

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 22, 2016
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
**ABSENT/
EXCUSED:** None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 AM.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis
Department of Finance**

Rep. Youngblood disclosed he has a possible conflict of interest under applicable law; he does plan to vote on the issue currently before the committee. **Senator Mortimer** disclosed he has a possible conflict of interest under applicable law; he does plan to vote on the issue currently before the committee.

Mr. Bybee read through each line item addressed in the budget request for the Department of Finance. Beginning with a base of \$7,619,200 include \$66,600 for benefit cost increases, also include \$143,300 for replacement items, \$9,400 reduction for Statewide Cost Allocation, \$159,900 for change in employee compensation, and include \$190,700 for the 27th pay period; for FY 2017 the motion will be to move \$8,170,300 from dedicated funds and cap full-time equivalent positions at 64. This motion would further include the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, a 3% CEC, and the 27th pay period.

Additionally, this motion would include replacement items as recommended: software upgrades, copier leases, computer supplies and three servers. This is a maintenance of current operations budget. Overall, this budget is a 5.4% increase above the FY 2016 appropriation.

CARRIED: **Original Motion
Department of Finance
*Appropriation***

Moved by **Youngblood**, seconded by **Johnson**, to approve for introduction \$0 General Funds, \$8,170,300 Dedicated Funds, \$0 Federal Funds for a total of \$8,170,300 with FTP of 64.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw,

King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Youngblood**, granted by unanimous consent, the following legislative intent language was accepted:

The Department of Finance is hereby granted continuous appropriation authority for reimbursement of persons to whom an Idaho court awards actual damages resulting from acts constituting violations of the Idaho Residential Mortgage Practices Act by a mortgage broker, mortgage lender or mortgage loan originator who was licensed or required to be licensed, per Section 26-31-109, Idaho Code.

PRESENTER:

Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis
Office of the Governor: Liquor Division

Mr. Bybee read through each line item addressed in the budget request for the Office of the Governor: Liquor Division. Beginning with a base of \$17,191,700 include \$230,200 for benefit cost increases, \$349,600 for replacement items, \$27,300 for Statewide Cost Allocation, \$264,900 for change in employee compensation, and also include \$324,500 for the 27th pay period. An additional \$375,000 will be added for line item 1, this will include 4 FTP and \$51,300 for line item 2, \$160,000 for line item 3, and 6 FTP for line item 4. \$96,400 will also be included for line item 5. This will cap full-time equivalent positions at 222.

Additionally this motion would include replacement items as recommended which are: store update and upgrades, computer equipment, power supply for data recovery, and a reach truck for the warehouse.

Finally, this budget includes five line items and includes a request for a relocation or remodel of seven state run liquor stores with 4 FTP and \$51,300 to convert contractors to state employees. This will produce savings and ensure undue turnover does not occur for these positions. There will be a remodel to the upstairs office space complete with building improvements, and office furniture. Pay increases for temporary clerks will include a 3% CEC increase, which for the past two years have not included increases for temporary employees. This will ensure the Division will be able to keep long time clerks from leaving the organization. Overall, this budget is an 5.8% increase above the FY 2016 appropriation.

Mr. Bybee addressed concerns regarding the FTPs from the temporary positions. Members from the Division of Financial Management stood to answer questions about the requests not recommended by the Governor.

CARRIED: **Original Motion**
Office of the Governor
State Liquor Division
Appropriation

Moved by **Gibbs**, seconded by **Johnson**, to approve for introduction \$0 General Funds, \$19,670,900 Dedicated Funds, \$0 Federal Funds for a total of \$19,670,900 with FTP of 222.00

Ayes: 17

Keough, Johnson, Bair, Mortimer, Brackett, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 3

Nuxoll, Thayn, Guthrie

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis**
Self-Governing Agencies: Regulatory Boards

Rep. Monks disclosed he has a possible conflict of interest under applicable law.

Mr. Bybee read through each line item addressed in the budget request for Self-Governing Agencies: Regulatory Boards. Beginning with a base of \$6,813,600, and include \$67,100 for benefit cost increases, \$17,000 for inflationary adjustments, \$6,400 for replacement items, also include \$2,100 for Statewide Cost Allocation, \$106,200 for change in employee compensation, and include \$127,200 for the 27th pay period. This request also includes line item 1 for \$18,000, line item 3 for \$65,300, line item 4 for 2 FTP and \$97,600, line item 5 for 2 FTP and \$144,300, line item 6 for \$19,000, and line item 7 for \$100,000.

Once carried, this motion will move \$7,583,800 from dedicated funds, and cap full-time equivalent positions at 68. This motion includes the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, a 3% CEC, and the 27th pay period. Additionally, this motion would include replacement items as recommended which include computers and a printer.

Finally, this budget includes 6 lines items, plus Line item 7 which provides \$100,000 to the Real Estate Commission for programming services to rewrite its internal licensing system.

