

# House Business Committee

Minutes  
2007



MINUTES

HOUSE BUSINESS COMMITTEE

**DATE:** January 11, 2007

**TIME:** 1:45 p.m.

**PLACE:** Room 408

**MEMBERS:** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED:** Chairman Black

**GUESTS:** Jack Lyman, Roy Eiguren

Meeting was called to order at 1:45 p.m. by Vice Chairman Frank Henderson. Following roll call, members of the Business Committee were invited to choose their seats according to seniority status.

**Rep. Henderson** announced that the Administrative Rules Review process will begin on Monday, January 15, and that the rules are being assigned to a Rules Subcommittee. Rep. Henderson will serve as chairman of the subcommittee, Rep. Chadderdon will serve as vice chairman, and members of the subcommittee will be all Legislators who are new to the Business Committee.

**Rep. Henderson** invited members to introduce themselves and share some information about their professions, their experience, and their families. He also introduced the committee secretary, MaryLou Molitor, and the committee page, Michelle Olson, who is Rep. Chadderdon's granddaughter.

**Rep. Henderson** informed the committee that the I.S.U. Learning Center has invited the Business Committee to visit its facilities, and he asked whether next Wednesday, January 17, would be an agreeable date for that visit. **Rep. Elaine Smith** reminded the committee that photographs will be taken that day and all Legislators need to be available for their assigned times. Rep. Henderson said an alternate date will be chosen for the visit to the I.S.U. Learning Center.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 2:10 p.m.



Representative Frank Henderson  
Vice Chairman



Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE SUBCOMMITTEE ON ADMINISTRATIVE RULES

**DATE:** January 15, 2007

**TIME:** 1:30 pm

**PLACE:** Room 408

**MEMBERS:** Chairman Henderson, Representatives Chadderdon, Anderson, Mathews, Crane, Patrick, Hagedorn, Durst and Killen

**ABSENT/  
EXCUSED:** None

**GUESTS:** David Curtis

Meeting was called to order by Chairman Henderson at 1:30 pm. The Chairman welcomed the newest member of the Business Committee, **Rep Marv Hagedorn**. Rep Hagedorn told the subcommittee about himself and noted that he had been appointed to replace Rep Shirley McKague, who moved to the Senate.

**Docket No.  
10-0101-0601** **David Curtis**, Idaho Board of Professional Engineers and Professional Land Surveyors, presented **Docket No. 10-0101-0601**. Mr Curtis explained, by way of background, that in 2002 the Legislature passed H 589, which requires that applicants for licensure as surveyors need to have graduated from a four-year surveying program. If an applicant has graduated from a related science program, he or she has to show a comparable knowledge and skill level to those who have graduated from a surveying program. This proposed rule lists the specific courses that will satisfy the requirement. Mr Curtis explained that this requirement parallels the requirement that has been in effect since 1992 for licensing engineers in the state of Idaho. He also noted that the rule has the support of the Idaho Society of Professional Land Surveyors, and that there has been no opposition expressed from any source.

In response to committee questions, Mr Curtis stated that the Idaho requirements are actually somewhat higher than those of surrounding states, which means that Idaho surveyors should have no difficulty meeting reciprocity requirements. He clarified that the specific courses listed will fulfill the requirements, but the rule also allows for courses that are "their equivalents as determined by the Board". He stated that the Board requests a syllabus of the course in order to determine equivalency. Mr Curtis noted that the Idaho Society of Professional Engineers and the Idaho Society of Professional Land Surveyors were both apprised of the rule, as was the American Council of Engineering Societies. Mr Curtis reported that no comments were received from the engineering groups, but the surveyors are very supportive of this change.

**MOTION:**            **Rep Chadderdon** moved to recommend that Docket No. 10-0101-0601 be approved by the Business Committee; **motion carried on a voice vote.**

Chairman Henderson requested that the committee secretary send a copy of the agenda for the next subcommittee meeting, scheduled for Wednesday, January 17, to all members of the subcommittee. This will allow them to be prepared to review the specific rules for that meeting.

**ADJOURN:**            There being no further business to come before the subcommittee, the meeting was adjourned at 1:56 pm.

---

Representative Frank Henderson  
Chairman

---

Mary Lou Molitor  
Secretary

MINUTES

**HOUSE BUSINESS COMMITTEE**

**DATE:** January 17, 2007

**TIME:** 1:30 pm

**PLACE:** Room 408

**MEMBERS:** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Hagedorn, Smith (30), Rusche, Durst and Killen

**ABSENT/  
EXCUSED:**

**GUESTS:** Michael Larsen, Dept of Finance; David Curtis, Board of Professional Engineers and Professional Land Surveyors; Jeanne Jackson-Heim, Real Estate Commission; Bob Corbell, IEC/HVAC; Barbara Porter, Idaho State Board of Accountancy; Melissa Nelson, ISCPA; and Roger Hales, IBOL

Chairman Black called the meeting to order at 1:31 pm. He introduced **Rep Marv Hagedorn**, the newest member of the committee. Rep Hagedorn is replacing Bill Deal on the committee. Mr Deal accepted the position of Director of the Department of Insurance.

**RS 16495C2**

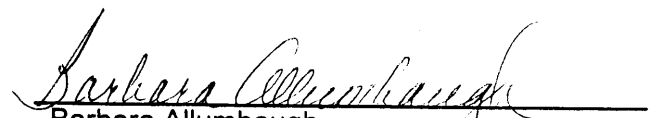
**David Curtis Board of Professional Engineers and Professional Land Surveyors**, introduced this proposed legislation which he stated will accomplish five major objectives. The first is to better define what is meant by "responsible charge" of professional work, and provide an exemption for work performed on "standard design plans." The second is to raise the honorarium paid to members of the Board from \$50 per day to \$75 per day. The third will clarify the requirements for placing a professional seal and signature on documents. Number four will clarify that alternative dispute resolution of charges is acceptable and to eliminate a conflicting hearing notification time requirement. The fifth objective is to exempt professional land surveyors from trespass prosecution if they need access to property corners on property other than their clients, but will still hold them accountable for any damages they might cause.

The question was asked in regards to trespass, if they are required to give any notice. Mr Curtis replied that Idaho Statute required advance notice.

**MOTION:** **Rep Snodgrass** moved that **RS 16495C2** be introduced for print; on a voice vote the motion carried.

**ADJOURN:** There being no further business, the meeting was adjourned at 1:35 pm.

  
\_\_\_\_\_  
Representative Max Black, Chairman

  
\_\_\_\_\_  
Barbara Allumbaugh  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE SUBCOMMITTEE ON ADMINISTRATIVE RULES

- DATE:** January 17, 2007
- TIME:** Upon Adjournment of Business Committee
- PLACE:** Room 408
- MEMBERS:** Chairman Henderson, Representatives Chadderdon, Anderson, Mathews, Crane, Patrick, Hagedorn, Durst and Killen
- ABSENT/  
EXCUSED:**
- GUESTS:** Michael Larsen, Dept of Finance; Jeanne Jackson-Heim, Real Estate Commission; Barbara Porter, Idaho State Board of Accountancy; Melissa Nelson, ISCPA, and Tana Cory and Roger Hales, IBOL
- Chairman Henderson called the meeting to order at 1:37 pm.
- MINUTES** **Rep Anderson** moved that the minutes of January 15, 2007 be approved as written; **on a voice vote the motion carried.**
- Docket No. 33-0101-0601** **Jeanne Jackson-Heim of the Real Estate Commission**, explained that there is no new fee or charge being imposed in **Docket 33-0101-0601**. Rather, this rule reduces the individual licensing fees by \$20 per bi-annual licensing period. Licensing has nearly doubled since 2002. This agency is a self governing and self funded agency and the Commission has been able to accommodate this increase in the licensee base without a significant increase in its operating budget. The fees being collected were more than what was needed to support the agency, so the commission analyzed its budget and determined that a \$20 licensee fee reduction would be appropriate. **Rep Durst** asked what impact this reductions might have. Ms Jackson-Heim responded that this money does not go into the general fund so there is no fiscal impact.
- MOTION:** **Rep Mathews** moved to recommend that the Business Committee accept **Docket No 33-0101-0601; on a voice vote the motion carried.**
- Docket No. 33-0101-0602** **Jeanne Jackson-Heim** stated this rule would allow a designated broker to view the continuing education records for his licensed sales associates online through the agency's secure website. Licensees are required to take continuing education courses for license renewal. They are subject to disciplinary action for failing to complete the required courses. Because the brokers are responsible for the activities of their licensees, and they have the duty to supervise them, the commission agreed that it would be beneficial to the brokers to have access to these records to help them properly mentor and supervise their licensees. The licensees would also benefit from this supervision and hopefully avoid the consequences of non-compliance. These rules were submitted to the Governor's office this past summer and they were given approval to operate off these rules since September, 2006.

**MOTION:** **Rep Patrick** moved to recommend that the Business Committee accept **Docket No 33-0101-0602; on a voice vote the motion carried.**

**Docket No. 33-0101-0603** **Jeanne Jackson-Heim** stated that this rule change greatly expands the list of topic areas that can be approved for continuing education credit for real estate licensees. The commission has received many suggestions from licensees and course providers for various topics that they believe would be more relevant and helpful to them in the real estate profession. The commission wants to be responsive to changes in the industry, including the increase in the use of technology in the real estate profession and to provide more options for the licensees to select courses to meet their specific needs.

**MOTION:** **Rep Anderson** moved to recommend that the Business Committee accept **Docket No. 33-0101-0603; on a voice vote the motion carried.**

**Docket No. 01-0101-0601** **Barbara Porter, Director of the Idaho State Board of Accountancy,** stated there are four minor changes contained in this rule. The first change updates the rule that incorporates national standards by reference. Idaho Code requires agencies to cite the specific year when they incorporate standards by reference. This will update the standards reference from the year 2006 to the year 2007.

The second change updates the rules to reflect a name change in the regional accreditation association the Board of Accountancy accepts. The name has gone from Northwest Association of Schools and Colleges to Northwest Commission on Colleges or Universities. It is the same entity, with the same standards, but a new name.

The third change removes a reference to an entity, the National Society of Accountants, as an administering organization for peer reviews. They discontinued offering this service in 2005, and have no expectation of offering peer reviews in the future. The licensees are aware of the change and have enrolled with other administering organizations for peer review.

The fourth change simply brings consistency to the use of the words "fees" versus "fines". Currently the rules use both of these words in reference to penalties for non-compliance. Non-compliance of continuing professional education reporting uses "fees" as a penalty. Non-compliance of firm registration and peer review requirements uses "fines" as a penalty. The proposed change uses the word "fine" for penalties of both violations. The use of the word "fee" is retained only in reference to late license renewal. That is because licensees, by Idaho Code, have thirty days to renew after the deadline, provided they pay a fee for the extension.

**MOTION:** **Rep Durst** moved to recommend that the Business Committee accept **Docket No. 01-0101-0601; on a voice vote the motion carried.**

**Docket No. 12-0110-0601** **Michael Larsen, Department of Finance,** stated the purpose of this rule is to change the location address from Joe R Williams Building, 700 West State Street to 800 Park Boulevard, Suite 200, Boise, Idaho, 83712. Residential Mortgage has been changed to Consumer Finance Bureau and there is a correction in the facsimile machine number. The date on several federal laws and regulations referred to in the Mortgage Practices Act has been changed to January 1, 2007.

- MOTION:** **Rep Patrick** moved to recommend that the Business Committee accept **Docket No. 12-0110-0601; on a voice vote the motion carried.**
- Docket No. 24-0401-0601** **Roger Hales** stated he would be testifying on behalf of the Bureau of Occupational Licenses in place of Tana Cory as she has only been on the job for about two weeks. **Docket No. 24-0401-0601** covers the Idaho Board of Cosmetology. Cosmetology is a broad license that allows one to do a number of things. Last year the legislature created, by statute, a new separate license of haircutter. This docket will update the rules to reflect this new category. The docket further lay out rules for teaching haircutting and haircutter requirements for licensure. There were several questions asking for clarification of some of the terms used. Mr Hales stated these rules were published last summer and there were some comments received. These rules reflect changes as a result of these comments.
- MOTION:** **Rep Chadderdon** moved to recommend that the Business Committee accept **Docket 24-0401-0601; on a voice vote the motion carried.**
- Docket No. 24-0701-0601** **Mr Hales** stated the Idaho State Board of Landscape Architects is currently operating with a negative financial balance. **Docket No. 24-0701-0601** is requesting an increase in the original license fee and annual renewal fee from \$125 to \$150. The board is operating about \$3000 in the red. Mr Hales beliees this raise in fees will have a positive impact and should raise about \$5200. He cited past legal problems have had some bearing on the bottom line. **Rep Anderson** said that if the board had been paying for legal problems it meant that good people were paying for bad people and he would suggest using fines.
- MOTION:** **Rep Anderson** moved to recommend that the Business Committee deny **Docket 24-0701-0601; on a voice vote the motion carried. Rep Killen is recorded as voting no.**
- Docket No. 24-1801-0601** **Mr Hales** stated that the Real Estate Appraiser Board is one of the few boards that has federal oversight. This rule will change some of the education requirements for obtaining a license and effective education dates are being changed from January 1, 2007 to January 1, 2008 for Residential Appraiser, Certified Residential Appraiser, and Certified General Appraiser. It further allows credit for time spent attending board meetings to be used toward continuing education requirements. The rule makes a change in requirements when a certificate/license is lapsed, canceled, or otherwise non-renewed.
- MOTION:** **Rep Hagedorn** moved to recommend that the Business Committee accept **Docket 24-1801-0601; on a voice vote the motion carried.**
- Chairman Henderson wanted to thank the committee for their work and stated that this was a training process for each of them. He stated he was learning how to chair a meeting and they were learning meeting protocol. He asked **Rep Mathews** if he would chair the meeting on Tuesday, January 23, 2007, which he agreed to do.
- ADJOURN:** There being no further business, the meeting was adjourned at 2:50 pm.



---

Representative Frank Henderson  
Chairman

---

Barbara Allumbaugh  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** January 23, 2007

**TIME** 2:15 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Rep. Durst

**GUESTS** Gary Malmen, Steve Keys, Dave Goins, Katie Whittier, Jerry Peterson, Jeff Fitzloff, Suzanne Schaefer, Gary Van Hees

Meeting was called to order at 2:12 by Chairman Black.

**RS 16741** **Rep. Marge Chadderdon** presented **RS 16741**, a proclamation honoring five generations of the Hudson family in Coeur d'Alene for their 100 years of continuous operation of Hudson's Hamburgers Restaurant. Rep. Chadderdon gave a brief history of the family restaurant and explained why they deserve to be commended and publicly recognized with this proclamation.

**Chairman Black** recommended that the Business Committee introduce **RS16741** to print and send it to the second reading calendar immediately. He also proposed an idea for the committee's consideration, that in the future the Business Committee could honor similar businesses with a recognition plaque of some kind. Members generally supported the idea of recognizing "businesses of distinction" as long as the number of such recognitions does not multiply to the point of being burdensome.

**MOTION** **Rep. Smith (30)** moved to **introduce RS 16741 to print** and to **send it to the second reading calendar; motion carried on voice vote.** **Rep. Chadderdon** will sponsor the proclamation on the floor.

