

Legislative Report

January 11, 2008 • 1st Week

News to Use:

Governor Charts Course for 2008: On Monday, January 7th the Governor outlined his initiatives for the year. Included in that were a multitude of issues that will necessitate IACI's engagement. At the top of the list was his support for the repeal of the personal property tax. This repeal should be part of a larger tax relief package that includes action on the grocery tax credit. At this point there are still a number of ideas on how to expand the credit. This summer IACI expressed its support for expansion of the credit as part of a larger tax relief package. Also on the tax front the Governor expressed his interest in seeking additional property tax relief. He essentially moved the ball into the Legislative court after receiving resistance to the idea of a California type system that freezes values at the purchase price. At this point no specific ideas have gained a great deal of traction, but discussions are ongoing.

6.3% Increase in State Ongoing Budget: At the top of the Governor's list of increases to the state budget is an across the board change in employee compensation (CEC) of a 5% increase. That increase in salary is tempered with the desire to bring the state employee compensation more in line with the private sector where employees bear larger portions of health benefits. Overall, the budget proposal increases 10.5% from the previous year when needed on-time expenditures are calculated. To review an executive summary of the budget go to: <http://dfm.idaho.gov/cdfy2009/publications/eb/sectiona/GovFY09Rec.pdf>

Personal Property Tax Repeal: A new bill designed to permanently eliminate the personal property tax on business machinery, furnishings and tools will be introduced soon. IACI staff is working with a large coalition of business organizations and lobbyists to advance the issue in 2008. The legislation first exempts all personal property purchases that occur after January 1, 2008. Then the legislation will phase out the remaining portion of personal property subject to tax over four years starting with the first 25% in 2009. In addition, the legislation holds local governments and taxpayers harmless through replacement money from the state sales tax to ensure there is no shift in local property taxes.

Co sponsors of the legislation will be announced soon. At this point the only expressed opposition comes from a few Senators that want the business community to support the elimination of the Investment Tax Credit or the Production Exemption as a "tradeoff." "We don't believe that the business community in the state should seek to eliminate these important tools for economic development," said Alex LaBeau, President of IACI. "It makes no sense to take arrows out of the quiver when we are trying to expand economic opportunity for our citizens in Idaho."

Transportation: One thing that everyone can agree with at the beginning of this legislative session, transportation will continue to be one of the major issues facing our state as we continue to look forward.

During Monday's State of the State of speech, Governor C.L. "Butch" Otter outlined his initiatives regarding transportation by saying that, "We must act without delay to address our growing transportation infrastructure needs." In his speech the Governor discussed several remedies that he believes will help address the on going issues surrounding transportation funding for this state. He began by asking for a greater share of the funding for the Idaho State Police (approximately \$17million a year), to be paid out of the general fund, and shifted away from the 25-cents-per-gallon fuel tax. By allowing this move, more money from the fuel tax revenue should be available to be directly spent on highway construction. He also advocated for the approval of another \$134 million for GARVEE bonding authority, which is something that IACI will be supporting.

While Governor Otter may personally oppose a local option tax that is put before him as a voter, he indicated he would be willing to support allowing counties to ask the voters for local option authority to help pay for construction, repair and maintenance of public roads and bridges. He did ask that certain safeguards be put in place such as 2/3 vote of approval and limiting the election dates to May and November.

As the session continues, IACI will 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.

Chief of Staff Clears the Air: In a meeting with the IACI Legislative Committee on January 8th, the Governor's Chief of Staff, Jason Kreizenbeck highlighted areas of emphasis from the previous day's State of the State. Kreizenbeck responded to several questions about the Governor's proposals including the intent of the Governor regarding greenhouse gasses. Kreizenbeck stated that it was in the best interest of the state to expand conservation efforts because it saves taxpayer money. Part of the initiative includes buying more fuel and low emission vehicles. Also each building owned by the state will be updated make them more energy efficient. "The state has over 22,000 employees and we buy a lot of vehicles and own a lot of buildings. It makes good sense," said Kreizenbeck. He then went on to clarify that the Governor would not be seeking new regulations on business regarding greenhouse gas emissions.

