

Sine Die Report



2008 Session Summary

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This report and a complete listing of all legislation are available on the Idaho Legislature's Internet site. Full text of all bills is included, along with statements of purpose, fiscal notes and legislative action. The Legislature's Web site is:

2008 Leadership

Senate

James E. Risch, President
Robert L. Geddes, President Pro Tempore
Bart Davis, Majority Leader
Joe Stegner, Assistant Majority Leader
Brad Little, Majority Caucus Chair
Clint Stennett, Minority Leader
David Langhorst, Assistant Minority Leader
Kate Kelly, Minority Caucus Chair

House

Lawerence Denney, Speaker
Mike Moyle, Majority Leader
Scott Bedke, Assistant Majority Leader
Ken Roberts, Majority Caucus Chair
Wendy Jaquet, Minority Leader
George Sayler, Assistant Minority Leader
John Rusche, Minority Caucus Chair

2008 Committee Chairs

Senate

Tom Gannon, Chair
Agricultural Affairs Committee

Denton Darrington, Chair
Judiciary and Rules Committee

John Andreason, Chair
Commerce and Human Resources Committee

Brent Hill, Chair
Local Government and Taxation Committee

John Goedde, Chair
Education Committee

Gary Schroeder, Chair
Resources and Environment Committee

Dean Cameron, Chair
Finance Committee

Curt McKenzie, Chair
State Affairs Committee

Patti Anne Lodge, Chair
Health and Welfare Committee

John McGee, Chair
Transportation Committee

House

Tom Trail, Chair
Agricultural Affairs Committee

Jim Clark, Chair
Judiciary, Rules and Administration Committee

Maxine Bell, Chair
Appropriations Committee

Lenore Barrett, Chair
Local Government Committee

Max Black, Chair
Business Committee

Bert Stevenson, Chair
Resources and Conservation Committee

Robert Schaefer, Chair
Commerce and Human Resources Committee

Dennis Lake, Chair
Revenue and Taxation Committee

Bob Nonini, Chair
Education Committee

Thomas Loertscher, Chair
State Affairs Committee

Dell Raybould, Chair
Environment, Energy and Technology Committee

JoAn Wood, Chair
Transportation and Defense Committee

Sharon Block, Chair
Health and Welfare Committee

Rich Wills, Chair
Ways and Means Committee

Introduction

The historic 2nd Regular Session of the 59th Idaho Legislature became the only Legislature in Idaho history to meet outside of the Idaho Capitol Building. After convening in the unfamiliar surroundings of the remodeled Capitol Annex, the Legislature soon found its rhythm and worked around any inconveniences inherent in the much smaller facility. In fact, legislators were able to pass more bills through both bodies of the Legislature in the first eight weeks of the session than any session of the last ten years.

Another challenge overcome by this Legislature was a stark change in the economic picture that saw General Fund revenue collections drop significantly below projected estimates, even as the session was unfolding. The Joint Finance-Appropriations Committee (JFAC) had to change strategy in midstream and adopt a spending plan that adjusted appropriations downward to match a more realistic picture of the revenue situation. The Governor's spending plan, which was developed in large part before revenues started to dip, called for a 9.1 percent increase overall, which included both ongoing and one-time expenditures. JFAC ultimately reduced the General Fund budget blueprint to 4.6 percent overall, with an ongoing increase of 3.79 percent. The change in economic conditions had a direct impact on many issues facing the Legislature, effectively reducing the scope of the agenda that could be addressed in an uncertain fiscal situation.

Even then, the breadth of public policy issues the Legislature addressed in 2008 was typically far-reaching and included local option taxes, statewide aquifer management, transportation funding, teachers' salaries, state health insurance, energy, air quality, substance abuse treatment, election law, business property tax relief, the grocery tax credit, inmate growth in corrections, community college funding and wolf management, to name a few.

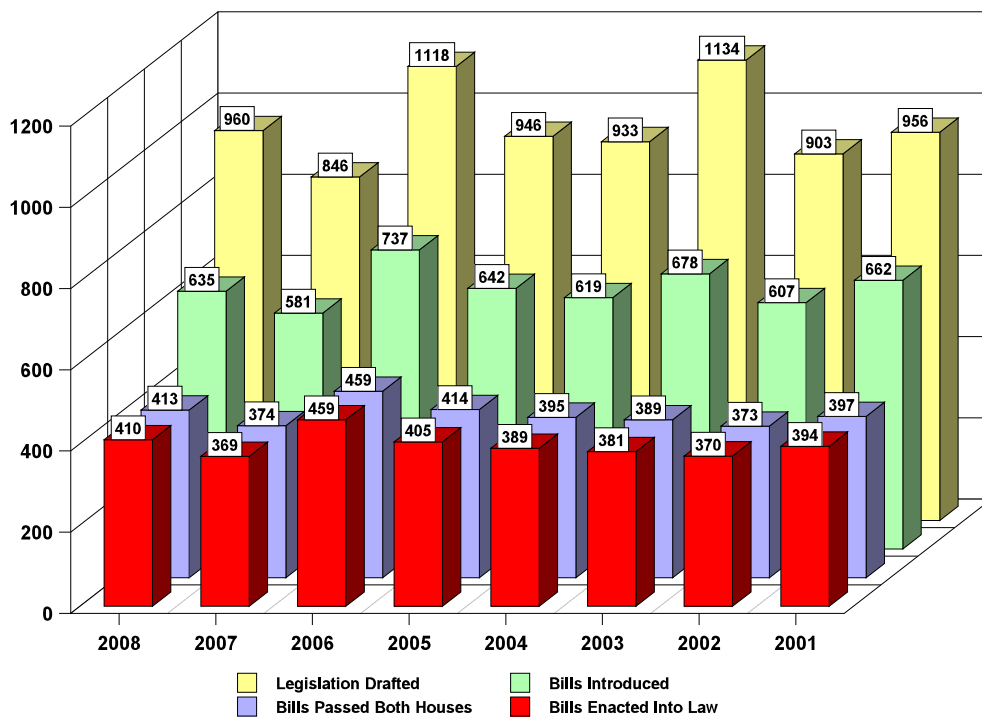
Among the highlights of the Legislature's accomplishments, which are outlined in more detail throughout this report, were increased relief from the sales tax on groceries, increased funding for substance abuse treatment, \$134 million in GARVEE bonding for the "Connecting Idaho" roads project and \$20 million for a statewide aquifer planning and management effort. Legislators also exempted businesses from paying taxes on the first \$100,000 worth of their equipment, which will become effective when state tax revenue grows by at least 5 percent.

During the interim between sessions, legislators will continue their work on interim committees that study energy and natural resource issues. In addition, the Legislature authorized two new interim committees to study property tax revenues and expenditures and medical education needs in Idaho. Senate and House leaders also may form task forces to look at other interests of particular concern in preparation for the 2009 legislative session. Follow all the interim action on the Legislature's Web site at www.legislature.idaho.gov.

Volume of Legislation and Length of Session

During the 2008 legislative session 960 proposed pieces of legislation were prepared for legislative committees and individual legislators. From that initial group of draft proposals, 635 bills were actually introduced, along with another 73 various resolutions, memorials and proclamations. By the end of the session, 413 bills had been passed. Of those, the Governor vetoed three bills and vetoed line items in three other bills (see p. 19). After final legislative action and following the Governor's review, 65 percent of introduced bills became law, with the majority of the new laws to become effective July 1, 2008.

From Drafting to Enactment 8-Year Comparison



Length of Session

With adjournment sine die on April 2, the length of the 2008 legislative session was 87 days.

Length of Recent Sessions									
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
87	82	93	87	69	118	68	82	87	68

Rules Review

At the beginning of each legislative session, the Legislature takes up the important task of reviewing the pending, pending fee and temporary rules that have been promulgated by the administrative agencies. The Legislature can prevent pending rules from going into effect by rejecting them. Pending fee rules only go into effect if the Legislature approves them. Temporary rules die at the end of the legislative session if not approved by the Legislature.

The House and the Senate were each asked to review 244 individual rule dockets during the 2008 legislative session, totaling over 2,370 pages. This is up from the 225 individual rule dockets, totaling approximately 2,280 pages, reviewed by the Legislature during the 2007 legislative session. Once again, the Senate Health and Welfare Committee did the heavy lifting with 88 individual rulemaking dockets, totaling 913 pages. The Commerce and Human Services Committee ranked second on the Senate side, reviewing 70 individual rulemaking dockets, totaling 315 pages. On the House side, the Health and Welfare Committee reviewed 84 rulemaking dockets, totaling 853 pages, while the Business Committee reviewed 36 individual rulemaking dockets, totaling 226 pages.

Nine pending rules were rejected by the 2008 Legislature:

- < A Bureau of Occupational Licenses rule on education and experience requirements for drinking water and wastewater professionals;
- < A Department of Agriculture rule governing the DCPA [Dimethyl Tetrachloroterephthalate] Pesticide Management Plan;
- < A Department of Commerce rule on the regional travel and convention grant program;
- < A Real Estate Commission rule concerning a minimum Commission teaching standard;
- < A Department of Health and Welfare rule governing temporary assistance to families eligibility;
- < A Department of Juvenile Corrections rule relating to appointment of alternative members to the Custody Review Board;
- < A Department of Parks and Recreation rule relating to negligent operation of a motorboat;
- < A Division of Building Safety rule on licensing to work on water conditioning equipment; and
- < A Division of Human Resources and Personnel Commission rule establishing the policies and procedures of the Idaho Personnel System.

Three pending fee rules were rejected:

- < A Board of Naturopathic Medical Examiners rule establishing fees for application, original license and renewal of license;
- < A Department of Insurance rule eliminating a reduced fee for electronic renewal of licenses; and
- < A Department of Water Resources rule relating to dock fees.

One temporary rule of the Division of Building Safety relating to building code enforcement was rejected.

2008 Legislative Action on Major Issues

Agriculture

H 393 – Revises the registration process for fertilizers, requires that storage facilities be registered and raises inspection fees for fertilizers.

H 394 – Increases the minimum tonnage fee for soil and plant amendments.

H 426 – Creates “Idaho Ag in the Classroom” as a separate entity to provide an educational program that will afford students in K-12 with a better understanding of the crucial role of agriculture in all aspects of society and of how Idaho agriculture relates to the rest of the world.

H 433 – Allows the boards of directors of irrigation districts some flexibility relating to canvassing election returns in that they may now meet to canvass returns on *or before* the Monday following the election to complete the canvass of returns.

H 474 – Allows irrigation districts to amend their bylaws to allow electors who live within fifteen miles of the districts to serve on the board.

H 514 aaS – Provides for independent financial audits of soil conservation districts.

S 1424 – Allows the boards of irrigation districts to authorize preliminary studies to determine the feasibility, costs and expenses of proposed local improvement districts and allows the boards to either pay for the study out of the General Fund of the district or, as a condition of proceeding with the formation of a local improvement district, require the petitioners to provide a deposit which is estimated to pay for the study.

SCR 137 – Urges the Chicago Climate Exchange's technical advisory committee to approve a designated "cropping region" for Idaho to assist the ongoing efforts of the Idaho Soil Conservation Commission and the Idaho Carbon Sequestration Committee to develop a

Carbon Credit Exchange Framework for the state of Idaho. The exchange has already recognized rangeland, forest land and grassland acreages in Idaho.



Idaho rangeland

Business and Economic Development

H 410aa,aaS – Provides for the continued operation of a dental practice by the personal representative, executor or surviving spouse or heir of the a deceased sole proprietor dentist.

H 411 – Requires those selling annuities to have reasonable grounds for believing that the recommended product is suitable for the consumer.