**RS 16733** **Roy Eiguren**, representing CNA Western Surety Corporation, presented **RS 16733**, which will establish identical requirements for all electrical, plumbing, HVAC, LP gas and general contractors. Mr. Eiguren said that last year a group worked on this issue and proposed **H 761**, which would have placed uniform requirements on all these trades, namely: a surety bond of \$10,000, proof of liability insurance and proof of worker's compensation insurance if applicable. H 761 failed to pass the Senate Commerce Committee because of lack of a quorum. Mr. Eiguren said discussions and meetings had been held in the interim, and RS 16733 is the result of those meetings. He asked that the bill be printed with the understanding that the legislation can then be fully discussed outside the confines of a formal committee meeting. Mr. Eiguren said the burden of proof is on his client to demonstrate that surety bonding is available, is reasonably priced, and will work to protect consumers as the legislation intends. Mr. Eiguren also reported that if no

consensus can be reached, it is his position that no further movement should take place on the surety bonding issue during this session.

In response to committee questions, Mr. Eiguren said the cost of a surety bond varies depending on the background of an individual tradesman. In general, the cost of a \$10,000 surety bond is the same as that for a \$2,000 bond, approximately \$100-150 per year.

**MOTION**

**Rep. Henderson** moved to **introduce RS 16733 to print; motion carried on voice vote.**

**Chairman Black** explained that this RS will be printed with the clear understanding and agreement that the bill will not have a full committee hearing until after discussions take place among all interested parties. Mr. Eiguren invited anyone interested in being included to give their contact information to the committee secretary, who will notify them of future meetings.

**Chairman Black** informed the committee that the ISU Learning Center has invited Business Committee members to visit its facility, and he proposed that the visit take place on Monday, January 29, at the regular committee meeting time of 1:30 p.m. He noted that the visit should take no longer than 30 to 45 minutes, unless members are interested in staying longer. **Rep. Smith (30)** encouraged members to visit the center, stating that it is well worth the time to learn about this facility and the opportunities it affords.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:38 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE SUBCOMMITTEE ON ADMINISTRATIVE RULES

**DATE:** January 23, 2007

**TIME:** 2:45 p.m.

**PLACE:** Room 408

**MEMBERS:** Chairman Henderson, Vice Chairman Chadderdon, Representatives Anderson, Mathews, Crane, Patrick, Hagedorn, Durst, Killen

**ABSENT/  
EXCUSED:** Rep. Durst

**GUESTS** Gary Malmen, Steve Keys, Dave Goins, Katie Whittier, Jerry Peterson, Jeff Fitzloff, Suzanne Schaefer, Gary Van Hees

Meeting was called to order by Chairman Henderson at 2:45 p.m.

**Rep. Mathews** moved to approve the minutes of the January 17 subcommittee meeting as written; **motion carried on voice vote.**

**Chairman Henderson** asked **Rep. Mathews** to take the gavel and conduct the remainder of the subcommittee meeting.

**Steve Keys**, Deputy Administrator of the Division of Building Safety, appeared before the committee to present the administrative rules from his division. Prior to beginning the rules, Mr. Keys introduced the newly-appointed administrator of the Division, **Mr. Kelly Pierce**. Mr. Pierce noted that he had been at his position for only seven days. He also explained that he is legally blind and thus it may take some time for him to get to know and recognize committee members. Mr. Pierce stated that the Division exists to benefit the citizens of the state of Idaho, and that he is always available to answer any questions on rules or legislation.

Mr. Keys acknowledged the presence of **Jack Rayne**, Plumbing Bureau Administrator; **Ray Coon**, Plumbing Board Chairman; and **Milford Terrell**, a member of the Plumbing Board. He also noted that Mr. Rayne would be explaining one of the rule dockets later in the meeting.

**Docket No. 07-0104-0601** **Mr. Keys** then presented **Docket No. 07-0104-0601**, which restricts the use of electrical specialty licensees by manufacturers of modular structures. Mr. Keys stated that, subsequent to promulgation of this rule, opposition arose from the modular industry. He said the contentious issues seem to have been resolved at this point, and the Division and Electrical Board chairman have pledged to seek the establishment of specialty electrical licenses for contractors engaged in the wiring of modular structures.

**MOTION** **Rep. Henderson** moved to recommend that **Docket No. 07-0104-0601** be **approved** by the Business Committee; **motion carried on voice vote.**

**Docket No.** **Mr. Keys** presented **Docket No. 07-0206-0502**, which addresses problems

**07-0206-0502** encountered by installers of water conditioning systems. The rule requires a 3/4-inch drain in lieu of the 1/2-inch line previously required. Since many new water conditioning devices require the extra capacity, this rule will avoid costly modifications after initial construction. Mr. Keys said there has been no opposition to this change.

**MOTION** **Rep. Chadderdon** moved to recommend that **Docket No. 07-0206-0502** be **approved** by the Business Committee; **motion carried on voice vote.**

**Docket No. 07-0301-0601** **Mr. Keys** introduced **Jack Rayne**, Building Bureau Chief in the Division of Building Safety, to present **Docket No. 07-0301-0601**. This rule adopts and incorporates by reference the 2006 editions of the International Building Code, international Residential Code, and International Energy Conservation Code. Much discussion has taken place regarding these codes, and in light of those discussions, Mr. Rayne requested that these rules be rejected. He explained that a coalition of interested parties is preparing legislation which will incorporate the rule changes and will delete the requirement for fire sprinklers within three- and four-unit residential buildings.

In response to committee questions, Mr. Rayne explained that the legislation will remove the requirement for sprinklers but will allow local jurisdictions to require them, by local ordinance. He stated that the Board voted 5-2 in favor of supporting the proposed legislation, with the fire official and the architect dissenting.

**MOTION** **Rep. Henderson** moved to recommend that **Docket No. 07-0301-0601** be **rejected** by the Business Committee; **motion carried on voice vote.**

**Docket No. 07-0501-0601** **Mr. Keys** presented **Docket No. 07-0501-0601**, which clarifies the underlying licensure requirements for electrical contractors and electrical specialty contractors to be licensed through the electrical bureau before obtaining Public Works Contractor licenses. Mr. Keys stated that the Division has received no comment on this proposed rule.

**Rep. Crane** advised the committee, pursuant to House Rule 38, that he holds this license and that it could present a conflict of interest for him to vote on the matter. **Acting Chairman Mathews** stated that, in the view of the chair, Rep. Crane could vote on the rule.

**MOTION** **Rep. Henderson** moved to recommend that **Docket No. 07-0501-0601** be **approved** by the Business Committee; **motion carried on voice vote.**

**Docket No. 07-0501-0602** **Mr. Keys** then presented **Docket No. 07-0501-0602**, which sets the fees for licensure of Public Works Contractors. Mr. Keys explained that this is a follow-up to legislation approved last year that raised the ceilings on fees for most categories, the only exception being the fee for small contractors, or Class D; these fees were reduced from \$75 to \$50. Mr. Keys stated that the fees for higher classifications are somewhat less than the upper limits, while the "B" category and lower are at the statutory maximums. He also noted that members of the construction industry supported the new fee schedule last year, and that no objection had been received.

**Rep. Crane** advised the committee, pursuant to House Rule 38, that he holds this license and that it could present a conflict of interest for him to

vote on the matter. **Acting Chairman Mathews** stated that, in the view of the chair, Rep. Crane could vote on the rule.

In response to questions from the committee, **Mr. Keys** explained that Class D licenses cover jobs up to \$50,000; Class C cover jobs up to \$100,000; Class B up to \$250,000; Class A up to \$1,000,000; Class AA up to \$3,000,000; and Class AAA covers all jobs in excess of \$3,000,000. He also reported that this fee increase is expected to generate approximately \$250,000 annually for the Division of Public Works Licensing. Explaining the necessity of the fee increase, Mr. Keys said that a task force of contractors, public representatives and other interested parties looked at the field of public works contracting in Idaho and came to the conclusion that available resources were not sufficient to allow for better and more efficient enforcement by the Public Works Contractors License Board. This increase in fees will allow for the necessary additional personnel to handle better enforcement as well as greater outreach. Mr. Keys said the fees had not been raised for about 20 years, and also said there are planned personnel positions that remain unfilled due to lack of funding.

Mr. Keys further testified that this fee increase is a part of a major reorganization of the Public Works Contractor Licensing Bureau. He said the bureau has gone from having a public works contractor board manager to having a bureau chief, which requires additional staff. In addition, the building industry is demanding greater enforcement, outreach and training.

**Rep. Black**, who served on the interim task force, was recognized to provide further explanation. He confirmed Mr. Keys' testimony that the public works sector needed the ability for more effective enforcement, particularly in light of increasing complaints from both public and private sectors. Previously the Contractor Licensing Board had no teeth because of lack of funding for enforcement efforts. The construction industry members recommended that they assess themselves in order to create a fund for enforcement. Rep. Black stated that he has heard from several sources about the positive changes that have been effected by this increased enforcement ability.

**MOTION**

**Rep. Henderson** moved to recommend that **Docket No. 07-0501-0602** be approved by the Business Committee; **motion carried on voice vote.**

**Docket No.  
07-0501-0603**

**Mr. Keys** presented **Docket No. 07-0501-0603**, which replaces the former indemnification rule in the Public Works Contractors Board rules. Emerging businesses who don't have the financial wherewithal to qualify for licensure may utilize these "guarantor" provisions to obtain a license. The main differences between the "guarantor" provisions and the former "indemnification" provisions are that the guarantor's obligations are formally tied to the obligations of the licensee, and the guarantor must submit supporting financial data meeting the same requirements imposed on the licensee. Mr. Keys said the Public Works Contractors Licensing Board and the Division of Building Safety believe this "guarantor" provision will provide better protection to the public without imposing an undue hardship on emerging businesses. Mr. Keys stated there has been no opposition to this rule.

**MOTION**

**Rep. Hagedorn** moved to recommend that **Docket No. 07-0501-0603** be approved by the Business Committee; **motion carried on voice vote.**

**Docket No.  
07-0701-0601**

**Mr. Keys** presented **Docket No. 07-0701-0601**, which specifies the civil penalties that may be imposed for violations of the HVAC act. The imposition of such civil penalties was approved by the Legislature last year. Mr. Keys stated that no comments have been received regarding this change.

**MOTION**

**Rep. Patrick** moved to recommend that **Docket No. 07-0701-0601** be **approved** by the Business Committee; **motion carried on voice vote.**

**ADJOURN**

There being no further business to come before the subcommittee, the meeting was adjourned at 3:25 p.m.

---

Representative Frank Henderson  
Chairman

---

Mary Lou Molitor  
Secretary

MINUTES

**HOUSE BUSINESS COMMITTEE  
SUBCOMMITTEE ON ADMINISTRATIVE RULES**

**DATE:** January 25, 2007

**TIME:** 1:30

**PLACE:** Room 408

**MEMBERS:** Chairman Henderson, Representatives Chadderdon, Anderson, Mathews, Crane, Patrick, Hagedorn, Durst, Killen

**ABSENT/  
EXCUSED:** None

**GUESTS:** See sign-in sheet.

Meeting was called to order by Chairman Henderson at 1:34 pm.

**Docket No. 18-0124-0601** **Shad Priest**, Interim Director of the Department of Insurance, presented **Docket No. 18-0124-0601**, Advertisement of Disability (Accident & Sickness) Insurance and said this rule regulates the advertisement of disability insurance. The changes update existing rules to cover internet advertising, to eliminate unnecessary paper filing requirements and to prohibit advertisements that do not clearly state the type of insurance. He explained the advertising rule would prohibit marketing devices that create undue fear or anxiety in the minds of consumers and these rules will be in conformance with the Department of Administration and assured the committee the rules can be enforced.

**MOTION:** **Representative Patrick** moved to recommend **Docket No. 18-0124-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0134-0601** **Shad Priest** presented **Docket No. 18-0134-0601**, Certificate of Liability Insurance for Motor Vehicles, which prescribes a form for proof of liability insurance to be used by vehicles dealers and carried in the vehicle. He responded to a question that there is no enforcement.

**MOTION:** **Representative Hagedorn** moved to recommend **Docket No. 18-0134-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0144-0601** **Shad Priest** presented **Docket No. 18-0144-0601**, Schedule of Fees, Licenses and Miscellaneous Charges, which will change the licensing requirement for insurance administrators, often called third party administrators, from an annual renewal to a biennial renewal. The same fee (\$80.00) will be charged but will be collected only every other year. This will reduce by one-half the fee revenue collected from insurance administrators and he explained that an applicant should renew by December 31 of the year it is due and if it is after Jan. 31, that applicant must start over again.

**MOTION:** **Representative Crane** moved to recommend **Docket No. 18-0144-0601** be approved as written. **Motion carried by voice vote.**



**Docket No. 18-0156-0601**      **Shad Priest** also presented **Docket No. 18-0156-0601**, Rebates and Illegal Inducements to Obtaining Title Insurance Business. This rule will increase dollar limitations for expenditures by title insurance industry members on donations, promotional advertising and business entertainment involving producers of title insurance business. He stated there have been no comments in opposition from the title insurance companies, and the rule has not been updated since 1995.

**MOTION:**            **Representative Killen** moved to recommend **Docket No. 18-0156-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0160-0601**      **Shad Priest** presented **Docket No. 18-0160-0601**, Long-Term Care Insurance Minimum Standards, and stated that this is a simple rule change that Idaho has in place which will incorporate the latest changes to the model Long Term Care Minimum Standards Rule adopted by the National Association of Insurance Commissioners. This is intended to make Idaho's rule consistent with the standards most likely to be adopted by other states. He said if a person spends \$50,000 on long term care, Medicaid will disregard \$50,000 in their total assets. Mr. Priest said there has been no negative comments regarding this change.

**MOTION:**            **Representative Hagedorn** moved to recommend **Docket No. 18-0160-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0168-0601**      **Shad Priest** presented **Docket No. 18-0168-0601**, Minimum Reserve Standards for Individuals and Group Health Insurance. He said this is based on the National Association of Insurance Commissioners Accounting Manual and repeals rule sections setting minimum reserve standards for individual and group health insurance and replaces them with the standards set by NAIC. He stated there has been no opposition expressed about this rule and if the NAIC should cease, the state would apply their latest manual.

**MOTION:**            **Representative Patrick** moved to recommend **Docket No. 18-0168-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0174-0601**      **Shad Priest** presented **Docket No. 18-0174-0601**. He said this rule coordinates benefit payments when a person is covered by more than one health plan to avoid confusion and unnecessary delays, and clarifies which types of plans are allowed to coordinate benefit payment and how coordination is to be applied among plans. This will make the Idaho rule consistent with the current version of the NAIC model regulations. He said there have not been any negative comments on the rule.

Responding to a committee question, Mr. Priest stated the best insurance usually pays first and is not limited to custody or percentage of coverage, and that every insurance company wants the other insurance company to pay first. He also stated that with multiple insurance coverage for a person they cannot profit from being sick.

**MOTION**            **Representative Mathews** moved to recommend **Docket No. 18-0174-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0176-0601**      **Shad Priest** presented **Docket No. 18-0176-0601**, Property Casualty Actuarial Opinion Rule (New Chapter), and said this rule was created to require insurers to annually submit to regulators an "Actuarial Opinion Summary" of the Actuarial Report. The summary must provide information on the opining actuary's best

estimate or a range of reasonable estimates and include additional information as required by the NAIC Annual Statement Instruction. He also said there have been no comments or opposition to this rule.

