



# CAPITOL REVIEW

## A WEEKLY LEGISLATIVE REPORT

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### A Weekly Legislative Report

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#### WHAT IS CAPITOL REVIEW?

You are receiving Capitol Review, a publication produced **each Friday** during the Idaho Legislature, as a board member of a client served by Association Management Group. Lobbyists **Rick Waitley, Roger Batt, Benjamin Kelly, Patxi Larrocea-Phillips and Dain Johnson** are working to keep you informed about legislative issues facing the 2019 Idaho Legislature. If you have questions on issues or need additional information, please do not hesitate to contact our office.

#### GOVERNOR BRAD LITTLE

**Governor Brad Little** was sworn in as Idaho's **33rd governor** on Friday, January 4. The inauguration reflects Idaho's first change in leadership in twelve years. During his address, Governor Little emphasized the need to continue a free public education. He also spoke to Idaho's robust economy and agrarian background that the state has maintained.

Governor Little grew up in Emmett working, hunting and playing on the sheep ranch ran by his father and started by his grandfather, Andy Little. Andy immigrated to Idaho from Scotland in 1894 and grew the ranch into one of the most well-known sheep operations in the country. His father also introduced him to the conservative Republican values he still holds today.

Governor Little is a **1977 graduate from the University of Idaho**. After finishing his agriculture business degree, he was offered a job as the assistant manager of a western feedlot, but he chose to return to the ranch.

In 1978 he married Teresa Soulen, the daughter of another rancher in the region, and settled into the evolving business of livestock production in a ranching operation on land from Emmett to Cascade in western Idaho.

By the early 1990's, Governor Little had served a term as **president of the Idaho Wool Growers Association**, as well as stints as chairman of the American Sheep Industry Public Lands and Governmental Committees. That was before economics made him decide to sell off the family's sheep operation and turn to cattle.

His business interests did not stop with the ranch. Little was a director of the Idaho-headquartered company Performance Design Inc., a small business that manufactures paper punching and document binding systems. He also has served on the board of Home Federal Bank, which later was acquired by Bank of the Cascades.

His **political career** began in May 2001 when he was appointed by then-Governor Dirk Kempthorne to a State Senate seat from western Idaho that had been vacated. He was elected and re-elected to that Senate seat **four times** never receiving less than **65** percent of the vote. He quickly became part of the Senate's leadership team as Republican Caucus Chairman and was recognized nationally for his leadership by the Council of State Governments.

Little became **Lieutenant Governor** in **January 2009** when Gov. C.L. "Butch" Otter appointed him to a vacancy created by Jim Risch's move to the U.S Senate. Little was elected in 2010 and re-elected in 2014 with no less than 62 percent of the vote.

#### STATE OF THE STATE ADDRESS

Governor Little gave his first **State of the State** address on Monday, January 7, to kick off the 1st Session of the **65th Legislature**. In attendance were legislators, Idaho Supreme Court Justices, and constitutional officers. Governor Little emphasized the issues of education, healthcare, and tax policy.

Governor Little's proposed budget reflected a fund of **\$3.897 billion**, which is an increase of nearly **6.7%**. Governor Little noted that his number-one priority was education. His budget recommendation proposes to double the literacy program funding to \$26 million and emphasized the need to raise teacher starting salaries to **\$40,000**.

The governor also highlighted the need to make health care **more affordable** to Idaho citizens. The governor's budget **implements Proposition 2**, which was passed

during the general election, with a net-zero impact on the state's general fund.

During his speech, Governor Little noted that sales tax and corporate tax revenues have been strong, but personal income tax receipts have been falling short. He urged the Tax Commission to attempt to better inform the taxpayers of what they need to do to avoid a surprise income tax bill.