Mr. Bybee explained that all commission functions are conducted through the licensing system, including: issuing licenses, recording continuing education and exam scores, tracking enforcement matters, and maintaining certification of instructors, courses, and providers. This a mission-critical line item. Overall, this budget is an 11.0% increase above the FY 2016 original appropriation.

CARRIED: Original Motion
Self-Governing Agencies
Regulatory Boards
Appropriation

Moved by **King**, seconded by **Gibbs**, to approve for introduction \$0 General Funds, \$7,583,800 Dedicated Funds, \$0 Federal Funds for a total of \$7,583,800 with FTP of 68.00

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis**
Self-Governing Agencies: State Lottery

Mr. Bybee read through each line item addressed in the budget request for the State Lottery. Beginning with a base of \$5,666,000, include \$45,400 for benefit cost increases, \$33,200 for replacement items, a reduction of \$12,800 for Statewide Cost Allocation, \$76,800 for change in employee compensation, and include \$93,300 for the 27th pay period. For FY 2017, this action would call for \$5,902,600 from dedicated funds and cap full-time equivalent positions at 45.

This action will include the JFAC adjusted budget for benefit cost increases, Statewide Cost Allocation, a 3% CEC, and the 27th pay period, and replacement items as recommended which include a security card access system, and computers. Overall, this budget is a 3.6% increase above the FY 2016 original appropriation.

CARRIED: Original Motion
Self-Governing Agencies
State Lottery
Appropriation

Moved by **King**, seconded by **Gibbs**, to approve for introduction \$0 General Funds, \$5,902,600 Dedicated Funds, \$0 Federal Funds for a total of \$5,902,600 with FTP of 45.00

Ayes: 17

Keough, Johnson, Mortimer, Brackett, Nuxoll, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 2

Bair, Thayn

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **King**, granted by unanimous consent, the following legislative intent language was accepted:

It is legislative intent that amounts necessary to pay prizes, retailer commissions, advertising and promotional costs, and gaming supplier vendor fees based on sales shall be continuously appropriated to the State Lottery under the provisions of Section 67-7428, Idaho Code.

PRESENTER:

Ray Houston, Principal Analyst, Division of Budget and Policy Analysis
Board of Land Commissioners
Endowment Fund Investment Board

Mr. Houston explained to the committee the request for the Endowment Fund Investment Board. The EFIB is responsible for managing the investments of the Land Grant Endowment Funds, the State Insurance Fund, and other moneys as required by law. Other moneys include the Island Trail in Coeur d'Alene for the Department of Parks and Recreation, the investment for the Water Treatment Plant for DEQ, and two endowments for the Idaho Department of Fish and Game. Funding for the organization impart comes from the listed agencies and at the end of FY 2015 there was approximately 2.54 billion dollars being managed. Mr. Houston then read through each line item in the budget request.

CARRIED:

Original Motion
Board of Land Commissioners
Endowment Fund Investment Board
Appropriation

Moved by **Burtenshaw**, seconded by **Lacey**, to approve for introduction \$0 General Funds, \$675,400 Dedicated Funds, \$0 Federal Funds for a total of \$675,400 with FTP of 3.70

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Burtenshaw**, granted by unanimous consent, the following legislative intent language was accepted.

SECTION 3: The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, bank custodial fees, and portfolio-related external costs for the period July 1, 2016, through June 30, 2017.

SECTION 4: It is the intent of the legislature that for fiscal year 2017, the Endowment Fund Investment Board transfer \$63,158,400 as follows: \$36,724,800 from the Public School Earnings Reserve Fund to the Public School Income Fund; \$1,347,600 from the Agricultural College Earnings Reserve Fund to the Agricultural College Income Fund; \$5,544,000 from the Charitable Institutions Earnings Reserve Fund to the Charitable Institutions Income Fund; \$4,262,400 from the Normal School Earnings Reserve Fund to the Normal School Income Fund; \$1,965,600 from the Penitentiary Earnings Reserve Fund to the Penitentiary Income Fund; \$4,708,800 from the Scientific School Earnings Reserve Fund to the Scientific School Income Fund; \$4,562,400 from the Mental Hospital Earnings Reserve Fund to the Mental Hospital Income Fund; and \$4,042,800 from the University Earnings Reserve Fund to the University Income Fund.

PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analysis**
Office of the Governor
Office of Energy Resources

Mr. Houston explained that the Office of Energy Resources was originally created by **Governor Andrus** through Executive Order (EO) in 1975. Those responsibilities were assigned to the Idaho Department of Water Resources in 1981. Program authority was modified by EO 2001-06 when energy standards for building codes were transferred to the Division of Building Safety. On October 19, 2007, **Governor Otter** issued EO 2007-15 reestablishing the Office of Energy Resources within the Office of the Governor. That Executive Order was replaced in 2011 and again in 2012.

