



IPM&CSA LEGISLATIVE UPDATE --- MARCH 24, 2015

Good afternoon all – Here is an update on what is happening on our issues at the Idaho Statehouse:

THE BIG PICTURE – IT’S ABOUT MONEY

As we enter the 13th week of the 2015 legislative session, much is happening behind the scenes and tempers are wearing thin. We have reached the point in the session where frustrations are mounting because much is still left to do (think transportation funding to raise \$262 million), and the biggest budget (education at \$1.6 billion, including \$100 million of new money) has not been set. JFAC is waiting on a resolution of the career ladder and a promise to infuse the education system (teacher pay, really) with a significant amount of cash and a more importantly, a change in how teacher pay is set into the future. And that is just the big picture.

Bottom Line –

Education: After two failed attempts, the House education committee finally agreed that the third version of the career ladder was a winner. The bill now goes to the House floor for a vote and then on to the Senate. Since both chairman, the governor and the Superintendent are now in agreement (sort of), this bill has legs and will break the logjam in JFAC so the largest and final budget can be set next week. H296 could be the proverbial “going home” bill.

Transportation: Despite several bills on the table, there is as yet, no agreement on the best approach to fund Idaho’s roads and bridges, although behind the scenes, I believe a new bill is being crafted. This could be another going home bill, and if reached, will likely cobble together many variables which will collectively raise money for transportation. How much money depends on what variables remain in the final bill, when everyone’s bog complaints have been addressed.

Here’s what we can expect to be considered as part of the transportation funding package:

An increase in the motor fuel tax – perhaps 5-15 cents per gallon (although the amount is uncertain, there is no doubt that increasing the fuel tax will be part of the final package.)

An increase in the transfer fee – current legislation has a 2 cent increase to bring the total transfer fee to 3 cents per gallon. I have been in constant communication with the bill drafters this week to AVOID language that will put the PSTF at risk. This is an ongoing project. The transfer fee increase has brought howls of protest from the agricultural community, and may be dropped in the final version. H260 has language we can live with, according to our legal counsel, but H144 and 299 has language that puts the fund at risk. I will be vigilant in monitoring in defending the integrity of the PSTF and how the transfer fee is treated in legislation being drafted.

Increased registration fees – we can expect registration fees to be increased across the board.

Hybrid and Electric vehicles – Although the amount raised is small, charging hybrids and electric vehicles is seen as a fairness issue.

General Funds – The Governor opposes diverting general funds for highway funding, but some of the ideas being considered nibble at the fringes of general fund dollars. One proposal, contained in H126 diverts a percentage of new growth to the highway distribution account. Other similar ideas are likely to pop up for consideration.

Transportation Infrastructure Fund - Piggy banks are popular in the Idaho legislature, and now one is being considered to support transportation. Similar funds include the budget stabilization account, the public schools income fund, and the water pollution control account. Maybe transportation will get its own piggy bank this year.

OTHER ISSUES FOR OUR INDUSTRY

H132 – Eliminating the gaseous special fuels decal for LNG/CNG, and requiring alternative fuels to pay an energy equivalent in fuel tax. We proposed this bill early in the session as H45, but had to rewrite it to add the conversion factors for LNG and CNG after the Senate Transportation Committee held ITD's rule on motor fuels for unrelated reasons. H132 passed the House Transportation Committee unanimously and the full House on a vote of 61-9. We ran in to a buzz saw in the Senate from companies with LNG/CNG fleets, and nearly lost the bill twice. Ultimately, H132 survived two lengthy hearings in the Senate Transportation committee and a narrow vote on the floor, to pass this week on a vote of 19-16, with the chairman and five members of the transportation committee voting AGAINST H132 on the Senator floor. Sometimes the Statehouse is a complete mystery, even to an insider. I believe our bill got wrapped up on other issues, but in the end, we prevailed. Now it's on to the Governor, where I have tried to lay the groundwork for signing the bill.

H193 – Repeal of Unfair Sales Act with Exception for Motor Fuel Sales – H193 repeals the Unfair Sales Act (which we also call the Below Cost Selling Act) with the exception of motor fuel sales. We opposed a similar bill repealing the Unfair Sales Act, which was proposed in 2014. We worked with the sponsors over the interim, and H193 is the result. Although H193 acknowledges that motor fuels should be exempted from the repeal, IPM&CSA would prefer to leave the act in place. H193 is unlikely to get a hearing and is therefore dead for the session.

E-Cigarettes and other Tobacco Issues – When Senator Elliott Werk was appointed by the Governor to the Idaho Tax Commission, one of the legislature's primary advocates for increasing regulations on e-cigs and tobacco products was removed from the action. It has been quiet on this front ever since, but we can expect this to re-emerge as an issue in the future.

Idaho Lottery – The existence, structure and organization of the lottery has been swept up in the larger issue of historic horse racing vs. tribal gaming. One proposal, which has yet to emerge as a bill, would have eliminated all gaming in Idaho, including the Lottery. Another bill, H279, would have put all forms of gaming (Lottery, pari-mutual wagering, simulcast dog racing, and Indian Casino's) under a new "Gaming Commission". IPM&CSA members expressed concern over dragging the Lottery into this battle, and we opposed the bill. Fortunately the bill died in the House State Affairs committee this week. IPM&CSA has a good working relationship with the Idaho Lottery and we work closely with them to help maintain this successful program.

That's all for now, but stand by for more developments on transportation funding. A new bill is likely to emerge next week and it will move quickly if there is broad agreement. I will keep you posted.

Please let me know if you have questions or comments and thanks to all who sent letters to the Senate and the Governor in support of H132!

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