**MOTION**            **Representative Durst** moved to recommend **Docket No. 18-0176-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0177-060**    **Shad Priest** presented **Docket No. 18-0177-0601**, Actuarial Opinion and Memorandum Rule, and explained this amends an existing rule that sets forth standards used by life insurers in Idaho and provides that all life insurers have sufficient reserves to meet expected obligations; provides greater flexibility to the Director to accept actuarial opinions that meet certain standards; requires additional information to be included in the actuarial memorandum and a confidential summary of actuarial assumptions, also including an asset adequacy test and adding sections to conform to the Office of Administrative Rules format and standards. After some concerns were expressed about approving this rule without the corrections, Mr. Dan Graves, from the Office of Administrative Rules, said the corrections would be out in February.

**MOTION**            **Representative Durst** moved to recommend **Docket No. 18-0177-0601** be approved as written. **Motion carried by voice vote.**

**ADJOURN:**        **Chairman Henderson** told the subcommittee another meeting would be called, if needed, and he advised members to keep their rules books. Meeting adjourned at 2:25pm.

---

Rep. Frank Henderson  
Subcommittee Chairman

---

Mary Lou Moon  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** January 31, 2007

**TIME** 2:15 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** None

**GUESTS** Shad Priest, Georgia Siehl, Breanna Carmack, Bill Deal, Martha Smith, Al Frieze, Julie Taylor

Meeting was called to order at 1:30 by Chairman Black. **Rep. Smith (30)** moved to approve the minutes of the January 23 meeting; motion carried on voice vote.

**Chairman Black** reminded the committee that they had been invited to a demonstration of “cup stacking” at Jefferson Elementary this afternoon, to be held between 3:30 and 4:15. He noted that last year the students visited Business Committee and demonstrated this new activity, which promotes eye-hand coordination and manual dexterity.

**RS 16479** **Bill Deal**, Director of the Department of Insurance, appeared before the committee to present **RS 16479**. He introduced Shad Priest, deputy director; Georgia Siehl, bureau chief of company activities, and Martha Smith, senior examiner, and said they would be available to answer any questions concerning the Department’s proposed legislation.

Mr. Deal said that during the past several years there has been an effort to pass uniform insurance laws in all states, many of them based on the NAIC (National Association of Insurance Commissioners) model law. He stated that uniform state laws are becoming increasingly important as the insurance business becomes more multi-state in nature. Mr. Deal explained that this bill deals with risk-based capital for property and casualty insurers, adopting a “trend test” for them which is similar to the trend test for life and health insurance companies. He stated there is no opposition to this change.

**MOTION** **Rep. Collins** moved to introduce **RS 16479** to print.

**Rep. Rusche** noted it would be helpful and productive for the Insurance Department to provide a fuller discussion and explanation of such things as risk-based capital, what it is, how it’s measured, and why a trend test as well as a static test is important. **Chairman Black** suggested that a visit to the department would afford an opportunity for a basic education in insurance principles and practices. Mr. Deal said the Department of Insurance would be happy to host such a session, and he encouraged the committee to draw up a list of topics they would like to have covered. Such a meeting could be

held during the committee's regular meeting time.

**VOTE ON  
MOTION**

**Chairman Black** called for a vote on the motion to **introduce RS 16479** to print; **motion carried on voice vote.**

**RS 16481C1**

**Mr. Deal** presented **RS 16481C1**, which specifies the length of time that records need to be maintained by insurance producers and the point in time when the disposition of such records can take place. He said the legislation makes the requirements for life and health insurance consistent with those for property and casualty, and also allows for records to be maintained electronically if the producers can make them available for inspection upon reasonable notice by the director. Mr. Deal said there is no opposition to this legislation.

**MOTION**

**Rep. Crane** moved to **introduce RS 16481C1** to print; **motion carried on voice vote.**

**RS 16483**

**Mr. Deal** then presented **RS 16483**, which changes the department's examination requirements for rate-making organizations, advisory organizations, joint reinsurance organizations and other organizations from three years to five years. This will make the examination period consistent with the requirements for other agencies that the department examines. Mr. Deal noted the legislation sets five years as a maximum time, but the director still has discretion to examine on a more frequent basis.

**MOTION**

**Rep. Snodgrass** moved to **introduce RS 16483** to print; **motion carried on voice vote.**

**RS 16484**

**Mr. Deal** presented **RS 16484**, which deletes an obsolete reference from Code Section 41-509 and clarifies that a newly-formed domestic mutual property insurer is subject to the same limit of risk that currently applies to all other property insurers.

**MOTION**

**Rep. Edmunson** moved to **introduce RS 16484** to print; **motion carried on voice vote.**

**RS 16485**

**Mr. Deal** presented **RS 16485**, which will allow the department to share confidential information with foreign regulatory and law enforcement agencies in the same manner in which information is currently shared with federal and state agencies. Mr. Deal explained that this change recognizes of the increasing globalization of the insurance industry.

Responding to committee questions, Mr. Deal said the information is shared with entities on the basis of "written assurance" that the entities will maintain such information in confidence. If such an assurance is not forthcoming, the director can choose not to share the information. Mr. Deal was asked to provide an example of a "foreign regulatory agency"; in response, **Mr. Priest** said Idaho has not yet had a request to share information with a foreign regulatory agency. He noted, however, that many insurance companies are sited offshore, and Idaho may want to determine their solvency. With this new legislation, the department will be able to request that information.

**MOTION**

**Rep. Smith (30)** moved to **introduce RS 16485** to print; **motion carried on voice vote.** **Rep. Hagedorn** is recorded as voting **against** the motion.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:07 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE SUBCOMMITTEE ON ADMINISTRATIVE RULES

**DATE:** January 31, 2007

**TIME:** 2:15

**PLACE:** Room 408

**MEMBERS:** Chairman Henderson, Representatives Chadderdon, Anderson, Mathews, Crane, Patrick, Hagedorn, Durst, Killen

**ABSENT/  
EXCUSED:** None

**GUESTS:** Bill Deal, Director of the Department of Insurance; Shad Priest, Deputy Director

Meeting was called to order by **Chairman Henderson** at 2:15 pm. **Rep. Anderson** moved to approve the subcommittee minutes of January 23, 2007; motion carried on voice vote. **Rep. Patrick** moved to approve the subcommittee minutes of January 25, 2007; motion carried on voice vote.

**Docket No. 18-0127-0601** **Shad Priest**, Interim Director of the Department of Insurance, presented **Docket No. 18-0127-0601**, which amends the existing rule to tighten up and clarify the requirements for multiple employee self-funded health plans. Mr. Priest explained that these health plans operate like insurance plans and thus need to meet the same requirements. He noted that if such a self-funded plan becomes insolvent, employee medical bills go unpaid. The proposed changes in the rule delete some obsolete wording and set out new surplus requirements for self-funded plans. He said one way to meet the surplus requirements is through a letter of credit. The new law also imposes new quarterly filing requirements, sets forth deadlines, and updates the old rule to conform to the Office of Administrative Rules style requirements.

**MOTION:** **Representative Patrick** moved to recommend **Docket No. 18-0127-0601** be approved as written. **Motion carried by voice vote.**

**Docket No. 18-0128-0601** **Shad Priest** presented **Docket No. 18-0128-0601**, which is a companion to the previous docket. Mr. Priest said that last year a new Code section was created to regulate a certain type of self-funded health plans, namely, governmental entities that form self-funded plans. These plans have the same risks as private employer plans, but they are made up of public entities such as counties, cities, and other governmental subdivision of the state. Mr. Priest said there is currently only one such plan, the Gem Plan; representatives of that plan were involved in drafting last year's legislation and also provided helpful comments on these proposed rules. He said this docket creates a new rule to flesh out the requirements of the new law, such as registration with the Department of Insurance, requirements for a trust fund, accounting standards, and so forth. The rule applies NAIC standards for determining necessary reserves, which is the amount of money a plan sets aside to pay current and anticipated claims. Another provision of the rule allows the director to give a plan up to 90 days to address an insolvent condition. The rule also sets out bonding and reporting requirements. Mr. Priest also explained that there is a technical correction to the

proposed rule, namely, Subsection 026.02 was mistakenly deleted rather than Subsection 026.01.a. The correction will be made to the proposed rule.

**MOTION:** **Representative Patrick** moved to recommend **Docket No. 18-0128-0601** be approved as corrected. **Motion carried by voice vote.**

**Chairman Henderson** thanked the subcommittee for their work on the review of administrative rules and advised them that the subcommittee will now submit a letter to the Business Committee summarizing the subcommittee's findings and recommendations. He noted that the Business Committee's next regular meeting will take place tomorrow, February 1. Chairman Henderson also thanked both Mr. Deal and Mr. Priest for appearing before the subcommittee to assist in its deliberations.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 2:30 p.m.

---

Rep. Frank Henderson  
Subcommittee Chairman

---

MaryLou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 1, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** None

**GUESTS** Jack Rayne, Gary Malmen, Steve Keys, Roger Hales, Cindy Hedge, Dave Whaley, Bob Corbell, Jerry Peterson, Dave Curtis, Hugh O'Riordan, Jeanne Jackson-Heim, Kimberly Coster, Suzanne Schaefer, Jeremy Pisca

Meeting was called to order at 1:30 by Chairman Black. **Rep. Mathews** moved to approve the minutes of the January 31 meeting; motion carried on voice vote. **Rep. Patrick** moved to approve the minutes of the Administrative Rules Subcommittee meeting of January 31; motion carried on voice vote of subcommittee members.

**Chairman Black** announced that Mr. Deal would not be able to present the Department of Insurance legislation until later in the meeting, and he asked Mr. Jack Lyman to present his RS first.

**RS 16690** **Jack Lyman**, testifying on behalf of the Idaho Manufactured Housing Association, presented **RS 16690**. Mr. Lyman stated this is a bill to update the current code section on the manufactured housing industry, and said he had worked with the manufactured housing advisory board in developing the legislation. It will require background checks for new licensees, increase the bonding requirements for retailers of manufactured housing, cap license fees and add enforcement provisions.

Responding to committee questions, Mr. Lyman said background checks look for any history of fraud or criminal behavior, or any other reasons that would lead the board to deny licensure. This will be permissive, not obligatory, and is an effort to keep undesirable people from becoming licensed. He also said if a license lapses, the licensee cannot reinstate his license but instead would have to apply for a new license, which requires background checks.

**MOTION** **Rep. Snodgrass** moved to **introduce RS 16690** to print; **motion carried on voice vote.**

**RS 16599C1** **Suzi Schaefer**, representing the Idaho Petroleum Marketers, introduced **Hugh O'Riordan**, counsel for the Board of Trustees of the Petroleum Clean Water Trust Fund. Mr. O'Riordan explained that the trust fund provides insurance for petroleum tanks, and he presented **RS 16599C1**. This legislation deals with three issues, namely: 1) clarifying the definition of



petroleum products; 2) ensuring the financial integrity of the trust fund; and 3) allowing the board of the Petroleum Clean Water Trust Fund to determine whether the state treasurer or the state endowment fund shall manage the investments of the fund. Mr. O’Riordan explained that the transfer fee needs to be triggered when the unencumbered balance in the trust fund equals twenty-five million dollars (\$25,000,000), and suspended when the unencumbered balance reaches thirty-five million dollars (\$35,000,000). The current trigger amount, fifteen million dollars (\$15,000,000) is too low. Currently the unencumbered funds are managed by the state treasurer; this legislation will allow the board of trustees to determine whether the treasurer or the state endowment fund should manage the trust fund.

Responding to committee questions, Mr. O’Riordan said the trust fund is not solvent at the current levels because initially the trust fund was to obtain one cent per gallon, but because of litigation it receives only two-tenths of a cent per gallon. More money is currently being spent than is generated; the cost of running the fund is well over two million dollars per year, and the investment income from the fund is generating less than that amount. Mr. O’Riordan gave some examples of the cleanup cases paid for by the fund, which as of December 2006 numbered 4,078 tanks, involving 1,420 properties. He also said no decision has been made by the board regarding who will manage the trust; the legislation will permit the board to decide whether or not to transfer management to the state endowment fund.

**MOTION**

**Rep. Collins** moved to **introduce RS 16599C1** to print, with the provision that typographical errors on its Statement of Purpose should be corrected; **motion carried on voice vote.**

**Chairman Black** suggested to Ms. Schaefer that when this bill is heard in committee, she should bring further information about the origin of the trust fund, how it works, who can apply for funding, and any other pertinent information that will help the committee understand the legislation more fully.

**Ms. Schaefer** responded that she has prepared such information and will present it to the committee at the bill hearing.

**RS 16771**

**Jeremy Pisca**, representing the Idaho Building Contractors Association, presented **RS 16771**, which deals with contractor registration in the state of Idaho. Mr. Pisca gave background information about the contractor registration act that was passed two years ago. He noted that, prior to the registration act, several local entities had established licensing requirements. In order to avoid having a patchwork of local requirements, this legislation states that no local entity will be able to pass local requirements. Mr. Pisca said that at the time the registration bill was negotiated, those cities who had already established requirements, namely, Pocatello, Chubbuck and Idaho Falls, were “grandfathered in” and were allowed to keep their local rules. He stated that contractors in those three cities still are required to register with the state as well as meeting their local requirements; however, the state registration fee is only \$35, so it does not represent a great additional financial burden.

**MOTION**

**Rep. Snodgrass** moved to **introduce RS 16771** to print.

In response to a committee question, Mr. Pisca said one of the problems

with piecemeal programs is that the costs will vary from jurisdiction to jurisdiction. For example, Idaho Falls is currently proposing a \$200 licensing fee plus a \$100 non-refundable application fee. Mr. Pisca said that, since these additional costs are most likely passed on to the consumer, the price of the service rises and the demand for the service will go down. He also said that the state contractor registration requirement does not affect the ability of municipalities to impose business licensing requirements if they wish to do so. Mr. Pisca agreed with a committee member's assessment that this legislation will allow an Idaho-registered builder from Nampa to build a home in Eagle or other municipalities without meeting further local registration or licensing requirements.

**VOTE ON MOTION**

**Chairman Black** called for a vote on the motion to **introduce RS 16771** to print; **motion carried on voice vote.** **Rep. Durst** is recorded as voting **against** the motion.

**RS 16774**

**Bob Corbell**, representing the Building Owners and Managers Association, presented **RS 16774**, which contains technical amendments to legislation passed in 2004 regulating elevators and other conveyances. Mr. Corbell testified that elevator inspections in the state of Idaho were previously being handled through the Industrial Commission with funds taken out of worker's compensation premiums. The recommendation was made that these inspections should be paid for by the elevator owners, which is now done; inspections are coordinated through the Division of Building Safety. Mr. Corbell noted that elevators are inspected under the provisions of the safety code in place at the time of the elevator's installation, not according to current standards.

The proposed legislation contains the following modifications to the code: First, it clarifies the applicability of codes to existing elevators and to new installations, and the process by which codes are adopted and applied to both existing elevators and new installations. Second, it authorizes the Division of Building Safety to reduce fees by rule as may be reasonable in the future. Third, it clarifies the number and type of inspections that are covered by the relevant fees in the statutory fee schedule. Finally, it provides for negotiated compliance agreements that more realistically represent the actual timing and process for undertaking corrective actions based upon inspections by the Division of Building Safety. Mr. Corbell stated that the time frame of 15 days for correcting problems with elevators is not realistic, since it sometimes takes longer than that just to obtain parts for the repair. He also said that, if the bill is printed, he will have building owners and managers appear before the committee to give a fuller explanation of the current situation and the need for the legislation.

