

Idaho Home Builders Association
Idaho 2023 Legislative Session Overview
From Ken Burgess, Veritas Advisors, LLP

Following a week of recess to allow the Governor five business days to take action on pending legislation, the 67th Idaho Legislature officially adjourned Sine Die on Thursday, April 6th. The session lasted 88 days and while we had a sluggish start, in the end we had plenty of bills to work on. Of the 860 pieces of legislation drafted, only 635 were introduced with 315 bills passing both bodies. There were a total of 40 resolutions and memorials, with 25 being adopted. Out of the 315 bills that passed both bodies, only three were vetoed by Governor Little with one successful veto override, HB292, the property tax bill.

With as many as fifty incoming freshman and several new chairmen, we faced quite a bit of uncertainty this session. However, in the end there were a number of important successes. Highlights included property tax relief, transportation, water and infrastructure investments were continued, increases in teacher pay and multiple bills expanding and improving workforce training programs were passed. Below are additional details on issues of interest.

Big picture items of interest to the homebuilding industry

Employee medical information

Several Covid-19 related bills were introduced this session, most creating functional concerns for employers. Through some negotiations, SB1130, the Coronavirus Stop Act was ultimately passed. The bill places some limitations on private and public entities, preventing broad-based coronavirus vaccination requirements. The bill includes language that ensures it is functional for businesses, allowing vaccine requirements for travel and to address requirements coming from customers or vendors. Because of the bill sponsor's willingness to make changes, including the removal of private right of action and statutory damages language, the bulk of the business community remained neutral and the bill was signed into law. This law becomes effective immediately.

Property tax relief

Idahoans will soon see property tax relief. HB292 combines provisions from several bills introduced this year. School District will receive \$100 million to be distributed

based on the average daily attendance formula and be used for the following purposes in priority: Pay off or reduce existing bonds; pay off or reduce existing levies; reserved for future school facility construction or renovation. The bill provides a minimum and maximum amount of funding available and again, it is expected to benefit all payers. In year one the range is \$205 to \$355 million; in year two the range is \$122.5 to \$272.5 million; and, in year three the range is \$182.4 to \$332.4 million. Amounts vary because the bill dedicates percentages of taxes collected in certain funds as well as excess general revenue. BUT on average Idahoans will see approximately \$127 million in property tax relief on and ongoing basis through this legislation, and subsequent trailer bill.

The original bill was vetoed by Governor Little who called the bill complicated and cited unintended consequences especially to much needed transportation projects as his reason for vetoing. The House introduced HB376, a trailer to HB292, resolving the transportation funding concern raised by the Governor, ensuring that \$80 million in sales tax distribution is dispersed to the transportation expansion and congestion mitigation fund (TECM), and any moneys over \$80 million is distributed to local units of government for local highway projects. HB376 passed the House, 59-11 and passed the Senate, 35-0. Quickly after the passage of HB376, both bodies voted to override the Governor's veto on HB292. HB376 was signed into law on March 31st.

Transportation

Governor Little's budget recommendation for transportation infrastructure was approved this session in the form of HB354. This budget recommendation is part of the Governor's Idaho First plan which places record investment in transportation without raising taxes or fees. The bill includes the second tranche of funding for deferred road and bridge maintenance at \$300 million and \$250 million for broadband infrastructure – all projects included in the bill total more than \$700 million for infrastructure.

Environment, Social and Governance

Three bills were introduced this session relating to Environment, Social, and Governance (ESG) policies: HB189 prohibits public contracts with companies that boycott certain business sectors. HB190 prohibits credit unions and banks that hold state funds from boycotting certain industries. Lastly, HB191 prohibits procurement decisions from being made based on environmental, social, and

governance standards. There was broad opposition to HB189 within the business community with concerns the bill unnecessarily extended state interference in private business-to-business transactions and decisions. Given modifications made prior to introduction, the banking industry and most businesses remained neutral on HB190 and HB191. Out of the three bills introduced, HB190 and HB191 passed both bodies, and were signed into law by the Governor. HB189 was stopped and did not receive a hearing in the Senate. Bill proponents have clearly signaled that these are just the beginning efforts to address concerns about ESG in Idaho. More bills are expected to come in 2024.

