

Capitol Reflections



2015 Legislative Session

In this issue

Transportation Funding, pg. 1

Public Lands Compact, pg. 2

Rulemaking - IPDES , pg. 2

HJM 11 - Dams, pg. 2

HJM 11 - Dams, cont. , pg. 3

Update on Various Legislation, pg. 3

I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.

-- Winston Churchill

Transportation Bills Move Forward

This week House committees heard three infrastructure funding bills and all three were sent to the floor with “do pass” recommendations.

H312 is supported as written by Idaho Farm Bureau and sponsored by House Transportation Committee Chairman, Rep. Joe Palmer (R-Meridian). The bill increases registration fees for all vehicles, passenger cars through heavy trucks, by \$15. Motorcycle registrations are increased by \$6. A “hybrid vehicle fee” of \$100 is created and is in addition to other registration fees for this type vehicle. Similarly, an “electric vehicle fee” of \$150 is created and added to existing electric vehicle registration fees.

This bill is estimated to raise about \$20 million in new registration fees. During his presentation of H312, Chairman Palmer said he wanted to provide legislation that could pass the House and be sent to the Senate. He also said that if the bill is ultimately sent to the Senate, he expects it to be amended and sent back to the House for confirmation of the Senate amendments. A lot of folks agree with the Chairman’s observation.

H311 is sponsored by House Speaker, Rep. Scott Bedke (R-Oakley) and House Majority Leader, Rep. Mike Moyle (R-Star). This bill has a number of components. Starting October 1, 2015, the fuel tax will increase .07 cents to .32 cents per gallon. Sixty percent of the increase will go to the state highway account and 40 percent to the local highway districts. There will be a one-time \$5 million distribution from the State Refund Account, again split 60/40 state and local. The increased fuel tax is expected to raise \$42.5 million in FY 16 and \$65 million in each subsequent year.

The bill moves toward a flat income tax by leaving the four lowest personal income tax rates as is and placing a rate of 6.7 percent on all others.

The sales tax on food purchased for human consumption is repealed October 1, 2015 and uses the Federal Supplemental Nutrition Assistance Program (SNAP) guidelines for these definitions. The Food Tax Credit will be repealed to offset the revenues lost by repealing the sales tax on food. Revenue gained in FY 2016 by removing the Food Tax Credit is estimated at \$141.5 million; revenues lost by not taxing food are estimated at \$115 million. The bill also creates a floor based on level of pay from FY 15 for local governments receiving shared revenues from the Sales Tax Distribution Account.

H310 is sponsored by Reps. Joe Palmer (R-Meridian) and Jason Monks (R-Meridian). This bill removes the Idaho State Police (ISP) from the Highway Distribution Account (HDA) funding formula. At current rate of collection, this keeps about \$16 million in the HDA. Distribution between the state and local highway districts is increased to a 60/40 split.

The bill also uses the Budget Stabilization Fund (BSF) mechanism to transfer moneys to the HDA. Currently, any budget growth between 4 and 5 percent goes to the Budget Stabilization Fund. Under H310 an amount equal to one-third of the growth amount would be placed in the HDA. The amount placed in the BSF, as a result of the growth between 4 and 5 percent, would not be affected.



Idaho Farm Bureau's Governmental Affairs Report

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Public Lands Compact

H265a, sponsored by Rep. Terry Gestrin (R-Donnelly), is the framework for a compact between western states that choose to join with each other and work together to promote the transfer of management of public lands from the federal government to the states.

Idaho is a party to a number of other inter-state compacts and this would be no different, except there would be nothing binding about this compact. It is just a formal way to coordinate efforts and work together to “study, collect data, and develop political and legal mechanisms” for the transfer of federally controlled public lands to the respective states.

This is one of the recommendations from the public lands interim committee that met over the past two years, and is the first in a long line of efforts that will be required to make any meaningful headway. It has been reported that several other western states have also adopted similar enabling legislation, including Utah, with more in the works.

H265 was approved in the House Resources Committee last week on a party line vote and was approved by the full House on a vote of 45-23. Those debating against the compact included several members of the Democrat party as well as Rep Merrill Beyeler (R-Leadore). Idaho Farm Bureau and the American Farm Bureau both have policy that strongly supports the transfer of federal lands and **Idaho Farm Bureau supports H265.**

Rulemaking Continues - Even While Legislature in Session

Idaho Department of Environmental Quality (IDEQ) has received a special allowance from the legislature to continue the negotiated rulemaking efforts in order to meet the eight-year target date to receive primacy from U.S. EPA for the Idaho Pollution Elimination System (IPDES) program. The 2016 IDEQ Appropriation maintains the course that was set during the 2014 legislature and the IDEQ has been working aggressively to meet the schedule established.

The Fiscal Note for the IDEQ 2016 fiscal year appropriation (Senate Bill 1163) describes the following, “The Department has roughed out an eight-year scope, schedule and budget to take over primacy of the National Pollutant Discharge Elimination System. Costs at full build-out in 2022 are estimated at 26 full-time positions and \$2.7 million. The first line item includes funding for the second year of the process and includes three full-time equivalent positions from the General Fund as follows: \$81,500 for salary and benefits for one compliance monitoring and enforcement lead; \$75,000 for salary and benefits for one database coordinator; and \$74,900 for salary and benefits for one permit specialist. The bill also provides \$30,000 for travel, office supplies, and rent costs for a total of \$261,400 ongoing.”

