

## Legislative Report

### February 15, 2008 • 6<sup>th</sup> Week

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#### News to Use:

**CEC is Pared Back:** In the State of the State address the Governor originally requested a change in employee compensation (CEC) of five percent. Part of the plan would also require that state employees take on more of the cost of their health insurance. This is part of an ongoing overall plan to make the state more competitive in the marketplace with the private sector. Studies show that as the state workforce begins to age in order to attract a younger employee to consider working in government versus the private sector the salaries need to be higher while cost of health insurance can be partially borne by the employee.

This morning the Joint Finance and Appropriations Committee (JFAC) delivered the message that they will be only supporting a three percent CEC for this year. Concerns have been expressed that given the newly released numbers on the economy there is not enough to do the full five percent. Each percent is worth about \$8.7 million.

**Water Year is Good So Far:** According to the Natural Resources Conservation Service within the US Department of Agriculture, all of Idaho's water basins are at least 101% of snow-water equivalent for this year. Some exceed 120%. This is good news as long as the current weather patterns hold. Planning is currently underway to ensure potential flood threats are mitigated as best as possible. In addition the Idaho Department of Water Resources has begun to receive RFP responses from canal companies in the Snake River Aquifer area to release water for the purposes of recharge.

So what does this mean for current water calls? IACI was invited by the Milk Producers of Idaho to a meeting with IDWR Director Dave Tuthill. He stated that there may be enough water to forestall curtailment in the Surface Water Coalition call. The other two call areas that include the A&B Irrigation District call and the Snake River Farms and Blue Lakes calls will still be heard later in the spring or mitigated. It is expected that some decisions could be made as early as mid-March.

**Small Business Incentive (H-431) Passes House:** Legislation that amends the current law for small business investment into Idaho was passed by the House 58-9 on Thursday. The legislation will go before the Senate Committee Local Government & Taxation Committee next week. 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 is in support of the legislation.

**Hospital Assessment Act:** On Thursday of this week, House Bill 443 passed unanimously out of the House Health and Welfare Committee. This purpose of this legislation, which is sponsored by the Idaho Hospital Association, is to increase federal Medicaid funding by having private hospitals contribute to the state the amount necessary to match the federal dollars that are available for reimbursement to private hospitals. Current law already allows for a similar program by Idaho's public hospitals.

**Personal Property Tax Bill to Be Introduced Soon:** The personal property tax legislation is moving forward. A hearing on the legislation could come as early as next week pending action on the Grocery Tax Credit by the House Revenue & Taxation Committee. As we move forward in the legislative process we are about to begin a grassroots campaign around the state to show support for eliminating this onerous tax. Listed below are the 22 different groups currently signed on to help.

Idaho Automobile Dealers Association  
National Federation of Independent Business  
Idaho Retailers Association  
Idaho Associated General Contractors  
Milk Producers of Idaho  
Idaho Bankers Association  
Idaho Cattle Association  
Idaho State Dental Association  
Northwest Food Processors Association  
Associated Logging Contractors of Idaho  
Idaho Building Contractors Association

Idaho Association of REALTORS®  
Idaho Lodging and Restaurant Association  
Idaho Farm Bureau Federation  
Idaho Association of Commerce & Industry  
Idaho Outfitters and Guides Association  
Idaho Chamber of Commerce Alliance  
Intermountain Forest Association  
Idaho Ambulatory Surgery Care Association  
Idaho Mining Association  
Idaho Manufactured Housing Association  
North Idaho Chamber of Commerce

**IACI Employer Protection Act to be Heard February 26th:** IACI recently introduced Senate Bill 1393 in Senate Commerce & 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.

**IACI to Consider Air Quality Legislation:** At the next meeting of the IACI Legislative Committee, the organization will consider H-482 that would give the Department of Environmental Quality the ability to impose programs in specific locations regarding vehicle emission controls. While it is likely this legislation will initially only apply to the Ada/Canyon County areas, the legislation does have criteria that, if met by any air shed, could result in the need for an emission inspection system on vehicles. The proponents of the legislation include several IACI members that fear that, if Idaho does not take the lead in programs designed to comply with federal air quality requirements, the EPA will designate certain locations in Idaho (including the Ada/Canyon area) as non-attainment, resulting in restrictions on new and existing manufacturing and development. Even so, opponents include many from Canyon County that do not believe an auto emission inspection system will have any effect. H-482 has been held by the House Environment, Energy and Technology committee for reconsideration with potential amendments on Wednesday, February 20<sup>th</sup>.

### **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 18<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 Sand and Gravel  
Chair, General Business Committee  
(208) 465-4003

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

**Weekly Legislation Tracking Sheet follows.**



# LEGISLATION TRACKING SHEET – 2/15/08

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

**Bold=Final**

Bill	Description	House	Senate	Final
H360 <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	Local Government & Taxation	
H412 <b>(M)</b>	<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 <b>(M)</b>	<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>(+)</b>	<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	Local Government & Taxation	
H428 <b>(+)</b>	<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	Resources & Environment	
H431 <b>(+)</b>	<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	Local Government & Taxation	
H443 <b>(+)</b>	<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.	2 <sup>nd</sup> Reading Calendar		
H531 <b>(+)</b>	<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.	House Printing		

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.	3 <sup>rd</sup> Reading Calendar		
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.	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.	House Business		
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	

<b>S1302</b> <b>(-)</b>	<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	
<b>S1303</b> <b>(-)</b>	<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	
<b>S1304</b> <b>(-)</b>	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk, Sagness)</b> Raises homestead exemption to \$150,000: This legislation would increase the homeowner property tax exemption to \$150,000.		Local Government & Taxation	
<b>S1314</b> <b>(-)</b>	<b>(By Sens. Stennett, Langhorst, Kelly, Burkett, Werk,)</b> <b>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	
<b>S1315</b> <b>(-)</b>	<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	
<b>S1344</b> <b>(M)</b>	<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.		Senate 14 <sup>th</sup> Order	
<b>S1345</b> <b>(-)</b>	<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	
<b>S1360</b> <b>(M)</b>	<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.		Held in Committee	
<b>S1393</b> <b>(+)</b>	<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		Commerce & Human Resources	