H 429 – Requires that certain motor vehicle liability insurance policies issued in Idaho include underinsured motorist coverage.

H 446aa – Increases to three years the time within which the personal representative, executor, or sole surviving heir of a deceased veterinarian must sell the veterinary practice.

H 451aa – Establishes uniformity of licensing requirements for collection agencies.

H 547 – Maintains consistency between federal and state law by defining “terrorism” in fire insurance policies issued in the state of Idaho.

Criminal Justice

H 592 – Establishes the Film and Television Production Business Rebate Fund to authorize cash rebates for specific Idaho expenditures on qualified media production projects.

H 652 – Appropriates \$3,000,000 to the Special Olympics World Winter Games Organizing Committee.

S 1311 – Provides that an individual's employment security information is exempt from disclosure.

S 1344aa – Requires insurance companies to share coverage information about Medicaid recipients and enhances the Department of Health and Welfare's ability to recover funds that should have been paid by insurance carriers.

S 1380aa – Permits consumers to freeze access to their credit reports, as a means to help prevent fraud and identity theft.

S 1394 – Raises the age that dependent children can remain on their parents' health insurance policy to 21, if the dependent is not a full-time student, or to age 25, if the dependent is a full-time student.

S 1395 – Allows an individual who would otherwise qualify for the Individual High Risk Reinsurance Pool to apply for coverage if there is reasonable probability that, within 90 days, they will exceed their lifetime maximum coverage of an existing insurance policy.

S 1397aa – Licenses public adjusters in Idaho who work for an insured (rather than an insurance company) to help evaluate and document losses to support an insurance claim.

S 1431aa – Provides that all contracts entered into while a residential home is in the foreclosure process must be in writing and that consumers have a five-day right of rescission. Also requires a warning for consumers about foreclosure rescue scams.

H 381 – Provides for the electronic monitoring of violent sexual predators who are placed on probation or parole.

H 417aa – Establishes a limit of two registered adult sex offenders in a residential dwelling unit, provides for a judicial bypass in certain circumstances to exceed that limit, and gives cities and counties authority to exceed the limit by ordinance to allow and regulate group residence homes for sex offenders.

H 456 – Eliminates discrepancies between Idaho's extradition procedures and those of certain other states.

H 473 – Increases fines and creates graduated penalties for unlicensed persons acting as outfitters or guides and makes it a crime to knowingly hire unlicensed persons for services that require an outfitter or guide license.

H 496aa – Permits payment for overtime work for employees engaged in law enforcement, correctional and fire protection activities in certain situations.

H 501 – Provides for address confidentiality for victims of violence.

H 541aa – Creates an enhanced penalty for repeated violations of a valid order of no contact issued by a court.

654aa – Provides that it is a criminal act to coerce or attempt to coerce a woman to obtain an abortion.

S 1260 – Changes the penalty for dogfighting from a misdemeanor to a felony.

S 1317 – Allows the Commission of Pardons and Parole to release offenders onto parole on the last business day prior to their parole eligibility date, when that date falls on a Saturday, Sunday or legal holiday.

Education: Colleges and Universities

S 1319 – Clarifies that sexual contact between any person, including juveniles, in the custody of a correctional facility, including juvenile facilities and any employee of a governmental or private agency having such custody is a felony.

S 1320 – Clarifies that the Idaho Department of Correction's financial responsibility for prisoner health care extends only to prisoners committed to the Department's custody.

S 1356aaH – Provides for certain training following election to the office of sheriff for the first time.

S 1362 – Provides punishments for assault or battery against off-duty or retired judges, jailers, or correctional staff when the attack is made as revenge because of the victim's official or former official status.

S 1370aaH – Prohibits adults from exposing children to sexual conduct with the intent or effect of desensitizing or grooming children for sexually exploitive activity.

S 1438aa – Prohibits certain persons from possessing energy conducting weapons, often called tasers or stun guns.

SCR 124 – Authorizes the state's lease-purchase of the Correctional Alternative Placement Program (CAPP) facility.

H 385aa – Extends to nonresident members and officers of the Idaho National Guard the opportunity to attend the state's universities and colleges at resident student rates.

H 399 – Increases the maximum tuition or community college tuition cap for full-time students to \$2,500 per year.

H 400 – Increases annual distribution from liquor revenues to community colleges from \$300,000 to \$600,000.

H 401 – Clarifies and strengthens requirements for obtaining residency in Idaho for the purpose of qualifying for resident fees at the state's postsecondary institutions.

S 1259 – Changes the name "Albertson College of Idaho" in the Idaho Code to "The College of Idaho."

S 1407 – Provides scholarships for dependents of Idaho citizens or military service members deployed from Idaho who are

totally and permanently disabled from any employment as a result of injuries incurred while engaged in an armed conflict in which the United States is a party.

S 1429 – Repeals a section of the Higher Education Bond Act that required legislative approval as a prerequisite to the acquisition or construction of a higher education facility that would require General Funds for maintenance and operations.

S 1476 – Provides \$10 million for Opportunity Scholarship endowment fund.



The College of Idaho

SCR 135 – Establishes an interim committee on medical education needs.

SCR 136 – Facilitates the agreed transfer of part of the Boise State University West Campus in Nampa to the College of Western Idaho, and approves the continued bond payments by the Idaho State Building Authority.

Education: Public Schools

H 382aa, aaS – Clarifies where and when a registered adult criminal sex offender may enter upon properties used by a school.

H 397aaS – Specifies failure to demonstrate fiscal soundness as a ground for revoking the charter of a public charter school.

H 423 – Defines the term “virtual school” and requires that a petition to create such a public school include specific information.

H 457 – Clarifies that the bond levy equalization support program applies to previously eligible projects as well as new projects.

H 502 – Provides for relocation of public charter school facilities to another school district if the approved primary attendance area of the public charter school is located within more than one school district.

H 543aa – Establishes the Idaho Education Network, a coordinated, statewide telecommunications distribution system to facilitate distance learning.

H 552 – Provides that the Idaho Digital Learning Academy will operate as a governmental entity, with creation authorized by the state.

H 554 – Requires that a complete and cataloged library of all curricular materials, including electronic materials, adopted and used in Idaho public schools be maintained and open to the public for three years.

H 566aaS – Expands criminal background checks in public schools to cover anyone with

unsupervised contact with students and requires that background checks for new employees be performed within five days of employment.

H 567 – Includes the Idaho Digital Learning Academy within the definition of “educational institution” for sales and use tax purposes.

H 669 – Provides base salary and minimum salary increases for teachers and an increase in moneys for classroom supplies.

H 670 – Increases public school classified employee base salaries, provides continued funding for classroom technology, textbook and software funding, and continues funding for the Rural Schools Task Force.

H 672 – Continues funding for ISAT [Idaho Standards Achievement Test] remediation and provides new funding for a statewide math initiative and a task force to develop a plan for concurrent secondary/postsecondary courses for qualifying high school juniors and seniors.

HCR 48 – Encourages discussions regarding the challenges facing efforts to increase concurrent enrollment and proposes solutions that can become the foundation for policy discussions during the next legislative session.

S 1403aa – Requires that the referral of a petition to establish a new public charter school to the public charter school commission shall not be made until the local board of trustees has documented its due diligence in considering the petition and requires attendance at a petition workshop.

S 1405 – Adds public charter schools to the list of entities to which school districts may transfer or convey surplus property.

S 1428 – Permits the State Department of Education to withhold all or a portion of a school district's November 15th distribution from the public school income fund for failure to timely provide the department with a copy of the audit of the district's financial statements.

S 1443 – Allows students to carry and self-administer their prescription medications to treat anaphylactic allergic reactions.

SCR 129 – Requests the Professional Standards Commission of the State Department of Education to study and issue a report concerning the training of school administrators in teacher supervision and evaluation.

Energy

H 422aaS – Provides energy efficiency requirements for new state buildings beginning in 2009.

H 432 – Revises the distribution of royalties and leases paid to the federal government by developers of renewable energy resources from the public schools income fund to a new Renewable Energy Resources Fund, for use by the Office of Energy Resources in the Governor's Office.

H 500 – Establishes new commercial purpose uses on school endowment lands and expands the identified renewable resources allowed to include fuel cells, low-impact hydro, sun or landfill gas, as well as wind and geothermal resources.

S 1480 – Moves funding from the Department of Water Resources to the Office of Energy Resources in the Governor's Office.

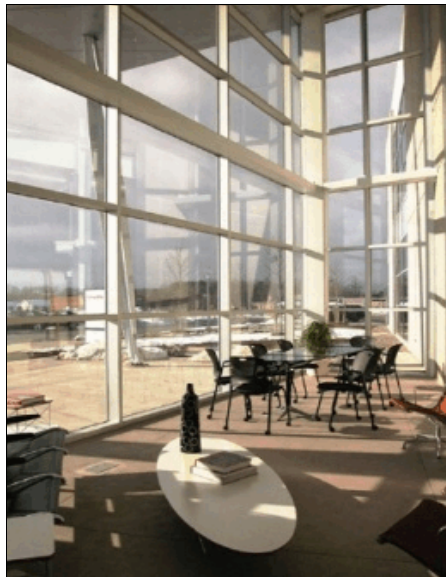
Government

H 341 – Requires the State Tax Commission to review taxing district boundaries for compliance with provisions of Idaho law relating to boundaries, and authorizes the State Tax Commission to direct that noncompliant boundaries not be recognized.

H 351 – Provides for annual distribution of funds from the election campaign fund to qualifying political parties instead of biennial distribution.

H 420 – Provides that counties may allow for payment of property taxes by use of debit cards, credit cards and electronic funds transfers.

H 545 – Revises annexation categories for cities, the evidence of consent to annexation and procedures for evidence of consent for category C annexations.



Energy-efficient building

H 552 – Provides that the Idaho Digital Learning Academy shall be a governmental entity.

H 556 – Clarifies that energy savings performance contracting is applicable only to existing facilities and that performance contracting methodology is not applicable to new facilities to be constructed.

S 1321aa – Establishes a digital repository for state publications within the Idaho Commission for Libraries.

S 1337 – Provides for the publication of balance sheets and summaries of statements of revenues and expenditures by boards of county commissioners.

S 1349 – Revises provisions applicable to the misuse of public moneys by public officers and public employees and provides grading and punishment for misuse of funds.

S 1434 – Allows the Office of the Administrative Rules Coordinator to make clerical revisions and to correct typographical or grammatical errors in proposed rules prior to sending copies to the Legislative Services Office for analysis.

S 1435aa – Transfers the responsibility for the integrated property records system to the Department of Administration, provides duties and powers of the director regarding the integrated

property records system and provides duties of state agencies for submitting information and specifies the date for such information to be submitted.

S 1446 – Clarifies Idaho’s Sunshine Laws - concerning lobbyist reporting; expands the definition of "executive official" to include those with major policymaking roles within the constitutional offices; defines "lobbying" to include building relationships and promoting goodwill with legislators and executive officials; clarifies what is to be reported by lobbyists, including expenditures for members of the household of a legislator or executive official if the expenditure exceeds the itemization threshold.

Health and Human Services

H 349 – Creates the Veterans Support Fund to be used exclusively for programs supporting veterans.

H 353 – Recognizes that nonprofit organizations may be created in the form of a charitable trust and provides civil liability immunity for trustees of the charitable trust who serve without compensation.

H 388 – Clarifies disciplinary grounds for misuse of alcohol and drugs by nurses and provides that the failure of a nurse to comply with a Board of Nursing order, negotiated settlement or probationary agreement or to pay fines or costs assessed in a prior disciplinary proceeding is independent grounds for additional disciplinary action.

