.

**Transportation Could be Audited:** Legislation that would authorize a performance audit of the Transportation Department passed the Senate Transportation Committee on Thursday. Now that it appears that the legislation will be supported by the full Senate, it is likely there will be negotiations on raising revenues for transportation in the coming week. The focus still remains on fee increases.

**Latest Installment of GARVEE Awaits Senate Action:** The House approved the latest \$134 million installment of GARVEE and it now awaits action by the Senate. It is likely this installment will pass easily. At this point in the process most of the initial construction work has been completed regarding engineering and other various preparations. With this installment the Department of Transportation contractors will start building structures which will be a benefit across the state. Most of the work up until this point has been in preparation. It is likely that when the citizens see the construction occurring on the various projects legislators will be more comfortable completing the original plan that up until this year has been relatively controversial in the Legislature.

**Senate and House Take Days off:** Even with several major pending issues it appears as though the legislature is not anxious to adjourn, rather choosing to take extra days over the Easter Holiday. The Senate did not meet today and the latest word is that the House will not meet on Monday. Several significant issues are pending action, including the personal property tax and transportation funding.

**IACI Employer Protection Act Passes:** The IACI-backed legislation to legitimize employer non-compete contracts with employees passed the House with a 43-27 vote. Rep. Patrick of Twin Falls and Rep. Anderson of Priest Lake were the floor sponsors who shepherded its passage. The legislation now awaits action by the Governor. 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.

**Candidate Filing Deadline Today:** Those filing to seek office in Idaho have until 5:00pm today to submit the necessary paperwork to the Idaho Secretary of State. Latest updates can be seen here: <http://www.sos.idaho.gov/ELECT/candidat/08candpri.pdf>

**Upcoming IACI Meetings:**

**Legislative Committee:** The Legislative Committee meets 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 25<sup>th</sup>**. 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 Concrete/Idaho Sand & Gravel  
Chair, General Business Committee  
(208) 465-4003

*Alan Prouty*, J. R. Simplot Company  
Chair, Environment Committee  
208-389-7365



**LEGISLATION TRACKING SHEET – 3/21/08**

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

**Bold=Final**

Bill	Description	House	Senate	Final
<b>H360</b> <b>(M)</b>	<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.	Passed 67-0-3	Passed 33-0-2	<b>Law</b> 3/3/08
<b>H403a</b> <b>(M)</b>	<b>(Dept. of Administration) – Department of Administration:</b> This legislation will make changes to the statutes governing the department of administration .	Passed 62-8-0	State Affairs	

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 (+)	<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.	Passed 68-0-2	Passed 33-0-2	<b>Law</b> 3/3/08
H428 (+)	<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.	Passed 68-0-2	Passed 33-0-2	<b>Law</b> 3/17/08
H431 (+)	<b>(By Idaho Department of Commerce) – Small Employer Incentive Act:</b> 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	Passed 31-0-4	<b>Law</b> 3/14/08
H443 (+)	<b>(By Sen. Darrington, Rep. F. Wood, Idaho Hospital Association) – Hospital Assessment Act:</b> 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	Passed 33-0-2	<b>Law</b> 3/14/08
H469 (+)	<b>(By Sens. Hill, Davis) – Personal Property Taxes regarding leases of Tangible Personal Property:</b> 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	Passed 33-0-2	<b>Law</b> 3/14/08
H482 (+)	<b>(By Sen. Langhorst, Rep. Snodgrass) – Vehicle Inspection:</b> 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  <i>(replaced with H586)</i>		
H495 (+)	<b>(By Reps. Marriott, Nonini, Bilbao, Pasley-Stuart) – Public Corporations Bids for Worker’s Comp Coverage:</b> 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	<b>Pulled</b> from Commerce & Human Resources	
H497 (-)	<b>(By Reps. Durst, Rusche) Public Works Contractors – Health Insurance:</b> 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		

