

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 31, 2019

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

RS 26524 **Relating to Purchasing by Political Subdivision. Senator Den Hartog** reported this bill repeals and replaces procurement statute in Idaho Code § 67-2807 related to political subdivision. Modifications include changes to cooperative purchasing processes.

There is no impact to the General Fund. It is anticipated the change will not have a direct financial impact on political subdivisions, but will provide for a more streamlined and efficient procurement process.

MOTION: **Senator Guthrie** moved to print **RS 26524**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

RS 26671 **Relating to Credit Unions. Ryan Fitzgerald**, Northwest Credit Union Association, advised this legislation provides technical corrections and further amends the internal governance provisions of the Idaho Credit Union Act that were amended in 2018. He noted this legislation amends the requirements for annual credit union membership meetings in order to allow greater access for members to be involved in the governance of their credit union; makes a technical correction to the different options a credit union supervisory committee can utilize in verifying member accounts; adds technical descriptors to further define the Capital, Assets, Management, Earnings, Liquidity, and Sensitivity (CAMELS) rating system; and amends bond requirements to clarify what each credit union must carry in order to insure against risk versus optional coverages that may also be purchased by the credit union.

Mr. Fitzgerald explained there will be no fiscal impact to the General Fund associated with this proposed legislation. The provisions of this proposed legislation specifically relate to corporate governance of state-chartered credit unions and will require no additional resources of the Idaho Department of Finance (IDOF). Additionally, they will not increase or decrease the IDOF's revenues.

MOTION: **Senator Souza** moved to print **RS 26671**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Thayn** moved to approve the Minutes of January 22, 2019. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Chairman Patrick passed the gavel to Vice Chairman Agenbroad to hear the rules.

**DOCKET NO.
24-1801-1801**

Rules of the Real Estate Appraiser Board (REAB). **Scott Calhoun**, REAB member, described recent changes made by the Appraisal Qualifications Board (AQB) to the minimum qualifications for certain classifications of real estate appraiser licenses. This allows the Idaho REAB to reduce barriers to obtaining an Idaho license. **Mr. Calhoun** specified the change to Section 300 of these rules removes the requirement for an associate's degree and lowers the experience requirement for licensed residential real estate appraisers. The change to Section 350 adds alternative pathways to complete the education requirement and lowers the experience requirement for a certified residential real estate appraiser. The change to Section 400 shortens the time period to complete the requisite experience hours for a certified general real estate appraiser.

There is no fiscal impact to the General Fund. Negotiated rulemaking was not conducted because the temporary rule is responding to changes made at the federal level, and the proposed changes to these rules were discussed during noticed, open meetings of the REAB. There is no incorporation by reference.

DISCUSSION:

Senator Lakey noted that negotiated rulemaking was not conducted. **Mr. Calhoun** deferred to Kelley Packer, Bureau Chief, Idaho Bureau of Occupational Licenses (IBOL). **Ms. Packer** reported that in recent years in order to reduce costs, there has been informal negotiated rulemaking. Notifications are sent out to all licensees via email and postcards noting the items that will be discussed. The rules are posted on the IBOL's website. Input is encouraged. If there are negative comments, questions, or concerns, the IBOL addresses those issues.

MOTION:

Senator Ward-Engelking moved to approve **Docket No. 24-1801-1801**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
24-1801-1802**

Rules of the Real Estate Appraiser Board (REAB). **Scott Calhoun**, REAB member, reported Section 150 of these rules will reduce the application fee from \$250 to \$200, original license fees from \$140 to \$100, and license renewal fees from \$365 to \$275 for certified general appraisers, certified residential appraisers, and licensed general appraisers. The registration fee for Appraisal Management Companies (AMCs) has been reduced from \$1,200 to \$1,000 and the AMC renewal fee will be reduced from \$1,200 to \$900. In addition, the temporary permit fee will be reduced from \$100 to \$75.

There is no impact to the General Fund. Negotiated rulemaking was not conducted because the proposed changes to these rules were discussed during noticed, open meetings of the REAB. There is no incorporation by reference.

DISCUSSION:

Chairman Patrick praised Mr. Calhoun for saving money.

MOTION:

Senator Guthrie moved to approve **Docket No. 24-1801-1802**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
24-0101-1801**

Rules of the Board of Architectural Examiners (IBAE). **Mauri Ellsworth**, Administrative Attorney, Idaho Bureau of Occupational Licenses (IBOL), testified in place of Roger Hales, and advised H 458 (2018), modernizes and reorders the provisions of Idaho Code § 54-3. Amendments to the rule will facilitate the implementation of H 458, eliminate unnecessary language and sections, and remove a 30-day application deadline. These changes will make it easier for licensees and those seeking licensure to review rules.

There is no fiscal impact to the General Fund. Negotiated rulemaking was not conducted because this is a temporary rule. This rule removes the July 2015 National Council of Architectural Registration Board (NCARB) Certification Guidelines from incorporation by reference.