The office is funded through the Indirect Cost Recovery Fund, the Renewable Energy Resource Fund, miscellaneous revenues, the Petroleum Price Violation Fund and federal grants. **Mr. Houston** then read through the line items requested and recommended for the Office of Energy Resources.

CARRIED: **Original Motion**
Office of the Governor
Office of Energy Resources
Appropriation

Moved by **Lacey**, seconded by **King**, to approve for introduction \$0 General Funds, \$815,700 Dedicated Funds, \$442,000 Federal Funds for a total of \$1,257,700 with FTP of 8.00

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Ray Houston, Principal Analyst, Division of Budget and Policy Analysis
Public Utilities Commission

Mr. Houston read through the line items requested for the Public Utilities Commission. He explained that the commission oversees the intrastate operation of investor-owned electric, gas, water, telecommunications utilities, pipelines, and railroads. The commission does not regulate publicly owned municipal, or cooperative utilities. The commission serves the citizens and utilities of Idaho by determining fair, just and reasonable rates for utility commodities and services to be delivered safely, reliably, and efficiently, and by ensuring safe and adequate rail services within the state.

Programs are funded by the Public Utilities Commission (PUC) Fund which consists of fees collected from the regulated utilities (telephone, power, natural gas, and water corporations) in the amount of, not more than 0.3% of their intrastate revenues (Section 61-1004, Idaho Code) and from railroad corporations, not more than 1% of the gross operating revenues derived from the intrastate business. In prior years, General Fund expenditures for the salaries and benefits of the commissioners (Section 61-1009, Idaho Code) were reimbursed to the General Fund at year-end from the Public Utilities Commission Fund. However, beginning in FY 2001, the law was changed and commissioners' salaries are now paid from the PUC Fund.

There is an Inflationary Adjustment: This request is for 3% contract inflation for the building lease at 472 Washington Street in Boise, Idaho. The lease, with the Department of Lands, is based on three components: office space, storage space and parking. The commission requests replacement items in the amount of \$10,500 for seven laptops, \$9,600 for eight personal computers, \$4,000 for 20 monitors, \$4,000 for four printers, \$12,000 for a multi-function copier, \$3,500 for network equipment, \$4,200 for software updates, \$4,800 for four desks, \$3,200 for four chairs, and 2,400 for two file cabinets for a total of \$58,200.

Line item 1, requests to move certain incumbents to policy. This request will move nine existing incumbents, who have successfully worked in the same job class for eight years or more to the policy midpoint of their respective pay grades. In line item 2, the Governor recommends a 3% salary increase for each of the three commissioners.

CARRIED: **Original Motion**
Public Utilities Commission
Appropriation

Moved by **Schmidt**, seconded by **King**, to approve for introduction \$0 General Funds, \$5,992,000 Dedicated Funds, \$324,300 Federal Funds for a total of \$6,316,300 with FTP of 52.00

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analysis**
Lava Hot Springs Foundation

Mr. Houston explained the requests and recommendations for the Lava Hot Springs Foundation. The land administered by the Lava Hot Springs Foundation, consisting of 178 acres along the Portneuf River in Bannock County, was purchased from the tribal government by the federal government in 1902. Later that year, the federal government ceded the land to the state of Idaho, with the provision that the state reserve the land for public use under such regulation as the state may prescribe.

Requested replacement items include \$30,000 to replace six pumps and motors; \$50,000 to replace or repair decks; \$10,000 for swimming pool equipment; \$35,000 to replace a 1994 pickup with 170,000 miles; and \$6,000 to replace four computers.

The request also includes four line items. Line item 1, is to re-configure the customer service area. The foundation requests a \$225,000 one-time appropriation for this to offer improvement to the world famous hot pools to provide better flow. Line item 2, requests a \$15,000 appropriation to install doors on dressing room stalls at both the Olympic swimming complex and the hot pools. When the dressing rooms were built, curtains were used in lieu of doors as a cost savings measure. The curtains are less than optimal to provide privacy to customers changing into swimwear. Line item 3, is a request for a \$30,000 appropriation to seal coat parking areas, except the newly resurfaced West Park. Lastly line item 4, is a request for a \$25,000 appropriation to conduct a hot water engineering study in order to determine the feasibility of developing the city-owned Chicken Soup Springs. The city will be applying for geothermal development grants through the Department of Energy and United States Geological Survey. Currently, most of the water from these springs is flowing into the Portneuf River with only a small

portion of the water being diverted for building heat. Availability of hot water could benefit future walkways, parking structures, and buildings.

CARRIED:

Original Motion
Department of Parks and Recreation
Lava Hot Springs Foundation
Appropriation

Moved by **Lacey**, seconded by **Burtenshaw**, to approve for introduction \$0 General Funds, \$2,337,200 Dedicated Funds, \$0 Federal Funds for a total of \$2,337,200 with FTP of 13.80

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

ADJOURN:

There being no further business to come before the committee, **Chairman Bell** adjourned the meeting at 9:05 AM.

Representative Bell
Chair

Christi Cox
Secretary