H525 (+)	<b>(By Rep. Moyle) – Eminent Domain - Takings and Conformance of Developments:</b> Ensures that pre-existing property rights of private citizens are protected and preserved after a portion of their property is condemned by a condemning authority.	Passed 48-18-4	Local Government	
H529aa (+)	<b>(By Centra Consulting, US Geothermal) – Taxation – Geothermal Energy:</b> 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).	Passed 67-0-3	Passed 35-0-0	<b>Law</b> 3/20/08
H531a (+)	<b>(By Reps. Denney, Moyle; Roger Batt, Dan Steenson) – Negotiated Rulemaking:</b> This legislation strengthens the legislature's statement of support for negotiated rulemaking by clarifying its purposes and providing minimum procedures.	Passed 54-12-4	<b>Failed</b> State Affairs	
H534 (-)	<b>(By Rep. Jaquet, King, Pence) – Workforce Housing Requirements:</b> 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		
H543a (+)	<b>(By Superintendent Luna, Mike Gwartney, Rep. Bob Nonini, et al.) – Idaho Education Network:</b> 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.	Passed 69-0-1	Passed 34-0-1	To Governor 3/20/08
H550 (+)	<b>(By Reps. Bayer &amp; Moyle, Sen. Heinrich; Ken Burgess) – Property Tax Exemptions:</b> 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.	Passed 66-4-0	3 <sup>rd</sup> Reading	
H561 (+)	<b>(By Rep. Jim Clark) Sales Tax – Production Exemption:</b> Amends existing law to provide that the production exemption from sales and use tax shall be available to a business or separately operated segment of a business engaged in the business of processing materials, substances or commodities for use as fuel for the production of energy.	Passed 60-10-0	Passed 27-7-1	To Governor 3/19/08
H562 (+)	<b>(By Rep. Mortimer) Capital Investments – Property Tax Exemptions:</b> Adds to existing law to provide a property tax exemption for certain new capital investments over \$400 million in a single county.	Passed 41-27-2	Passed 23-11-1	To Governor 3/19/08
H542 (-)	<b>(By Reps. Ringo &amp; Trail; Mike Walker/PFFI) – Workers Compensation for Firefighters:</b> Adds to the list of enumerated occupational diseases under Worker's Compensation laws certain cancers for fighters exposed to toxic environment through employment.	Commerce & Human Resources		
H578 (+)	<b>(By Reps. Lake, Roberts, Clark, L. Smith, Ruchti &amp; Sens. Hill, Little, McGee, Bastian, Langhorst) – Community Infrastructure Districts:</b> Bill creates a financial tool to allow new growth to more expediently pay for itself through the creation of optional Community Infrastructure Districts.	3 <sup>rd</sup> Reading		
H579 (M)	<b>(By Reps. Moyle, Wills, Denney, Bedke, Roberts, J. Wood, Anderson, Schaefer, Black, Barrett) – Taxing District:</b> Allows a vote of the people to limit a taxing district budget, thus lowering property taxes, while exempting school budgets.	Passed 39-29-2	Local Government	

H580 (M)	<b>(By Reps. Hart &amp; J. Wood) – Reallocation of Sales Tax Funds for Highways:</b> Allocates sales tax revenue from retail establishments that report under industry code 0553 (automobile parts) to the Highway Distribution Account.	Revenue & Taxation		
H581 (-)	<b>(By Reps. Leon Smith, JoAn Wood, Hart, Mortimer, Hagedorn) – Highways/GARVEE:</b> Retains original “Connecting Idaho” corridors; Limits total cumulative debt service to 20% of annual federal aid highway apportionments and sets forth parameters and guidelines for all future GARVEE funding.	Transportation		
H586 (+)	<b>(By Sen. Langhorst, Rep. Snodgrass) – Vehicle Inspection:</b> 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.	Passed 42-26-2	3 <sup>rd</sup> Reading	
H588 (+)	<b>(By Reps. Bayer, VanderWoude, Eskridge, Henderson, Nonini, Anderson, Chadderdon, McGeachin, Mathews, Roberts, Labrador, Kren, Hagedorn &amp; Sens. Fulcher, Keough, McKenzie, Goedde, Broadsword, Hammond, Hill) – Grocery Tax Credit:</b> Incrementally increases the Food Tax Credit to \$50 for poorest, \$30 for all others, and an additional \$20 for seniors for tax year 2008, and credit continues to increase each tax year by \$10 until reaching \$100, eventually offsetting, on average, the state sales tax on qualified foods.	Passed 62-8-0	Passed 27-8-0	
H599a (+)	<b>(By Rep. Jim Clark, et al. &amp; Sen. Dean Cameron, et al.) Taxation – Personal Property Tax:</b> Amends and adds to existing law to provide that a taxpayer's list of taxable personal property may be amended to permit certain property to be listed or removed from the list; to provide that personal property shall be exempt from taxation; to provide a schedule for the personal property tax to be phased out; and to provide for distribution of sales tax moneys to counties and taxing districts.	Passed aa 39-31-0	Local Government	
H603 (M)	<b>(By Sen. Keough &amp; Rep. Corder) – Motor Vehicles over 8,000 lbs. Registration Fees:</b> Increases fees for 8,000 to 60,000 maximum gross weight trucks licensed by counties, and combines all other vehicles between 60,001 and 129,000 lbs. and sets a single fee for each truck plus a mileage fee of \$.045 per mile.	Transportation		
H637 (+)	<b>(By Reps. Roberts &amp; Lake) – Election Dates:</b> Amends timing, location, administering authority, and notification and information of elections; limits elections to two dates in each calendar year. It does not change same day registration, absentee voting, voter passage thresholds, or political party participation in any primary or general election.	State Affairs		
H639 (M)	<b>(By Rep. Phil Hart) – Sales Tax Highway District Acct:</b> Allocates sales tax revenue from retail establishments that report under industry code 0553 (tires, batteries, accessory dealers) to the Highway Distribution Account.	Transportation		
HCR45 (M)	<b>(By Reps. Clark, Moyle) – Property Tax Study:</b> 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.	Adopted 67-0-3	State Affairs	