The 2015 fiscal year appropriation for NPDES Primacy effort was for the amount of \$300,000.

IDEQ is closely following the primacy model established by Alaska, which was the most recent state to receive primacy from U.S. EPA. Alaska is also one of the states within EPA Region 10. According to Idaho, the program shall be no more stringent than EPA's program. To obtain primacy, Idaho's program shall be no less stringent than EPA.

Alaska however has many provisions in their program that are more stringent than the federal program, so our work is to temper Idaho's application. Obviously, Alaska has many conditions that are not common to an inland state like Idaho.

The Idaho Association of Commerce and Industry (IACI) developed some rate proposal drafts to provide the necessary fees to sustain the \$2.7 million program. This funding will be necessary to offset the cost of the program and will be designed to include permit issuance, compliance monitoring and enforcement. The fee portion of the rulemaking will be addressed in a subsequent rulemaking session later this spring or early summer. Farm Bureau will be closely monitoring the fee proposals.

Some Farm Bureau members, primarily aquaculture operations, have indicated that the fees as proposed are extremely high and will likely force some out of business. This program was originally administered by the EPA at no cost to Idaho. Therefore, those who pushed this proposal forward, primarily municipalities and large industrial operations, should be willing to take on the vast majority of the funding burden, while those who were happy with the EPA administered program should not be forced out of business by excessive fees.

Questions were asked regarding the Department of Agriculture's role after primacy is obtained. IDEQ stated that there would not be a component of primacy delegating responsibility to the Department of Agriculture, but that there will be a close working relationship between the two departments.

Participants from EPA Region 10 were in attendance in the rulemaking meeting held on March 20.

House Joint Memorial 11 – Save Our Dams

House Joint Memorial 11 was introduced on what was predicted to be last day of the 2015 legislative session, reflecting a very similar resolution that was adopted way back in 1999. Representative Caroline Troy (R-Genesee) introduced this memorial to again remind the U.S. Congress of Idaho's need and desire to maintain and to continue to obtain the beneficial uses of the dams within the Columbia – Snake River system.

The memorial establishes the value of the navigation, transportation, fish and wildlife, recreation, hydropower generation, flood control and irrigation to the citizens and industry of the Pacific Northwest. It calls upon congress to recognize Idaho's opposition to
continued page 3

the removal or breaching of the dams on the Columbia – Snake River systems and its tributaries. It strongly reinforces that Idaho maintains sovereignty over its water resources.

It seems like the opposition groups looking to remove the dams are always looking for a federal judge that will for whatever reason, site reasons that the dams have outlived their purpose and should be removed. It is apparent that these dams and the multiple uses they provide will continually be challenged.

Idaho Farm Bureau Federation supports this memorial and testified on its merits. The memorial passed out of the House State Affairs Committee on a non-partisan vote with Representatives Melissa Wintrow (D-Boise) and Paulette Jordan (D-Plummer) opposing. It is expected that there will still be enough time, as the 2015 legislative session will continue into at least next week for the House and the Senate to both adopt this memorial.

Progress of Previously Reported Legislation

H94a- This bill is brought by Rep. Ron Nate (R-Rexburg) and more clearly defines that employees of an irrigation district or other water delivery entity may enter that entity's easement and remove trees and perform other reasonable and necessary maintenance. The bill was amended in the Senate to define level of damages that may be awarded and returned to the House for concurrence on the amendment. The House concurred and the bill is currently on the Second Reading calendar. **Farm Bureau supports.**

HJM 6- This is the Joint Memorial supporting adoption of federal standards for genetically engineered food. It has been adopted by both the House and Senate and was transmitted to the Secretary of State March 19. At the federal level, legislation to establish federal labeling standards for genetically engineered foods was introduced this week. **Farm Bureau supports.**

S1073- This bill is sponsored Sen. Shawn Keough (R-Sandpoint) and Rep. Mat Erpelding (D-Boise) and provides statutory clarity for the Director of Agriculture's authority over research for biocontrol of noxious aquatic weeds. The bill was amended in the House Agriculture Committee and is now on the House Second Reading calendar. The bill should pass the House and will be returned to the Senate for its concurrence on the amendments. **Farm Bureau supports.**

S1074- This bill made necessary updates to the Idaho Honey Advertising Commission statute. One of the changes was dropping the word "advertising" from the title. Production regions were also eliminated. **Farm Bureau supports.**

HJM 8- This House Joint Memorial asked Congress to enact pending legislation which would allow 129,000 pound trucks on the federal highway system in southern Idaho. Currently these trucks are allowed on all highways in neighboring states and on certain state highways in Idaho. HJM 8 was adopted by the House and Senate and transmitted to the Secretary of State on March 18. **Farm Bureau supports.**

S 1075- This legislation clarifies that ag employers who hire inmates through the Idaho Department of Corrections to perform agriculture labor are not required to provide worker compensation or unemployment insurance to those inmates as intended in the original 2014 legislation. Signed by Governor Otter on March 26. **Farm Bureau supports.**

S1111- This legislation increases the current Idaho minimum wage of \$7.25 per hour to \$8.25/hour on July 1, 2015 and \$9.25/hour on July 1, 2016. Adjustments are also made for tipped and seasonal employees. Beginning 2017 this legislation calls for an annual wage adjustment based on the Consumer Price Index. The bill is in Senate State Affairs and will not receive a hearing. **Farm Bureau opposes.**