**MOTION**

**Rep. Hagedorn** moved to introduce **RS 16774** to print; **motion carried on voice vote.**

**RS 16477**

**Bill Deal**, Director of the Department of Insurance, presented **RS 16477**, explaining that this proposed legislation deals with two sections of code known as the "any willing provider" section and the "most favored nation" clause. He noted that these two sections currently deal solely with domestic insurance companies, that is, those domiciled in the state of Idaho. The Department of Insurance is seeking this change so the two provisions will apply to all other insurance companies that provide health insurance in

Idaho, even though they may be domiciled outside the state. **Shad Priest**, responding to a committee question, stated that these changes would apply only to health insurance providers, but not to self-funded health plans.

**MOTION**

**Rep. Mathews** moved to **introduce RS** to print; **motion carried on voice vote.**

**RS 16478C1**

**Mr. Deal** then presented **RS 16478C1**. He explained that in the mid-1990s, the legislature passed a law allowing a fraud or investigation department to be part of the Department of Insurance. Mr. Deal said that at present the Department has six investigators as well as one attorney. Currently there are 168 investigative cases open, with about 80% of those arising from insurance company reporting of fraudulent claims. Another 10% come from consumer reporting, and the remaining 10% come from local law enforcement entities. Mr. Deal said that the legislation will strike the “transaction immunity” which states that if a person is compelled to provide testimony at a hearing, that person cannot be prosecuted. The department will now offer “use immunity” which allows the director or the attorney general to compel a witness to provide testimony or other information and will still allow prosecution of that witness if there is other strong evidence (e.g., bank records) outside the witness’s testimony. Mr. Deal stated that the same change from “transaction immunity” to “use immunity” has taken place in the criminal code.

Responding to committee questions, **Don Roberson**, head of investigations for the Department of Insurance, stated that his department is finding more instances of insurance fraud, possibly due to the addition of one investigator position in Pocatello as well as an investigator in Coeur d’Alene.

**MOTION**

**Rep. Anderson** moved to **introduce RS 16478C1** to print.

**Mr. Roberson** responded to further questions, explaining the intent of the proposed legislation by saying that under the previous “transaction immunity” provisions, a witness could not be prosecuted if he was compelled to testify, even if there was independent incriminating information outside his testimony. This legislation will allow prosecution on evidence independent of the testimony. **Mr. Deal** said that at the bill hearing he will bring more specific examples to illustrate the use of this new type of immunity.

**VOTE ON MOTION**

**Chairman Black** called for a vote on the motion to **introduce RS 16478C1** to print; **motion carried on voice vote.**

**RS 16482**

**Mr. Deal** presented **RS 16482**, which updates the fraud statutes of the state of Idaho. The legislation clarifies the definition of insurance fraud, adds a new term, “runner”, and clearly outlines deceptive methods. Mr. Deal stated that many of these changes were suggested by the deputy attorney general assigned to handle insurance fraud cases.

**MOTION**

**Rep. Crane** moved to **introduce RS 16482** to print; **motion carried on voice vote.**

**Chairman Black** reported to the committee that Blue Cross of Idaho has offered to host a box lunch at which members will be given an introductory

"Insurance 101" course, to be held on Thursday, February 8, at noon in Room 128 on the first floor of the Statehouse. This event was arranged in response to members' expressed interest at their January 31 meeting to have an opportunity to learn more about basic insurance principles and procedures.

**Chairman Black** requested that **Vice Chairman Henderson** assume the chair and conduct the remainder of the meeting dealing with Administrative Rules. Rep. Henderson read a letter to the committee summarizing the findings and recommendations of the Administrative Rules Subcommittee, which he chaired, and he requested it be made a part of the record (see attachment). Rep. Henderson explained that the subcommittee is recommending approval of all pending and fee rules submitted to it for study, with the exception of one docket from the Division of Building Safety and one docket from the Bureau of Occupational Licensing. Regarding the rule docket from the Division of Building Safety, Rep. Henderson noted that this rule is being rejected at the request of the Division. Regarding the rule docket from Occupational Licensing, Rep. Henderson said Roger Hales would address the committee to further explain the rule change and to ask for the Business Committee's approval.

Rep. Henderson explained that the Business Committee will need to make a separate motion on each agency's set of rules; a separate motion is not necessary for each individual docket.

**MOTION** **Rep. Mathews** moved to **approve** the pending rule from the **Board of Accountancy**; **motion carried on voice vote.**

**Rep. Durst** asked the Chairman to recognize **Steve Keys**, Division of Building Safety, to answer a question. Rep. Durst asked Mr. Keys whether the IBEW was contacted concerning these rule changes and if so, what their response was. Mr. Keys said the IBEW is aware of the rule changes and he is not aware of any input from them in response.

**MOTION** **Rep. Collins** moved to **approve** the pending rules from the **Division of Building Safety**, with the exception of **Docket No. 07-0301-0601**; **motion carried on voice vote.**

**MOTION** **Rep. Collins** moved to **reject Docket No. 07-0301-0601** from the Division of Building Safety; **motion carried on voice vote.**

**MOTION** **Rep. Chadderdon** moved to **approve** the pending rule from the **Board of Professional Engineers and Professional Land Surveyors**; **motion carried on voice vote.**

**MOTION** **Rep. Patrick** moved to **approve** the pending rule from the **Department of Finance**; **motion carried on voice vote.**

**MOTION** **Rep. Killen** moved to **approve** all pending rules from the **Department of Insurance**; **motion carried on voice vote.**

**Rep. Killen** asked to speak to **Docket No. 24-0701-0601** from the Bureau of Occupational Licenses, which the Administrative Rules Subcommittee had recommended be rejected. Rep. Killen explained that he voted in opposition

to the subcommittee's motion to reject the rule. He did so because this was a rule that would allow the Board of Landscape Architects to impose higher licensing fees and he thought it should be up to that board to determine how they collect and spend their funds. **Rep. Snodgrass** requested that **Roger Hales**, attorney for the Bureau of Occupational Licenses, be recognized to address questions about the current operational budget of the Board of Landscape Architects.

Mr. Hales reported that as of December 31, 2006 the board has a deficit balance of \$4,918, and he provided further information about the causes of this deficit. He first stated that prior to his appearance before the Business Committee to discuss this fee increase, he did not have a full understanding of the reasons for the increase, but he now knows that the deficit is not due solely to the investigations of unscrupulous practitioners. He said that in 2003 the Board of Landscape Architects tried to expand their scope of practice but that plan was met with considerable opposition, which necessitated a series of expensive hearings. Mr. Hales said that other reasons for the deficit include the increasing cost of doing business, including the purchase of additional software and the hiring of more staff. He said the deficit first occurred in February 2005. The \$25 increase in fees is intended to generate about \$56,000 in additional income to the Board, which should enable them to remain on a sound financial footing.

**Rep. Rusche** asked whether members of the subcommittee could explain why they voted to reject the fee increase. **Rep. Anderson** said he was in favor of rejecting the fee increase because he understood the deficit was caused by the actions taken against the unscrupulous practitioners, and he thought the board should impose penalties on violators rather than increase fees for all licensees. He stated, however, that Mr. Hales has now clarified the numerous reasons for the deficit. **Rep. Crane** stated the board came before the Business Committee in 2005 to request fee increases and yet they are still in a deficit position now, suggesting that the board had a difficult time managing the funds allocated to them. **Mr. Hales** confirmed that the board was granted a fee increase of \$25 in 2005, but this increase has not been enough to move them out of their deficient financial condition. **Rep. Collins** asked Mr. Hales to delineate some of the "increased costs of doing business" for the Board of Landscape Architects. Mr. Hales mentioned, among other things, increased investigative costs, postage, training services and legal services. He noted that the board pays an annual fee to a national organization that provides a national examination. He also said the board's rent has increased and they have purchased new computer software and hardware. **Chairman Black** stated that none of these increases is excessive, but in the aggregate they represent increased costs to the board.

**MOTION** **Rep. Anderson** moved to approve **Docket No. 24-0401-0601** from the Idaho Board of Cosmetology and **Docket No. 24-1802-0601** from the Real Estate Appraiser Board; **motion carried on voice vote.**

**MOTION** **Rep. Anderson** moved to approve **Docket No. 24-0701-0601** from the Idaho Board of Landscape Architects; **motion carried on voice vote.** **Reps. Crane, Patrick, Hagedorn, and Durst** are recorded as voting no on the motion.

**MOTION** **Rep. Killen** moved to approve the pending rules from the Real Estate

**Commission; motion carried on voice vote.**

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:50 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 5, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Reps. Bilbao, Anderson

**GUESTS** Gary VanHees, Shad Priest, Jim Trent, Roger Hales, McKinsey Miller, Kevin Keller, Allyn Dingel

Meeting was called to order at 1:30 by Chairman Black. **Rep. Collins** moved to approve the minutes of the February 1 meeting; motion carried on voice vote.

**Chairman Black** reminded the committee that Friday, February 9, is the last day for the Business Committee to hear RS's and introduce them to print. He noted that the committee still has approximately eight or ten pieces of legislation awaiting a print hearing, and he asked whether committee members would rather meet both Wednesday and Friday this week, or whether they prefer hearing all remaining RS's on Wednesday in order to avoid meeting on Friday. There was general agreement that members prefer a longer meeting on Wednesday.

**RS 16849** **Shad Priest**, Deputy Director of the Department of Insurance, presented **RS16849**. This legislation will authorize the director of the department to adopt rules to protect members of the Armed Forces from unscrupulous insurance sales practices. Mr. Priest explained that there have been instances of high-pressure sales pitches being used to young and relatively inexperienced service personnel who sign up for monthly investment programs that they don't understand and that may not be appropriate for them. Sometimes their Commanding Officer arranges such sales meetings. Mr. Priest stated that recent federal legislation, namely, the Military Personnel Financial Services Protection Act, was passed in order to protect members of the Armed Forces from dishonest and predatory practices in insurance and investment sales. All states are required to work with the Secretary of Defense to develop suitable standards to assure this protection, and state action should be taken not later than 12 months after the federal law was enacted. Mr. Priest said Idaho will be expected to adopt the model rule, and this legislation will grant the director specific authority to do so.

Responding to committee questions, Mr. Priest said he is not aware of similar efforts to protect the general public against such unscrupulous or high-pressure sales tactics. He pointed out, however, that members of the military are directed as a group to attend these presentations and they often feel pressure to participate in the "savings program" that is presented. He

also said they are sometimes led to believe these programs are part of their payroll savings plan, which is not the case. Mr. Priest noted that the recently-passed federal law is aimed primarily at securities and insurance products, but not at payday loans or title loans.

**MOTION**

**Rep. Collins** moved to **introduce RS 16849** to print; **motion carried on voice vote.**

**RS 16504**

**Roger Hales**, representing the Bureau of Occupational Licenses, presented **RS 16504**, explaining that this legislation will clarify various definitions and requirements for two licenses in the barbering profession, namely, “barbers” and “barber-stylists.” It also delineates requirements for barber instructors, deletes archaic language and makes other technical corrections. Mr. Hales pointed out the requirement that licensees must display their licenses at their place of business and the prohibition against acting as a barber, barber-stylist, or instructor without a license.

In response to a committee question, Mr. Hales explained that the profession of cosmetology and the profession of barbering are separately regulated, with two separate boards. Therefore, the rules for cosmetology do not have any effect on barbers.

**MOTION**

**Rep. Rusche** moved to **introduce RS 16504** to print; **motion carried on voice vote.**

**RS 16506**

**Mr. Hales** then presented **RS16506**, which will allow the Board of Architects to investigate and discipline unlicensed individuals who practice architecture. Currently, the board has no way of regulating individuals who practice architecture without being licensed. This practice is a misdemeanor and is under the jurisdiction of county prosecutors, who are often too busy to prosecute such cases. Mr. Hales said other professional boards, such as contractors, the real estate commission, and the board of medicine, all have similar authority to regulate unlicensed individuals.

Mr. Hales further explained that in Idaho a license is not required of an individual who is designing single family residential units, as long as those units are not more than two stories tall. A license is required for design of business facilities, because those facilities will attract the public and they need to be properly designed for reasons of public safety. The board is also seeking authority to fine individuals up to \$2,000 to recover the costs involved, and to seek an injunction to stop unlicensed parties from practicing the profession of architecture.

Responding to committee questions, Mr. Hales said a backyard woodworking shop would not require an architect’s design services, unless the shop is intended to be commercial in nature. He states that “drafters” do not need a license in Idaho, and that drafters are often employed by architects, which is legal as long as the architect exercises control over the drafter. Asked whether this bill is unnecessary since commercial buildings are inspected by building departments to make sure they meet code, Mr. Hales said sometimes local jurisdictions can’t keep up and it is the intention of the legislation to make sure that such buildings are built to code from the very beginning, including the design stage.



Mr. Hales said that although the RS itself could be interpreted to apply to residential structures, the design of residential structures not taller than two stories or more than two units is excluded, and this is defined in other sections of the code. Chairman Black stated he understood the committee's concerns, and he asked Mr. Hales to provide a fuller explanation at the bill's hearing. Mr. Hales stated that the language in the RS is borrowed directly from the statutes for contractors.

**MOTION**                    **Rep. Patrick** moved to **introduce RS 16506** to print; **motion carried on voice vote.**

**RS 16509**                    **Mr. Hales** presented **RS 16509**, which will require applicants for LP gas facilities licenses to establish proof of a general liability policy for \$1 million. Mr. Hales said this legislation has been reviewed by the LP Gas association and they have no opposition to it. Mr. Hales testified that, pursuant to certain federal requirements, most facilities are required to have a general liability policy anyway. The RS also changes the term "fireman" to "firefighter."

**MOTION**                    **Rep. Mathews** moved to introduce **RS 16509** to print; **motion carried on voice vote.**

**RS 16510**                    **Mr. Hales** presented **RS 16510**, dealing with the State Athletic Commission. He testified that last year the athletic commission was moved under the jurisdiction of the Bureau of Occupational Licenses from its previous stand-alone status. RS 16510 contains provisions facilitating that move. It also changes the commission's compensation to an "honorarium" and raises the honorarium amount from \$50 to \$100 per day. The compensation for the deputy commissioners is being raised from zero to \$50 per day. Mr. Hales noted that the commission's regulatory authority is being expanded to include kick boxing and martial arts, as well as boxing and wrestling. He also pointed out other technical corrections.

**Chairman Black** asked Mr. Hales to provide fund balances for the athletic commission as well as the commission's plans for using the funds. Mr. Hales stated that, although their current fund balance is somewhere near \$40,000, that is the result of recent income from several boxing matches; the commission will come back and request a fee decrease if the balance remains too high for their needs.

Further discussion took place regarding several aspects of RS 16510 that seemed confusing or ambiguous to some committee members. In light of this discussion, it was proposed that the RS be held in order to allow for further clarifying information. **Chairman Black** suggested that Mr. Hales could return to the bill's hearing with specific information that will answer any remaining questions.

**MOTION**                    **Rep. Mathews** moved to **hold RS 16510** to time certain, until Wednesday, February 7.

**SUBSTITUTE MOTION**                    **Rep. Smith (30)** moved to **introduce RS16510** to print. A discussion followed about whether the wording in the RS could be changed in an attempt to clear up ambiguities. **Mr. Hales** expressed concern about trying to amend the RS, in the interest of time. **Chairman Black** advised the committee that amendments or changes can be made to this legislation once

it is printed as a bill. **Rep. Mathews** withdrew his motion to hold RS16510 to a time certain.

