

Capitol Reflections



2015 Legislative Session

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*"If a businessman makes a mistake, he suffers the consequences.
If a bureaucrat makes a mistake, you suffer the consequences."*

[Ayn Rand](#)

Speeding Things Up

This week, the House introduced and approved a new proposal to increase the grocery tax credit. What is interesting is not the topic, but the speed in which it was accomplished. H330, which would increase the grocery tax credit by \$10 per person, was introduced Thursday morning in the House Revenue and Taxation Committee. The committee approved the proposal and sent it to the House 2nd Reading calendar. Minutes later, the House suspended rules and voted to approve H330. What would normally have taken a minimum of a week and more typically at least two weeks to accomplish under normal circumstances was done in one morning. As you can see, towards the end of the session things can move much more quickly, especially when the session has lasted longer than usual. H330 has now been transmitted to the Senate where its fate is less certain.

Transportation funding: Destination Unknown

Earlier this week transportation watchers anticipated possible movement on this issue after H310 received a "do pass" from the Senate Transportation Committee. Rep. Jason Monks (R-Meridian) is the bill's sponsor. The legislation takes Idaho State Police funding out of the Highway Distribution Account and places this portion of ISP funding in the general fund. This changes the existing distribution formula for these funds to a 60/40 split between the state and local highway districts.

H310 also takes 1/3 of 1 percent from the Budget Stabilization Fund if economic growth exceeds 4 percent. Should this occur 1/3 of 1 percent of the growth between 4 and 5 percent or about \$10 million will go to the highway distribution account. H310 is currently on the Senate third reading calendar and will be voted on when the Senate decides to take action.

H95aaS, a bill which exempts gravel, sand and other road building materials from sales tax was amended in the Senate and returned to the House. It is being "held at the desk" before being read into the House calendar. Value of this exemption is \$20 million.

H312 was amended in the Senate on Tuesday. In its original form the bill increased vehicle registrations a flat \$15 across the board, made other small changes and raised about \$20 million for highway and infrastructure maintenance.

Senate amendments increased registrations to \$25, made other changes to electric and hybrid car fees, created a 10 cent gas tax which would be phased in over four years, phased the gaseous fuels tax increase over three years and included five legislative intent statements. Total revenues raised were \$127 million after full implementation.

The House Transportation Committee considered the amendments for "concurrence" Wednesday morning and summarily made the recommendation to the House to reject the amendments because the bill had been changed too much. The House rejected the Senate amendments.

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Late Wednesday, a conference committee made up of House and Senate members was formed and charged to consider amendments to H312. Senators included Bert Brackett (R-Rogerson), Dean Cameron (R-Rupert) and Roy Lacey (D-Pocatello). Representative Joe Palmer (R-Meridian), John Vander Woude (R-Nampa) and Mat Erpelding (D-Boise) served for the House of Representatives.

The Conference Committee convened Thursday morning and was able to tentatively agree on registration fee increases, electric and hybrid car fees, legislative intent language and other issues. Significant differences developed over fuel tax increase amounts. House members opened with a proposed 5 cent increase while the Senate said that amount was not enough and wanted the 10 cents proposed in the H312 amendments. Thursday's meeting recessed with some tension between the two groups and disagreement on amount of the possible fuel tax increase.

The Conference Committee reconvened Friday morning, summarized Thursday's meeting and what they could agree on and immediately began discussing possible solutions. Although the Senate said they could live with a total package in the \$125 million range and the House said \$100-120 million, there was immediate disagreement on the amount of a proposed fuel tax increase.

At this point Reps. Palmer and Vander Woude are holding at a 6 cent increase while Senators and Rep. Erpelding support a 7 cent increase as a minimally effective amount saying they do not want to revisit the issue in a few years.

At this writing, the Committee is deadlocked on this issue with no movement at this time. We do not know if anything new will develop today, but the Senate has once again gone "at ease" and the Pro Tem had earlier said he doubted the Legislature would adjourn Sine Die today.

