



Idaho Association of
Commerce & Industry
The Voice of Business in Idaho®

PUBLIC POLICY REPORT

JULY 11, 2008 – SPECIAL 34th ANNUAL CONFERENCE RECAP

IACI'S 34th ANNUAL CONFERENCE FOCUSES ON KEY BUSINESS ISSUES: Convening June 22-24, 2008 in Tamarack, Idaho, over 100 Idaho leaders met to discuss critical issues including transportation, energy, taxes, and education. With over 45 legislators, Governor's Chief of Staff **Jason Kreizenbeck**, Special Assistant to the Governor **Clete Edmunson**, Department of Finance Administrator **Wayne Hammon**, Lieutenant Governor **James Risch**, and Governor **C.L. "Butch" Otter** participating, IACI members had the opportunity to participate in an interactive and proactive dialog on key issues.

GOVERNOR OTTER SPEAKS OF INVESTING IN THE ECONOMY



Keynoting the 34th Annual IACI conference, **GOVERNOR C.L. "BUTCH" OTTER** weighed in on the significant issues and his priorities for the coming year.

Last year the Governor met with IACI and highlighted his view that Idaho was in line for another "solid budget year." Oh, what a difference a year makes. The rosy forecast started to dim earlier this year, and Idaho is struggling like most other states. However, through prudent management, the state government coffers have ended the year on a positive note.

This point was coupled with one of the Governor's highest priorities, which is to increase the Gross Domestic Product in Idaho from \$49.5 billion to \$60 billion. This means supporting policies in Idaho to improve the business climate to allow the economy to flourish

Highlighting the Governor's agenda is investment into Idaho's transportation infrastructure. He stressed that "the transportation problem is truly a statewide issue." Similar to last year, the Governor is seeking nearly a quarter billion in new money to be invested into Idaho's aging roads and bridges. Attendees received a strong message indicating that the Governor is willing to listen to ideas on how to raise the funds. He is also taking the message to the people around Idaho, helping them to understand the dire need and thereby increasing the political support for raising revenue.

The Governor emphasized his desire to improve Idaho's tax structure regarding business.

"As I have in the past, I will continue to stand by your side for a state tax structure that is even more fair, balanced, and predictable. Please keep up your efforts to eliminate the personal property tax. It is an antiquated system that must be changed."

Other issues the Governor outlined were focusing on bringing more and new renewable energy sources into Idaho, and seeking improvements to the quality of life of Idaho citizens by extending broadband. One of his major challenges will be his desire to improve access and affordability of health care throughout the state. He will be receiving specific recommendations

on that in the coming months.

The bottom line is the Governor has established a set of goals and is working to

"the transportation problem is truly a STATEWIDE issue."



communicate the needs throughout the state with policy, business, and citizen leaders. These goals are Promoting Responsible Government, Enhancing Economic Opportunity and Empowering Idahoans. These are laudable goals that were warmly received by the IACI Conference attendees.

LT. GOVERNOR JAMES RISCH GIVES MONDAY KEYNOTE LUNCH ADDRESS



Lt. Governor
Jim Risch

Lieutenant Governor **Jim Risch**, introduced by Mark Dunn of the J.R. Simplot Company, kicked off the Monday afternoon session immediately following the presentation of the Pat Harwood award to Kathy Clark in remembrance of Charlie Clark. He fondly remembered many of the

good times he shared with his good friend Charlie, who he said truly was a 'Great American.'

Lt. Governor Risch gave the IACI membership an update on the political scene on the national, state and local level. During his keynote lunch address, sponsored by the J.R. Simplot Company, he also gave the members a list of priorities that he believes will face our state in the coming year, including many important tax issues.

TRANSPORTATION ISSUES VETTED BY LEGISLATORS AND MEMBERS

Idaho Senate Transportation Chair **John McGee**, House Majority Caucus Chair **Ken Roberts**, and Special Assistant to Governor Otter **Clete Edmunson** discussed various transportation issues with IACI members. The panel, which was moderated by Associated General Contractors Executive Director Mark Dunham, all acknowledged the tough situation we are currently dealing with in Idaho with regard to transportation funding.



Rep. Ken Roberts

The Governor's Office discussed their current plan for finding a solution to the \$240 transportation funding shortfall, which will include meetings across the state titled "Building Roads, Building Bridges, and Building

Consensus". According to Edmunson, the goal of these meetings is to educate the public about the transportation shortfalls, as well as the funding mechanisms at the state and local level.

All panelists agree that this past year's installment of GARVEE Bonds worth \$134 million was a positive move, but next year's installment of \$299 million will be a tough political fight.

Both Senator McGee and Representative Roberts discussed the failed local option tax plans that came before the legislature last year and the possibilities of seeing them again next year.