Hospitals Seek Leverage to Control Costs: It is unfortunate that, in order to ensure Idaho's hospitals that care for those on Medicaid are properly reimbursed for their services, Idaho must create a system to leverage federal dollars. IACI will support an effort by the Idaho Hospital Association to create a system that will be funded by those hospitals providing care to Medicaid patients to help the state leverage those dollars to raise the reimbursement to those hospitals paying into the fund. We believe this is another incremental step that makes good sense to prevent costs of treating Medicare patients being spread to other medical service consumers. At this point, no legislation has been introduced.

IACI Legislative Guide to be Available Soon: IACI will be sending out the 2008 version of the Legislative Directory to the membership soon. This year's version will be easier to use with contact information on all Idaho elected officials and the 2008 IACI Statement of Policy.

Want to Contribute to the New IACI Business PAC?: The purpose of the IBP is to promote and strive for the improvement of government at the State and Local level by encouraging and stimulating business and their employees to take a more active and effective part in government. We seek to encourage business to understand the nature of and actions of elected leaders as they pertain to the protection of the free enterprise system. The IBP will assist business to be an effective political voice espousing the principles of the free enterprise system. The IBP will financially assist candidates for Statewide, Legislative and Local office through independent expenditures and/or direct contributions for candidates who demonstrate commitment to the ideals of a free market society, who believe in the rights of the individual, and who are committed to preserving the free enterprise system. The IBP will also financially assist political issues of statewide significance.

All contributions from all members are appreciated. IACI has created a series of special categories for higher contribution levels.

\$250 contribution "Members Club" — Receives Certificate of Appreciation and recognition at IACI annual meeting, Invitation to special IACI Annual meeting Reception

\$500 contribution "President's Club" — Receives Certificate of Appreciation and recognition at IACI annual meeting, Invitation to special IACI Annual meeting Reception, IBP President's Pin, Special recognition in the new IACI Website and invitations to special fundraising receptions with various Legislators.

\$1,000 contribution "Chairman's Club" — Receives Plaque announcing IBP's appreciation and recognition at the IACI annual meeting, Invitation to special IACI Annual meeting Reception, IBP Chairman's Pin, Special recognition in the new IACI Website and invitations to special fundraising receptions with various Legislators and Statewide elected officials.

2 year x \$3,500 contribution or \$7,000 in election cycle "Great American Club" (in honor of the late Charlie Clark) — Receives Great American Pin, Special Honor at IACI Annual Meeting Reception, special fundraising receptions with various Legislators and Statewide elected officials, and a VOTING seat on the IBP.

Billing Option:

In order to increase the number of \$7,000 and \$1,000 annual contributors, the IBP allows for an optional monthly billing process. The option for either the 24-month \$291.67/mo. (\$7,000) or 12-month \$83.33/mo. (\$1,000) contribution billing process can be handled either by credit card (which is the preferred method) or by monthly invoice. No contributions below \$1,000 may use this monthly billing option.

Contributions are not deductible as charitable contributions for Federal income tax purposes. Contributions to IBP are voluntary and are used for political purposes. No money is used to support federal candidates or political action committees.

Upcoming IACI Meetings:

Legislative Committee: The Legislative Committee will meet weekly at 10am throughout the Legislative session. All members are eligible attend and vote on action items. The next meeting is scheduled for January 15th. All members will receive notice.

Executive Committee: The IACI Executive Committee is scheduled for February 1st at 1:30pm.

Board of Directors: The IACI Board of Directors is scheduled for February 7th at 9am.

Environment Committee: January 29 at 1:30 p.m. (The Environment Committee meets subject to the call of the chair)

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 these people:

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NOTE: When IACI begins to take formal positions on specific legislation, a weekly updated tracking sheet will accompany this report.