

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE
HARRIS SUBCOMMITTEE
Administrative Rules

DATE: Wednesday, January 15, 2014
TIME: 1:30 P.M.
PLACE: Room EW20
MEMBERS: Chairman Harris, Representatives Anderson(31), Anderst, Holtzclaw, Romrell, King
**ABSENT/
EXCUSED:** Representative Holtzclaw
GUESTS: Jeff Sayer, Idaho Department of Commerce; Megan Ronk, Idaho Department of Commerce; Wendy Widman, DHW; Don Drum, PERSI; Joanna Guilfooy, PERSI
Chairman Harris called the meeting to order at 1:30 p.m.

**DOCKET NO.
28-0207-1301:** **Jeff Sayer**, Director of the Idaho Department of Commerce, introduced **Docket No. 28-0207-1301** to the committee. These rules, he explained, pertain to the IGEM Grant Recognition Fund Grant Program. He said this program funds commercialization grants that support university and industry partnerships to enhance technology transfer and commercialization of research and technologies developed to create high quality jobs and new industries in Idaho. He detailed the various sections of the rule outlining the Request For Proposal (RFP) which is to include the requirements for performance measures and reporting that must be met to ensure continuation of the grant. If these standards are not met, the grant may be terminated. He also detailed the rule's stipulations that proposals that partner with Idaho based entities will be given preference and that there must be a match of some kind from the industry to create a three-way interest in the proposal between the university, the state, and industry.

In response to questions regarding the Idaho preference, **Mr. Sayer** said that as they screen projects and look at all of the various factors and qualification, one qualification they will consider is an interest for Idaho universities or industries and that proposals with such interests will be given more weight than those without.

In response to questions, **Mr. Sayer** stated the more private investment there is in the process, the more likely it is to be successful and more likely to be a viable project. Mr. Sayer said the IGEM Council felt it was important to spend so much time up front to ensure good investment from the beginning.

In response to questions regarding the grant process and the money source as well as its current usage, **Mr. Sayer** said that there is a one million dollar annual grant. He mentioned that the Council has issued \$900,000 across seven different grants for Fiscal Year 2013 and is right now going through the process to issue more grants for the following fiscal years. The Director stated that these grants cover a very wide spectrum of projects and ideas.

In response to questions regarding the weights or measures in reviewing the proposals and issuing the grants, **Mr. Sayer** stated that they are working on developing those set weights and wanted to test their ideas before those weights are placed into rule. He stated that the Council is run by successful businessmen who use a variety of intuitive business practices in making sound decisions that have little risk with high reward.

In response to questions regarding whether or not the match should be quantified, **Mr. Sayer** stated they wanted to keep the requirement flexible because each proposed project is so different and the range of ideas is so varied that they may require different kinds of investment rather than any set dollar amount.

When asked to summarize section of Idaho Code 67-4731 and how allocation occurs, **Mr. Sayer** said they worked with the universities to ensure that this program was in line with their already established university contracts. He stated that this program comes into the agreement after the university has already made a contract with their research partners and helps fill the financial gaps. He also said that as revenues come back to the project, this program will receive some of those funds and that the fund's goal is to be self-sufficient.

In response to questions about accountability standards for this fund, **Mr. Sayer** stated that there are strict and strong requirements for the Council to be held accountable established in statute. He stated that they are required do annual reports as well as publishing the grants and projects approved for the grants.

MOTION:

Rep. Anderst made a motion to recommend approval of **Docket No. 28-0207-1301** to the full committee. **Motion carried by voice vote.**

**DOCKET NO.
28-0301-1301:**

Jeff Sayer, introduced **Docket No. 28-0301-1301** to the committee. He stated that this rule pertains to the new Idaho Opportunity Fund (IOF) established to replace the Business and Jobs Development Grant Fund. He called this fund a "deal closing fund." He outlined the three criteria for the grants. One is that they are performance based. Second is that they must be negotiated with set milestones and benchmarks for the funding. Third is that there must be community partners involved in a local match. This match, he stated, was to be kept flexible to ensure that the variety of communities in Idaho would be able to create a match in some way. He stated that fiscally this fund is supported by a one-time three million dollar support to show that it works and is a good investment, and then an annual allocation of \$400,000 dollars.

Mr. Sayer stated that there were to be two sister agreements in these grants. The first was to be between the state and the city and the second was to be between the city and the company. Thus, the three involved parties would all be involved in decision making and the money would flow through two agreements.

At the end of his presentation, **Mr. Sayer** also outlined the requirements for the fund's reporting and accountability. He stated that they are annually responsible to the Legislature and the government for the money they had spent and how and that quarterly they have the obligation to report to the Economic Advisory Council.

In response to concern that the Director has sole discretion over the grant, **Mr. Sayer** said that although that sounds scary, in order to be able to negotiate and be a part of the deal making process, the Director needs the authority to make those decisions. This power however, is one of the reasons why accountability and review is so high and constant so as to prevent any kind of misuse.