H 389aa – Provides criminal sanctions for persons who improperly receive information from the controlled substances database or knowingly disclose such information which identifies an individual patient and permits access to the database by prosecuting attorneys engaged in enforcing laws regulating controlled substances.

H 398 – Allows the Board for Professional-Technical Education to assist persons suffering from chronic renal disease by paying medical

insurance premiums and patient travel expenses that are not covered by Medicare.

H 410aa,aaS – Allows the continued operation of a deceased dentist’s dental practice for a limited time where a good faith effort is being made to sell the dental practice and where all the decisions pertaining to the diagnosis, care and treatment of the patients are made by a licensed dentist licensed.

H 412 – Provides the director of the Department of Insurance with the authority to set the amount of deposit required to obtain a certificate of authority to operate a managed care plan of not less than \$25,000.

H 417aa – Provides that an adult registered sex offender may not reside in any residential dwelling unit with more than one other adult registered sex offender but permits cities and counties to establish standards for the establishment and operation of residences that house more than one registered sex offender.

H 442 – Provides that the exploitation of a vulnerable adult includes the unjust or improper use of the vulnerable adult’s financial power of attorney.

H 465 – Provides that a group residence in which eight or fewer unrelated mentally, or sixteen physically, handicapped or elderly persons reside who are supervised in connection with their handicap or age related infirmity is a “single family dwelling” under zoning law, with exceptions.

H 508 – Provides for intensive outpatient treatment and recovery support services as part of a comprehensive treatment program for drug and alcohol abusers.

H 522 – Prohibits the assignment of a health insurance contract unless disclosed to and agreed to by a health care practitioner or facility.

H 695 – Provides \$15 million to the Department of Health and Welfare for substance abuse treatment and prevention.

HCR 58 – Provides approval for the Board of Correction to enter into agreements with the Idaho State Building Authority to finance and develop a secure mental health treatment facility.

S 1324aa – Allows real property held as community property with the right of survivorship to pass to the surviving spouse without a probate or summary administration.

S 1326 – Incorporates existing methods provided in the Idaho Code for the transfer and temporary recognition of guardianships or conservatorships for developmentally disabled people.

S 1333 – Adopts methods for signing and notarizing a will when a signer is either illiterate or physically unable to sign.

S 1334 – Provides that if a trustee has the power to sell real property, then the prohibition against the suspension of power of alienation does not apply, and clarifies that the prohibition does not apply to charities or charitable purposes.

S 1340 – Provides the Department of Health and Welfare authority to recover payments made under any public assistance contract or provider agreement and to impose other sanctions when program violations occur and requires that documentation that supports a provider payment claim be retained not less than five years.

S 1341 – Establishes a fraud control program in the Department of Health and Welfare.

S 1342 – Permits the solemnization of marriage by a current tribal judge of an Idaho Indian tribe

or other tribal official approved by an official act of an Idaho Indian tribe.

S 1384 – Clarifies that a public health district is not a subdivision of the state, but is an independent body that is not authorized to levy taxes or obligate the state concerning such financing.

S 1398aa – Prohibits the sale of cigarettes unless they meet reduced fire propensity standards and have been so marked.

S 1420aa – Provides civil immunity to any person who reasonably renders emergency care using a defibrillator, without remuneration or expectation of remuneration, at the scene of an accident or emergency to a victim of the accident or emergency.



Lake Pend Oreille

S 1426aaH – Amends and repeals existing law relating to the hospitalization of the mentally ill; makes adjustments to the involuntary commitment process; and provides for consideration of reasonable alternatives to commitment, observation, care and outpatient treatment.

S 1444aa – Provides disability benefits to volunteer emergency responders.

Natural Resources

H 406aa – Increases the lease term for residential cottage sites on state endowment lands from ten to 35 years.

H 428 – Authorizes a statewide comprehensive aquifer planning and management effort to be conducted over a 10-year period of time, with funding for technical studies, facilitation services, hydrologic monitoring, measurement and comprehensive plan development.

H 515 – Authorizes state outdoor sport shooting ranges, establishes a uniform noise standard for the ranges, precludes public and private nuisance actions for noise against ranges, and requires new uses within one mile of an existing shooting range to provide for noise abatement.

H 557 – Authorizes the Department of Environmental Quality to administer the open burning of crop residue, requires approval of DEQ prior to a burn and prohibits DEQ from authorizing a burn in the event ambient air quality levels exceed specified standards.

H 586 – Authorizes the Department of Environmental Quality to establish a vehicle inspection and maintenance program to regulate and ensure control of the air pollutants and emissions from registered motor vehicles in air-sheds that are approaching nonattainment of specified air quality standards; and exempts specified vehicles.

H 604 – Prohibits local governments from establishing or enforcing noise standards for outdoor sport shooting ranges which are more restrictive than standards established by the state and prohibits local governments from making designated actions by a range a violation of local zoning ordinances.

H 619 – Authorizes the diversion of minimal amounts of water from natural watercourses for forest practices and forest dust abatement with or without a water right.

H 643 – Creates the Invasive Species Act of 2008 to prevent the introduction of invasive species and to address threats caused by invasive species infestations.

H 644 – Appropriates \$20 million for the first six years of a statewide comprehensive aquifer management effort.

HJM 8 – Supports a study of additional water storage projects in the state of Idaho and encourages the Bureau of Reclamation, the United States Army Corps of Engineers, the Governor of the state of Idaho, the Idaho Water Resource Board, the Idaho Department of Water

Resources, and other federal, state and local agencies to cooperate with the residents of the state of Idaho in initiating and completing the study of additional water storage projects.

S 1348 – Provides that, under certain conditions, water rights relating to mining, mineral processing or milling shall not be lost or forfeited for nonuse.

S 1352 – Reduces the filing fees associated with filing notice of claims in a water rights adjudication and provides that the filing fee for power generation projects shall be \$3.50 per kilowatt of capacity or \$ 250,000, whichever is less.

S 1354 – Authorizes the director of the Department of Water Resources to petition the district court to commence water rights adjudications through initiation of proceedings for the Coeur d'Alene-Spokane, Palouse and Clark Fork-Pend Oreille river basins, provided that each petition includes a request for the deferral of the adjudication of domestic and stock water rights and a request that a commencement order be issued only if the court determines it is possible to defer the adjudication of domestic and stock water rights within the terms of the McCarran amendment.

S 1373 – Includes grizzly bears that are not listed under the Endangered Species Act in the Department of Fish and Game's depredation program and provides that damage from such grizzly bears be covered in the same manner as damage by black bears.

S 1374aaH – Authorizes the disposal of wolves without a permit by livestock or domestic animal owners, their employees, agents and animal damage control personnel, in the event the wolves are molesting or attacking livestock or domestic animals.

S 1418 – Removes the Kootenai River Basin from the Northern Idaho water rights adjudication; and clarifies that the Clark Fork-Pend Oreille river basins do not include Basin 98.

1449aa – Increases civil penalties for navigational encroachment violations that cause harm to water quality, fisheries or other public trust values.

S 1511 – Appropriates \$10 million to the Water Resource Board to address water issues in the Magic Valley by facilitating the purchase of a large private fish hatchery near Twin Falls, and appropriates \$1.4 million to fund a feasibility study to raise Minidoka Dam by four to five feet and \$400,000 to study replacement of Teton Dam in Eastern Idaho.



Minidoka Dam

lent, or charitable limited liability company is exempt from taxation.

H 469 – Provides that, under certain circumstances, the sales and use tax does not apply to charges for personal property taxes added to the rent for leases of tangible personal property.

H 470aaS – Revises the Local Economic Development Act to exempt revenue from any special levy or bond issue from distribution to an urban renewal district, allowing funds levied for

special purposes to be expended for the purpose specified on the levy ballot.

Taxation

H 344 – Simplifies the year-end income tax withholding reports that employers must now file with the State Tax Commission by combining two filings into a single return.

H 349 – Provides a charitable check-off box on the State Income Tax form for donations to the Idaho Division of Veterans Services to support programs for Idaho veterans.

H 357 – Updates the exemption in the Sales Tax Act for medical prescriptions, clarifying that the exemption applies to prescriptions from physician assistants and that dental fillings are also exempted.

H 359 – Increases the fuel tax for aviation gasoline and jet fuel by 1.5 cents per gallon.

H 360 – Defines a "retailer engaged in business in this state" as any retailer with substantial nexus in this state.

H 387 – Clarifies that property of a religious limited liability company or a fraternal, benevo-

H 529aa – Includes producers of geothermal energy under the identical tax provisions of Idaho Code as producers of wind energy.

H 530 – Establishes how income is to be determined, relating to circuit breaker property tax relief, for certain married individuals living apart.

H 550 – Grants boards of county commissioners the authority to offer property tax exemptions for a maximum of five years to a taxpayer who spends a minimum of \$3 million for new manufacturing facilities in rural areas as defined by the U.S. Department of Agriculture.

H 562 – Provides that the net taxable value of all property of a taxpayer in excess of \$400 million located within a single county shall be exempt from property taxation and special assessments, but only if the property is a new capital investment of at least one billion dollars made during a specified time and reflects the acquisition, construction or improvement of real or personal property related to new plant or building facilities.

H 564 – Provides that a part-year resident is entitled to a credit against state income taxes for

income taxes paid to another state for income earned while the taxpayer is residing in this state.

H 569 – Allows a taxpayer to make a donation to the Special Olympics Idaho Fund when filing the taxpayer's Idaho tax return.

H 588 – Increases the grocery tax credit incrementally, starting with an increase to \$50 for the poorest Idahoans, \$30 for all other Idahoans, and an additional \$20 for seniors for tax year 2008. The credit continues to increase by \$10 per year until reaching \$100.

H 599aa, aaS, aaS – Removes the personal property tax on business equipment from most Idaho businesses, by exempting up to \$100,000 in value from the tax; however, the exemptions shall take effect only if and when General Fund revenues exceed the prior year's revenues by five percent.

Transportation

H 355 – Removes the sunset date on special Idaho state Capitol Commission license plates to allow for continued purchase and renewal of the plates to support the Capitol restoration project.

H 359 – Raises the tax on aviation gasoline from 5.5 cents to 7 cents per gallon and jet fuel from 4.5 cents to 6 cents per gallon to generate additional funding for support of community airports.

H 366 – Prohibits the issuance of a driver's license, instruction permit, privilege or right to drive to persons who are not lawfully present in the United States and provides that expiration dates on licenses and permits for those persons who are not citizens but are lawfully present shall expire on the same day as the end of lawful stay in the United States.

H 440aaS – Requires truck campers to be titled after January 1, 2009, but allows for optional titling of truck campers acquired before January 1, 2009.

H 463 – Establishes the Natural Resources and Mining Education special motor vehicle license plate program.

H 586 – Authorizes the Department of Environmental Quality to establish a vehicle emission testing and maintenance program to control air pollution emissions from vehicles in airsheds that are approaching nonattainment with applicable air quality standards and rules.

H 657 – Approves the bonding authority for the issuance of GARVEE bonds for highway transportation projects and provides a list of projects that may be financed with bond proceeds.

HCR 50aa – Requests the Joint Legislative Oversight Committee to direct the Office of Performance Evaluations to commission an independent evaluation of the Idaho Transportation Department.

S 1359 – Establishes the Idaho Rangeland special motor vehicle license plate program to help support the work of the Idaho Rangeland Resource Commission.

S 1389 – Requires intrastate motor carriers transporting wet concrete to undergo safety inspections and compliance reviews.

S 1440 – Establishes the Idaho 2009 Special Olympics World Winter Games special motor vehicle license plate program to help support the 2009 Special Olympics World Winter Games.

