

Idaho Legislative Update – January

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Insight — 1/7/2013

The Idaho Legislature convened today, Monday, January 7th, and was highlighted by Governor C.L. "Butch" Otter's State of the State address to a joint session of the Idaho House and Senate. Following the 2012 elections, the political makeup of both the Idaho House and Senate remain the same going into the 2013 session with the House of Representatives consisting of 57 Republicans and 13 Democrats, and the State Senate at 28 Republicans and 7 Democrats. However, 2013 will witness new leadership in the Idaho House of Representatives, led by House Speaker Scott Bedke, and a slew of freshman legislators due to redistricting where nearly one-third of the legislature are newly elected; these factors should contribute to a lively and more unpredictable session.

State of the State: Governor Otter's State of the State address was highlighted by a budget recommendation that calls for a 3.1-percent increase in General Fund spending for the next fiscal year, including increased funding for K-12 education and depositing \$71 million in rainy day funds, growing our economy through investments and eliminating the personal property tax, and setting up a state based health insurance exchange. A full reading of the Governor's State of the State address can be found [here](#).

Budget: For the third year in a row, Idaho's revenues have increased but collections are still below pre-recession levels. Since last fiscal year, Idaho tax revenues have increased a little over four percent, but due to the fact that the Idaho Constitution requires that the Legislature balance the budget, the biggest challenge facing the Legislature once again will be meeting the funding needs of state agencies and public education, while still balancing the budget.

Key Issues Facing the Legislature: Given the new House leadership and the fact that almost one-third of the Legislature consists of newly-elected lawmakers, this year's session is sure to be unpredictable. Still, there are a few issues that are sure to dominate the 2013 legislative session:

- Personal Property Tax: The Idaho personal property tax is an annual tax levied against equipment and machinery used by businesses, which provides revenues to cities, counties and local taxing districts. Efforts to repeal the tax have been led by the Idaho Association of Commerce and Industry, Idaho's largest business lobby, and includes a good deal of legislative support. However, past efforts have mostly been held up by the resulting loss in revenues to local governments and disagreements on how best to replace those lost revenues moving forward.

- Health Insurance Exchange: The Patient Protection and Affordable Care Act, commonly called Obamacare, was signed into law by President Obama in March of 2010. One aspect of the law requires that every state establish a health insurance exchange where citizens can go online and compare the rates and benefits of various policies. The debate at the legislature this year will center on whether Idaho should implement a state-based exchange, or let the federal government take over and do it for them.
- Education Reform: Idaho voters struck down the contentious Students Come First Laws at the polls in November, which would have limited union control, restructured teacher pay in favor of a bonus system and provided every high school senior with a laptop. Since then, Governor Otter has announced that he is convening a collaborative group of stakeholders to look at school reform issues, but made it clear that he wasn't looking for any legislation this year. However, the legislature will have the final say and could address some elements of education reform this session.

An excellent resource for tracking bills, agendas, legislator information, and much more, can be found on the Idaho Legislature's website. Also, State Impact, a reporting project of local public media and National Public Radio also offers a good website with detailed information concerning the Idaho Legislature and can be found [here](#).

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