DISCUSSION:

Senator Thayn pointed out a grammatical error in Section 175, subsection 01 with respect to a semicolon and noted that something was left out. **Mr. Ellsworth** explained the subsection contains the review authority and exemption in subsection 02 and is an outline of processes.

Chairman Patrick asked about confidentiality relating to administrative action against an architect. **Mr. Ellsworth** pointed out an investigation is private when in the investigative phase. At the time the complaint is filed, it becomes a public matter.

MOTION:

Senator Thayn moved to approve **Docket No. 24-0101-1801**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
24-0801-1801**

Rules of the Idaho State Board of Morticians (ISBM). **Rob McQuade**, Legal Counsel for the Idaho Bureau of Occupational Licenses (IBOL), introduced Steve Gordon, mortician, who would be presenting in place of Roger Hales. **Mr. Gordon** commented the proposed rule will address what happens to a certificate of authority when a mortician or funeral director places their license on inactive status, or returns their license to active status. The proposed rule change will establish that a licensee's certificate of authority expires when the licensee becomes inactive, and provides that it may be reissued when the license is returned to active status.

There is no impact to the General Fund. Negotiated rulemaking was not conducted because the proposed rule was discussed and decided upon during noticed, open meetings of the IBOL. There is no incorporation by reference.

DISCUSSION:

Senator Souza commented that if a certificate of authority becomes inactive, did that mean someone else could obtain that certificate. **Mr. Gordon** noted that in Idaho a funeral director has to be licensed, which is the certificate of authority. When a mortician becomes inactive, there is no certificate of authority. This rule cleans up and clarifies inactive status and allows reinstatement. In answer to Senator Souza's question, **Mr. Gordon** stated there are a limited number of certificates of authority in Idaho and any qualified mortician could receive one.

MOTION:

Senator Guthrie moved to approve **Docket No. 24-0801-1801**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
24-2501-1801**

Rules of the Idaho Driving Business Licensure Board (IDBLB). Rob McQuade, Legal Counsel, Idaho Bureau of Occupational Licenses (IBOL), testified in place of Roger Hales. **Mr. McQuade** indicated the IDBLB's proposed rule changes will allow the IBOL to consider applications received less than seven days prior to an IBOL meeting. The rule change also provides a waiver for the Instructor Apprenticeship Training Program for individuals who have completed the Idaho State Department of Education's (ISDE) instructor training program, and allows a public driver education instructor who was licensed within the last five years to qualify for a private driving instructor license. The rule change will eliminate the requirement that an instructor have five or more continuous years of driver education experience to teach apprentices in a private driving school. The rule change will also provide a provision for the carryover of continuing education hours. These changes will reduce regulation, provide flexibility to licensees and applicants, and eliminate barriers to employment.

There is no fiscal impact to the General Fund. Negotiated rulemaking was not conducted because the proposed changes to these rules were discussed during noticed, open meetings of the IBOL. There is no incorporation by reference.

MOTION:

Senator Ward-Engelking moved to approve **Docket No. 24-2501-1801**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
49-0101-1801**

Rules of Procedure of Idaho Certified Shorthand Reporters Board (ICSRB). Rob McQuade, Legal Counsel, Idaho Bureau of Occupational Licenses (IBOL), testified in place of Roger Hales. **Mr. McQuade** pointed out this pending rule removes language pertaining to the executive secretary position which is no longer applicable. The rule adds a new section for the written statement of suitability for licensure to enable the IBOL to consider certain factors when reviewing an applicant with criminal history.

There is no fiscal impact to the General Fund. Negotiated rulemaking was not conducted because the proposed changes to these rules were discussed during noticed, open meetings of the IBOL. There is no incorporation by reference.

DISCUSSION:

Senator Souza asked for clarification of what industry was most commonly employed in this field. **Mr. McQuade** explained another term would be certified court reporters.

MOTION:

Senator Martin moved to approve **Docket No. 49-0101-1801**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
10-0101-1801**

Rules of Procedure. Keith Simila, Executive Director, Idaho Professional Engineers and Land Surveyors (IPELS), advised that the IPELS Board found it in the public interest to implement the requirements of S 1252 (2018) by a rule change to ensure the rule is consistent with the law. The IPELS Board also finds that clarifying the university requirement at the Bachelor of Science (B.S.) level for applicants with a degree from the United Kingdom (U.K.) is needed. This clarification means that applicants with a B.S. engineering degree from an accredited U.K. university are unconditionally approved. No other degree options are unconditionally approved. The clarification came out of dialog with the U.K. Engineering Council representatives during the rulemaking process.

There is no fiscal impact to the General Fund. There is a minor (less than \$10,000) reduction in dedicated funds. No fiscal impact is expected because of S 1252. The timing of when a person takes an examination will be unduly influenced when eligible for licensure. A four-year experience time period governs when a person will be eligible for licensure, not the examination. The discontinuance of a certificate may have a minor impact on revenue estimated

as renewal or late fees and will not accumulate when this option is selected. Negotiated rulemaking was conducted. There is no incorporation by reference.