SCR 125 – Ratifies the motor fuel tax agreements entered into between the Governor on behalf of the state and the Coeur d'Alene, Kootenai, Nez Perce and Shoshone-Bannock Tribes, with the effect that the tribes will not collect the state's motor fuel tax but will impose a tribal fuel tax at the same rate and distribute a portion of their fuel tax revenues to local highway jurisdictions.

Authorized Interim Committees

HCR 45 – Authorizes a committee to study property tax revenues and expenditures .

SCR 135 – Authorizes a committee to study medical education needs in Idaho.

Two-year interim committees authorized during the 2007 legislative session to study natural resources and energy, environment and technology will continue.

Vetoed Legislation

H 553 – To provide two alternate days in substitution for two state holidays, applicable to employees of the Department of Education only.

H 664aa – To repeal Section 63-3029G of Idaho Code that grants a 5 percent tax credit for research activities.

S 1385 – Regarding disposal of property acquired by a tax deed.

Line Item Vetoes

H 608 – Appropriating funds to the Office of Drug Policy.

H 636 – Appropriating funds to the Legislative Services Office for computer upgrades.

S 1458 – Appropriating additional funds to the Office of Drug Policy. Veto overridden by the Senate; no override vote in the House.

Budget Highlights

Fiscal Year 2008

The General Fund revenue forecast for FY 2008 released with the Governor's executive budget showed a modest increase of \$6.9 million or two-tenths of one percent over the forecast published in August 2007. The total revenue expected to be collected increased to \$2,912.2 million from \$2,905.3 million, for a 3.5% growth over FY 2007 collections. The Division of Financial Management included a change of methodology in revenue projecting by identifying an ongoing and one-time component of the revenue to account for economic ebbs and flows. This was significant because for the first time the Economic Outlook and Revenue Assessment Committee and the Joint Finance-Appropriations Committee (JFAC) were asked to accept a delineation of revenue that had not occurred in previous years and would have a major impact on budgeting.

The new revenue estimate showed that ongoing revenue would increase at 8.7% and one-time revenue would be 53.4% less than FY 2007, for a net impact of 3.5%. Under this scenario, the Legislature was assured it could expand ongoing spending even at a time of modest overall growth. By the end of January it became evident that rapid changes in the national economic outlook were impacting state revenues and, in an unprecedented move, the executive forecast was revised downward by \$50.2 million to 1.8% for FY 2008. The new revenue projection for FY 2008 is \$2,862 million. Ongoing revenue growth was reduced to 8% compared to the original forecast of 8.7%, and one-time growth was reduced further to a negative 68.1% to reach a combined rate of 1.8%. The state carried over \$269 million in general funds from FY 2007, allowing the expected revenue shortfall to be absorbed without adjustments to agency budgets.

Deficiency warrants totaled \$21.8 million, of which \$21.5 million was a record for fire suppression. The balance was \$255,000 for pest management and \$69,300 for hazardous materials. For a second year in a row the Legislature approved returning more general funds to the state treasury in rescissions than were expended in supplemental appropriations. In total, state agencies received \$14.3 million in supplemental appropriations, returned \$22.4 million in rescissions, and planned to revert \$6.1 million to the General Fund. The Department of Health and Welfare reported that caseloads in Medicaid were not growing as expected, which resulted in a \$17.4 million rescission; and the Department of Correction returned \$3.9 million due to the continued delay in the opening of the Correctional Alternative Placement Program (CAPP) and less than expected inmate growth.

Through a combination of supplemental appropriations and transfers of existing resources, the Department of Health and Welfare received moneys to complete the expansion of State Hospital North and reimburse the federal government for Medicare overpayments to State Hospital South. The department also received funding for Community Hospitalization and the Idaho Health Data Exchange.

The longtime effort to offer community-based substance abuse treatment to deter incarceration remained in the forefront of legislative concerns this session, and agencies were provided with additional funds for treatment that were not included in the Governor's recommendation. The Governor line-item vetoed \$2.4 from the General Fund in S 1458 for community-based substance abuse

treatment in the budget of the Office of Drug Policy on the grounds that it was excessive and that the programs had not provided evidence of success. Subsequently, a compromise was reached by the Legislature and the Governor to provide 90% or \$2,145,400 of the amount vetoed in S 1458.

Also in supplemental appropriations, the Department of Correction received \$4.7 million to convert a warehouse at the Idaho Correctional Center into inmate housing and \$1 million to add segregation beds at the Maximum Security Institution and the South Idaho Correctional Institution. Late in the session the Legislature received a request and appropriated \$3 million for the upcoming Special Olympics World Winter Games within the Department of Commerce's budget. Of the total, \$1.5 million was appropriated in FY 2008 with the balance of \$1.5 million in FY 2009. A year-end balance of \$176.9 million is projected to carryover into FY 2009.

Fiscal Year 2009

The original revenue estimate for FY 2009 from the Division of Financial Management was also revised downward in February. Originally the annual growth was expected at 3.4%, to generate an additional \$99.7 million in new revenue. The forecast was then revised downward to 2.8% with an expected increase of \$79.8 million of new dollars. Even with changing conditions most of the reductions were made in one-time revenues rather than ongoing and resulted in an estimate of \$2,941.8 million for FY 2009.

In response to the revised revenue projection, JFAC chose a spending target that was \$39.1 million less than the revenue projection implied would be available. This spending level represented a 3.7% budget growth over ongoing appropriations set in FY 2008. After including all of the trailer appropriation bills, the Legislature set an ongoing spending plan that is 3.8% higher than FY 2008, and a combined ongoing and one-time appropriation level that is higher by 4.9%.

State agencies received increases for contract and medical inflation, essentially full funding for replacement items, funding for a 3% change in employee compensation, statutory increases for Medicaid, and higher education workload adjustments. Approximately \$34 million of one-time funds were used to pay for caseload increases in Medicaid, the restoration of stream flow protection efforts in the Department of Water Resources, personnel costs for higher education to support the Center for Advanced Energy Studies, and community-based substance abuse treatment passed through the Office of Drug Policy in the Governor's Office. The Governor vetoed line items funding community-based substance abuse treatment in the Office of Drug Policy and funding for the Legislative Technology Program in the Legislative Services Office. An agreement was reached with the Governor to provide to the Department of Health and Welfare 90% of the amount originally appropriated for substance abuse funding to the Office of Drug Policy. However, funding was not restored for the Legislative Technology Program.

Public schools received statutory increases for 170 new support units, a 2% salary increase for administrators, a 2.4% increase for teachers including an increase in both the base and minimum pay, and a 3% pay increase for classified staff. Public schools also receive a 1% increase in discretionary spending and funding for a new math initiative.

Current estimates leave a balance of \$13.7 million as an ending General Fund balance for FY 2009.

STATE OF IDAHO - 2008 LEGISLATIVE SESSION
GENERAL FUND BUDGET UPDATE
Prepared by Legislative Services Office, Budget & Policy Analysis

FISCAL YEAR 2008

<u>REVENUES</u>	<u>Legislative Action</u>
Beginning Cash Balance	\$ 254,684,200
Health and Welfare Reappropriation from FY 2007	14,102,000
Adjusted Beginning Balance	<u>\$ 268,786,200</u>
FY 2008 Revised Estimate 1.76%----- \$ 2,862,030,000	
Ongoing Component of FY 2008 Revised Estimate	2,788,400,000
One-time Component of FY 2008 Revised Estimate	73,630,000
H557 Crop Residue Burning	209,000
TOTAL REVENUES & BEGINNING BALANCES	<u>3,131,025,200</u>
<u>TRANSFERS OUT</u>	
H 316 Transfer to Biofuel Matching Grant Fund (H 150)	(690,000)
H320 Transfer to Water Management Fund (HCR 28)	(638,000)
H 329 To Opportunity Scholarship Program Fund (H 217aa)	(10,000,000)
H 330 Transfer to Economic Recovery Reserve Fund	(60,000,000)
S 1206 Transfer to DEQ - Community Reinvestment Initiative	(1,500,000)
S 1227 To Public School Permanent Endowment Fund (S 1098)	(351,500)
Transfer to Budget Stabilization Fund §57-814	(19,059,100)
Transfer to Disaster Emergency Fund (E.O. 2007-15)	(2,000,000)
S 1346 Transfer to Def. Warrants (Military Division, Haz. Mat.)	(69,300)
S 1346 Transfer to Def. Warrants (Dept. of Agriculture, Pests)	(255,000)
S 1346 Transfer to Def. Warrants (Dept. of Lands, Fire Suppression)	(21,500,000)
S 1511 Transfer to Revolving Development for Water Project	(10,000,000)
TOTAL TRANSFERS OUT	<u>(126,062,900)</u>
<u>APPROPRIATIONS</u>	
Original Appropriations----- \$ 2,820,674,400	
Ongoing Component of FY 2008 Original Appropriations	2,764,587,800
One-time Component of FY 2008 Original Appropriations	56,086,600
Reappropriations - Health and Welfare	14,102,000
Reappropriations - All other state agencies	7,409,900
Ongoing Supplementals & Rescissions	(10,463,800)
One-time Supplementals & Rescissions	2,397,400
Budgeted Reversions	(6,123,000)
TOTAL APPROPRIATIONS	<u>2,827,996,900</u>
<u>ESTIMATED ENDING BALANCE</u>	
Estimated Ending Balance from Ongoing Revenues	\$ 34,276,000
Estimated Ending Balance from One-Time Revenues	\$ 142,689,400
TOTAL ESTIMATED ENDING BALANCE	<u>\$ 176,965,400</u>

STATE OF IDAHO - 2008 LEGISLATIVE SESSION
GENERAL FUND BUDGET UPDATE
Prepared by Legislative Services Office, Budget & Policy Analysis

FISCAL YEAR 2009

<u>REVENUES</u>	Legislative <u>Action</u>
Beginning Balance	\$ 176,965,400
FY 2009 Revised Estimate 2.79% ----- \$ 2,941,810,000	
Ongoing Component of FY 2009 Revised Estimate	2,930,000,000
One-time Component of FY 2009 Revised Estimate	11,810,000
H 342 Conform to Internal Revenue Service Code Changes	(200,000)
H 357 Exempt Prescriptions from Sales Tax	(150,000)
H 358 Tax Tobacco Products from Unlicensed Dealers	250,000
H 360 Nexus Retailers Collect Sales Tax	500,000
H 400 Increase Liquor Distribution to Community Colleges	(300,000)
H 431 Revise Qualifications for Small Employer Tax Incentive	(100,000)
H 469 Remove Sales Tax on Certain Taxed Leases	(400,000)
H 530 Change Married Living Apart Calc for Circuit Breaker	(20,000)
H 563 Conform to IRS Capital Gains Tax	(1,000,000)
H 564 Allow Credit for Income Tax Paid to Other States	(300,000)
H 588 Increase Grocery Tax Credit	(22,300,000)
H 615 Conform to IRS Treatment of Economic Stimulus Package	(38,000,000)
H 673 Bond Levy Equalization - Reduce Cig Tax Dist to Gen. Fund	(6,130,000)
TOTAL REVENUES & BEGINNING BALANCES	3,050,625,400
<u>TRANSFERS OUT</u>	
H 644 Transfer to Water Board for Aquifer Management Studies	(20,000,000)
S 1476 Transfer to Opportunity Scholarship Fund	(10,000,000)
S 1498 Transfer to Permanent Building Fund	(5,645,200)
S 1511 Transfer for Water Storage Studies (HJM8)	(1,800,000)
S 1519 Transfer to Community Health Center Grant Fund	(1,000,000)
TOTAL TRANSFERS OUT	(38,445,200)
<u>APPROPRIATIONS</u>	
Ongoing Appropriations	2,869,432,600
One-Time Appropriations	89,850,800
APPROPRIATIONS	2,959,283,400
<u>JFAC TARGETED SPENDING REDUCTION</u>	39,149,100
<u>ESTIMATED ENDING BALANCE</u>	
Estimated Ending Balance from Ongoing Revenues	\$ (1,601,700)
Estimated Ending Balance from One-Time Revenues	\$ 15,349,400
TOTAL ESTIMATED ENDING BALANCE	\$ 13,747,700