**VOTE ON  
SUBSTITUTE  
MOTION**

**Chairman Black** called for a vote on the **substitute motion to introduce RS16510** to print; **motion carried on voice vote.**

**RS 16856**

**Allyn Dingel**, representing State Farm Insurance Company, presented **RS16856**, which deals with advertising of insurance products in languages other than English. Mr. Dingel explained that increasing numbers of non-English-speaking persons are moving to Idaho, and insurance carriers are beginning to advertise their products in different languages. On occasion, some confusion ensues regarding details of an insurance policy because of the language differences. This RS makes it clear that the policy itself will be made available only in English, and no foreign-language advertisement can be construed to modify the provisions of the insurance contract written in English.

In response to committee questions, Mr. Dingel said he is not aware of any requirement to communicate a summary plan description or policy summary in languages other than English. He also said he does not believe that the term "advertising" is defined in code.

**MOTION**

**Rep. Patrick** moved to **introduce RS 16856** to print; **motion carried on voice vote.**

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:45 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 7, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** None

**GUESTS** Bob Corbell, Ken Baker, Dawn Justice, Julie Taylor, Steve Keys, Steve Tobiason, Pat Collins, Cindy Hedge, John Eaton, Jeremy Pisca

Meeting was called to order at 1:30 by Chairman Black. **Rep. Henderson** moved to approve the minutes of the February 5 meeting; motion carried on voice vote.

**Chairman Black** gave a brief explanation of the nature of a print hearing as opposed to a regular bill hearing, explaining that legislation in RS form is not meant to be debated or amended. Rather, the committee can vote to introduce or not introduce an RS, and then a fuller discussion can take place at the bill's hearing.

**RS 16887** **Ken Baker**, Association of Idaho Cities, presented **RS16887**. This legislation will adopt the 2006 International Energy Conservation Code, which has been revised for energy efficiency and ease of use for designers and builders.

**MOTION** **Rep. Anderson** moved to **introduce RS 16887** to print. In response to a committee question, **Mr. Baker** said the effective date of 2008 is correct, since this gives the association time to develop rules for full implementation of the new code. **Chairman Black** called for a vote on the motion to **introduce RS 16887; motion carried on voice vote.**

**RS 16929** **Rep. Snodgrass** presented **RS 16929**, dealing with balance billing for emergency room services. Rep. Snodgrass explained that when a person goes to an emergency room for treatment, he or she may be treated by a physician who does not contract with the patient's insurance company, even though the hospital itself is a contracting hospital. Although the patient has no choice in the matter of which doctor renders the emergency medical treatment, the patient will still be billed for the balance of the bill if, in fact, the treating physician is not a contracting physician. This bill will require that a non-contracting health provider will collect from the health insurance carrier only the amount paid to contracted providers for the same services. The patient will still be responsible for any coinsurance, co-pay or deductible amounts as well as any charges for non-covered services. Responding to a committee question, Rep. Snodgrass said this matter had been studied by the health care task force.

- MOTION**                    **Rep. Mathews** moved to **introduce RS 16929** to print; **motion carried on voice vote.**
- RS 16501**                    **Steve Keys**, Deputy Director of the Division of Building Safety, presented **RS 16501**, which clarifies the authority of the administrator of the division. The legislation replaces current language with a new section of code, giving the administrator the ability to promulgate rules to establish a coordinated licensing system.
- A question arose as to whether the new language beginning on line 1 of page 3 was correct, since it didn't appear to flow from the preceding language. It was agreed that a clarification would be sought from the RS's drafter and any necessary corrections would be made before it is introduced to print.
- MOTION**                    **Rep. Hagedorn** moved to **introduce RS 16506**, with any necessary corrections; **motion carried on voice vote.**
- RS 16502**                    **Mr. Keys** presented **RS 16502**. Mr. Keys testified that this RS is being brought in response to a recent lawsuit alleging that the State of Idaho, Division of Building Safety, was liable for damages arising out of an electrical fire that began in a building that had never been inspected and was not the subject of a current permit. Mr. Keys said this legislation makes clear that the liability of the state is limited to inspections relative to a current permit.
- MOTION**                    **Rep. Durst** moved to introduce **RS 16502**; **motion carried on voice vote.**
- RS 16503**                    **Mr. Keys** then presented **RS 16503**, which will correct some conflicts in the language of the HVAC statutes. Mr. Keys said the Division of Building Safety has been working to minimize the confusion, and this legislation will make it clear that multiple permits and licenses are not necessary to perform certain limited installations as delineated in the RS.
- MOTION**                    **Rep. Crane** moved to **introduce RS 16503**. A question was asked to clarify whether this RS had been coordinated through the plumbing and electrical bureaus; Mr. Keys answered in the affirmative and said they have no objections to the legislation. **Motion carried on voice vote.**
- RS 16796C1**                    **Rep. Kren** presented **RS16796C1**, which clarified supervision requirements for apprentice electricians. Rep. Kren noted that currently the ratio is two apprentices to one supervising journeyman electrician. This legislation allows a change in that ratio to three apprentices supervised by one journeyman. He said this change is desirable because of the booming construction market which has increased demand for electricians.
- MOTION**                    **Rep. Mathews** moved to **introduce RS 16796C1**; **motion carried on voice vote.**
- RS 16852**                    **John Eaton**, Governmental Affairs representative for the Idaho Association of Realtors, presented **RS 16852**. Mr. Eaton explained that this RS deals with agency law and how real estate agents represent clients in real estate transactions. The legislation states that an agent will be available to a client to present all written offers and counter-offers, and also specifies the difference between a "customer service agreement" and a "representation

agreement.”

**MOTION** **Rep. Anderson** moved to **introduce RS 16852; motion carried on voice vote.**

**RS 16866** **Pat Collins**, representing the Idaho Bankers Association, presented **RS16866**, which amends certain sections of the Idaho Bank Act and some chapters dealing with the Idaho Department of Finance. Mr. Collins said the bank act was recodified in 1979 and has been amended from time to time since then. This legislation deletes obsolete provisions and brings the banking act up to date with current practice; it also expands the definition of financial fraud. Mr. Collins noted the legislation was drafted with the cooperation of the Idaho Department of Finance.

**MOTION** **Rep. Collins** moved to **introduce RS 16852**. Responding to a committee question, **Mr. Pat Collins** said the provisions of the Idaho Banking Act apply only to Idaho banks, since those are the banks regulated directly by the act. He noted that the last two sections, dealing with trademark protection, apply to all banks in general. **Rep. Patrick** disclosed that he is a director of a bank and will be affected by this legislation, but he will not enjoy any personal gain from it and will therefore vote on the RS. **Motion carried on voice vote.**

**RS 16819** **Bob Corbell**, representing Idaho Electrical Contractors, HVAC Contractors, and Mechanical Contractors, presented **RS 16819**. This legislation defines the knowledge and experience required of members appointed to the HVAC board. Mr. Corbell related that several years ago the HVAC board was established and the membership was to consist of seven members: three HVAC contractors, a specialty contractor, a city inspector, a county inspector, and an engineer. Mr. Corbell stated that two recent appointees to the HVAC board have limited experience in the industry, which will hurt the operation of the board. He said that, as a result of consultation with the governor, one possible solution to this situation is to more closely define the requirements of board members and then draw up legislation which dissolves the board as of the end of June. A new board will then be appointed, effective July 1, 2007, and board positions will be filled with appointees who meet the new standards.

Responding to a question from the committee, Mr. Corbell said that the bill drafters in Legislative Services are probably the ones who struck the term “heating and air conditioning” and replaced it with “HVAC”.

**MOTION** **Rep. Killen** moved to **introduce RS 16819; motion carried on voice vote.**

**RS 16936** **Mr. Corbell** then presented **RS 16936**, explaining that one of the requirements of Idaho law is that general contractors must name the subcontractors on public works projects. This “naming law,” however, currently appears in Title 67 of code, rather than in Public Works Chapter 54-19; this can lead to out-of-state contractors remaining unaware of the requirement to name subcontractors. RS 16936 will bring the “naming law”

into the proper section of the code. It will also allow enforcement by the Public Works Board and the Administrator of the Division of Building Safety.

**Chairman Black** stated that the building code task force had also

recognized this mistaken placement of the naming law and the necessity of putting it into the proper chapter of the code.

**MOTION**

**Rep. Hagedorn** moved to **introduce RS 16936; motion carried on voice vote.**

**Chairman Black** reported to the committee that the basic course on insurance being offered by Blue Cross has been changed to Thursday, February 15, immediately following the regular Business Committee meeting. The insurance meeting will be held in the committee's meeting room, Room 408.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:05 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 13, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Chairman Black

**GUESTS** Dawn Justice, Pat Collins, David Curtis, Mary Hughes, Rep. Bob Nonini, Jack Clark, Suzi Schaefer

Meeting was called to order at 1:30 p.m. by Vice Chairman Henderson. **Rep. Mathews** moved to approve the minutes of the February 7 meeting; motion carried on voice vote.

**H 99** **Rep. Bob Nonini** presented **H 99**, giving a brief history of the Petroleum Clean Water Trust Fund Act and explaining that the fund provides insurance to clean up leaking gas tanks. Rep. Nonini said Idaho opted to form its own insurance company to provide coverage for the cleanup of these tanks, an approach that has been very successful and is now being copied by other states. He said 89% of the tanks in Idaho are insured through this fund. Rep. Nonini also explained the need for the current legislation, saying the fund has been negatively impacted by lawsuits challenging the transfer fee as well as lower than expected returns on its investments. He said that, without the requested change in the trigger points, the transfer fee will be triggered sometime in 2008, but this will be too late because the fund will not be able to recover and will become insolvent. Rep. Nonini said H 99 also seeks to grant the board authority to negotiate with the state endowment fund board, as well as the state treasurer's office, to manage some of the fund's assets in an effort to generate more income. The ultimate goal of these changes is to bring the fund into the position of being self-sustaining.

Responding to committee questions, Rep. Nonini said it is not practical to expect the tank's owners to pay higher fees, nor is it possible for them to buy insurance, since no insurance company will sell this type of policy. The net effect of requiring tank owners to cover this liability will be that all but the largest service stations will close. He stated there is currently a small fee charged to owners and the board is looking at increasing that fee, but any increase needs to be small enough to allow the stations to continue in business.

**Suzi Schaefer**, Idaho Petroleum Marketers, was recognized to answer further questions from the committee. She stated the fund is now managed by a private investor through the state treasurer's office, as required by the

original legislation. She said the returns have been less than optimal, which is part of the reason for seeking authority to allow some of the fund to be managed by the endowment fund board. Ms. Schaefer testified that, because of the relatively low investment income, the storage tank fund has been using its reserves to cover expenses, a situation that cannot be allowed to continue. She also noted the legislation does not require the endowment fund board to manage the investments, but will allow that as another option.

Ms. Schaefer gave a brief background presentation on the Petroleum Clean Water Trust Fund, including an explanation of what the proposed legislation will do. In response to committee questions, Ms. Schaefer testified the average claim is about \$140,000; she did not have a figure on the total sum of assets and liabilities for the fund. She said the most common method of detecting reported releases from underground tanks is by smelling or seeing the leaks.

**MOTION**

**Rep. Mathews** moved to send **H 99** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Nonini** will sponsor the bill on the floor.

**H 28**

**David Curtis**, Board of Professional Engineers and Professional Land Surveyors, presented **H 28**. Mr. Curtis said the legislation has five major objectives. First, the bill will better define what is meant by "responsible charge" of work by an engineer or land surveyor, and will provide an exception when an engineer is working on a "standard design plan." The new definition of "responsible charge" will require involvement of the professional during development of the project. Mr. Curtis explained that "standard design plans" are those for projects that are repeated at multiple locations, such as church facilities or fast food restaurants. Second, H 28 raises the honorarium paid to board members from \$50 per day to \$75 per day, beginning in 2008; this amount has not been changed since 1986. Third, the bill will clarify requirements for sealing and signing work documents prepared by engineers and land surveyors, stating that final work products that are intended to be relied upon by the client are to be sealed, signed and dated, even if the title of the work contains the word "preliminary." Additionally, the bill will clarify that the seal, signature and date should be placed on all originals, and will remove an ambiguous reference to a "principal in responsible charge." Fourth, the bill clarifies some disciplinary requirements, eliminating a reference to a time requirement that is in conflict with a 14-day requirement elsewhere in the same paragraph. Finally, H 28 will exempt professional land surveyors from trespass prosecution if they need to access property owned by someone other than their clients in the course of their work. This privilege currently exists for federal surveyors. Under the provisions of H 28, surveyors are required to make reasonable efforts to contact the affected property owners and holds them liable for any damages they might inflict. Mr. Curtis gave two examples of recent situations in which surveyors would have been able to complete their work much more efficiently if the provisions of H 28 had been in effect.

**MOTION**

**Rep. Durst** moved to send **H 28** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Rusche** will sponsor the bill on the floor.



**H 136**

**Pat Collins**, Idaho Bankers Association, presented **H 136**, a housekeeping bill dealing with the Idaho Bank Act. Mr. Collins said he had worked with the Idaho Department of Finance to draft this legislation, and he recognized the presence of Gavin Gee and Mary Hughes of the department. He stated the Idaho Bank Act has undergone periodic updates and is still working well, but some areas had been identified as needing further amendment.

Mr. Collins explained key points in the legislation, reviewing the eight different sections of the bill. He noted some of the changes involve deletion of obsolete or unclear language. Other changes include: moving some provisions of code to more appropriate sections; repealing a section which no longer applies; removing an obsolete limitation on real estate loans made by banks; adding language to allow for borrowings from federal home loan banks on the same footing as borrowings from federal reserve banks, and bringing state law into conformity with federal law in connection with documentation required when bank officers borrow from their banks.

Mr. Collins continued review of H 136, noting that other provisions in the bill will allow the Director of the Department of Finance to extend the examination period for banks defined as well-capitalized and well-managed and will confirm that the mortgage company chapter of the Bank Act covers residential, not commercial, loans. Finally, the bill expands the definition of financial fraud to prohibit using the trademark, service mark or logo of a financial institution in a manner intended to cause confusion or to deceive consumers, and will allow banks to bring legal action against those who commit that financial fraud.

Responding to a committee question, Mr. Collins said there are no state-chartered banks in Idaho with assets over one billion dollars.

**MOTION**

**Rep. Crane** moved to send **H 136** to the floor with a **DO PASS** recommendation.

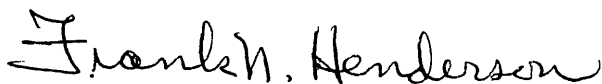
**Rep. Patrick** asked for an opinion on whether he should declare a conflict of interest with regard to **H 136**, since he serves on the board of directors of a bank. **Gavin Gee**, Director of the Department of Finance, responded by saying that since the bill applies to all banks in Idaho and will not provide any special benefit to the bank served by Rep. Patrick, it is his opinion that no conflict of interest exists.

**VOTE ON MOTION**


**Vice Chairman Henderson** called for a vote on the motion to send **H 136** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Black** will sponsor the bill on the floor.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:32 p.m.



Representative Frank Henderson  
Vice Chairman



Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 15, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** None

**GUESTS** Bob Corbell, Scott Chandler, Jim Bledsoe, Max Clark, Penny Fletcher, Jerry Peterson, Cindy Hedge, Breanna Carmack

Meeting was called to order at 1:30 p.m. by Chairman Black. **Rep. Anderson** moved to approve the minutes of the February 13 meeting; motion carried on voice vote.