Workforce Development

After a number of challenges, legislation passed to expand the Idaho Launch program, part of the Governor's initiative to attract and retain skilled workers and provide more opportunities to Idahoans. HB24 was the underlying Idaho Launch bill that ended up having problems getting through the legislative process. A trailer bill was introduced, SB1167, adding some sideboards to HB24, allowing both bills to complete the legislative process and become law. The final expansion of the Idaho Launch program makes grants available starting in 2024 for whichever is less - \$8000 or 80 percent of the cost of the career technical program, workforce training certificate, or community college program. The bill includes oversight on the use of funds and limits the use to tuition and fees. The Opportunity Scholarship remains in place for universities and academic degrees. HB24 ultimately passed both bodies in a tight vote, House 36-34, and Senate 20-15. SB1167 passed both bodies by wider margins. Governor Little signed both HB24 and S1167 into law.

Other workforce legislation passed this session includes HB267, creating the Idaho Career Ready Students Program. It provides \$45 million in new career training education (CTE) funding at public secondary schools in Idaho. The program focuses on rural areas in the state that lack other start-up funding sources to develop these programs. The bill also increases funding for existing CTE programs. It was signed into law on March 31st. S1070aaH was also signed into law. This bill relaxes requirements for school districts that establish career technical programs. Combined with HB267, both bills should allow for the formation of more career technical programs in Idaho.

Bills of interest to the Homebuilding industry that passed this year

H337 Electrical Codes

Sets in statute the Idaho Electrical Code and sets it at the 2023 version of the National electrical Code. It creates a residential electrician license classification; defines what a residential electrical setting is; expands the scope of work for a journeyman electrician; expands who an electrical contractor may employ; limits the number of years a person can be an apprentice electrician; amends the electrical apprenticeship ratio; removes the continuing education requirement from apprentice electricians. The IHBA supported this bill and provided minor lobbying support in the effort. It was printed and passed in a two-week period at the end of the legislative session.

Becomes effective July 1, 2023

H287 Energy Conservation Codes

This bill prohibits any City or County from adopting Energy Conservation Building Code provisions that are stricter than, or different than what has been approved by the Idaho Building Code Board. This bill removes a previously existing "grandfather" clause that some jurisdictions were using to adopt stricter energy conservation provisions.

Effective immediately.

H106 Prohibition of Utility Connections

This bill prohibits any City or County from banning any particular energy source hookups. In response to some more progressive cities banning the use of natural gas, but applies to all energy sources.

Becomes effective July 1, 2023

H235 Underground Facilities, Emergency Excavation

This legislation further defines "emergency" (relative to this chapter of law), "emergency excavation" and "notice of emergency excavation," and establishes a process for underground facility owners to handle an emergency excavation. It also extends the length of time a maintained surface-marking for utility facilities is valid from 3 weeks to 4 weeks.

Becomes effective July 1, 2023

HJM 004 Opposing Biden EPA Rule

A resolution re-stating the work done to produce Idaho's Water Quality standards and that "the people of the State of Idaho oppose the EPA-proposed rules that circumvent science and invalidate Idaho's WQS based on the flawed and elusive premise of 19th century water quality standards for Idaho waters in 2023. Idaho will defend its scientifically based standards in court if necessary."

Bills of interest to the homebuilding industry that did NOT pass

Development Impact fee proposals

There were at least five pieces of draft legislation this year to provide school districts the ability to collect development impact fees for the purpose of funding school facilities. Of those, two were printed but never received a hearing in their respective committees. The current position of the IHBA is that we oppose the idea of impact fees for school facilities and the lobbying team put much time and effort in making that position clear to legislators. It was largely due to these efforts – with assistance from the Idaho REALTORS and the Idaho Association of Commerce and Industry – that none of these proposals gained any traction in the legislature this session. This concept is sure to continue to be one that will be discussed into the future, and highlights our interest in trying to find a solution to the overall school facilities funding challenge in the state.

Another proposal to allow Recreational Districts to collect development impact fees failed in the House Local Government Committee wherein the IHBA testified in opposition to the bill.

Annexation Reform

There were three bills introduced this session dealing with Idaho's annexation laws and areas of city impact. Of those, only one gained any traction: a comprehensive rewrite of the law by Senator Todd Lakey in which the IHBA was involved over the course of eight months prior to the session, and that we supported. The other versions failed in the Senate Local Government committee. Lakey's bill passed the Senate but failed to get a hearing in the House as Speaker Moyle had specific concerns about the right of a property owner to choose into which city they would like to be annexed. We expect more work to occur on the Lakey proposal in the interim to work out that particular issue and will likely see another effort in the 2024 legislative session.