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2019 Idaho REALTORS® Legislative Session Review

The First Regular Session of the 65th Idaho Legislature adjourned sine die at 4:21pm on April 11th, after 95 legislative days. The session started off slower than usual likely due to the high number of freshman legislators and a new occupant in the Governor's Office. However, the session quickly picked up the pace as the legislature ultimately introduced 589 bills, proclamations, and resolutions throughout the session. Overall, the legislature was below the average for legislation introduced and bills passed. At 95 legislative days, the session went longer than usual due to some contentious issues between the House and Senate that climaxed at the end of session.

This session began with some uncertainty with the state's tax revenues. The state had not been meeting its revenue forecasts, largely being dragged down due to much lower than expected income tax revenues because of new withholding rules that taxpayers were not accustomed to. Because of the shortfall in revenue, the Joint Finance & Appropriations Committee set the budget very conservatively. The legislature anticipates tax revenues will come in high in April when taxes are due as well as throughout the year as people delay their payments. They expect there will be a large surplus at the end of the fiscal year in June more accurately representing the state's strong economy.

In Governor Brad Little's State of the State address he laid out his 2019 education priorities of increasing starting teacher pay and increasing funding for reading literacy. By the end of the session, the Governor's legislation to raise starting teacher pay to \$40,000 a year and increase funding to \$26 million for reading literacy programs were both funded and supported by the legislature. The legislature spent the first half of the session grappling with the result of a three year process of trying to rework the state's public school funding formula. After seven weeks of meeting with education stakeholders, the House & Senate Education Chairmen each put forward their own legislation. However, neither gained traction and instead legislation laying the framework for implementation of an enrollment-based funding formula was put in place. The idea is that more details can be added to that framework next session. Overall the public schools budget received a 6.1 percent increase.

During the 2018 election, Idaho voters passed Medicaid Expansion through a ballot initiative, leaving the legislature with the task of funding the expansion population. However, the legislature first wanted to put additional "sideboards" or conditions on the Medicaid program before the House was willing to approve the increased Medicaid budget. There was quite a bit of division on the sideboards between the House and Senate. After several bills, a great deal of public testimony and a session full of discussion behind the scenes, ultimately the Senate gave in to many of the House's demands in the waning days of the legislative session. The legislation that was signed by the Governor during the final week of the session included: a waiver for a work requirement, a waiver to allow those between 100-138% of the federal poverty level to choose between Medicaid and a subsidized plan on the state health insurance exchange, a stipulation that if any of the waivers affect the 90-10 federal match the state won't enforce them, referrals for family planning services, along with a variety of other things. The work requirement was by far the most controversial element, and was the focus of much of the public testimony. The Governor's

transmittal letter strongly encouraged the Legislature to revisit the key tenets of the bill in the interim and address some of the problems with it, which included work reporting and lack of workforce training opportunities.

The Governor's Office championed legislation that passed this session creating new enhanced short-term health insurance plans. Former Governor Otter and current Governor Little jointly began negotiating with CMS for a waiver to provide "State Based Plans" over a year ago. The idea was that the plans would not comply with all the requirements of the ACA and could be a cheaper option to get some of the young and healthy people on insurance plans. CMS has continued to reject Idaho's request, so the Governor decided to go forward with similar plans through enhanced short-term plans since CMS has loosened some of the regulations on short-term plans. With the bill's passage, the Idaho Department of Insurance will begin negotiated rulemaking this spring to flush out the details of what these plans must include.

Several years ago, in an attempt to fund the ever increasing backlog of road maintenance, the legislature created a "surplus eliminator" which would disperse any surplus money at the end of the fiscal year to a combination of funds, the biggest chunks going to transportation maintenance and the "rainy-day" fund. This year the legislature attempted to pass legislation that would have extended the surplus eliminator past its May 30th, 2019 sunset and make some adjustments. However, the state's revenue uncertainty prompted the legislature to hold that legislation until next year. As a result, the surplus eliminator will phase out this May. Legislation was passed to transition the Idaho State Police off of the gas tax and divert those extra funds to the highway distribution account. Legislation was also passed that provides a financing mechanism using the Idaho Housing and Finance Association (IHFA) to issue bonds secured by Transportation Expansion and Congestion Mitigation Capital Project Fund (TECM) to finance projects approved by the Idaho Transportation Board. Next year it is likely that legislation will be brought forward that extends the surplus eliminator and creates a new funding mechanism for transportation.

The session was not without an intense public debate. Freshman senator C. Scott Grow (R, Eagle) brought forward legislation that would change the requirements for initiatives to be placed on the ballot. Currently, in order to get an initiative on the ballot, there must be signatures of qualified electors representing 6% of the registered voters that voted in the last election from 18 of 35 legislative districts. S1159, the bill Sen. Grow brought this year, would tighten the requirements by requiring 10% of the registered voters that voted in the last election from 32 of 35 legislative districts, requiring a fiscal note and funding source, and reducing the amount of time in which to gather signatures to 180 days. There was strong public opposition in all the hearings over these bills and it drew a great deal of media attention. The legislation narrowly passed the Senate 18-17. A trailer bill was introduced and passed by the House that amended S1195 to lower the threshold to 2/3 of legislative districts and increased the time allowed to gather signatures to 270 days. Both pieces of legislation eventually passed the House and the Senate, but were vetoed by the Governor near the end of the legislative session. In his veto letter, the Governor stated that he agreed with the concept of tightening the process and getting a greater number of signatures from more districts around the state, but felt the bills went too far and would result in lawsuits.



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As is the case every year, there were many issues that we tracked on your behalf. If you have questions about any of the legislation monitored throughout the session for you, please don't hesitate to contact us.

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