**H 100** **Jack Lyman**, representing the Idaho Manufactured Housing Association, presented **H 100**, saying this legislation is designed to put some teeth into the state's manufactured housing laws. He gave an example of a situation in north Idaho in which people were offered a furnished manufactured home, with an automobile, for \$99,000, with just \$100 cash in down payment and 30-year financing at 3 percent interest. Homes were to be delivered in 90 days. The company offering this bogus deal did not have a license to sell manufactured homes in Idaho, and the only action possible was a cease-and-desist letter from the Attorney General's office. Mr. Lyman said the proposed legislation, H 100, requires background checks on new licensees, doubles the performance bond requirement, and adds enforcement provisions for violation of the licensing requirements, giving the Division of Building Safety the authority to take action against violators. Mr. Lyman said the bill has been approved by the Idaho Manufactured Housing Advisory Board and is supported by the Idaho Manufactured Housing Association.

Mr. Lyman distributed copies of a Spokesman-Review newspaper article reporting on the offer being made in north Idaho. In response to a question from the committee, Mr. Lyman said the legislation was submitted to the Manufactured Housing Advisory Board and was reviewed by the attorney appointed to the board from the Attorney General's office, although the bill is not the work product of the Attorney General's office.

**MOTION** **Rep. Snodgrass** moved to send **H 100** to the floor with a **DO PASS** recommendation.

**Penny Fletcher** appeared before the committee to testify **in opposition to H100**, stating she has been involved in mobile and manufactured housing issues for almost 30 years. Ms. Fletcher said that, although the manufactured housing statutes were passed with good intentions, over the years the law has become a tool for the industry to control the state agency

that is supposed to license and oversee it. She testified there is no way for consumers to reach the manufactured housing board because there is no phone number listed for them in the directory. Therefore, consumers have no way of checking whether a dealer is even licensed. Ms. Fletcher also said she thinks the \$500 licensing fee is too high. She made several suggestions that she thinks will improve the situation, including abolishing the manufactured housing board, eliminating manufacturer and new home dealer licenses, and transferring all dealer licensing functions to the Bureau of Occupational Licensing.

Responding to questions from the committee, Ms. Fletcher said her concern is that the statute has never been enforced and she has no reason to think it will be enforced in the future. She also reiterated her point that people cannot adequately determine whether a dealer is licensed or not.

**Jack Lyman** was recognized to speak to some of Ms. Fletcher's points. Mr. Lyman said he thinks Ms. Fletcher's concern about having an easily accessible phone number is a valid concern. He explained that the \$500 figure listed for license fees is actually a maximum allowable amount, not the current fee. He also said the lack of enforcement pointed out by Ms. Fletcher is exactly what this bill is designed to address.

**Steve Keys**, Division of Building Safety, was recognized to speak. Mr. Keys said the board had been unable to deal with dealer problems because the statute had no enforcement powers in it; H 100 will authorize the division to take action and impose penalties. He said he has heard the complaint about no phone access to the board numerous times, and he will investigate this situation and try to correct it.

#### **VOTE ON MOTION**

**Chairman Black** called for a vote on the motion to send **H 100** to the floor with a **DO PASS** recommendation; **motion carried on voice vote. Rep. Snodgrass** will sponsor the bill on the floor.

#### **H 102**

**Bob Corbell**, representing the Building Owners and Managers Association, presented **H 102**. Mr. Corbell explained that H 102 makes technical corrections to the elevator code by clarifying that elevators need to meet the code in place at the time the elevator was installed, rather than meeting current code requirements. Another change involves the time allowed to make necessary modifications or repairs to elevators. The present law allows 15 days, which is not practical given the time necessary to design a repair plan and acquire necessary parts. This legislation changes that time limit to 30 days in which a repair plan needs to be presented to the Division of Building Safety. He said elevator inspections are funded through an annual registration fee.

Mr. Corbell responded to committee questions by saying that any time an elevator problem creates a life safety issue, that problem has to be cured. In the case of safety concerns, all elevators need to meet current codes. Only in the case of other matter such as clearances, types of fabric, types of oils, and so forth, is an elevator allowed to meet the code in effect at the time of the elevator's installation.

**Scott Chandler**, representing Orchard Partners (a real estate development

company) and a member of the board of the Building Owners and Managers Association, testified **in favor of H 102**, saying it is good legislation that has unanimous support from the private sector and from elevator companies.

**Max Clark**, parking facilities director for Capital City Development Corporation, testified **in favor of H 102**. He stated he has 18 elevators under his purview. He welcomes this legislation because it sets standards and requirements to make sure elevators run as smoothly as possible.

**Mr. Corbell** explained that specific revisions resulting from updating codes do not appear in the Idaho Code; rather, updates such as these are brought by way of administrative rules. This avoids the necessity of changing the code every year in order to incorporate updated versions of building codes.

## MOTION

**Rep. Snodgrass** moved to send **H 102** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Mathews** will sponsor the bill on the floor.

## H 134

**Mr. Corbell**, representing the Idaho Association of HVAC Contractors, presented **H 134**. He said the HVAC board was formed four years ago, and when the board was first formed, the chairman of the electrical board and the chairman of the plumbing board were given two-year terms on the HVAC board. The understanding was that at the end of their two-year terms, they would be replaced by two HVAC contractors. However, replacements were not named for those two positions until recently. **Mr. Corbell** stated the two new individuals named to those two positions on the board do not have the necessary experience or skill to adequately serve the board in its deliberations because they have only propane experience. He pointed out that propane dealers do not perform such functions as installing boilers, pool heaters, oil-fired apparatus or water heaters, nor do they have experience in ventilating systems or air conditioner duct work.

Responding to questions from committee members, **Mr. Corbell** explained that a propane license allows an installer to install a tank and the piping to the house, to the first regulator. A person who holds an HVAC license can perform all the functions of a propane installer plus many other functions. He also said if the legislation is not passed, there will be four board members whose terms will expire in 2008 and the other three will expire in 2009.

**Jerry Peterson**, representing the Idaho Building Trades, testified **in favor of H 134**, saying there has been a marked difference in the operation of the board since the latest two board members were appointed. He noted the two new board members do not seem to be able to give input to the board because there are a number of areas of HVAC installations in which they are not well versed.

**Mr. Corbell** was recognized to answer further questions from the committee. He said ordinarily the expirations of terms on the board would solve this problem, but because two appointments were made late, all terms are expiring almost simultaneously. There will be no continuity on the board and no "institutional memory." **Mr. Corbell** explained that meetings had been held with the Governor's attorney to discuss this dilemma, and H 134 is based on recommendations resulting from those meetings.

**Jim Bledsoe**, president of the HVAC Contractors Association and a member of the HVAC board, testified **in favor of H 134**. Mr. Bledsoe explained the complexities of HVAC installations, noting they involve a number of different skills including plumbing, electricians, and propane people. Deciding on a licensing procedure for this diverse group was a long process because different companies had different needs. Mr. Bledsoe stated his opinion that it is important for the people of Idaho to have work performed in their homes by qualified HVAC contractors who can competently perform the varied applications involved in the installation of HVAC systems.

In response to committee questions, Mr. Bledsoe said all members on the current board are licensed by the HVAC board, but he noted that some were grandfathered in at the beginning of HVAC licensing a few years ago. He also testified that one must have a contractor's license and be listed on the computer database at the Division of Building Safety in order to be qualified to serve on the board.

**Steve Keys** was recognized to comment further on the requirements of board members. He said the Division of Building Safety supports the board's current makeup, but they also understand that the industry wants more representative membership on their board. He said the expectation is that in order to serve as a contractor on the board, one would have to be licensed, since "licensing" is part of the inherent definition of being a "contractor."

## **MOTION**

**Rep. Patrick** moved to **HOLD H 134 in committee**.

**Rep. Anderson** spoke **in support of the motion**, saying that since the Governor made the appointments, it should be his responsibility to solve the problem that has arisen. It should not be the responsibility of the Legislature to do so.

**Mr. Corbell** was recognized to answer further committee questions. He said the pending legislation was discussed with the Governor's attorney, but probably has not been reviewed by the AG's office.

**Rep. Rusche** spoke **in favor of the motion**, saying there appear to be two separate problems involved, namely, the expertise of those sitting on the board and the desire to have staggered terms for continuity's sake. He noted the Governor does have the power to remove board members for cause, but seems not to have chosen to exercise this power.

**Rep. Mathews** also spoke **in favor of the motion**, stating that since members of the board serve at the pleasure of the Governor, it would seem to be a matter to be solved by his office, not by legislation.

## **VOTE ON MOTION**

**Chairman Black** called for a vote on the motion to **HOLD H 134** in committee; **motion carried on voice vote**.

## **H 139**

**Mr. Corbell** presented **H 139**, saying this bill clarifies the existing "naming law" requiring general contractors on public works construction projects to list the names of their subcontractors. Mr. Corbell testified the legislation has the support of the Associated General Contractors, cities and counties, and members of various trades. He said the legislation also allows a

qualified general contractor to perform HVAC, electrical or plumbing work if so qualified by his public works license. Mr. Corbell explained that prior to this legislation the naming requirement was contained in a separate section of code, and there was no penalty for not following the law. The result was that contractors and public officials were sometimes unaware of the provisions of the naming law. With passage of H 139, the naming law will be included in the public works section of Idaho Code, easily referenced by any contractor wishing to perform public works jobs in Idaho.

**MOTION**

**Rep. Collins** moved to send **H 139** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Collins** will sponsor the bill on the floor.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 3:25 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 19, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** None

**GUESTS** John Eaton, Lora Volkert, Victor Villegas, Julie DeLorenzo, Gail Hartnett

Meeting was called to order at 1:30 p.m. by Chairman Black. **Rep. Hagedorn** moved to approve the minutes of the February 15 meeting; motion carried on voice vote.

**Chairman Black** commented on the floor debate earlier in the day with regard to H 136, during which he was asked a question for which he could not provide an answer. For the benefit of the newly-elected members of the committee, **Rep. Snodgrass** offered an explanation of protocol for asking questions about a bill. He said it is customary to present any questions to the bill's sponsor before the bill is presented on the House floor. This gives the sponsor an opportunity to research the questions and provide an adequate answer ahead of the debate on the bill. Rep. Snodgrass stated this process results in the best floor debate.

**H 135** **John Eaton**, representing the Idaho Association of Realtors, presented **H135**, which offers clarification of the existing responsibilities of real estate agents to their clients. Mr. Eaton noted that, since the purchase or sale of a home is probably the largest financial transaction undertaken by most people, regulating these transactions is an important consumer protection. He said the proposed legislation, H 135, is presented by the Idaho Association of Realtors with the support of the Idaho Real Estate Commission. It clarifies that an agent has the duty to be available to receive and timely present offers and counter offers. Additionally, the legislation clarifies the difference between a "customer services agreement" and a "representation agreement," and makes other minor technical changes suggested by Legislative Services during the bill's drafting.

Responding to committee questions, Mr. Eaton stated that lots of new business models have opened since the time when buyers and sellers each began to engage the services of separate real estate professionals. Instead of working with a single agent. In the area of real estate, it is crucial to be specific about the duties required of an agent, as a matter of consumer protection. He confirmed that a person does not have to hire a real estate agent, but if an agent is hired, it is important to specify that the agent needs to be available to the client at all stages of the transaction.

**MOTION**

**Rep. Patrick** moved to send **H 135** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Patrick** will sponsor the bill on the floor.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 1:50 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary



## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 21, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Rep. Snodgrass

**GUESTS** Allyn Dingel, Gary Van Hees, Roger Hales, Stan Cole, Clinton Miner, Lora Volserf, Hannah Saona

Meeting was called to order at 1:32 p.m. by Chairman Black. **Rep. Chadderdon** moved to approve the minutes of the February 15 meeting; motion carried on voice vote.

**Chairman Black** informed the committee that **H 99**, dealing with the LPG Board and its investments, had been returned to the Business Committee. He stated there are some concerns about the bill, and two of the bill's supporters are out of the state. Therefore, rather than sending the bill to the amending order without the input of those parties, it was preferable to bring the bill back to committee, where any necessary amendments can be drafted.

**H 112** **Allyn Dingel**, representing State Farm Insurance Company, appeared before the committee to present **H 112**. Mr. Dingel testified this legislation is necessary in light of the increasing number of minorities moving into Idaho who don't speak or understand the English language. He noted many states have passed statutes that encourage insurance companies to advertise their products in foreign languages. The policies themselves, however, are in English. Mr. Dingel said sometimes certain subtleties or nuances are lost in translation between the foreign-language brochures and the English-language policies. This legislation, H 112, will assure that if the provisions of the policy are understood differently in the foreign language brochure than they are spelled out in the policy, the English language in the policy will prevail. He stated he had sought assistance from the Department of Insurance in drafting this legislation, and said the bill is virtually a word-for-word copy of similar legislation in Oregon.

**MOTION** **Rep. Patrick** moved to send **H 112** to the floor with a **DO PASS** recommendation.

**Clinton Miner**, speaking on his own behalf as well as on behalf of the Idaho Trial Lawyers Association, testified **in opposition to H 112**. Mr. Miner said he speaks Spanish fluently and as many as one-third of his clients are Hispanic. In his experience, many Spanish-speaking persons are also able to understand and speak English fluently, even though they often choose to

use their native language, Spanish, when dealing with contracts and other business matters. Mr. Miner said the ITLA is not opposed to the first provision of H 112, which states that an insurance company does not have to translate its policies into foreign languages in order to present them to non-English speaking customers. ITLA does, however, oppose the second provision of the bill, which states that advertising in languages other than English may not be construed to modify the policy. Mr. Miner characterized this provision as allowing a “bait-and-switch” approach, offering one product by way of a foreign-language brochure and then providing a different product in the English-language policy itself. Mr. Miner said companies should be able to put together brochures in foreign languages that accurately and completely describe the provisions of the policy itself. The advertising brochures should not, in his opinion, be allowed to be inconsistent with the insurance policies.

Responding to committee questions, Mr. Miner said the Supreme Court had found, in the Walston case, that if the two documents (the brochure and the policy) are inconsistent, then the two meld together and become consistent. There is no burden of proof upon the customers to show that someone intentionally misled them. When asked what solution he would propose to this situation, Mr. Miner said the solution is to leave the existing law in place.

Discussion followed about whether an insurance company or an individual insurance agent would intentionally try to mislead a customer, and whether the Walston case cited earlier dealt with a case of intentional misrepresentation. Mr. Miner said it is not his impression that the misrepresentation was intentional.

In response to further questions, Mr. Miner said there is no current statute that requires a company to print anything in a language other than English, but if a company decides to do so, the provisions in the advertising brochure must be consistent with the provisions of the policy being advertised. If they aren't consistent, they meld, and whichever presents the more extensive coverage has control.

**SUBSTITUTE  
MOTION**

**Rep. Durst** made a **substitute motion** to send **H 112 to General Orders** for amendment. He would amend the bill by removing subsection (2) from 41-1303A.

**Mr. Dingel** was recognized to answer questions from the committee. He testified that if a person signs a contract for insurance, the brochure that may have been presented to advertise that insurance product becomes a part of the contract. He explained this is the reason why the Department of Insurance suggested placing this new section of Code directly after a section dealing with false advertising. He said this legislation is an attempt to specify that, in cases of misunderstanding because of language differences, the English language of the policy will be the prevailing language. Mr. Dingel stated further that subsection (2) will not preclude or pre-empt misrepresentation or fraud. The purpose of the subsection is to try and avoid a situation in which every nuance arising from a translation difference results in a legal battle. He also noted that subsection (2) necessarily needs to dovetail with subsection (1).