DISCUSSION: **Senator Lakey** noted there was a discrepancy on grading scores. **Mr. Simila** explained this was not described in rule. The scoring has to do with the difficulty of the exam and there are different ways to score the exam.

MOTION: **Senator Thayn** moved to approve **Docket No. 10-0101-1801**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. **01-0101-1801** **Idaho Accountancy Rules. Kent Absec**, Executive Director, Idaho State Board of Accountancy (ISBA), reported Rule 606 is amended and updated to reflect that a firm or licensee, if advised by a peer reviewer or team captain that a grade of fail will be recommended on peer review, must notify the ISBA within 30 days. Amending this rule helps protect the public and those that rely on reports issued by Certified Public Accountants (CPA's). It also helps firms or licensees be in compliance when issuing peer reviewable services for clients.

Mr. Absec noted Rule 617 is amended to help the ISBA take appropriate action to protect the public should they determine, through the peer review process, that a firm or licensee's performance and/or reporting practices are not or may not be in accordance with applicable professional standards.

There is no impact to the General Fund. Negotiated rulemaking was conducted. There is no incorporation by reference.

DISCUSSION: **Senator Burgoyne** pointed out that in Rule 606 there is a reference to Rule 602. He asked, with respect to corrective actions, what kind of products are being addressed. **Mr. Absec** explained a licensee performs a financial statement compilation that provides a more in-depth look at the business with more verification. A report is then produced, which is used by banks and other entities. An audit is a review of the business, where inventory and checking accounts are examined.

Mr. Absec explained subchapter G covers all the rules that apply to a firm registering with the Idaho State Board of Accountancy (ISBA). It also applies to the peer review process, including initial reports, participation in a program with administering the organization, the frequency of a peer review, how those peer reviews should be reported to the ISBA, and how the administering organization is approved by the ISBA. In answer to Senator Burgoyne's question, **Mr. Absec** noted part of Chapter G is a penalty rule that is incorporated by reference. The penalty is \$100 per licensee of the actual firm.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 01-0101-1801**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. **01-0101-1802** **Idaho Accountancy Rules. Kent Absec**, Executive Director, Idaho State Board of Accountancy (ISBA), reported Rule 108 eliminates reference to the former paper-based exam which is no longer applicable. The rule will now focus only on the applicable computer-based exam. He explained Pending Rule 304 will allow the ISBA to utilize established substantial equivalency standards of other states, as established by the National Association of State Boards of Accountancy (NASBA). This will help make a more efficient and less challenging process for reciprocal license applicants. This will also allow the agency to gather information from the Accountancy Licensing Database electronically, instead of requiring a candidate to have another jurisdiction supply the information to Idaho on a paper-based medium. **Mr. Absec** outlined the change in Pending Rule 502, which will now allow licensees with a status of CPA-Retired or CPA-Inactive to provide volunteer accounting services that they were prohibited from doing in the

past or as the current rule stands. Individuals with these statuses will now be able to serve on boards of non-profit organizations, such as homeowner associations, and assist citizens in the Volunteer Income Tax Assistance (VITA) program.

There is no fiscal impact to the General Fund. Negotiated rulemaking was conducted. There is no incorporation by reference.

DISCUSSION:

Senator Lakey asked for clarification on exam requirements, testing a section at a time, and the testing window. **Mr. Absec** explained CPAs can retake failed portions of the exam, but within an 18-month window. He remarked the ISBA is considering continuous year-round testing. He and Senator Lakey discussed the 18-month window and the benefits of doing year-round testing, which would remove testing windows.

Senator Burgoyne inquired if retired or inactive CPAs who volunteer without pay have access to continuing education through the ISBA. **Mr. Absec** remarked there is no program, but education is offered under other societies. **Senator Burgoyne** asked what kind of control the ISBA had over an inactive member. **Mr. Absec** reported the ISBA has jurisdiction over an inactive member. In response to a question by Senator Burgoyne, **Mr. Absec** indicated the ISBA wants to allow inactive or retired CPAs to help senior citizens with federal or state income tax returns. The IDBA code of ethics states that a CPA is not to perform services if they do not have the expertise. **Senator Burgoyne** remarked it is not the professional standard to decide if a person is competent if inactive. An inactive or retired CPA should have an active status. **Mr. Absec** commented when a retiree wants to help, they call the ISBA to ask if they can provide this service. This is a niche for individuals to give back to the community.

MOTION:

Senator Souza moved to approve **Docket No. 01-0101-1802**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. **Senator Burgoyne** asked to be recorded as voting nay.

PASSED THE GAVEL:

Vice Chairman Agenbroad passed the gavel back to Chairman Patrick.

ADJOURNED:

There being no further business, **Chairman Patrick** adjourned the meeting at 2:45 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary