

Capitol Reflections



2015 Legislative Session

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We must reject the idea that every time a law is broken, society is guilty rather than the lawbreaker. It is time to restore the American precept that each individual is accountable for his actions.

President Ronald Reagan

Infrastructure Maintenance Revenue

No news may not necessarily be good news, but we don't know yet. Everyone has assumed that transportation and infrastructure maintenance funding will be a major issue this legislative session. However, at this point in time, no bills have surfaced. We are confident that will change soon.

Last week, Brian Ness, ITD Director, told the joint Senate and House Transportation Committees that the \$262m annual dollar figure for damage prevention and maintenance for highways and bridges is still an accurate number. He said the \$.25 gas tax adjusted for inflation, now has \$.17 buying power. And bridges are constructed with an estimated 50 year life expectancy, but under current funding and scheduling must last for 120 years.

Director Ness went on to say that highways are constructed with a life expectancy of 20 years. Today \$1.00 of maintenance saves \$6-14 future dollars and said ITD's buying power has decreased 26% since 1996. He said \$262m annually will remove all restricted bridges in 10 years.

A Fix For the Production Exemption

Last week the State Tax Commission introduced a bill to **remove** sales tax from hand tools that cost less than \$100 when purchased for use by a qualifying business. Ever since the sales tax was implemented back in 1965, most items used in the production of products that are later sold have been exempt from sales and use tax. However, there has always been an exception to this exemption for hand tools that cost less than \$100. In other words, no matter what the purpose of the tool, it was subject to sales tax.

HB39 would change that. The State Tax Commission explained that the \$100 amount has not been changed since 1965 so its purpose has largely been eroded. Furthermore it is becoming more difficult to administer for the tax commission, and more confusing for the taxpayers to determine just what is a "hand tool". As the Tax Commission pointed out, they have had vigorous internal discussions whether a pair of gloves is a hand tool. What about a paint stick used to mark trees or dairy cattle? How about a muffin tin used in a bakery?

This illustrates the complexity of the issue and the vast amounts of time and effort expended by both the Tax Commission and taxpayers in trying to comply with this unusual exception to the sales tax exemption. Upon passage of HB39, producers will be able to purchase "hand tools" tax free that are used as a part of their business. Since this is a Tax Commission bill, the \$1.5 million fiscal note is already included in the Governor's budget proposal. **Farm Bureau supports HB39.**



Idaho Farm Bureau's Governmental Affairs Report

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U of I Ag Econ Students Visit Legislature

Sunday evening, eleven University of Idaho ag students and three professors came to Boise for the 15th annual Agriculture Economics Public Policy/Legislative Tour. The tour is sponsored by a variety of ag and business groups. In the last 15 years, 214 junior and senior year ag students have participated. Each year the tour is comprised of a new group of students and one or two professors who have not participated in the tour before. This year's student participants were Michael Grigg-Genessee, Josh Hamby-Parma, Ms. Mikel Harrington-Kooskia, James Ihli- Caldwell, Diana Keller- Fall City, Wa., Mitchell Renfrow- Genessee, Kyle Rossi- Pendleton, Ore., Katie Vandenberg-Middleton, Hans Vander Hoek- Nampa, Taylor Wemhoff- Nezperce and Corbin Williamson- Chattaroy, Wa. Professors accompanying the students were Chris McIntosh- Moscow, Paul Lewin-Moscow and Ekaterina Vorotnikova-Moscow.

Students and professors are given a glimpse of the public policy making process and meet with a variety of individuals and organizations during their four days in Boise. An initial Sunday evening briefing by Food Producers of Idaho Executive Director, Rick Waitley, and his staff, outlined tour activities. Dennis Tanikuni, Idaho Farm Bureau lobbyist, spoke to the students about "The Role of the Idaho Farm Bureau in Influencing Public Policy" during the Monday morning kick-off breakfast.

Later the students met with ISDA Director, Celia Gould and House Ag Affairs Chairman, Representative Ken Andrus. Mark Duffin, Executive Director of the Idaho Sugarbeet Growers Association talked about "How State and National Organizations Work for Public Policy." Layne Bangerter, State Director of Agriculture/Natural Resources/Environment for Senator Mike Crapo (R-Idaho), explained the workings of a Congressional Office. Legislators from the Magic Valley later joined the students for dinner.

Senator Jim Rice-Senate Ag Affairs Committee Chairman, Hon. Brandon Woolf-State Controller, Hon. Ron Crane-State Treasurer, Hon. Lawrence Wasden-State Attorney General and the ag lobbyists also met with the students. The tour concluded with the Wednesday Food Producers meeting.