**AMENDED  
SUBSTITUTE  
MOTION**

**Rep. Rusche** moved to **HOLD H 112 to time certain**, in order to request the assistance of the Department of Insurance's legal counsel to help the committee interpret the language in the bill. **Chairman Black** suggested the time certain should be Friday, February 23.

**VOTE ON  
AMENDED  
SUBSTITUTE  
MOTION**

Chairman Black called for a committee vote on the amended substitute motion to **HOLD H 112** to a time certain, to February 23. **Motion carried on voice vote.** H 112 will be reconsidered at the committee's Friday meeting.

**H 107**

**Roger Hales**, attorney representing the Barber Board of the Bureau of Occupational Licenses, presented **H 107**. Mr. Hales explained that four years ago a new classification was added for "barber-stylists" which allowed them to use color and other chemical products in addition to cutting hair. When the act was amended, some sections referring to barber-stylists were overlooked, and H 107 will correct those sections. In addition, the board would like to place provisions into law dealing with requirements for barber instructors. Mr. Hales said the Cosmetology Board has reviewed the legislation and has no objection to it. Mr. Hales briefly summarized the provisions of H 107.

**MOTION**

**Rep. Henderson** moved to send **H 107** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Rusche** will sponsor the bill on the floor.

**H 108**

**Mr. Hales** then presented **H 108**, on behalf of the Board of Architects. This bill will give authority to the board to investigate and discipline unlicensed individuals practicing architecture. Mr. Hales reminded the committee of the types of building projects that do not require the services of an architect, including residential buildings not exceeding two stories in height and not larger than a tri-plex.

**MOTION**

**Rep. Killen** moved to send **H 108** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Chadderdon** will sponsor the bill on the floor.

**H 109**

**Mr. Hales** also presented **H 109**, on behalf of the Liquefied Petroleum Gas Board. He explained that the LPG Act was passed by the Legislature in 2005 and established a five-member board that includes two LPG licensed dealers, one city firefighter, one rural volunteer firefighter, and one member of the general public. H 109 will require a licensed LPG facility to procure and keep in effect a general liability policy of not less than one million dollars (\$1,000,000). The bill also makes a technical correction, changing the word "fireman" to "firefighter." Mr. Hales said there is no opposition to this bill.

**MOTION**

**Rep. Patrick** moved to send **H 109** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Patrick** will sponsor the bill on the floor.

**H 110**

**Mr. Hales** then presented **H 110**, on behalf of the State Athletic Commission. He explained that in the past year the commission has been moved under the Bureau of Occupational Licenses; the athletic commission oversees boxing, kick boxing, and wrestling. H 110 facilitates the transfer to the Bureau of Occupational Licenses by enabling coordination with the laws and

rules under which the bureau is required to operate.

**MOTION**

**Rep. Durst** moved to send **H 110** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Durst** will sponsor the bill on the floor.

**Chairman Black** announced there will be a meeting on Friday, February 23. Because committee members will be trying to catch flights that afternoon, the meeting will take place upon adjournment of the floor session of the House, rather than at the usual 1:30 p.m. time.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 2:48 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 23, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Reps. Henderson, Collins, Anderson

**GUESTS** Bob Corbell, Shad Priest, Georgia Siehl

Meeting was called to order at 12:40 p.m. by Chairman Black. **Rep. Chadderdon** moved to approve the minutes of the February 15 meeting; motion carried on voice vote.

**H 99** **Rep. Nonini** presented an amendment to **H 99**, which had been returned to the Business Committee for amending. Rep. Nonini said the amendment replaces the “administrator” with the “board of trustees” and removes a reference to the endowment fund. Rep. Nonini said the changes were made after discussions with the treasurer’s office, when it was learned that the treasurer could make the same kinds of higher-yielding investments as the endowment fund.

**MOTION** **Rep. Mathews** moved to send **H 99** to General Orders with committee amendment attached; **Rep. Snodgrass** seconded the motion. **Motion carried on voice vote.** **Rep. Nonini** will sponsor the bill on the floor.

**H 88** **Bill Deal**, Director of the Department of Insurance, presented **H 88**, a housekeeping bill that will apply the same risk-based capital formula to property and casualty insurers as the one already in place for life and health insurers. Mr. Deal said this will help Idaho move toward greater uniformity with other states’ insurance laws. He also said there is no opposition to the legislation.

**MOTION** **Rep. Patrick** moved to send **H 88** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Crane** will sponsor the bill on the floor.

**H 89** **Mr. Deal** presented **H 89**, which deals with recordkeeping requirements for insurance companies, removing an exemption for life and disability insurance and clarifying that records may be maintained off-site in electronic form if the producers can make them available for inspection upon reasonable notice by the director.

- MOTION**                    **Rep. Crane** moved to send **H 89** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Bilbao** will sponsor the bill on the floor.
- H 90**                         **Mr. Deal** also presented **H 90**, which changes from three years to five years the examination requirement for certain organizations examined by the Department of Insurance. This will provide greater flexibility in examination scheduling and will bring this requirement into conformity with the requirements for domestic insurance companies. Mr. Deal said the department is still free to examine organizations more frequently if necessary. Again, Mr. Deal stated there is no opposition to this bill.
- MOTION**                    **Rep. Hagedorn** moved to send **H 90** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Patrick** will sponsor the bill on the floor.
- H 132**                         **Steve Keys**, Deputy Director of the Division of Building Safety, presented **H 132**, which codifies provisions of an existing Memorandum of Agreement (MOA) among the electrical, plumbing and HVAC boards. The agreement allows a licensee in one trade to perform minor work traditionally performed by another trade if it is associated with work being performed within the scope of the tradesman's original license. Mr. Keys said the MOA has been in effect since July 2005 and no major problems have arisen.
- Chairman Black** asked Mr. Keys to explain how contractors throughout the state of Idaho are made aware of changes in requirements or other matters from the Division of Building Safety. Mr. Keys responded that the various boards hold meetings around the state, at which discussions take place concerning any matters coming from the division. He said the division has its main office in Meridian and a branch office in Coeur d'Alene, plus a number of inspectors throughout the state who work out of their homes.
- MOTION**                    **Rep. Crane** moved to send **H 132** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Rusche** will sponsor the bill on the floor.
- H 140**                         **Mr. Keys** presented **H 140**, which defines the duties and authority of the administrator of the Division of Building Safety. Currently the duties and authority of the administrator are spread among various chapters of Idaho Code; this bill attempts to rectify that situation by reflecting the operating structure of the division and clarifying the administrator's authority. Mr. Keys said he was aware of some concern from one of the boards over whether this legislation would allow the administrator to tread on their authority to promulgate rules. He testified that nothing in H 140 will impinge on the authority of the various boards to make rules.
- MOTION**                    **Rep. Snodgrass** moved to send **H 140** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Mathews** will sponsor the bill on the floor.
- H 112**                         In the absence of the sponsor of **H 112**, Chairman Black recognized **Shad Priest** to respond to questions from committee members regarding this bill. Mr. Priest said an argument could be made that the second subsection of the bill needs to be read in concert with the first subsection, as a whole. Taken

in isolation and at face value, however, subsection (2) could be misconstrued.

**Chairman Black** stated that, since Allyn Dingel was not present to discuss **H 112**, he would entertain a motion to hold the bill until the committee's next meeting, at which time it will be scheduled for re-hearing.

- MOTION**            **Rep. Edmunson** moved to **HOLD H112** until Tuesday, February 27.  
**Motion carried on voice vote.**
- MOTION**            **Rep. Killen** moved to **approve** the minutes of February 21 as written;  
**motion carried on voice vote.**
- ADJOURN**            There being no further business to come before the committee, the meeting  
was adjourned at 1:10 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** February 27, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** None

**GUESTS** Jerry Peterson, Marc Bernsen, Robert Gordon, Kathryn McNary, Allyn Dingel, Robert Bodell, Russell hill, James R. Weimer, Greg Oyama, Brandon Greeson-Barreith, Sean Nelson, George Brower, Robin Majors, Benny Antunes, Clinton Miner, Hannah Saona, Randy Johnson, Leo Morales, Taryn Magrini, Alicia C. Clements, Brandi Hessing, Jill Reese, Fernando Mejia, Paul Jackson, Bill Deal, Shad Priest, Roger Sherman

Meeting was called to order at 2:35 p.m. Chairman Black announced that **H 133** had been removed from today's agenda at the request of the bill's sponsor. He thanked the people who had traveled some distance to testify on the bill and apologized for the inconvenience they suffered.

**Rep. Killen** moved to approve the minutes of the February 23 meeting; motion carried on voice vote.

**H 112** **Allyn Dingel**, an attorney representing State Farm Insurance Company, appeared before the committee to present **H 112**, which deals with insurance policies advertised in languages other than English. Mr. Dingel noted the presence of **Bill Deal**, Director of the Department of Insurance, and **Shad Priest**, Deputy Director, who would be available to answer questions about the bill. Mr. Dingel reminded the committee that H 112 is modeled after similar legislation already passed in 14 states, including Oregon, Alaska, California, and Arizona. He explained the bill permits insurance companies to advertise in languages other than English, and specifies that when an insurance policy is written in English but is advertised in a language other than English, the English language does control.

**Shad Priest**, Deputy Director of the Department of Insurance, was recognized to provide a clarification and answer questions. Mr. Priest said the department has not taken a position on H 112. He stated Mr. Dingel consulted with the department on the question of where this legislation should be situated in Idaho Code, and it was suggested it be placed immediately after the section on misrepresentation in advertising. Mr. Priest said he does not believe H 112 will limit the department's power to enforce regulations against misleading or deceptive advertising.

In further discussion, **Mr. Dingel** said he does not think this legislation would



protect an insurance company from intentional misrepresentation or fraud. He said the bill is simply designed to specify that, in cases where there is a misunderstanding arising from translation of different languages into English, the English language insurance policy will control. The possibility of requiring a disclaimer on insurance advertising was discussed; it was agreed that most insurance companies do provide a disclaimer that refers the customer to the insurance policy itself. **Mr. Priest** said he does not know how such a disclaimer would be construed by a court.

## MOTION

**Rep. Patrick** moved to send **H 112** to the floor with a **DO PASS** recommendation.

**Hannah Saona**, legislative counsel for the American Civil Liberties Union (ACLU), testified **in opposition to H 112**. She stated the ACLU believes it is bad policy and is discriminatory because it treats English speakers differently. She said the ACLU has no problem with subsection (1) of the bill, but if companies want to advertise in languages other than English, they need to be responsible.

**Kathryn McNary**, a member of the Idaho Community Action Network, testified **in opposition to H 112**. She stated she believes this bill will give insurance companies a blank check for deceptive advertising, allowing them to say whatever they want in non-English advertising without being bound by the advertising.

**Clinton Miner**, an attorney representing the Idaho Trial Lawyers Association, testified **in opposition to H 112**. He stated he believes insurance policies and the advertising brochures that accompany them can be written in such a way that all people can understand them, regardless of the language used. He said it is simply a matter of hiring competent people to write the brochures and policies. He believes insurance companies have an obligation to do that, and says this bill will relieve them of that responsibility.

## SUBSTITUTE MOTION

**Rep. Durst** made a **substitute motion** to send **H 112** to General Orders. He proposed to amend the bill by striking lines 15 through 17.

The committee discussed the relative merits of the two motions before them. In answer to a committee question, **Mr. Dingel** said he would prefer to pull H 112 rather than to have it amended as proposed by the substitute motion, since striking subsection (2) changes the whole substance of the bill.

## AMENDED SUBSTITUTE MOTION

**Rep. Snodgrass** made an **amended substitute motion** to **HOLD H 112** in committee.

## ROLL CALL VOTE ON AMENDED SUBSTITUTE MOTION

Roll call vote was requested on the **amended substitute motion to HOLD H 112** in committee; **motion failed**. **Voting aye:** Reps. Snodgrass, Edmunson, Bilbao, Smith (30), Rusche, Durst, and Killen. **Voting nay:** Chairman Black, Reps. Henderson, Collins, Chadderdon, Anderson, Mathews, Crane, Patrick, and Hagedorn.

## ROLL CALL VOTE ON

Roll call vote was requested on the **substitute motion** to send **H 112 to General Orders** with amendment; **motion failed**. **Voting aye:** Reps. Smith

**SUBSTITUTE MOTION** (30), Rusche, Durst, and Killen. **Voting nay:** Chairman Black, Reps. Henderson, Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, and Hagedorn.

**ROLL CALL VOTE ON ORIGINAL MOTION** Roll call vote was requested on the **original motion** to send **H 112** to the floor with a **DO PASS** recommendation; **motion passed**. **Voting aye:** Chairman Black; Reps. Henderson, Collins, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, and Hagedorn. **Voting nay:** Reps. Snodgrass, Edmunson, Smith (30), Rusche, Durst, and Killen.

**H 91** **Bill Deal**, Director of the Department of Insurance, appeared before the committee to present **H 91**. Mr. Deal introduced the Deputy Director, **Shad Priest**; the Chief of Investigations, **Don Roberson**; and Deputy Attorney General **Ken Robins**, who handles litigation on fraud cases for the department. Mr. Deal explained that H 91 eliminates obsolete references to limit of risk for newly-formed domestic mutual insurers. It also clarifies that a newly-formed domestic mutual property insurer is subject to the same limit of risk that applies to all other property insurers. Mr. Deal said there is no opposition to H 91.

**MOTION** **Rep. Collins** moved to send **H 91** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Collins** will sponsor the bill on the floor.

**H 92** **Mr. Deal** also presented **H 92**, which will allow the department to share confidential information with certain regulatory entities who agree to maintain the confidentiality of the information. He explained that the National Association of Insurance Commissioners (NAIC) has recently added a requirement that state insurance departments must be able to share information with foreign regulatory and law enforcement agencies.

**MOTION** **Rep. Patrick** moved to send **H 92** to the floor with a **DO PASS** recommendation.

In response to a committee question, **Mr. Deal** said there are two safeguards in place that would protect the personal information of Idaho citizens from falling into the possession of some entity that might use the information in a way not intended by this bill. First, Mr. Deal said if the director of the department feels uncomfortable or feels the information should not be released, he can decide not to send the information. Second, foreign countries have organizations similar to the NAIC which are trusted regulatory agencies, and Mr. Deal said information will be shared with such trusted entities.

**VOTE ON MOTION** **Chairman Black** called for a vote on the motion to send **H 92** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Patrick** will sponsor the bill on the floor.

**H 98** **Mr. Deal** presented **H 98**, which provides updates to the fraud statutes. Mr. Deal reported that the amount of fraud in Idaho is disturbing; his fraud investigators have between 160 and 180 cases under investigation at any given time. He said the purpose of **H 92** is to bring the insurance code into conformity with the Idaho criminal code. Mr. Deal reviewed the legislation, noting it sets out various activities that constitute insurance fraud and defines

what a “statement” is and what a “runner” is.