Sen. John McGee

TAX PANEL DISCUSSION



Rep. Dennis Lake

House Revenue and Taxation Chairman **Dennis Lake** and Senate Local Government and Taxation Chairman **Brent Hill** discussed tax issues facing the State of Idaho.

The tax panel moderated by Ed Lodge began with Rep. Dennis Lake discussing last year's battle over the personal property tax and the need to get rid of this onerous tax. House Bill 599 passed the House

but was dramatically amended in the Senate. Senator Hill discussed some of the reasons why the bill was amended and why operating property was removed from the legislation.

Senator Hill also updated the group on the status of the whistleblower at the State Tax Commission. Senator Hill said that legislation may need to be drafted to address some of the issues that have been brought forward.



Sen. Brent Hill

HEALTH CARE DISCUSSION



The Health Care Panel at the IACI conference was telling of the future of the issue in the state. The Panel, moderated by Tim Olson of Regence Blue Shield of Idaho, was comprised of **Senator Dean Cameron**, an insurance broker and long-time architect of health care policy in Idaho, and

Representative Fred Wood, an emergency room physician and relative newcomer to the legislative arena as a freshman. Both are from the Minidoka and Cassia county area, but, while there was some agreement on the need for health care reforms, it was clear that there are divergent opinions on how to achieve a solution that would be acceptable to all.

The Governor has a high level task force developing a series of recommendations for policy changes to the state systems to broaden the quality and availability of health care coverage. Everyone will anxiously await the results of their work.



It was noted that nearly everyone in the room as an employer was providing access to health care to their employees. Although nearly all Idahoans have some level of coverage, the problems faced are the rapidly increasing costs of providing these benefits in addition to those in Idaho that do not have access to affordable insurance. It is unlikely there will be any comprehensive resolution in the near term.

CHARLIE CLARK HONORED WITH THE PAT HARWOOD AWARD

Charles G. 'Charlie' Clark, a man who had an outstanding career in government and public affairs for Union Pacific Railroad and in shaping Idaho's business climate, was posthumously awarded the 16th Annual Pat Harwood Distinguished Service Award.

The Harwood Award, the highest service honor given by IACI, was presented to Charlie's widow, Kathy Clark, at IACI's 34th Annual Conference at Tamarack Resort.



"Charlie was chosen for this award due to his leadership, service, courage, sense of humor, political wisdom and integrity," said IACI Board Chairman Jim Schmit, Qwest Idaho President. "His dedication to not only Union Pacific Railroad but to IACI and all Idaho's public affairs has made a significant and positive impact on Idaho business. We all miss Charlie greatly, and I can't think of a more deserving recipient of this prestigious award than my friend, Charlie Clark.

MICRON TECHNOLOGY HONORED WITH ENVIRONMENTAL EXCELLENCE AWARD

The Idaho Association of Commerce & Industry presented **Micron Technology** with its 2008 Environmental Excellence Award during IACI's 34th Annual Conference.

First presented in 1997, the IACI Environmental Excellence Award provides recognition to businesses which, through innovative environmental leadership and accomplishment, have achieved outstanding results in environmental protection and enhancement. All businesses operating in Idaho are eligible for the award including non-IACI members.

This year Micron is recognized for its remarkable innovation using cold river water from an existing aquifer recharge system to cool their

deionized process water through a heat exchanger. Annually, the project provides energy savings of 6.6 million kilowatt hours, saves water consumption by 11.9 million gallons, and reduces CO2 greenhouse gas emissions by 1,664 tons.

Presenting the award in front of Idaho's business leaders, elected officials, and over 40 legislators attending the IACI conference, IACI Chairman Jim Schmit commended Micron for being "focused on environmentally responsible business practices." Accepting the award on behalf of the Micron team were Environmental Manager **Beth Elroy**, Process Engineer **Michelle Atkinson**, and Environmental Engineer **Shannon Smith**.



The project has had a significant effect on the Micron Boise site's energy consumption, water use rates and carbon dioxide emissions. Beth Elroy said the IACI award reinforces the commitment of team members and the company to promote environmental stewardship in the communities where team members live and work.

"Micron is committed to being at the forefront for environmental protection, and this recognition demonstrates our ongoing dedication," Elroy said. "The innovation and teamwork from Production to Facilities and the engineers and technicians who made this idea work show how the company's commitment to the environment is personally carried forward by our team members. It's rewarding to see the benefits from these efforts, for both the company and the community, and we thank IACI for this prestigious honor."

Nominated for the award by Idaho Power, Micron was selected by an independent committee chaired by **Jack Lyman**, Executive Director of the Idaho Mining Association. Other selection committee members were **Robbin Finch**, Water Quality Manager for the City of Boise; **Orville Green**, Administrator of the Waste

Remediation Program in Idaho's Department of Environmental Quality; State **Representative Bill Killen (D-Boise)**, member of the House Business Committee; **Paul Kjellander**, Administrator of the Idaho Office of Energy Resources; and State **Senator John McGee (R-Caldwell)**, member of the Senate Agricultural Affairs Committee and Chairman of the Senate Transportation Committee.