Governor Little touched on the fact that **agriculture still remains the backbone of Idaho's rural economy**. He reiterated that even though yields were up, we needed to maintain open markets so that exports can reach consumers. He mentioned some of the successes that 2018 brought for agriculture. Idaho's wheat yield was up 15% and set a record this year. The barley yield was up 10% from last year, and alfalfa was up 19%. Idaho surpassed Oregon to become the number two hop-producing state in the nation, and in the past 16 years, Idaho's dairy production has doubled. Furthermore, Governor Little stated that expanding the water infrastructure across the state must be a priority.

Idaho remains a heavily trade-dependent state, with around **\$2 billion in agricultural exports**. Governor Little emphasized that when markets are open, agriculture makes the most of those opportunities. When markets are disrupted, we feel it. The profitability of Idaho agriculture and its ability to compete nationally and internationally is dependent upon the time and cost of getting our products to consumers. He looks forward to working with industry to increase rail access, address truck shortages, and reduce the burdens of federal regulations.

### 1<sup>st</sup> BILL OF 2019 – WATER RIGHTS

The first bill of the 2019 Legislative Session will be to resolve one of the **Treasure Valley water rights issues** that led to lawmakers to call for a special session this past summer. H001 places into Idaho Code one of the Basin 63 Settlement Agreement components that have been agreed on by irrigators, the state of Idaho and the Suez Company. The legislation would add a provision to Idaho water law that any new storage facility in excess of 1,000 acre-feet would be subordinate to existing water storage rights. Although the legislation is applicable statewide, it places into statute a protection for Basin 63 irrigators that their existing storage water rights remain senior storage water rights, regardless of any new water storage developments that exceed 1,000 acre-feet of storage.

The bill is unchanged from a draft agreed on in June when the legislative panel voted to ask Governor Otter to call the special session. The House Ways & Means Committee voted on Tuesday morning to introduce the bill and plans to send the bill for a full hearing to the House Resources & Conservation Committee. H001 also includes an emergency clause and will take effect

immediately if it passes the House and the Senate and is approved by Governor Little. Legislation, once passed, usually takes effect on July 1 of the current year except on rare occasions.

### NEW CHAIRMAN OF SENATE AG COMMITTEE

**Senator Jim Guthrie** will take the reins of the **Senate Agricultural Affairs Committee** as the new chairman. Senator Guthrie will be taking over for Senator Jim Rice who moved to the chairman position for Local Government and Taxation. Guthrie represents District 28 located in Southeastern Idaho. He is currently in his **4th term** in the legislature and has served on the Ag Committee prior to taking over the chairman position. He has direct ties to agriculture as he currently operates a beef cattle operation when he is not carrying out his legislative responsibilities.

### LITTLE NAMES AG POLICY LIASON

**Sam Eaton** has been named Director of Policy and Counsel for Governor Little. Eaton will focus on natural resource policy and will be the liaison for: the Western Governors Association (WGA), agriculture boards and commissions, **Idaho State Department of Agriculture, Department of Environmental Quality, Department of Fish and Game, Northwest Power and Conservation Council, Office of Energy and Mineral Resources, Office of Species Conversation, Public Utilities Commission, Department of Water Resources and Idaho Soil & Water Conservation Commission**. Under Governor C.L. "Butch" Otter, Eaton served as legal counsel. Prior to earning his Juris Doctor degree from the University Of Idaho College Of Law, Eaton received his undergraduate degree from Gonzaga University.

### CHIEF OF STAFF FOR CONGRESSMAN FULCHER

**Senator Cliff Bayer**, District 21, was selected by Congressman Russ Fulcher as **Chief of Staff**. This announcement has resulted in Senator Bayer resigning from the Idaho Senate on the second day of the session, January 8. The next step is for the precincts in District 21 to meet and submit three names to Governor Little for his consideration for appointment. At the current time, Senator Bayer's mother, Regina Bayer, is filling the seat left vacant by her son. Senator Cliff Bayer has worked as a medical research scientist while serving in the legislature. He was elected for his fourth term. It is our understanding that Senator Bayer plans to alternate between living two weeks in Washington, D.C., and two weeks back in Idaho coordinating the offices and staff for Congressman Fulcher.

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