LATE BREAKING NEWS

The Committee reconvened at 2:20 pm and reached a tentative agreement which will be drafted into a new bill and must be passed through both Houses. New provisions include:

Passenger cars- \$21 registration increase

Trucks- \$25 registration increase

Electric cars: \$150 fee increase; Hybrids- \$100 fee increase

Gas tax: 7 cent increase effective July 1, 2015

New moneys: 60/40 split between state and local highway districts. ISP does not receive any of the new money.

Gaseous fuels: New taxing structure immediately effective instead of phase-in.

Legislative intent sections: Most remained intact.

Includes Draft 275 which is a surplus inhibitor: If the General Fund grows more than 5 percent, funds from 5 percent to 5 1/3 percent are used for infrastructure maintenance.

The bill will be redrafted by Legislative Services and sent first to the House for consideration. If it passes the House, the Senate will take up the bill for its consideration there.

What Will Reach to the End of the Ditch

This week the legislature seems to be focusing on two issues: 1) a resolution of a fuel tax increase; and 2) finishing the session.

Spring has come early and tractors are making far too much dust as the preparation and planting is in full swing. Little winter snow and no significant spring rain fall yet, the push seems to be to get irrigation water into the systems and will there will be enough to bring a crop to harvest.

The Idaho Water Resources Department's - Upper Snake River Advisory Committee met on Wednesday to receive a very thorough briefing reflecting the spring runoff, reservoir fill and how those levels compare to past years. The committee also received an update on the Eastern Snake Plain Managed Recharge update. I will try to capture some of those discussions.

With Capitol Reflections now being available through email or on the Farm Bureau Federation website, I will link you to the slides and graphs that were used in each of the presentations.

Runoff and Reservoirs – In spite of the low amounts of precipitation through the winter months, the Snake River reservoirs are in very good shape. This is due primarily to the extremely wet fall and the minimum need for late season irrigation water. The carry-over quantity of water was high and this water was kept in storage or was possible used to sustain a very aggressive aquifer recharge effort.

To briefly summarize the slides the Snake River reservoirs are currently at 87 percent of capacity and are expected to continue to increase, even with irrigation coming on line from remaining snow melt and runoff. The monthly statistics for precipitation are as follows: January Snow Accumulation Forecast 109 percent of storage capacity (4,130 KAF) with 78 percent of average precipitation; February Snow Accumulation Forecast 101 percent of storage capacity (3,625 KAF) with 77 percent of average precipitation; March Snow Accumulation Forecast 95 percent of storage capacity (3,256 KAF) with 41 percent of average precipitation; April Snow Accumulation Forecast 78 percent (2,515 KAF).

Summary the U.S. Department of the Interior Bureau of Reclamation's and the Idaho Department of Water Resources projections are currently as follows for the Snake River Basin: 1) System Storage Remains High with high probability of filling the system; 2) Snow Accumulation is Below Average with the coordinated forecast currently at 78 percent; 3) The system is in a good position of whatever future conditions exist; 4) Spring weather is going to be extremely important – weather and irrigation demand are interconnected, 5) Irrigation demand is 2-3 weeks ahead of normal.

To see the slides used in this presentation and to evaluate the specific reservoirs, please link to:
<http://www.idahofb.org/> *Upper Snake Advisory Committee* - scroll down to bottom of page, the link is under "Capitol Reflections."

ESPA Managed Recharge Summary – The IDWR Water Resource Board is reporting a very positive aquifer recharge season that extended from October 27, 2014 to March 23, 2015. A total of 75,233 acre-feet of water was charged back into the aquifer. The Water Resource Board is looking for opportunity to expand the program and to improve on the experience that they had during this past season. Slides outlining where this recharge occurred can be reviewed by linking to:

<http://www.idahofb.org/> *Recharge OPS Presentation* - scroll down to bottom of page, the link is under "Capitol Reflections."

**We anticipate next week the legislature will Sine Die.
There will be a final Capitol Reflections next week with a rap up of the session.**