HCR50a (M)	<b>(By Reps. L. Smith, J. Wood, Hart, Mortimer, Hagedorn, M. Shepherd, Raybould, Stevenson, Schaefer, Wills, Andrus, Harwood, Loertscher, Ruchti, Barrett, Eskridge) – Transportation Dept. Evaluation:</b> Authorizes Joint Legislative Oversight Committee through the Office of Performance Evaluations, to hire outside consultants to evaluate the way ITD does business with consultants and contractors. The completed report goes back to JLOC and ITD Board.	Adopted aa 67-0-3	10 <sup>th</sup> Order	
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	
S1344a (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.	Passed 63-0-7	Passed aa 33-0-2	<b>Law</b> 3/17/08
S1345 (-)	<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	
S1360 (M)	<b>(By Sen. Corder) – Transportation funding:</b> 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.		<b>Held</b> in Transportation	
S1393 (+)	<b>(By Alex LaBeau) – Business Interests Protection:</b> 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 43-27-0	Passed 25-10-0	Pres signed
S1423 (-)	<b>(By Sen. Stennett) – Transfer of Authority to Navigable Bodies of Water to Department of Parks Recreation:</b> 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 (+)	<b>(By Sen. Goedde) – Teachers - Salaries:</b> This legislation provides for a new method of teacher compensation in Idaho, called the Idaho State Teacher Advancement and Recognition System, or I-STARS.		<b>Failed</b> 16-19-0	
S1444a (N)	<b>(By Sens. Bastian &amp; Broadsword, Reps. Bock &amp; Anderson) – Volunteer Emergency Responders - Worker's Compensation:</b> Amends worker's compensation act to provide minimum weekly benefits for volunteer emergency responders who are injured or disabled in the line of duty.	Passed 70-0-0	Passed 34-0-1	To Enrol
S1446 (M)	<b>(By Sec. Yursa, ProTem Geddes, Speaker Denney) – Lobbyist Reporting:</b> Clarifies Sunshine Laws with regard to lobbyist reporting. Expands definition of 'executive official' and defines 'lobbying' to include building relationships and promoting goodwill, and clarifies what is to be reported.	Passed 69-0-1	Passed 31-1-3	Pres signed

<b>S1448</b> <b>(+)</b>	<b>(By Roy Eiguren and Pat Barclay)</b> – Amends Administrative Procedures Act to provide expanded definition of “guidance,” amends the act to conform to an Idaho Supreme Court definition of “rule,” and conforms legislative actions concerning rules review by deleting ability of Legislature to amend or modify rules to conform to another Idaho Supreme Court case.	State Affairs	Passed 32-0-3	
<b>SJR107</b> <b>(M)</b>	<b>(By Ken Harward, Dan Chadwick, Steve Millard) – Revenue Generating Facilities:</b> In response to <i>City of Boise v. Frazier</i> in 2006, amends Constitution to restrict multi-year debts and liabilities for political subdivisions of the state. It keeps 2/3 voter approval for general obligations and many revenue-funded obligations, and majority voter approval of health and safety-related revenue-funded obligations such as water and sewer.		Passed 34-0-1	