



C.L. "Butch" Otter, Governor

Bobbi-Jo Meuleman, Director

## **Economic Advisory Council Meeting**

**Tuesday, January 23, 2018**

700 West State Street, Boise – J.R. Williams Building

### **Members Present:**

Steve Meyer, *Region I*  
Robin Woods, *Region II*  
Mike Reynoldson, *Region III*  
John Craner, *Region IV*  
Rick Phillips, *Region V*  
Mark Young, *Region VI*  
Dave Wilson, *Region VII*

### **Members Absent:**

Sandy Patano, *At-Large*

### **Commerce Staff Present:**

Bobbi-Jo Meuleman, *Director*  
Susie Davidson, *Business Attraction Manager*  
Cindy Lee, *Grants & Contracts Manager*  
Dennis Porter, *Community Development Program Manager*  
Autumn Braase, *Senior Business Attraction Specialist*  
Patrick Watson, *Senior Research Analyst*  
Andrea Vlassis-Zahn, *Business Attraction Specialist*  
Ewa Szewczyk, *Grants & Contracts Program Specialist*  
Tony Tenne, *Senior Community Development Specialist*  
Sharon Deal, *Senior Community Development Specialist*  
Amanda Ames, *Community Development Specialist*  
James Varner, *Administrative Assistant*

### **Call to Order & Welcome**

Chairman Steve Meyer called the meeting to order at 9:02 a.m.

### **Council Vote on Approval of Minutes**

Chairman Meyer noted that the minutes for the November 28, 2017 Economic Advisory Council (EAC) meeting had been distributed and if there are no corrections he would move to approve the minutes as distributed.

**Moved by:** Steve Meyer

**Seconded by:** Robin Woods

**All in favor. No discussion.**

**Motion approved.**

### **Overview of TRI Legislation and Scoring Process**

Commerce Business Attraction Program Manager, Susie Davidson, reviewed the Tax Reimbursement Incentive (TRI), introduced her team, and reviewed her team's responsibilities.

Grants and Contracts Manager, Cindy Lee, provided an overview of the TRI legislation and administrative rules, including definitions from the statute.

Director Bobbi-Jo Meuleman mention that a clarification was made during the last legislative section to define "New Jobs" as "collective" when considering the average annual county wage

Cindy explained the Administrative Rules and the application process to check for compliance. Cindy's team is separate from Susie's and doesn't interact directly with the clients, therefore can objectively perform the compliance analysis. Weekly TRI meetings are held with Cindy's team,

Susie's team, and Director Meuleman where applications are evaluated in greater detail. From there the applications are scored. Cindy indicated she was part of the rule-making process during the inception of TRI.

### **Motion to Move to Executive Session**

Chairman Meyer announced he would entertain a motion to move the Council to executive session to review the details of the TRI's proprietary scoring process ***pursuant to Idaho Code 74-206(1)(d) to review records exempt from public disclosure under Idaho Code Sections 74-107(1), 74-107(6), and/or 67-4708.***

Dave Wilson moved to enter into executive session. Robin Woods seconded.

Roll call vote to move into executive session

Steve Meyer – Aye

Robin Woods – Aye

Mike Reynoldson – Aye

John Craner – Aye

Rick Phillips – Aye

Mark Young – Aye

Dave Wilson – Aye

With over two-thirds majority in favor, the Council moved into executive session at 9:26 a.m.

### **Return to Public Session**

Chairman Meyer noted that the Council returned to the public session at 10:26 a.m.

Chairman Meyer indicated the Council:

1. Reviewed and discussed the TRI proprietary score sheet and scoring process
2. Closed the Executive Session after discussions were concluded. The motion to close the Executive Session was made by Dave Wilson, seconded by Robin Woods.

### **Guest Speaker - Lieutenant Governor Brad Little**

Lieutenant Governor Brad Little talked about the economic transformation taking place in Idaho and now the state is changing from a commodity-oriented state to a technology state. He went on to say how he appreciates the balance of objective and discretionary evaluation of projects and how it's important to see those companies that are investing in Idaho. Lt. Governor Little also spoke about Idaho's challenge with skilled workforce and broadband connectivity. Lt. Governor Little believes that broadband is a need in Idaho and it's a good fit for the Department of Commerce to take a bigger role in expanding internet capacity throughout the state.

### **Commerce and Legislative Update**

#### **Idaho Information Technology Equipment Tax Rebate**

Director Meuleman reviewed the Idaho Information Technology Equipment Tax Rebate, also known as the Data Center Bill. This piece of Legislation was unsuccessful last year but is coming back this session. There is big potential in this industry and although Idaho is getting leads, companies are choosing to locate in other states because of the tax rebate incentives that other States are offering.

Bobbi-Jo explained how some legislators don't support tax incentives, and they struggle with new exceptions, incentives, and rebates. One of the concerns she hears is that this will cost tax payer dollars but this is tax income that we don't have, and won't have without this legislation.

