

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Wednesday, February 27, 2019

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairwoman Lodge, Vice Chairman Harris, Senators Hill, Winder, Vick, Souza, Stennett, and Buckner-Webb

ABSENT/ EXCUSED: Senator Anthon

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairwoman Lodge** called the Senate State Affairs Committee (Committee) to order at 8:05 a.m.

RS 26901 **UNANIMOUS CONSENT REQUEST** from the Commerce and Human Resources Committee (Commerce Committee) to reject a certain rule of the Industrial Commission related to Workers' Compensation Law, Security for Compensation, and Self-Insured Employers.

RS 26902 **UNANIMOUS CONSENT REQUEST** from the Commerce Committee to reject a certain rule related to Workers' Compensation Law, Security for Compensation , and Insurance Carriers.

RS 26903 **UNANIMOUS CONSENT REQUEST** from the Commerce Committee to reject a certain rule related to the Idaho Division of Building Safety – Idaho Plumbing Code.

Senator Jim Patrick, District 25, explained the Commerce Committee has rejected these three separate rules related to two workers compensation rules and one with the building plumbing and safety code. There are small differences in each request. **Senator Patrick** requested the Committee send all three RSs to print.

MOTION: **Senator Hill** moved to send **RS 26901**, **RS 26902**, and **RS 26903** to print. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

S 1079 **RELATING TO VETERANS** to allow Veterans Services to offer emergency relief grants in certain instances.

Senator Jim Woodward, District 1, said **S 1079** is a revision to the Veteran's Code. The changes allow more people to be eligible for services provided to veterans in the State of Idaho. The program is in place but this changes it from only wartime or disabled destitute veterans to all destitute veterans.

MOTION: **Vice Chairman Harris** moved to send **S 1079** to the floor with a **do pass** recommendation. **Senator Souza** seconded the motion.

Senator Winder asked what the source of this change request was. **Senator Woodward** answered that this comes from Marv Hagedorn, Chief Administrator, Idaho Division of Veterans Services. They have not fully utilized the funds in the current program, and they have had to turn down requests even tho the veteran, who was not a war time veteran, was in need of assistance.

The motion carried by **voice vote**.

S 1081 **RELATING TO VETERANS** to repeal Idaho Code § 65-208, relating to transportation of wheelchair-bound veterans.

Senator Woodward explained that the objective of **S 1081** was to delete Idaho Code § 65-208 which was first put into place in 2002. There is another program that provides the same services. This is a duplication of efforts, the program is not necessary and has not been used.

DISCUSSION: **Chairwoman Lodge** confirmed that rather than Veterans Services providing vans, the veterans can use any other transportation services that are available. **Senator Woodward** concurred.

Senator Vick asked if this change was also at the request of Mr. Hagedorn. **Senator Woodward** responded in the affirmative.

Senator Stennett asked what other forms of transportation are they relegated to. **Senator Woodward** answered that he wasn't sure, only that Mr. Hagedorn stated other modes of transportation were available and this part of the service is not being used.

MOTION: **Senator Souza** moved to send **S 1081** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

S 1080 **RELATING TO VETERANS** to provide that interest generated by moneys invested in the Veterans Recognition Income Fund shall be maintained by the Division of Veterans Services.

Senator Carl Crabtree, District 7, explained that this bill has a \$480 impact to the General Fund. This bill allows the transfer of funds from the Idaho Veterans Recognition Fund to the Idaho Veterans Recognition Income Fund (Income Fund). Previously, this money has gone to the General Fund first. This change allows those moneys to go directly to the Income Fund.

DISCUSSION: **Senator Stennett** ask if it has been cumbersome having those funds go to the General Fund first. **Senator Crabtree** stated it may not be extremely cumbersome, but the question is, why are the funds going to the General Fund and then right back to the Income Fund. The funds should go directly to the Income Fund and kept in the department.

MOTION: **Senator Souza** moved to send **S 1080** to the floor with a **do pass** recommendation. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

S 1078 **RELATING TO BEER** to allow a craft brew facility to contract with others wishing to brew at their facility.

Senator Crabtree discussed contract brewing in Idaho. This bill does not increase the amount of beer brewed, it allows brewers to use other brewers' facilities to make beer. **Senator Crabtree** provided background about how the brewery system works. Each brewery in Idaho has the opportunity to make 30,000 barrels of beer. Some breweries have large capacities, others are small. This bill would allow the smaller breweries to use the facilities of the larger brewers, but not expand the number of barrels of beer brewed. This arrangement would increase income for those large capacity brewers, and it allows smaller capacity brewers to meet their market demands, but it does not increase the total number of barrels of beer allowed in Idaho.

DISCUSSION: **Senator Stennett** asked if this is a similar idea to wineries blending grapes from different producers and creating a wine at one winery that is doing the production. **Senator Crabtree** responded that in the case of beer, the small brewery will take their recipe to another brewery and allow that brewery to use their recipe to brew beer. The resulting barrels of beer would be counted against the small brewery's allocation.

Vice Chairman Harris inquired about where the small breweries make their beer now. **Senator Crabtree** answered with an example where a brewery in Wallace

couldn't brew enough to meet the market demand and there are breweries in Boise that have more capacity than they need; the brewery in Wallace can hire the brewery in Boise to produce its beer. Those barrels that are produced count against the Wallace brewery's allocation of 30,000 barrels.

Chairwoman Lodge said the grape industry has been doing this for several years and it helped to grow those smaller businesses.

TESTIMONY: **Sheila Francis**, Executive Director for Idaho Brewers United for the Statewide Brewer's Guild, said Senator Crabtree covered the bill and she would stand for any questions. **Ms. Francis** responded to Senator Stennett's question, stating there is no blending but they use their recipe at another facility.

DISCUSSION: **Senator Souza** asked if this bill is designed so a small business person who can't finance a large brewery can pay a fee to a larger brewer, thus it is helpful to both. **Ms. Francis** agreed, it is mutually beneficial. The smaller brewer is able to bridge the gap while waiting until they are able to increase their capacity. The larger brewery can utilize their excess capacity. The smaller brewery would pay a negotiated fee to the larger brewery.

Senator Hill asked if there are provisions in this bill or elsewhere in the law that would prohibit a large brewery from setting up multiple smaller breweries around the state, and continue to produce the beer in their large facility, and contracting with the smaller breweries to avoid the 30,000 barrel limit. **Ms. Francis** said there is a current provision in statute that a brewery can only have one location plus a secondary remote tap location. In addition, an owner can only have a stake in two breweries. There is a limit to the number of locations.

MOTION: **Senator Vick** moved to send **S 1078** to the floor with a **do pass** recommendation. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.

H 63 **RELATING TO WINE** to revise the definition of "Dessert Wine".

Roger Batt, representing the Idaho Grape Growers and Wine Producers Commission, said that **H 63** is the result of some changes made to the dessert wine definition two years ago, which created the current interpretation that products not considered dessert wine by the industry can be labeled and marketed as dessert wine. These products include Vermouth, Quinquina, and Americano; they are considered aromatized wines. This bill fixes this issue and clarifies what dessert wine is, not only according to industry standards, but it also aligns Idaho's definition so it is more consistent with the federal definition of dessert wine.

MOTION: **Senator Stennett** moved to send **H 63** to the floor with a **do pass** recommendation. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business, **Chairwoman Lodge** adjourned the meeting at 8:28 a.m.

Senator Lodge
Chair

Twyla Melton
Secretary