

January 13, 2020

Monday, January 6, 2020, the Second Regular Session of the Sixty-fifth Idaho Legislature convened in Boise. The first week of the session was dominated by budget discussion, reauthorization rules, and committees working through the Omnibus Rulemaking Process. Governor Little delivered his State of the State address on Monday, outlining his budget recommendation for the fiscal year 2021 and reviewing the successes of his first full year in office. During his speech to the joint session, Little reaffirmed his administration's commitment to education, reducing regulations, and push a transparent government. He touted the effort led by Alex Adams, his Administrator for the Division of Financial Management, to decrease state regulations, stating that 75% of the administrative codes have been reduced.

Idaho House Republican Leadership held a press conference in reaction to the State of the State. Majority Leadership commended Governor Little on his first year and his commitment to the people of Idaho. Speaker of the House Scott Bedke (R-Oakley), fielded several questions regarding increasing property taxes around the State. House Republican Leadership continued an ongoing debate of solutions to the volatile and extreme increases with capping the increased value of 3% and improving tax credits. Majority Leader Mike Moyle (R-Star) argued that many times homeowner's exemptions don't offer a relief that is needed when the value of the house is increasing by year over year and that better budget management at the local level is the most effective way to curve the raises in property taxes.

The Joint Finance-Appropriations Committee heard from Alex Adamson giving a more detailed overview of the Governor Little's budget projections. Adams expanded upon the Governor's recommendations while laying out the goals of the administration. Highlights include \$35 million tax to increase the grocery sales tax rebate, additional spending on K-12 educations and high education including \$6 million expanding new Career Technical programs and \$30 million invested in the career ladder, fully funding Medicaid Expansion with net-zero impact on General Fund, and close to \$100 million to maintain and improve the state's highway system. He also spoke to Little's revenue forecast for the coming year that is considerably lower than what the state has seen in recent years at 4.2%. The administration is following new procedures for revenue forecasting, including establishing a baseline, pessimistic scenario, and an optimistic scenario, assigning odds to each and incorporating additional economists' input. The administration is projecting 6.1% growth in state general fund revenue during the current year, fiscal year 2020; 4.2% next year in fiscal year 2021, the year for which lawmakers will set budgets during the current session; and in the following year, fiscal year 2022, 3.5%. Adams also noted the Governor's request to state agencies to trim 1% from their current year's budgets and 2% from next year's calling it a "spending reset" adding "I'm not sure revenue was our primary concern," he said. "That's why we called it a spending reset rather than a revenue reset."

The House Transportation Committee introduced the first bills of the 2020 session. They included a transportation funding plan that would shift \$272 million in rainy day savings from the Budget Stabilization Fund into a new endowment account that would help pay for state and local transportation projects. The other bill introduced is a new statewide distracted-driving law that would allow police to cite dangerous distracted drivers, whether they're talking on the phone, eating, or otherwise distracted, it would also preempt stricter local ordinances. Both bills were brought by House Transportation Chairman Joe Palmer (R-Meridian).

The majority of the committee work during the first week included are diving into "omnibus" rules dockets, which reauthorize all state administrative rules that expired last year, due to the Legislature's failure to agree on an end-of-session reauthorization bill. Governor Little had seized the opportunity when reauthorizing the rules to streamline or eliminated many of those existing rules; omnibus rules dockets may have fewer words or sections as they're up for reauthorization. The omnibus rules are intended to contain no substantive changes; however, some lawmakers have already found some changes to objectionable.

While we expect the rules review to continue into the next couple of weeks, some committees will begin to start introducing legislation in the coming days. We will continue to monitor issues of interest to you, and please don't hesitate to contact us with any questions.