Idaho Urged To Support Federal Balanced Budget Amendment

Ohio Governor John Kasich visited Idaho in a multi-western state tour and held a meeting with House and Senate members on January 23. A news conference followed allowing him to provide a brief presentation outlining his efforts to convince 34 states to pass legislation calling for a U.S. Constitutional Convention focusing only on a balanced federal budget amendment.

Kasich served in the U.S. Congress from 1983 through 2001 and was elected as Ohio's Governor in 2010. Governor Kasich stated that when he left congress there was a federal budget surplus of 5 trillion dollars. Every second, the federal government is adding to the more than \$18 trillion deficit. A debt that will not go away unless changes are made and otherwise will likely be passed on to future generations to pay.

Many economists have spoken on the dangers of forcing the federal government to spend less than it takes in. Most claim that it would be financial suicide for programs such as social security, welfare and many other social programs. These economists say that when the economy slows and federal revenues decline, it is federal and deficit spending that allows the "automatic stabilizers" to buffer and cushion a weak economy. This line of thinking also contends that a balanced budget amendment would force policymakers to cut spending, raise taxes or both.

Governor Kasich's response to this concern is that, "A balanced budget amendment can have appropriate exceptions for economic calamity, war and other unpredictable circumstances. But the fact is most of the time when you keep doing things that we don't do in the states, and families don't do, which is spending without regard, we are mortgaging our children's future."

Governor Kasich has implied that this constitutional convention could be limited to the single topic, "the balanced budget amendment."

Research and opinions vary significantly on the ability to debate only a single topic. The Supreme Court's opinion at one-time, concluded that there are inevitable uncertainties associated with any as-yet-untried constitutional convention process.

"A growing number of states are realizing that there is little chance that our nation will take steps to address our \$18 trillion federal debt without Americans taking control at the state level to trigger change," Kasich said. "The movement to call for a convention to set a balanced budget process in motion has great momentum, with just 10 more states needed. By implementing a federal balanced budget amendment, we will finally be able to hold the federal government to the same standard as virtually all states, businesses and families."

Kasich did not seek re-election for congress in 2000, but instead decided in February 1999 to form an exploratory committee to run for President. After very poor fundraising, Kasich dropped out in July 1999, even before the Iowa Straw Poll, and endorsed Texas Governor George W. Bush.

State Senator Marv Hagadorn (R-Meridian) and Representative Rick Youngblood (R-Nampa) are leading the efforts in the Idaho Legislature calling for passage of a balanced budget resolution.

Making Water Run Uphill – Continued

In the January 23, 2015 edition of Capitol Reflections, a summary of the Idaho Department of Water Resources curtailment order regarding the Rangen fish operation was provided.

On January 22, 2015 Judge Eric Wildman, issued a stay on the curtailment of 474 junior groundwater rights holders that would have been required to cease utilization of junior water rights to address 9.1 cubic feet per second of spring water declines to the Rangen senior water rights in the Hagerman area.

Idaho Ground Water Appropriators had been working to meet the construction deadline imposed by the IDWR to pipe and pump water to this fish farming business.

While this pipeline was being built and construction was on schedule, it was discovered that 400 feet of temporary piping had previously been used to convey water. New, unused pipe was required in the order issued by IDWR in support of the Rangen concerns that used piping could be contaminated.

Director Spackman had rejected IGWA's affidavits that the used pipe was clean and should be allowed and denied IGWA's request for a stay of his order.

The January 22 court ruling grants a stay until February 7 and IGWA's planning indicates that it can have the new pipe and construction completed before the new court imposed deadline.

“About the Declaration there is a finality that is exceedingly restful. It is often asserted that the world has made a great deal of progress since 1776, that we have had new thoughts and new experiences which have given us a great advance over the people of that day, and that we may therefore very well discard their conclusions for something more modern. But that reasoning can not be applied to this great charter. If all men are created equal, that is final. If they are endowed with inalienable rights, that is final. If governments derive their just powers from the consent of the governed, that is final. No advance, no progress can be made beyond these propositions. If anyone wishes to deny their truth or their soundness, the only direction in which he can proceed historically is not forward, but backward toward the time when there was no equality, no rights of the individual, no rule of the people. Those who wish to proceed in that direction can not lay claim to progress. They are reactionary. Their ideas are not more modern, but more ancient, than those of the Revolutionary fathers.”

**President Calvin Coolidge,
July 5, 1926 at the 150th Anniversary celebration of the Declaration of Independence.**