General Fund Comparison JFAC Action to Previous Year's Budget

Department/Agency	FY 2008 OG Approp.	FY 2009 OG Approp.	Change from FY 2008	FY 2008 Appropriation*	FY 2009 JFAC Action*	Change from FY 2008
Education						
Public School Support	1,366,763,800	1,418,292,700	3.8%	1,367,363,800	1,418,542,700	3.7%
Ag Research Extension Service	27,165,700	28,249,200	4.0%	27,665,700	28,249,200	2.1%
College and Universities	259,296,600	276,181,100	6.5%	264,227,700	285,151,500	7.9%
Community College Support	23,450,000	29,560,000	26.1%	23,587,700	29,666,400	25.8%
School for the Deaf and Blind	7,983,300	8,396,400	5.2%	8,105,300	8,503,700	4.9%
State Board of Education	9,953,700	5,127,000	(48.5%)	10,820,700	5,127,000	(52.6%)
Health Education Programs	9,154,800	9,459,900	3.3%	9,180,700	9,459,900	3.0%
Historical Society	2,618,800	2,768,200	5.7%	2,972,200	3,347,200	12.6%
State Commission for Libraries	2,779,800	3,919,500	41.0%	2,879,800	4,269,300	48.2%
Professional Technical Education	50,835,400	53,852,200	5.9%	51,595,000	54,899,400	6.4%
Public Broadcasting System	1,742,400	1,833,700	5.2%	3,279,900	3,530,300	7.6%
Special Programs	12,035,200	10,273,700	(14.6%)	12,095,800	12,222,600	1.0%
Superintendent of Public Instruction	5,621,500	4,712,200	(16.2%)	5,621,500	7,309,100	30.0%
Vocational Rehabilitation	8,246,800	8,495,100	3.0%	8,353,000	8,520,900	2.0%
Health & Human Services						
Medically Indigent Health Care	20,768,400	20,767,700	(0.0%)	20,768,400	20,767,700	(0.0%)
Dept. of Health & Welfare	159,225,600	165,609,100	4.0%	168,458,400	184,785,100	9.7%
Medical Assistance Services	375,770,900	378,397,600	0.7%	376,384,400	402,492,800	6.9%
Independent Living Council, State	123,100	129,100	4.9%	123,100	129,100	4.9%
Public Health Districts	10,270,900	10,799,300	5.1%	10,270,900	10,799,300	5.1%
Law & Public Safety						
Department of Correction	162,911,400	172,863,200	6.1%	164,793,500	175,915,200	6.7%
Judicial Branch	30,028,200	31,691,800	5.5%	30,184,300	31,862,500	5.6%
Department of Juvenile Corrections	36,235,800	39,868,400	10.0%	36,384,800	40,029,300	10.0%
Police, Idaho State	18,489,900	19,750,300	6.8%	21,853,900	24,529,500	12.2%
Natural Resources						
Dept. of Environmental Quality	17,057,000	18,186,300	6.6%	17,402,600	19,625,000	12.8%
Land Board	5,018,400	5,307,200	5.8%	5,634,500	5,590,800	(0.8%)
Department of Parks & Recreation	7,483,600	7,858,300	5.0%	17,650,400	16,072,000	(8.9%)
Department of Water Resources	14,278,000	13,484,800	(5.6%)	15,124,800	14,587,500	(3.6%)
Economic Development						
Department of Agriculture	12,247,300	12,793,600	4.5%	20,533,300	17,046,500	(17.0%)
Department of Commerce	7,524,900	7,655,000	1.7%	7,906,800	9,199,200	16.3%
Department of Labor	749,800	774,400	3.3%	753,800	774,400	2.7%
Self-Governing Agencies						
General Boards	115,500	121,200	4.9%	136,100	136,500	0.3%
Appellate Public Defender, State	2,084,200	2,168,500	4.0%	2,084,200	2,318,500	11.2%
Veterans Services, Division of	1,720,900	1,803,800	4.8%	1,720,900	1,803,800	4.8%
General Government						
Department of Administration	8,925,100	8,117,400	(9.0%)	8,955,100	8,775,500	(2.0%)
Attorney General	17,744,900	18,889,100	6.4%	17,877,900	19,215,600	7.5%
State Controller	6,683,600	6,853,500	2.5%	7,013,000	7,196,900	2.6%
Office of the Governor						
Commission on Aging	5,335,000	5,478,400	2.7%	5,349,400	5,496,200	2.7%
Commission on the Arts	874,100	893,800	2.3%	956,600	951,100	(0.6%)
Commission for the Blind	1,498,500	1,554,000	3.7%	1,599,600	1,660,000	3.8%
Office of Drug Policy	250,000	500,900	100.4%	250,000	503,900	101.6%
Energy Resources, Office of	0	42,500		0	42,500	
Division of Financial Management	1,670,700	1,761,000	5.4%	1,710,700	1,841,500	7.6%
Executive Office of the Governor	2,084,900	2,186,800	4.9%	2,084,900	2,195,800	5.3%
Human Rights Commission	684,600	702,800	2.7%	684,600	702,800	2.7%
Military Division	5,854,300	6,121,900	4.6%	13,348,100	6,257,700	(53.1%)
Office of Species Conservation	585,300	615,800	5.2%	585,300	615,800	5.2%
Women's Commission	30,600	31,300	2.3%	30,600	31,300	2.3%
Legislative Transfer (House & Senate)						
LSO, Technology, OPE	6,480,000	6,755,000	4.2%	6,480,000	6,755,000	4.2%
LSO, Technology, OPE	5,415,400	5,516,800	1.9%	5,692,900	6,101,900	7.2%
Lieutenant Governor	154,500	162,600	5.2%	154,500	162,600	5.2%
Department of Revenue & Taxation						
Secretary of State	2,118,200	2,222,300	4.9%	2,469,200	2,791,600	13.1%
State Treasurer	1,657,600	1,710,300	3.2%	1,695,400	1,710,300	0.9%
STATEWIDE TOTAL	2,764,587,800	2,869,432,600	3.8%	2,820,674,400	2,959,283,400	4.9%

OG = Ongoing

*Includes One-time and Ongoing

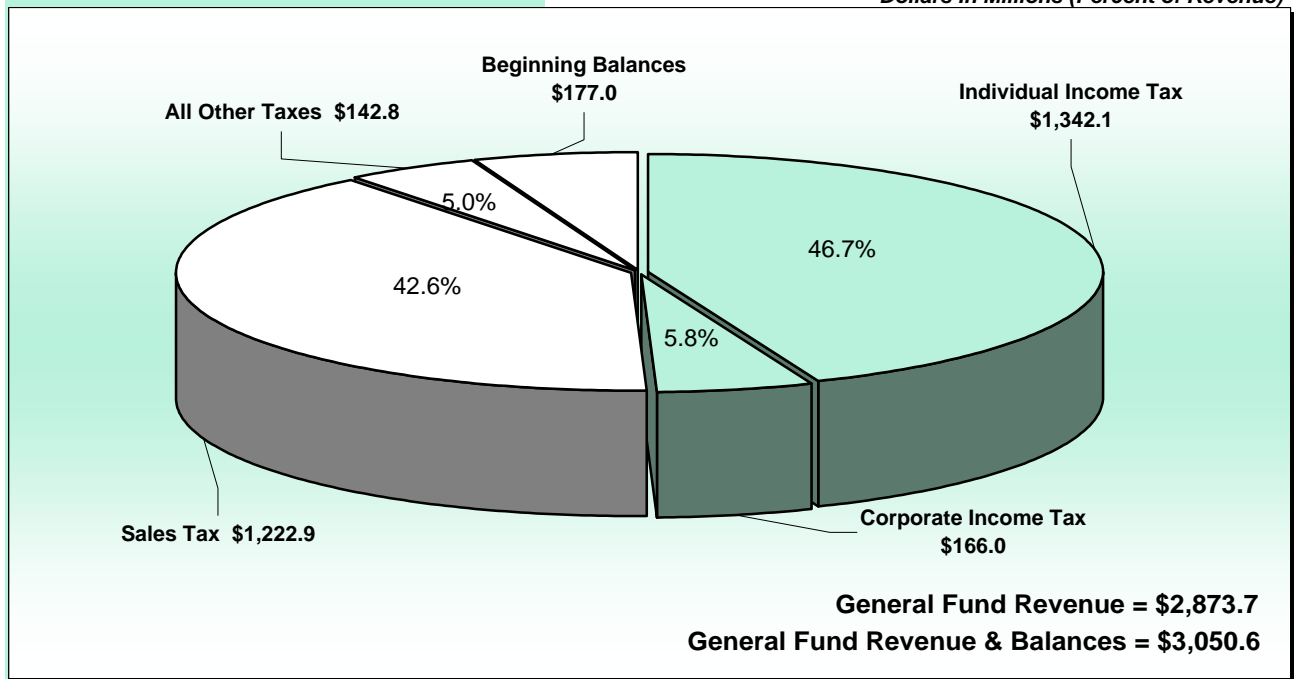
General Fund Comparison
JFAC Action to Governor's Recommended Budget