To date there are 20 states that do something specific for data centers. Within the states that surround Idaho, Oregon and Montana don't have sales tax and Washington, Wyoming, and Nevada all have a data center specific tool.

#### Tourism Legislation

Tourism collections are distributed regionally based on the 2% lodging tax. Commerce has seven tourism regions and Camas County is currently located in Region 7. Camas County has requested to be moved to Region 4 as they feel that region more closely aligns with them geographically. This minor change will move an annual average of approximately \$4,000 from Region 7 to Region 4. Everyone at the local level supports this move and the Legislature has no concerns with the change.

#### FY2019 Budget

Commerce presented their budget last week. There were two line item requests this year. One was approved by the Governor and one was not. To accommodate the 12% growth in lodging tax collections we have requested a spending authority increase that equates to an additional 3.5 million dollars for grant funds and state wide marketing efforts. That line item was approved by the Governor.

The Governor did not approve the second line item for \$1 million dollars for the Idaho Opportunity Fund.

#### Idaho as a Destination for Block Chain/Cryptocurrency Data Centers

Cryptocurrency datacenters are looking to Idaho because we have affordable energy rates. Businesses are looking for places to house their Bitmain Antminers which mine the cryptocurrency. Cryptocurrency Data Centers would not qualify under the proposed data center bill. Idaho Power is seeing a lot of requests to get the utilities for these data centers and Washington State has had so many they don't have the capacity for them anymore.

Cryptocurrency data centers don't need a lot of the equipment that a traditional data center does because of the Block Chain technology. Most data is stored together but with Blockchain the data is stored in separate locations.

#### FY2017 Annual Report

Cindy Lee provided an overview of the three Fiscal Year 2017 Commerce annual reports.

#### Council Questions

Chairman Meyer asked for an update on Intrinsic Organics, a TRI project. Director Meuleman stated that the company has begun moving forward.

Chairman Meyer asked about any upcoming TRI projects, as well as whether companies have expressed concerns with finding employees. The Director explained that workforce is a consistent concern for everyone and our existing businesses communicate that their biggest problems are workforce, broadband, and affordable housing.

Director Meuleman reported that through the National Governors Association, Idaho was awarded a grant for a work-based policy learning academy that she is a part of. This work-based learning group travels to other states to learn how they are addressing similar problems with workforce.

Director Meuleman explained that Commerce has been focusing on the Idaho Broadband Advisory Group established by Governor Otter. This group brings key stakeholders together to discuss broadband solutions.

Chairman Meyer also talked about the fiber system that goes through the State of Idaho. He explained how it works, where it is, and how fiber is available.

### **Block Grant Program Updates**

Community Development Manager Dennis Porter introduced the Community Development staff, discussed the status of the existing block grant projects. Dennis explained what CDBG PY2017 is funded to date, how the merge of PY2017 and PY2018 will proceed, and possible future Job creation projects from CDBG & RCBG.

### **Public Facilities**

The Community Development Block Grant team reviewed 16 Public Facilities Applications.

### **Council Vote on Public Facilities Applications**

**Motion:** To move 14 of the 16 applications through to the addendum stage. The two projects not approved are the City of Pierces wastewater system and the City of Minidoka's new city well.

**Moved by:** Mark Young

**Second by:** Dave Wilson.

**No discussion. All in favor.**

**Motion Approved.**

### **Downtown Revitalization**

Dennis Porter explains the application stage of the Downtown Revitalizations on what they look for and how they score the applications using their point system. He also touches on reason for the Downtown Revitalization including but, not limited to prevent slum and blight.

1. **City of Sandpoint**

Tony Tenne reviewed the application for the City of Sandpoint Downtown Revitalization. Staff recommends moving to addendum stage.

#### **Discussion**

Discussion included solar paneled street lights, location by the lake, and the fact that the city has been stuck at 8,000 even though it is a great retirement community.

2. City of Rupert

Sharon Deal reviewed the City of Rupert's Downtown Revitalization. Staff recommends moving to addendum stage.

Discussion on the City of Rupert

Rupert's downtown square embodies the feel of "old Americana" and would be a great place for film makers.

**Council Vote on Downtown Revitalization Block Grant Application**

**Motion:** To move the City of Sandpoint and the City of Rupert Downtown Revitalization Applications through to addendum stage.

**Moved by:** Mark Young

**Second by:** Robin Woods.

**All in favor.**

**Motion approved.**

**Final Thoughts**

April meeting will be in Boise from April 12-13, and July meeting will be in the Wood River Valley on July 16-17.

The next EAC meeting is scheduled for February 22 at 2:00 p.m. via conference call.

**Motion**

John Craner moved to close the meeting. Mike Reynoldson seconded.

All ayes – motion approved.

**Chairman Meyer adjourned the meeting at 2:37 p.m.**