Also nominated for the 2008 award were: Idaho Sand & Gravel/Idaho Concrete, Idahoan Foods, Monsanto, and St. Luke's Health System. Noted Schmit, "This year, our selection committee had the daunting task of selecting the best of the best. We had five excellent companies nominated, and all their accomplishments in the environmental area are commendable."

The criteria for the IACI Environmental Excellence Award include environmental practices, investment in pollution control, recovery from waste streams, conservation, sustainability, and other environmental achievements. **Jayson Ronk**, Vice President of IACI, said the purpose of the award is to "provide recognition of businesses who, through innovative environmental leadership and accomplishment, have achieved outstanding results in environmental protections and enhancement."

Past recipients of the IACI Environmental Excellence Award include: **Agri Beef Co.**; **Twin Falls Canal Company**; **Micron Technology**; **Zilog**; **Rycair, Inc.**; **Albertson's**; **Basic American Foods** (Shelley Plant), **Melaleuca**, **Monsanto**, **Hewlett-Packard**, and the **Flying M Ranch of Ashton**.

IACI'S PRIORITIES ADOPTED

Last year IACI's legislative policies were drastically changed to a more member friendly version that gave the various committees flexibility on working in the public policy arena. This year those policies remained relatively unchanged. The various committees worked throughout the spring to develop a revised set of priorities for the next legislative year. These are the issues that IACI will focus on throughout the balance of 2008 and into the 2009 Legislative session. These priorities were presented by IACI's Public Policy Committee and Legislative Committee Chair **Mike Reynoldson** on June 23, 2008.

The IACI Board of Directors unanimously adopted later that same day the priorities after adding in a new issue regarding climate change. These policies, in no particular order, are:

PERSONAL PROPERTY TAX: The personal property tax applies to business

machinery, tools, furnishings, equipment and some fixtures. It is one of the most difficult to administer and comply with for government and business alike. It is a barrier to economic development, and studies indicate that the elimination of the tax not only benefits business, but will increase the personal income of Idaho citizens.



Mike Reynoldson

TRANSPORTATION: IACI supports a diverse mix of transportation measures that increase safety, support economic growth, reduce congestion and increase efficiency in the movement of goods and people. Transportation funding should first utilize existing funding mechanisms. If a clear need exists, additional revenue and new alternative funding sources

should be carefully considered and must not be in conflict with other IACI policies. Transportation agencies must be accountable, use innovative processes that lower costs, reduce delivery time, and maximize return on investments.

HEALTH CARE: IACI supports affordable, quality health care through innovation, choice and competition in the marketplace. IACI supports reasonable ways to increase the availability of health care coverage and reduce costs for both employers and employees while minimizing mandates, complexity and litigation.

EDUCATION: Idaho invests considerable resources into an education system from kindergarten through post-secondary education at colleges, universities and workforce training programs. Idaho's business community has a vital interest in an education system that results in an educated workforce, enabling Idaho's citizens to have a lifetime of learning, productivity, and economic opportunity. Productive, well-trained Idahoans enhance the state's economic vitality. Business has a stake not only in the process and

delivery of education services, but in the quality of the students, faculty, and administration participating in Idaho's education system. IACI supports cost-effective, innovative strategies to strengthen Idaho's education system.

ENERGY: IACI supports a comprehensive energy strategy that encourages energy efficiency and promotes the cost-effective and reliable production, transmission and delivery of energy to meet the state's energy needs, which is essential to the long-term health of Idaho's economy and the prosperity of Idaho's businesses and citizens.

CLIMATE CHANGE: There has been no formal policy adopted by IACI at this point regarding the issue of climate change. Nevertheless, members and staff have been tasked with researching the issue and forming a policy for consideration at the IACI Board meeting in September.

IACI 2008-2009 BOARD MEETS



Led by Chairman **Jim Schmit** of Qwest Communications, the 2008 IACI Board of Directors met June 23, 2008 during the 34th Annual Conference. The Board met with policy and political leaders, including Dept. of Finance Administrator **Wayne Hammon**, Senate Pro Tem **Bob Geddes**, Senate Caucus Chair **Brad Little**, Speaker of the House

Lawrence Denney, Majority Leader **Mike Moyle**, Assistant Majority Leader **Scott Bedke**,

and Caucus Chair **Ken Roberts** in an open discussion about legislative issues.

The Board addressed several business items, including approving the new "IACI Statement of Public Policy," as well as concerns about the growing cost of employee health care coverage. The Board also discussed legislative priorities for the 2009 session, which will include some of the key issues highlighted at the conference including personal property tax elimination, energy, transportation, and education. The members of the 2008-2009 IACI Board of Directors are:

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Monsanto

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Director, Government Affairs
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