

Idaho Legislative Update – April

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Insight — 4/1/2013

The 2013 Idaho legislative session was originally scheduled to adjourn on Friday, March 29th, but for the first time since 1992, the Senate rejected the state's biggest single spending plan, the education budget. In what was considered the going home issue of the year, the rejection of the education budget will keep the Legislature in town for at least a few more days.

Despite the legislative delay, Idaho legislators have addressed quite a few difficult and high profile issues this year, ranging from a state based health insurance exchange to personal property tax relief, and so much more. Below is a run-down of a few of those high profile issues. Also, a full listing of all the bills that the Legislature has addressed can be found on the Idaho Legislature's official website at www.legislature.idaho.gov.

Here are some highlights from the 2013 Idaho session:

- **State Health Insurance Exchange:** In what was probably the most high-profile issue facing the 2013 Idaho legislative session, and only after record-setting lengthy debate in the House and Senate, the Idaho legislature approved the creation of a state-run health exchange that would offer an online marketplace for individuals and businesses to shop for health insurance and dental plans. The final product, House Bill 248, was a result of the "gang of 16" House freshman flexing their political muscle and announcing their support for a state-based health exchange, as long as amendments are included that added two legislators to the exchange board as non-voting members and require spending reports to be provided to the Legislature. The bill passed the House on a 41 to 29 vote and the Senate 23 to 12. Although this issue has now passed the legislature and will become law, this surely won't be the last we hear about this matter as I am predicting that it will become a defining issue in the 2014 primary elections.
- **Personal Property Tax:** In what turned out to be a surprising outcome to most observers, the Legislature opted to side with local governments over business interests, and passed personal property tax relief legislation (House Bill 315) that was brought forward by the Idaho Association of Counties. House Bill 315 exempts the first \$100,000 in personal property from the tax for each taxpayer in each of Idaho's 44 counties, at a cost to the state of up to \$19 million a year; that would remove the tax entirely for close to 90 percent of Idaho businesses. The measure passed the House on a 67 to 2 vote and the Senate unanimously. The competing personal property tax bill that was brought forward by the Idaho Association of Commerce and Industry, which did not get a committee hearing, would have phased out the tax entirely over seven years, at a cost to the state of up to \$120 million a year.

There is a good chance that this issue will be revisited in the 2014 legislative session.

- On a side note: Earlier this month, I moderated a personal property tax roundtable that was hosted by the Idaho Business Review and included the major players in the personal property tax debate, including the Speaker of the House, Scott Bedke, the Mayor of Boise, David Bieter, and lobbyists from the Idaho Association of Commerce and Industry, the Idaho Association of Counties, and the National Federation of Independent Businesses.
- **Medicaid Expansion:** Two pieces of legislation that would expand Medicaid in Idaho, House Bills 308 and 309, were introduced and received a joint committee hearing of the House and Senate Health and Welfare committees; however, they were not voted on due to time constraints and legislative fatigue that is largely due to the health exchange battle. The two proposals would have eliminated Idaho's county indigent and state catastrophic care fund programs and expanded its Medicaid program instead, largely at federal expense. The county and state programs are now funded 100 percent by local county property taxpayers and the state general fund; the Medicaid expansion would be funded 100 percent by federal funds for the first three years, then phased down to 90 percent. This issue will surely resurface in the 2014 legislative session.
- **Education Reform and Budget:** The Legislature gave approval this year to education measures that will give school boards the power to limit teacher contracts regarding salary and benefits to one year and force local unions to provide proof that they represent a majority of teachers. And for the first time, Idaho's 40 charter schools will be receiving about \$1.4 million to help offset facilities costs when classes begin in the fall. However, in what shaped up to be the going home issue of the 2013 legislative session, the state education budget failed to gain approval in the senate, failing on an 18-17 vote. The rejection of the proposed spending plan for fiscal year 2014 resulted from an insurrection of lawmakers who concluded that the \$1.3 billion public schools budget infringed too severely on state education policy.
- **Gun Legislation:** The Legislature addressed and passed quite a few gun bills this session in response to expected federal gun control regulations. Most recently, the legislature passed two concealed carry measures, one that carves out an exemption in the concealed weapons law for Tasers, pepper spray and knives with blades shorter than 4-inches, and another that makes Idaho's concealed weapons more likely to be recognized by other states. It would create a beefed-up, voluntary enhanced permit for gun owners, and obtaining it would require an eight-hour class, live fire training and a mental health check. Other gun proposals the Legislature addressed include gun bills that offer a defense against Congressional proposals to ban semi-automatic weapons by penalizing Idaho employees who might be in a position to enforce new federal gun restricting, and a bill that would ban federal

regulation of Idaho-made weapons that stay in Idaho.

- **Public Lands Transfer to State:** A resolution that calls for all public lands in Idaho to be transferred into state ownership, along with a companion measure that asks for an interim study committee to examine the land transfer issue in greater detail, passed the House on a 55-33 party line vote, and most recently got approval from the Senate State Affairs committee. Both bills are awaiting a vote on the Senate floor. The resolution has no binding force, but it does call on Congress to transfer title to all public lands in Idaho to the state; the state then would cede back to the government any national parks, monuments, wilderness areas, Indian reservations, and Department of Defense or Department of Energy Lands.

The Legislature addressed many other issues that were just too numerous to report, from an anti-marijuana resolution, to changes to how initiatives can be placed on the ballot; however, if there is an issue or bill that you have an interest in and I didn't cover it, please let me know and I will be happy to respond to your questions or comments.

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