Department/Agency	FY 2009 Orig. Gov's Rec.	Change from FY 2008	FY 2009 Revised Rec	Change from FY 2008	FY 2009 JFAC Action	Variance from Revised Rec.
Education						
Public School Support	1,439,941,100	5.3%	1,435,385,900	5.0%	1,418,542,700	(16,843,200)
Ag Research Extension Service	28,961,600	4.7%	28,961,600	4.7%	28,249,200	(712,400)
College and Universities	295,506,300	11.8%	297,306,300	12.5%	285,151,500	(12,154,800)
Community College Support	30,350,000	28.7%	30,350,000	28.7%	29,666,400	(683,600)
School for the Deaf and Blind	8,696,700	7.3%	8,696,700	7.3%	8,503,700	(193,000)
State Board of Education	5,184,100	(52.1%)	5,184,100	(52.1%)	5,127,000	(57,100)
Health Education Programs	9,655,700	5.2%	9,655,700	5.2%	9,459,900	(195,800)
Historical Society	3,588,300	20.7%	3,588,300	20.7%	3,347,200	(241,100)
State Commission for Libraries	3,490,200	21.2%	3,490,200	21.2%	4,269,300	779,100
Professional Technical Education	55,148,600	6.9%	55,148,600	6.9%	54,899,400	(249,200)
Public Broadcasting System	3,914,100	19.3%	3,914,100	19.3%	3,530,300	(383,800)
Special Programs	60,278,700	398.3%	12,278,700	1.5%	12,222,600	(56,100)
Superintendent of Public Instruction	8,389,900	49.2%	8,389,900	49.2%	7,309,100	(1,080,800)
Vocational Rehabilitation	8,614,200	3.1%	8,614,200	3.1%	8,520,900	(93,300)
Health & Human Services						
Medically Indigent Health Care	23,548,900	13.4%	23,548,900	13.4%	20,767,700	(2,781,200)
Dept. of Health & Welfare	180,357,900	7.1%	180,357,900	7.1%	184,785,100	4,427,200
Medical Assistance Services	404,370,100	7.4%	404,370,100	7.4%	402,492,800	(1,877,300)
Independent Living Council, State	133,300	8.3%	133,300	8.3%	129,100	(4,200)
Public Health Districts	11,040,500	7.5%	11,040,500	7.5%	10,799,300	(241,200)
Law & Public Safety						
Department of Correction	184,150,800	11.7%	184,150,800	11.7%	175,915,200	(8,235,600)
Judicial Branch	33,381,300	10.6%	33,381,300	10.6%	31,862,500	(1,518,800)
Department of Juvenile Corrections	40,532,900	11.4%	40,532,900	11.4%	40,029,300	(503,600)
Police, Idaho State	34,946,400	59.9%	34,946,400	59.9%	24,529,500	(10,416,900)
Natural Resources						
Dept. of Environmental Quality	19,464,800	11.8%	19,464,800	11.8%	19,625,000	160,200
Land Board	5,821,600	3.3%	5,821,600	3.3%	5,590,800	(230,800)
Department of Parks & Recreation	17,250,000	(2.3%)	17,250,000	(2.3%)	16,072,000	(1,178,000)
Department of Water Resources	13,972,000	(7.6%)	13,972,000	(7.6%)	14,587,500	615,500
Economic Development						
Department of Agriculture	22,190,400	8.1%	22,190,400	8.1%	17,046,500	(5,143,900)
Department of Commerce	9,583,600	21.2%	11,583,600	46.5%	9,199,200	(2,384,400)
Department of Labor	810,800	7.6%	810,800	7.6%	774,400	(36,400)
Self-Governing Agencies						
General Boards	139,300	2.4%	139,300	2.4%	136,500	(2,800)
Appellate Public Defender, State	2,629,700	26.2%	2,629,700	26.2%	2,318,500	(311,200)
Veterans Services, Division of	1,863,800	8.3%	1,863,800	8.3%	1,803,800	(60,000)
General Government						
Department of Administration	63,543,500	609.6%	63,543,500	609.6%	8,775,500	(54,768,000)
Attorney General	20,061,500	12.2%	20,061,500	12.2%	19,215,600	(845,900)
State Controller	7,278,800	3.8%	7,278,800	3.8%	7,196,900	(81,900)
Office of the Governor						
Commission on Aging	5,703,300	6.6%	5,703,300	6.6%	5,496,200	(207,100)
Commission on the Arts	1,010,000	5.6%	1,010,000	5.6%	951,100	(58,900)
Commission for the Blind	1,712,300	7.0%	1,712,300	7.0%	1,660,000	(52,300)
Office of Drug Policy	170,900	(31.6%)	282,900	13.2%	503,900	221,000
Energy Resources, Office of	43,600		43,600		42,500	(1,100)
Division of Financial Management	1,922,500	12.4%	1,922,500	12.4%	1,841,500	(81,000)
Executive Office of the Governor	2,297,100	10.2%	2,297,100	10.2%	2,195,800	(101,300)
Human Rights Commission	714,600	4.4%	714,600	4.4%	702,800	(11,800)
Military Division	6,704,200	(49.8%)	6,681,000	(49.9%)	6,257,700	(423,300)
Office of Species Conservation	628,500	7.4%	628,500	7.4%	615,800	(12,700)
Women's Commission	31,700	3.6%	31,700	3.6%	31,300	(400)
Legislative Transfer (House & Senate)						
LSO, Technology, OPE	6,287,300	10.4%	6,287,300	10.4%	6,101,900	(185,400)
Lieutenant Governor	166,200	7.6%	166,200	7.6%	162,600	(3,600)
Department of Revenue & Taxation	29,788,100	7.1%	29,788,100	7.1%	29,011,500	(776,600)
Secretary of State	2,780,000	12.6%	2,780,000	12.6%	2,791,600	11,600
State Treasurer	1,757,600	3.7%	1,757,600	3.7%	1,710,300	(47,300)
STATEWIDE TOTAL	3,127,264,300	10.9%	3,078,597,900	9.1%	2,959,283,400	(119,314,500)

FY 2009 General Fund Revenue & Appropriations

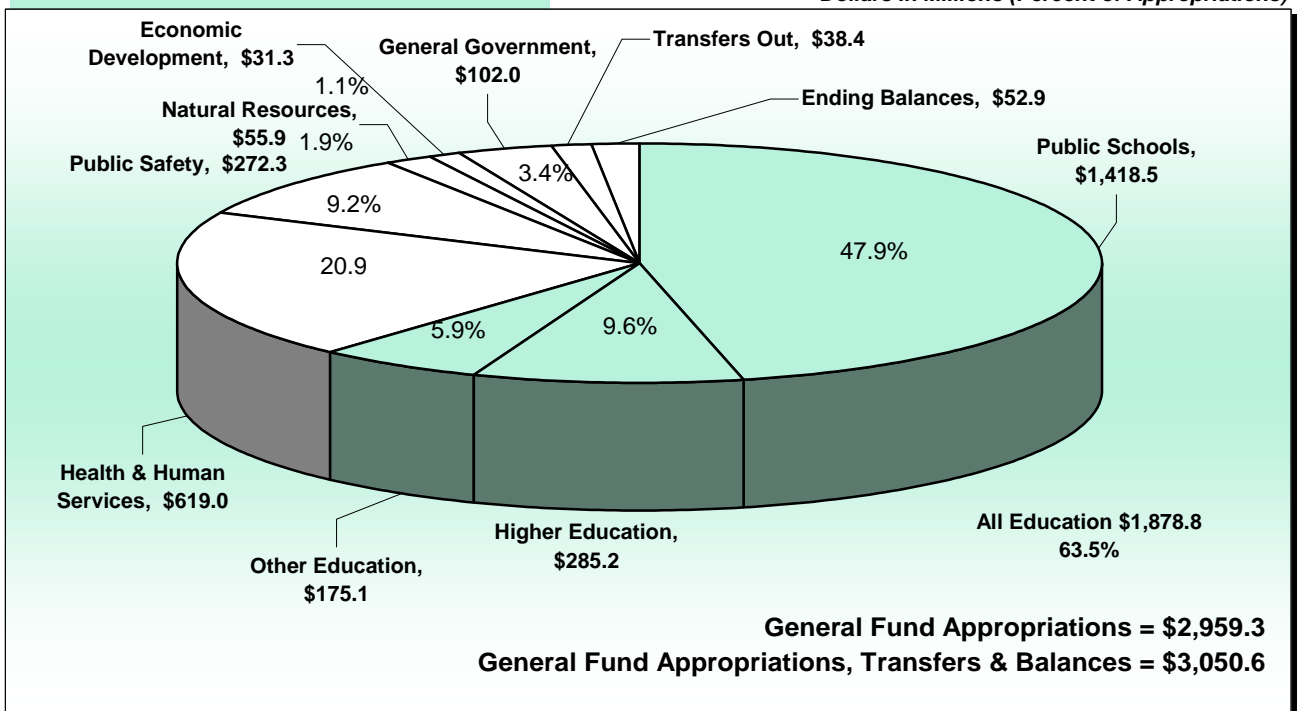
"Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



"Where the money goes . . ."

Dollars In Millions (Percent of Appropriations)



Education

Public Schools

The FY 2009 General Fund appropriation for public schools increased 3.7% from \$1.37 billion to \$1.42 billion. The total appropriation, including all funds, increased by 2.9%, from \$1.65 billion to \$1.70 billion. Base salaries were increased by 2% for administrators, 2.5% for teachers, and 3.0% for classified staff. In addition, the Legislature increased the minimum teacher salary from \$31,000 to \$31,750. The Legislature also funded 170 new support units for FY 2009 in order to keep pace with student enrollment growth as projected by the state Department of Education. Key issues in the appropriation bills for public schools include:

H 668 provides \$87,541,800 to the Administrators Division. This is a General Fund increase of 2.8% and a total funds increase of 2.7%. Administrators will receive a 2% base salary increase. There is no change in federal funds.

H 669 provides \$817,074,500 to the Teachers Division. This a General Fund increase of 3.4% and a total funds increase of 3.1%. The base salary for teachers was raised from \$24,623 to \$25,231, a 2.5% increase, and the minimum teacher salary was raised from \$31,000 to \$31,750, a 2.4% increase. Nearly \$5.4 million was appropriated so that each teacher will receive \$350 to purchase school supplies. Additionally, \$50,000 was appropriated to form a Teacher Evaluation Task Force to develop fair and consistent standards for teacher evaluations in Idaho.

H 670 provides \$584,032,700 to the Operations Division. This is a General Fund increase of 2.7% and a total funds increase of 2.2%. This appropriation raised the base salary of classified staff from \$19,783 to \$20,376, a 3% increase. Pupil transportation shortfalls will be fully funded and there will be \$9.15 million for school technology grants and \$9.95 million for the textbooks and software allowance. There will be continued funding for the Rural School Initiative effort to identify challenges and solutions for rural schools. Lastly, the discretionary funding provided to school districts will increase by 1% and will equal \$25,696 per support unit.

H 672 provides \$170,449,400 to the Children's Programs Division. This is a General Fund increase of 16.2% and a total funds increase of 2.4%. In this appropriation, the Idaho Digital Learning Academy's funding was increased by 12% up to \$3,129,500 and the Idaho Safe and Drug-Free Schools program was funded at \$7,000,000.

The large General Fund increase is due primarily to an additional \$3.97 million appropriated to implement a statewide math initiative. Other discretionary funding in this appropriation includes continued funding for the Idaho Reading Initiative, ISAT remediation, and grant funds for Limited English Proficient grants. Also included in this bill is \$50,000 to study and develop a plan to implement concurrent secondary/postsecondary courses for qualifying juniors and seniors.

H 673 provides \$36,850,000 to the Facilities Division. This is a General Fund increase of 47.8% and a total funds increase of 12.4%.

The large increase in general funds is a result of the \$16.5 million appropriated for the Bond Levy Equalization program, which provides subsidies to school districts for the cost of repaying debt on bonds passed by their patrons. This year's approved funding is a \$5.3 million or 47% increase

over last year. This appropriation also includes \$17.25 million of State Lottery funds available for school building maintenance and \$3 million of general funds to meet the state's match requirements for school facility maintenance.

In addition, legislators approved \$100,000 for the continuance of the Safe Schools Study, which will be used to address the findings in the Safe and Secure Schools Assessment completed this year.

College and Universities

The FY 2009 appropriation for the four institutions in the state's college and university system reflects a 7.9% General Fund increase over the FY 2008 original appropriation. The appropriation provides funding for replacement capital outlay, inflation for library books and periodicals, a 3% change in employee compensation and enrollment workload adjustment. In addition, six line items were funded in this budget:

- P** Occupancy Costs: \$243,500 in ongoing General Funds for occupancy costs for facilities at Boise State University, Idaho State University and the University of Idaho.
- P** IT Maintenance: \$600,000 in one-time General Funds for information technology maintenance at BSU.
- P** Facilities Maintenance: \$2.4 million in one-time General Funds for facilities maintenance and repairs at U of I.
- P** Center for Advanced Energy Studies (CAES): \$1,603,100 in one-time General Funds for startup personnel costs at CAES.
- P** Nursing Faculty & Equipment: \$1,226,400 in General Funds (\$620,600 ongoing and \$605,800 one-time) for nursing and health sciences faculty and equipment at Lewis-Clark State College.
- P** Faculty Position: \$146,000 in one-time dedicated funds for a Restoration Ecologist position at U of I (out-year ongoing costs will be covered by salary savings from retiring faculty).

Community Colleges

The FY 2009 appropriation for the states three community colleges includes \$5 million General Funds for the newly formed College of Western Idaho. The appropriation also provides funding for replacement capital outlay, inflation for library books and periodicals, a 3% change in employee compensation and enrollment workload adjustment.