In response to a follow up question about the make up of the Economic Advisory Council, **Mr. Sayer** said that the Council is made up of opinionate and successful business people with diverse backgrounds, that come from all across the state. He said although it may appear that there are no urban-centered members, the members do in fact have a high level of expertise and experience in the matters that are most pertinent to the Council and it's decisions.

In response to a question regarding the open meeting laws of the Council, **Mr. Sayer** explained that the Council does follow the open meeting laws and that they also meet the balanced party requirements.

MOTION: **Rep. King** made a motion to recommend approval of **Docket No. 28-0301-1301** to the full committee. **Motion carried by voice vote.**

DOCKET NO. 28-0304-1301: **Jeff Sayer** introduced this docket and explained that it was simply being deleted from the rules as the Business and Jobs Development Fund was replaced by the Idaho Opportunity Fund.

In response to questions regarding why this fund needed to be replaced, **Mr. Sayer** stated there was not the same kind of oversight in this Fund that there is in the IOF and that the three central provisions of the IOF were not a part of this fund. Rather than try to change this fund so drastically, he stated that it was more appropriate to simply create an entirely new program.

MOTION: **Rep. Anderson(31)** made a motion to recommend approval of **Docket No. 28-0304-1301** to the full committee. **Motion carried by voice vote.**

DOCKET NO. 21-0102-1301: **Tamara Mackenthun** of the Idaho Division of Veterans Services was introduced to the committee and presented **Docket No. 21-0102-1301** to the Committee. She stated that the intent of this change was to include tribal veterans' representatives in the rule which would allow them the funding to be able to attend training for Idaho emergency relief services for veterans. She stated that the cost would be about \$2,500 dollars. She also stated that this change was essential to ensure all veteran communities were up to speed, to be able to file accurate claims and get veterans the services they need.

In answer to questions regarding why this change occurred, **Ms. Mackenthun** stated that the tribes were originally represented by others and that, along with the support of a federal initiative, the tribes would have local community representatives for tribal veterans in the Native American communities.

In response to questions about how the Division came up with the monetary figures, **Ms. Mackenthun** stated that they took current costs of others who come to the conference and the distance they would have to travel and made a large estimate.

In response to how many tribes were in Idaho that require this training, **Ms. Mackenthun** stated that there are five tribes in Idaho and that currently only four have representatives.

MOTION: **Rep. King** made a motion to recommend approval of **Docket No. 21-0102-1301** to the full committee. **Motion carried by voice vote.**

DOCKET NO. 21-0108-1301: **Ms. Mackenthun** next introduced **Docket No. 21-0108-1301** to the Committee. This docket is regarding the Veterans' Recognition Fund Grant Program. The objective of this Fund is to provide funding for programs that support Idaho veterans both within and outside state and local government. She explained that these rules are to set the administrative processes for the award of grants. She mentioned that this program is structured almost identically to the Veterans' Support Fund in eligible activities and costs. This rule lays out the eligible activities and costs, the ineligible activities and costs, the funding priorities, the grant process, and the conditions and requirements of those grants.

In response to questions regarding the funds for the commission members and where those funds come from, **Ms. Mackenthun** responded that the funds are already in the program and the members of the commission will not be compensated but they may receive a travel stipend for their trips to Boise.

MOTION: **Rep. Anderst** made a motion to recommend approval of **Docket No. 21-0108-1301** to the full committee. **Motion carried by voice vote.**

DOCKET NO. 59-0103-1401: **Don Drum**, Director of the Public Employee Retirement System of Idaho (PERSI) introduced **Docket No. 59-0103-1401**. This docket is a Temporary PERSI Rule that delays the effective date, at which time an increase in contribution rates are scheduled to occur for employers and employees. Rather than July of 2014 the increase will be delayed one year, to July 2015.

MOTION: **Rep. Anderson(31)** made a motion to recommend approval of **Docket No. 59-0103-1401** to the full committee. **Motion carried by voice vote.**

DOCKET NO. 59-0106-1301: **Don Drum** introduced **Docket No. 59-0106-1301** to the committee. He explained that this is simply a new rule that is required to be in statute for PERSI to be qualified as a governmental plan under the Internal Revenue Code and sets out PERSI's good faith interpretation of those requirements. It addresses employee termination of PERSI and brings it into compliance with the IRS Code.

In response to questions regarding the different structure of this docket and whether or not this looks different in statute than other rules, **Mr. Drum** stated that this looks different because this is a new rule. Although the requirements to be in compliance with IRS Code have existed since 1974, the references have not existed in Code. When further asked where those references were in this rule, Mr. Drum referred to his Deputy Attorney General, **Ms. Johanna Guilfooy**. She stated that there is legislation to change the statute to include those references. However, Idaho was not required to have the IRS references incorporated in the rules, instead it just required their good faith exception be laid out, which is what this rule does.

MOTION: **Rep. Romrell** made a motion to recommend approval of **Docket No. 59-0106-1301** to the full committee. **Motion carried by voice vote.**

Rep. Anderson(31) took a minute to thank **Director Drum** for his service and the stellar reputation he has helped build, and the confidence in the program and for all their hard work.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 2:37 p.m.

Representative Harris
Chair

Kaela Becklund
Secretary