**Mr. Roberson** was recognized to answer a question from the committee. He said there has not been evidence of organized fraud ring activities in Idaho yet, but the department anticipates its arrival in the near future. Mr. Roberson gave several examples of insurance fraud, noting that some people who were previously involved in illegal drug activities are now moving into white collar crimes. This is happening primarily because they know white collar crimes are more difficult to prosecute. Some examples of insurance fraud given by Mr. Roberson are: intentionally causing accidents, making fake burglary reports, claiming excess contents in an auto involved in a crash, and even using one person’s insurance card to claim payment for a procedure performed on another person.

**MOTION** **Rep. Durst** moved to send **H 98** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Mathews** will sponsor the bill on the floor.

**H 96** **Mr. Deal** presented **H 96**, which expands the “any willing provider” and “most favored nation” provisions to all insurance companies doing business in Idaho. Previously these provisions applied only to domestic insurance companies, that is, those domiciled in Idaho.

**MOTION** **Rep. Killen** moved to send **H 96** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Killen** will sponsor the bill on the floor.

**H 97** **Mr. Deal** then presented **H 97**, which amends existing law to provide use immunity from criminal prosecution based on testimony or other evidence a person is compelled to produce at the direction of the Department of Insurance and the Attorney General. Mr. Deal said this bill will make the immunity provisions consistent with Idaho criminal code. It will not prohibit the use of independent information in prosecution. Mr. Deal distributed a memorandum drawn up by Ken Robins which clarifies the difference between “use” immunity and “transactional” immunity.

**MOTION** **Rep. Mathews** moved to send **H 97** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Killen** will sponsor the bill on the floor.

**H 111** **Shad Priest**, deputy director of the Department of Insurance, presented **H 111**. Mr. Priest explained that a federal law passed last year requires states to adopt uniform standards regulating insurance products sold to military personnel. He told the committee that a number of insurance companies were targeting military personnel, sometimes using improper or unscrupulous sales tactics. Many of these personnel are young and relatively unsophisticated, often just out of high school, and are confused by these sales tactics. **H 111** will authorize the Department of Insurance to target unfair practices aimed at Armed Forces members and will authorize insurance regulators to enforce state insurance standards on military bases. Mr. Priest said the NAIC has worked with the Secretary of Defense to ensure that states will adopt new regulations no later than 12 months after the federal law went into effect in the fall of 2006.

**MOTION**

**Rep. Snodgrass** moved to send **H 111** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Snodgrass** will sponsor the bill on the floor.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 4:05 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** March 5, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Reps. Snodgrass, Edmunson

**GUESTS** Kent Day, Lynn Darrington, Woody Richards, Phil Barber

Meeting was called to order at 2:15 p.m. **Rep. Smith (30)** moved to approve the minutes of the February 27 meeting; motion carried on voice vote.

**S 1105** **Senator Dean Cameron** presented **S 1105** to the committee, saying that it will raise the age limits for children to remain on their parents' health insurance policies. Current law allows a child to remain on a parent's health insurance until age 19 if the child is not in school, or until age 23 if he or she is enrolled in school. S 1105 will raise the ages to 21 and 25, respectively. He explained that the state Board of Education requires health insurance coverage on students, whether through a parent's policy or through a personal plan. Although health plans are available through colleges, Sen. Cameron said they are usually quite expensive and have limited benefits. Raising the age limits will result in an overall cost saving to both children and parents, since the children can stay on the parents' plans with no additional premium cost. Sen. Cameron said this change will also reduce the number of uninsured, since many uninsured are in this age group and do not currently carry health insurance.

Responding to committee questions, Sen. Cameron said if a child is physically or mentally handicapped he can stay on a parent's plan for life. He said the bill does not change the definition of "full-time student." If a child is enrolled in school, he would be considered "full-time" if he is taking the number of credit hours specified by the institution in order to qualify as "full-time," which differs from school to school and is also different for graduate students as opposed to undergraduate students.

**MOTION** **Rep. Rusche** moved to send **S 1105** to the floor with a **DO PASS** recommendation.

**Lyn Darrington**, representing Regence Blue Shield of Idaho, testified in support of **S 1105**, saying that Regence did work with Sen. Cameron in drafting the legislation. She also noted that the Idaho Association of Health Underwriters is in support of this bill.

**VOTE ON** **Chairman Black** called for a vote on the motion to send **S 1105** to the floor

**MOTION** with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Rusche** will sponsor the bill on the floor.

**H 255** **Rep. Mathews** presented **H 255**, which will require personal lines automobile insurers to make certain disclosures about their insurance products. Rep. Mathews explained that one type of coverage available with an automobile insurance policy is coverage for “uninsured motorists,” which protects an injured party involved in an accident with someone who does not have auto insurance. Similar coverage is available for “underinsured” motorists, which protects against a person having inadequate insurance coverage to pay for injuries. H 255 requires that insurance companies must disclose to a policyholder the exact nature of the coverage being offered, including disclosing whether or not it includes uninsured/underinsured coverage. Rep. Mathews said he had solicited comments and input on H 255 from insurance companies and the Idaho Trial Lawyers Association. He also informed the committee that a similar bill is moving through the Senate, but the Senate bill does not provide any penalties for violations.

Responding to committee questions, Rep. Mathews said often people think their insurance policies include “uninsured motorist” and “underinsured motorist” coverage when, in fact, they do not have this kind of coverage. The purpose of the bill is to require insurance companies to disclose whether they offer this coverage and whether it is a part of the policy being purchased.

**Woody Richards** was recognized to clarify what happens if a party has, for example, \$100,000 of coverage for underinsured motorist and is involved in an accident with a party who has only \$25,000 in coverage. In that instance, if the injured party’s expenses exceed the \$25,000 amount, his own \$100,000 coverage will fill the “gap” between \$25,000 and the amount of the expenses. In other words, Mr. Richards said, one policy’s coverage is “stacked” on top of another policy’s coverage.

**Phil Barber** was recognized to make a statement regarding the availability of underinsured motorist coverage. Mr. Barber stated that most Idaho personal lines auto carriers do offer underinsured motorist coverage.

**Rep. Mathews** further commented that he believes **H 255** will make insurance policies more transparent and will allow consumers to be more informed about the coverage they do or do not have.

**MOTION** **Rep. Collins** moved to send **H 255** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Collins** will sponsor the bill on the floor.

**ADJOURN** There being no further business to come before the committee, the meeting was adjourned at 2:53 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** March 7, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Reps. Anderson, Hagedorn

**GUESTS** Lynn Young, Peg Munson, Kelly Buckland, Joe Gallegos, Katie Whittier, Adrean Casper, John Mackey

Meeting was called to order at 2:10 p.m. **Rep. Chadderdon** moved to approve the minutes of the March 5 meeting, with one correction: the date on the minutes should be March 5, not March 3. Motion carried on voice vote. **Rep. Patrick** asked for clarification on whether or not cameras and recording devices are allowed in committee meetings. Chairman Black responded that recording devices are not allowed.

**S 1107** **Steve Tobiason**, representing America's Health Insurance Plans, presented **S 1107**. He explained that last year a bill was passed that prohibited the use of genetic test results by insurance companies in the sale of disability insurance. However, the term "disability" can be interpreted to include long-term care policies and long-term disability coverage, which was not the intent of the original legislation. Mr. Tobiason said **S 1107** will change the term "disability" insurance to "hospital or medical" insurance. He stated the language will bring Idaho's law into alignment with similar laws in 32 other states. He also noted the U.S. Congress is in the process of reaching consensus legislation on this matter, and neither the House nor the Senate bills apply to long-term care or disability insurance. He said he had consulted with Shad Priest of the Department of Insurance in the drafting of S 1107; the Department of Insurance has no problem with the language change. Mr. Tobiason pointed out the term "unfair discrimination" in sections (1) and (2) of the bill, and noted that in section (3) the term used is simply "discriminate," which means a company cannot even consider or look at genetic information. This is acceptable to health insurance companies who rate only on a 12-month period. Long-term care insurers, on the other hand, need to make a judgment for a long period of time.

Responding to committee questions, Mr. Tobiason pointed out that a person always has the right to not sign a consent form allowing insurance companies to view medical records. He reiterated the fact that language similar to the proposed language in S 1107 has been in place in at least 32 other states for a number of years, and he is not aware of any problems arising from this provision.

**Kelly Buckland**, Executive Director of the Idaho Independent Living Council,

testified **in opposition to S 1107**. He stated he was in favor of last year's bill (Senate Bill 1423) because he did not want to discourage people from having genetic testing done if that was their choice. He opposes the proposed change contained in S 1107 because it will exclude long-term care policies from protection against insurance companies using genetic test results. Mr. Buckland said this will discourage people from having genetic tests performed.

**Joe Gallegos**, representing the American Association of Retired Persons (AARP), testified **in opposition to S 1107**. He stated this same amendment was proposed last year and was rejected by this committee. He said the most important reason to reject S 1107 is that we cannot encourage people to buy long-term care and disability insurance and then place barriers in their way.

Mr. Gallegos was asked how AARP members might respond to higher costs and/or less availability of long-term care products if S 1107 is not passed. He said they would be concerned, and noted that AARP is concerned about the high cost of all health care. He said his organization encourages its members to have genetic tests performed, but does not think the results should be considered in insurance company decisions.

**Katy Whittier**, representing the American Cancer Society, testified **in opposition to S 1107**, noting that genetic testing is a great tool to prevent the onset of cancer and her organization is committed to doing everything possible to help people avoid this disease. She is also opposed to genetic test results being used by insurance companies because genetic markers are not absolute indicators that a person will contract a particular disease.

**Adrean Casper**, Director of Government Affairs for the American Heart Association, testified **in opposition to S 1107**. She stated the association is wary of any legislation that prevents or discourages people from getting genetic tests. She said heart disease and stroke are the number one and number three killers, but both are completely preventable. She said if people are proactive in their health care and have genetic tests performed, they should not be penalized by having that information made available.

Responding to committee questions, Ms. Casper said if a person wants insurance coverage and is actively making lifestyle changes to prevent disease, that consumer shouldn't be penalized for having had genetic tests performed. She agreed that a person who has knowledge of a predisposition to certain diseases may be more likely to purchase long-term care insurance, but she also stated that consumers will be discouraged from having the genetic tests performed if they know an insurance company can use the resulting information. Ms. Casper revised her earlier statement that heart disease and stroke are "completely" preventable, saying they are "highly" preventable if one makes strong lifestyle changes. She also said although genetic testing is not common today, it may be a commonly accepted practice in the future, as tests are improved and become more acceptable.

**Steve Tobiason** was recognized to conclude his testimony on **S 1107**. He said last year's legislation seems to address a problem that doesn't exist. In the process, an unfair situation has been created in which a consumer can



get a genetic test and use the information as an unfair advantage in buying long-term care products, since the insurance companies can't use that information in their decisions. He said insurance companies should be able to weigh all factors, but under the current code the insurance companies' hands are tied because their ability to properly evaluate risk has been taken away. Mr. Tobiason said that, given these limitations, insurance companies will probably charge everyone higher premiums.

**MOTION**

**Rep. Rusche** moved to send **S 1107** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Rusche** will sponsor the bill on the floor.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 3:10 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary

## MINUTES

### HOUSE BUSINESS COMMITTEE

**DATE** March 15, 2007

**TIME** 1:30 p.m.

**PLACE** Room 408

**MEMBERS** Chairman Black, Vice Chairman Henderson, Representatives Collins, Snodgrass, Edmunson, Bilbao, Chadderdon, Anderson, Mathews, Crane, Patrick, Smith (30), Rusche, Durst, Killen

**ABSENT/  
EXCUSED** Reps. Snodgrass, Mathews

**GUESTS** Mike Brassey, Bob Aldridge, Chuck Goodenough

Meeting was called to order at 2:20 p.m. by Chairman Black. **Rep. Rusche** moved to approve the minutes of the March 7 meeting. Motion carried on voice vote.

**S 1159a** **Bob Aldridge**, representing the Trust & Estate Professionals of Idaho, presented **S 1159a**. Mr. Aldridge explained there is an increasing problem with people being unable to sign their names to legal documents to be notarized. This usually is due to physical infirmity, paralysis, or disease. He said the traditional method used in such cases is to have the person affix a mark, such as an "X", to the document, or to have another person sign for him or her. Idaho law does not include provisions for the proper method of signing and notarizing when a mark is used in place of a signature. S 1159a sets forth the correct method for execution and notarization of the document. Mr. Aldridge explained that notaries perform two functions, namely, verifying and acknowledging. These two separate functions are contained in Title 51 and Title 55 of Idaho Code, respectively; thus, S 1159a amends both sections. Mr. Aldridge stated the language of the bill has been reviewed in detail by the Secretary of State's office.

**MOTION** **Rep. Patrick** moved to send **S 1159** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Rep. Anderson** will sponsor the bill on the floor.

**S 1169** **Mike Brassey**, Idaho Uniform Laws Commissioner, presented **S 1169**, the Idaho Registered Agents Act. This model legislation, created by the National Conference of Commissioners on Uniform State Laws, makes all statutory provisions for registered agents the same, whether the registered agent is acting for a corporation, a limited liability company, or any form of formally-organized partnership. Mr. Brassey distributed a sample of the form used to apply for a Certificate of Authority in Idaho, explaining that everyone who files incorporation papers has to designate a registered agent. He reviewed the details of S 1169, including definitions and fees. He also explained what a "commercial registered agent" is, stating that large corporations such as Micron or Simplot often hire a company such as CT Systems to act as their agent. S 1169 includes filing and other requirements for such commercial registered agents. Mr. Brassey pointed out the language in the bill that deals

with jurisdiction and venue, saying that, for corporate purposes, the venue now will be where a business actually is, rather than where its registered agent is. Mr. Brassey also pointed out the many conforming amendments in the bill, saying these essentially conform existing Idaho law to this new statute.

**MOTION**

**Rep. Durst** moved to send **S 1169** to the floor with a **DO PASS** recommendation.

Responding to committee questions, Mr. Brassey said the legislation will allow for an index of registered agents, which doesn't exist now. **Chuck Goodenough** was recognized to respond further. He said this will make it possible to search a database to find all those entities for which a person is a registered agent. Mr. Brassey acknowledged that, although all corporations operating in the state of Idaho are required to have a registered agent, there is no system to track people who haven't filed the necessary registered agent application.

**VOTE ON MOTION**

**Chairman Black** called for a vote on the motion to send **S 1169** to the floor with a DO PASS recommendation; **motion carried on voice vote. Rep. Killen will sponsor the bill on the floor.**

**S 1182**

**Chuck Goodenough**, Deputy Secretary of State, Commercial Division, presented **S 1182**. Mr. Goodenough said one of the Commercial Division's two primary duties is to act as a central lien-filing office for the state. He said the division accepts lien filings under primarily the Uniform Commercial Code (UCC). This legislation will provide an alternative to the requirement that farm product financing statements under the UCC utilize Social Security numbers or Taxpayer ID numbers for debtors. The alternative will be an approved unique identifier as selected by the Secretary of State and approved by the Secretary of Agriculture, pursuant to the Food Security Act. The bill will also eliminate the requirements for signatures on farm product financing statements and amendments, which will facilitate electronic filing of these documents with the Secretary of State. Mr. Goodenough said passage of S 1182 will bring Idaho law into conformity with federal requirements.

**MOTION**

**Rep. Patrick** moved to send **S 1182** to the floor with a **DO PASS** recommendation; **motion carried on voice vote. Rep. Patrick** will sponsor the bill on the floor.

**ADJOURN**

There being no further business to come before the committee, the meeting was adjourned at 3:00 p.m.

---

Representative Max Black  
Chairman

---

Mary Lou Molitor  
Secretary