Commission for Libraries

The Commission for Libraries received \$335,500 in General Funds to expand the Read to Me program. The Commission also received an additional \$202,000 in General Funds to implement S 1321 which established a digital repository for state publications.

Special Programs

The Scholarships & Grants program within Special Programs received \$10 million in General Funds for the Opportunity Scholarship endowment, which will bring the fund balance up to \$20 million plus earnings.

Superintendent of Public Instruction

H 621 and trailer appropriation S 1515 provide \$25,825,000 Superintendent of Public Instruction. This is an overall 1.2% decrease from last year. The Superintendent is allowed 125 full-time positions (FTPs).

The appropriation decrease is due to the shifting of five programs and four FTPs to Professional Technical Education under the Board of Education. The programs include: Veterans Education, Adult Basic Education, General Education Diploma (GED), Proprietary Schools, and the national Assessment of Educational Progress program. This transfer took place because these programs are not typically K-12 functions.

There are two new line items approved in this budget. The first is \$2.5 million to begin creating a longitudinal data warehouse that will eventually provide better management of education data and allow tracking and monitoring of student information over time. The second line item increases spending authority for the Superintendent to facilitate increased background checks on individuals who will have unsupervised contact with students in public school settings.

Health and Human Services

Department of Health and Welfare

There were seven supplemental appropriations and 12 FY 2009 appropriation bills that encompassed a total of 24 different budgets that passed for the Department of Health and Welfare during the 2008 legislative session. The General Fund appropriation for the Department of Health and Welfare increased from \$544.8 million in FY 2008 to \$587.2 million in FY 2009. This level of funding represents an increase of \$42.4 million, or 7.8% over the department's fiscal year 2008 original appropriation from the General Fund.

Of the total \$42.4 million in new dollars, \$26.1 million or 61.6% of the increase was for Medicaid and \$9.8 million or 23.1% was for community-based substance abuse treatment requested under the Statewide Substance Abuse budget through the newly established Office of Drug Policy. The department recorded \$12.4 million for a General Fund carryover from FY 2007 into FY 2008 and was provided ten General Fund supplemental appropriations for FY 2008. Some of the budgeted line items approved in the Department of Health and Welfare FY 2009 budget include:

- P** 18 additional Child Welfare staff including 12 social workers and 6 client services technicians.
- P** \$19,380,500 total for the Medicaid Management Information System (MMIS) of which \$3,261,500 was from the General Fund. The MMIS system is the operating system for the Division of Medicaid that is utilized to track, operate, and pay bills for the state's Medicaid Plan.

- P** \$1,000,000 of General Fund moneys for Community Mental Health Grants and \$858,700 from the General Fund for the purchase of a database system for Adult Mental Health.
- P** \$445,000 from the General Fund for the last year of programming costs for the Electronic Medical Records System at both State Hospital South and State Hospital North.
- P** \$1,034,000 of which \$362,000 is General Fund moneys for additional influenza vaccines.
- P** \$1,000,000 in grant funding from the General Fund for Community Health Centers.
- P** \$9,000,000 in funding of which \$4,500,000 is from the General Fund for the final year of the EPICS eligibility system replacement.
- P** \$3,851,300 in total funds of which \$1,309,400 was from the General Fund for upgrades to the state Child Support.

Public Safety

Department of Correction

H 595 appropriates \$174,494,200 from the General Fund, \$17,471,800 from dedicated funds and \$3,640,400 from federal funds for a total of \$195,606,400 for fiscal year 2009. This represents an increase of 5.9% in the General Fund and a 6% increase overall. Line items addressed in this budget include \$70,400 to upgrade communication lines; \$99,700 to add two additional projects officers to supervise inmate work crews at the Idaho Correctional Institution in Orofino; \$900,000 to construct a building, or to remodel of an existing building at the South Idaho Correctional Institution to provide vocational programming for offenders; \$312,700 to establish an outside patrol post at the Idaho Maximum Security Institution and the Idaho State Correctional Institution; \$72,900 to hire an information system technician for security lock repairs and maintenance; \$4,928,700 to cover anticipated growth of offenders housed in county jails or in other out-of-state facilities; \$684,700 for eleven probation officers; \$13,100 to expand or relocate district offices; \$120,200 to add two new clinicians for the South Boise Complex to provide mental health services to an expanding mental health population; \$41,500 to hire a new administrative assistant to help with increased workload of the Sexual Offender Classification Board; \$53,100 to hire a legal assistant for Probation and Parole; and \$6,100 to fund Probation and Parole review courts in Boise and Pocatello to help alleviate parole violation commitments to prison.

H 537 was a supplemental appropriation to the Department of Correction for fiscal year 2008. It appropriates \$809,100 to increase segregation beds at the Idaho Maximum Security Institution; \$214,800 to staff seventeen segregation beds at the South Idaho Correctional Institution south of Boise; and \$237,700 to develop a contract facilities monitoring prison unit for managing and monitoring all contract beds, which currently accounts for 33% of all Idaho's incarcerated offenders.

It also includes a reduction of \$3,943,800 for the Correctional Alternative Placement Program (CAPP) that was approved and funded last year, but will not become operational this year or next.

Finally, it amends reappropriation provisions that allow the department to use its carryover for increased medical costs, housing inmates in county jails or in out-of-state facilities and for any legal

fees and cost claims that have been awarded or may be awarded in Gomez v. Vernon in the Ninth Circuit Court of Appeals and/or the U.S. District Court of Idaho. It is currently estimated that the department has about \$1.7 million in available carryover that can now be used to cover these one-time costs.

S1508 provides an appropriation to convert a state-owned 42,000 square foot Prison Industry Enterprise building to 304 minimum custody treatment beds to address substance abuse issues for those offenders committed to the Department of Correction. It appropriates \$4,675,500 from the General Fund to the department for the Idaho Correctional Center, a privately owned state prison, for fiscal year 2008; reduces the appropriation to the department for the Idaho Correctional Center by \$67,300 from the Inmate Labor Fund for fiscal year 2008; provides for the transfer of unobligated general funds to the Idaho State Building Authority for fiscal year 2008 for the purpose of aiding in the conversion of the Prison Industry Enterprise facility to treatment beds; appropriates \$1,421,000 from the General Fund to the department for the Idaho Correctional Center for fiscal year 2009; and reduces the appropriation to the department for the Idaho Correctional Center by \$404,000 from the Inmate Labor Fund for fiscal year 2009.

Idaho State Police

H 596 appropriates \$24,174,200 from the General Fund, \$32,533,400 from dedicated funds, and \$9,043,500 from federal funds for a total of \$65,751,100 for fiscal year 2009. This represents an increase of 10.6% in the General Fund and an 8.5% increase overall. Line items addressed in this budget include \$1,073,300 for the second-year funding of the Creating Hope, Opportunity and Incentives for Career Employment (CHOICE) plan; \$357,900 for 26 patrol car mobile data computers; \$127,200 for furnishing, equipping, and moving Region 3 to its new secure facility located in Meridian; \$38,800 for purchasing crash/crime scene investigation equipment; \$71,200 for hiring one auditor in the Bureau of Criminal Identification; \$300,000 in spending authority for conducting criminal history background checks on individuals who have access to vulnerable adults or children in long-term care settings; \$86,500 for providing security at the 2009 Special Olympics World Winter Games and for conducting criminal history background checks on each of 10,000 volunteers; \$25,000 for augmenting the Treasure Valley Special U.S. Attorney Project to deal with gang-related violence and prosecution in the federal court system; \$93,200 for realigning the POST Academy organizational structure and handling classification issues; and \$290,500 for automating POST's application process; and \$111,000 to POST for fiscal year 2008 to cover one-time training related expenses.

H 658 appropriates an additional \$115,900 from the General Fund and one full-time position to provide security and protection for the Supreme Court, per H 370; and \$239,400 from the General Fund to hire additional forensic scientists, lab technicians or other appropriate personnel to handle increased workloads in the Forensics Services Program.

S 1515 provides the Idaho State Police with additional spending authority of \$46,800 to expand the current employee criminal history background checks for individuals who will have unsupervised contact with students in public school settings, per H 566aaS.

Department of Juvenile Corrections

S 1459 appropriates \$40,029,300 from the General Fund, \$7,436,100 from dedicated funds and \$3,765,900 from federal funds for a total of \$51,231,300 and 406.25 full-time positions. The General

Fund appropriation for the Department of Juvenile Corrections increased from \$36.4 million in FY 2008 to \$40 million in FY 2009. This level of funding represents an increase of \$3.6 million, or 10% over the department's FY 2008 original appropriation from the General Fund. Of the total \$3.6 million in new dollars, \$2.1 million or 57.5% of the increase is for the operating costs associated with the addition of a 24-bed mental health unit at the Nampa Juvenile Correction Facility.

Natural Resources

Department of Environmental Quality

H 667 is a trailer appropriation bill to the Department of Environmental Quality in the amount of \$606,400 to fund the responsibilities for agricultural smoke management and crop residue disposal. Funding includes \$296,000 in personnel costs for two new full-time staff positions, nine seasonal staff, and additional hours for meteorological staff and technical air monitoring staff. It provides \$190,200 in operating expenditures for media outreach, weather forecasting services, vehicle leases, and contract moneys to develop a web-based information system. It also provides \$120,200 for seven air quality monitors, laptop computers, and office furnishings. The germane legislation, H 557, repeals the act administered by the Department of Agriculture, transfers responsibilities relating to the administration of open burning crop residue to DEQ, transfers all remaining balances in the Smoke Management Fund to the General Fund, and sets a \$2 per acre fee for burning agricultural fields and directs those receipts to the General Fund.

Department of Parks and Recreation

H 539 provides a \$1,472,100 supplemental appropriation for FY 2008 that includes \$447,500 to pass snowmobile registration revenues through to eligible counties, \$538,100 to pass boat registration revenues to eligible counties, \$386,500 to pass federal recreation trail grants to eligible agencies, \$75,000 to pass Coast Guard grants to counties to operate boating safety programs, and \$25,000 in federal grants to purchase educational materials used to teach boating safety classes.

H 614 provides \$44,905,700 for the FY 2009 budget for the Department of Parks and Recreation. Highlights of the bill include \$11,471,200 for replacement items and capital improvements at parks across the state, the addition of a Natural Resource Manager to be paid from park trust moneys and a Cultural Resource Specialist to be paid through a National Park Service cooperative agreement. In addition to a number of line items funded with dedicated moneys, the bill also includes, from the General Fund, \$150,000 for park manager housing and \$300,000 to purchase four park cabins to be located at the discretion of the Park and Recreation Board.

Department of Water Resources

S 1347 amends the fiscal year 2008 appropriation to the Idaho Department of Water Resources for the Energy Resources program. It provides a fund shift in the amount of \$212,900 to increase spending authority for grant moneys received from the Northwest Energy Efficiency Alliance, with an equal reduction in spending authority from other dedicated funds. The legislation also corrects the effective date of the biofuel match appropriation and provides carryover of any unspent biofuel match funds from fiscal FY 2008 into the Office of Energy Resources in the Governor's Office instead of the Department of Water Resources.

H 644 appropriates \$24,599,500 to the Department of Water Resources for fiscal year 2008. The bill shifts the remaining 14.5 positions from the Snake River Adjudication program to the Water Management program, with the attorney general costs and seven of the positions funded on a one-time basis. This leaves a \$1 million ongoing hole to fill in the FY 2010 budget. The bill also includes a cash transfer of \$20 million from the General Fund to the Aquifer Planning and Management Fund to pay for the first six years of a statewide aquifer planning effort.

S 1511 appropriates \$10 million for FY 2008 and transfers it to the Water Resource Revolving Development Fund to address a looming water crisis in the Magic Valley. With this \$10 million and \$5 million approved from the Economic Recovery Reserve Fund in 2006, the Water Resource Board is in the process of facilitating the purchase of a large private fish hatchery west of the Blue Lakes Country Club near Twin Falls. The Board has two partners that will, over time, pay the majority of the \$26 million purchase price. Once acquired, the water rights will be used by the ground water users to address a pending water delivery call and by the city of Twin Falls to provide water to address present and future domestic and municipal water quality and water supply needs. This legislation also includes a \$1.8 million FY 2009 appropriation, as a trailer to HJM 8, to determine the feasibility of enlarging Minidoka Dam and replacing Teton Dam.

Economic Development

Department of Commerce

S 1489 provides \$33,881,100 for the ongoing operations of the Department of Commerce. It includes \$600,000 for the Business and Jobs Development Fund, \$150,000 for Idaho TechConnect, \$150,000 for Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants and \$100,000 for the Rural Initiative Program. All enhancements for the Department of Commerce were funded with one-time dedicated funding as transferred from the Department of Labor from the Incumbent Worker Training Revolving Loan Fund. The Incumbent Worker Training Revolving Loan Fund, created during the 2006 legislative session, received funding from the Economic Recovery Reserve Fund. Over the course of two fiscal years, this Incumbent Worker fund has not been utilized by any businesses and the appropriation was to expire at the end of FY 2008. This legislative action removes all moneys from this fund.

S 1308 provides \$1,120,000 additional one-time dedicated spending authority for fiscal year 2008 to the Department of Commerce for the Business and Jobs Development fund. This supplemental appropriation allows the director for the Department of Commerce to provide additional funds for the purpose of economic development and business recruitment. To date, the director has targeted \$1,850,000 of an appropriated \$2,000,000 to various infrastructure projects from this fund.

H 652 provides \$3,000,000 in one-time funding from the General Fund to the Department of Commerce for the purpose of advancing the preparatory work for the 2009 Special Olympics World Winter Games. A trailer bill to S1489, it provides \$1,500,000 one-time for fiscal year 2008 with carryover authority and provides \$1,500,000 one-time for fiscal year 2009.

Department of Labor

S 1491 provides \$1,254,100 for the ongoing operations of the Department of Labor. It includes

\$444,100 ongoing dedicated spending authority for the transfer of the Idaho Career Information System into the Department of Labor from Professional-Technical Education and \$25,000 one-time funding to develop an online claims filing system for the wage and hour program. This bill also appropriates \$2,500,000 Reed Act Distribution moneys for the payment of expenses incurred for the administration of the Unemployment Insurance and the Employment Service Programs. This appropriation is for fiscal year 2009.

Transportation Department

H 666 and trailer appropriation **H 696** appropriate \$493,966,900 to the Idaho Transportation Department, a 0.4% reduction over last year's appropriation. This is primarily due to an anticipated reduction of federal funding. The FY 2009 appropriation includes two line items: 1) \$426,000 of additional funding for community airport grants from the increase in the aviation fuel tax (H 359) and 2) \$1,494,000 of additional funding from four separate pieces of legislation that addressed registration and permit fees (H 696).

H 657 provides the third consecutive year of bonding authority for the issuance of Grant Anticipation Revenue Vehicle (GARVEE) bonds to finance an additional \$134,000,000 of highway transportation projects. Consistent with last year's changes to Section 40-315, Idaho Code, the Idaho Transportation Board has the sole responsibility and duty to allocate the bond proceeds to 13 approved projects. The Transportation Board's proposed uses of the additional \$134,000,000 of bonding authority include I-84 Caldwell to Meridian, I-84 Orchard to Isaacs Canyon and US-30 McCammon to Lava Hot Springs.

General Government

Permanent Building Fund Projects

S 1498 approves a one-time transfer of \$5,645,200 from the General Fund into the Permanent Building Fund, providing additional resources for capital projects. The Legislature appropriated a total of \$52,805,900 from the Permanent Building Fund, \$22,323,000 for maintenance and repair projects and \$30,482,900 for the following 10 capital projects:

- P** \$4,000,000 to add a 76 bed wing at the Idaho Correctional Center;
- P** \$10,000,000 for the construction of the Center for Environmental Studies & Economic Development building at Boise State University;
- P** \$5,175,000 to remodel unfinished space at Idaho State University's Meridian building;
- P** \$420,800 for planning and design of a new education building as part of a contemplated "education corridor" in Coeur d' Alene;
- P** \$5,000,000 for expansion and renovation of the Idaho State Historical Museum;
- P** \$749,500 for renovation of the Caldwell armory (project funding is matched dollar-for-dollar by the federal government);

- P** \$750,000 for an administrative center at Bear Lake State Park;
- P** \$175,600 for planning and design of a law learning center building in Boise;
- P** \$3,252,000 for the Idaho State School & Hospital; and
- P** \$960,000 for the Division of Veteran's Services headquarters building.

This appropriation also releases \$10 million appropriated in FY 2008 for the University of Idaho's Center for Livestock and Environmental Studies facility.

HCR 58 authorizes the Board of Correction to enter into an agreement with the Idaho Building Authority to finance and build a secure mental health treatment facility that is projected to cost \$70 million for construction. Funds remaining in the original fiscal year 2008 appropriation to the Building Fund Advisory Council for planning are committed for this project for site identification, site purchase and site development. Future bond payments are estimated to begin in three years and will be paid for out of the General Fund.

Office of Energy Resources

S 1480 provides the FY 2009 appropriation for the Office of Energy Resources in the Office of the Governor in the amount of \$3,116,600. The Office of Energy Resources was originally created by Governor Andrus through an Executive Order in 1975. Those responsibilities were later assigned to the Department of Water Resources in 1981. Then, in October 2007, Governor Otter issued an executive order restablishing the Office of Energy Resources within the Governor's Office.

H 681 is a trailer bill to H 432 which changed the distribution of royalties paid on federal lands and deposited the money to a newly created Renewable Energy Resources Fund. The appropriation provides \$25,000 in ongoing funds to reclassify an existing position to fiscal officer, \$35,000 for ongoing outside legal costs, \$100,000 one-time to support the 25% Renewable Energy by 2025 Council, and \$240,000 one-time for moving costs.

Office of Drug Policy & Statewide Substance Abuse Services

S 1458, **H 608** and **H 695** provide appropriations for the operating costs of Office of Drug Policy for fiscal year 2008 and fiscal year 2009, as well as additional funding for statewide community-based substance abuse treatment. The General Fund FY 2009 appropriation for the Office of Drug Policy & Statewide Substance Abuse Services includes \$159,300 from the General Fund for the Global Assessment of Individual Needs (GAIN) contract to finalize the implementation of a statewide substance abuse assessment tool; \$44,000 from the General Fund for the ongoing costs associated with a statewide database system for substance abuse data collection; \$156,900 from the Cost of Supervision Fund for the lease of Optical Drug Scanning Equipment; \$868,800 in federal funds for the implementation of Child Protection Drug Courts that will serve 65 families; \$2,248,300 in federal funding for the addition of substance abuse treatment reimbursement to the Medicaid state plan; and \$9,814,900 from the General Fund for community-based substance abuse treatment provided through the statewide substance abuse treatment system in the Department of Health and Welfare budget.

Millennium Fund

The Joint Millennium Fund Committee recommended that eleven projects be funded with the annual distribution from the tobacco settlement moneys for fiscal year 2009. In **S 1469**, the Joint Finance--Appropriations Committee and the Legislature supported the recommendation with the distribution of \$4,169,900 on a one-time basis as follows:

- P** \$500,000 to the Public Health Districts to provide prevention and smoking cessation services to all Idaho citizens, with primary emphasis on youth and pregnant women;
- P** \$750,000 to the Physical Health Services Program in the Department of Health and Welfare for targeted tobacco counter-marketing programs;
- P** \$700,000 the Physical Health Services Program in the Department of Health and Welfare for nicotine replacement therapy;
- P** \$420,000 to the Idaho Supreme Court for youth courts and the status offender services program;
- P** \$94,000 to Idaho State Police to offset the cost of youth tobacco investigations;
- P** \$170,300 to the American Lung Association for a tobacco control intervention program targeting primary and secondary school students;
- P** \$68,700 to the Boys and Girls Clubs of Idaho for the Positive Action Program, which teaches positive behaviors to school-age children and teenagers;
- P** \$147,100 to Idaho Drug Free Youth for the i2i program, a statewide parent and teen tobacco, drug and alcohol-use prevention and education program;
- P** \$94,200 to Drug Free Idaho for the Parents and Youth Against Drug Abuse program, a substance abuse cessation and prevention education program for upper elementary and middle school students;
- P** \$1,000,000 to Idaho Meth Project for a drug prevention media campaign; and
- P** \$200,100 to Easter Seals-Goodwill for the women's re-entry initiative, a program to provide substance abuse evaluations and treatment services for women who are released into the community on probation.

Statewide Issues

Change in Employee Compensation

Salary

The Change in Employee Compensation (CEC) Committee proposed a 3% salary increase for state employees, and funding for the 3% increase was included in all agency appropriation bills for fiscal year 2009 subsequent to the Legislature's adoption of **HCR 49**. The resolution directed that a 1%

increase be given to all performing employees to assist in covering the increased costs from health insurance premiums. The remaining 2% was directed to be distributed based on merit after agencies had reviewed identified target populations. Finally, the resolution directed the use of salary savings and included judges, elected officials and commissioners in the 3% salary increase funding.

Benefits

Funding for a 22% increase in employer health insurance costs was included in all state agency budgets, an increase of \$1,575 for a total of \$8,700 per FTP. **HCR 49** capped the amount of premium increases that could be passed on to employees by the Department of Administration at a total of 29% or \$16,400,000 overall. Finally, the resolution directed the Department of Administration to keep current preferred provider organization (PPO) and traditional insurance plans the same and to add a third health insurance plan to give employees more choice in health benefit coverage. The new plan must modify the health insurance plan by increasing the deductible, reducing covered benefits or a combination of both, but premiums in the third plan must not increase.

Liquor Distribution Formula Changes

H 400 changes the Liquor account distribution to the community college account from \$300,000 to \$600,000. This change in the formula allows the two existing community colleges to receive an increase of \$50,000 per year and gives the newly created College of Western Idaho \$200,000 for operations.

Major Bills Impacting General Fund Revenues

H 342, H 563 and H 615 make statutory changes to conform with the Internal Revenue Service (IRS) Code, including conformance to changes made to the IRS Code after January 1, 2008, for "The Economic Stimulus Act of 2008." The estimated fiscal impact of the three bills is \$39.2 million in FY 2009. Although the \$200,000 fiscal impact of H 342 and \$1 million impact of H 563 are considered as ongoing, the \$38 million fiscal impact of H 615 is considered one-time. The FY 2010 impact of H 615 is estimated at \$1.5 million, with eventual payback to the General Fund by 2014.

H 588 increases the grocery tax credit from \$20 to \$30 for most individuals, from \$35 to \$55 for seniors and the disabled, and from \$20 to \$50 for those with taxable income of less than \$1,000. The income tax credit continues to increase each tax year by \$10 until reaching \$100, eventually offsetting, on average, the state sales tax on qualified foods. This legislation also helps the poorest Idahoans by allowing virtually all citizens to file for the credit, even if incomes are too low to incur a tax liability. The fiscal impact is estimated at \$22.3 million in FY 2009 and grows to \$100 million over the next seven years. However, an escape clause allows for the preemption of each succeeding phase should General Fund budget holdbacks of 1% or more be in effect on October 1st of any year.