

House Commerce & Human Resources Committee

Minutes
2007



MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: January 15, 2007

TIME: 1:33

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Ringo, Pasley-Stuart, Chew

**ABSENT/
EXCUSED:** Chairman Schaefer

With a quorum present, **Vice Chairman Bradford** called the meeting to order. A silent roll call was taken. The Vice Chair welcomed the members and invited each member to share some information about their professions, their experience, and what district they were from. The Vice Chair introduced the page, **Amanda Cayler**, and secretary, **Gina Thompson**.

Rep. Trail suggested the seating be different not divided by parties.

Rep. Roberts made it known that one more member would be joining this committee.

ADJOURN: Meeting Adjourned at 1:43 p.m.

Representative Larry Bradford
Vice Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: January 17, 2007

TIME: 1:30

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart, Chew

GUESTS: Alan Winkle, Public Employee Retirement System of Idaho Executive Director ; Bob Oberholzer, Human Resources Director ; Bob Fick, Communications Manager, Dept. Of Commerce and Labor

Chairman Schaefer's opening remarks

Chairman Schaefer opened the meeting by welcoming the committee and the guests who were there to present on the rules. **Chairman Schaefer** welcomed the new member Representative Kren and gave a brief introduction about his family and profession. He also mentioned that there were several people from the agencies present who could answer questions throughout the meeting. **Chairman Schaefer** then turned the meeting over to Vice Chairman Bradford to preside over the rules review.

Docket No. 59-0103-0701

Alan Winkle, presented **Docket 59-0103-0701** Section 59-1332(1), Idaho Code, requires the Retirement Board (Board) to establish contribution rates to adequately fund the retirement system, subject to certain requirements. In 2003, the Board adopted proposed rules that provided for a series of three annual contribution rate increases beginning July 1, 2004, through July 1, 2006. The first of those increases went into effect, but favorable market conditions significantly improved the funding status of the plan and in 2005 the board postponed the two subsequent increases for one year, until July 1, 2006 and July 1, 2007, and July 1, 2008, respectively. In 2006 the Board again postponed the increases until July 1, 2007, and July 1, 2008, respectively. The Board has now determined that two additional increases scheduled for July 1, 2007 and July 1, 2008, can each be postponed another year, to July,1, 2008 and July 1, 2009, respectively. The Board will continue to monitor funding and market conditions and will take additional actions if appropriate. New rates apply to the first pay period beginning on or after the applicable date.

Rep Pasley -Stuart asked for clarifications on temporary rule **Mr. Winkle** replied it is an ongoing temporary rule with a changing date.

Motion:

Representative Thayn made a motion that **Docket. No.59-0103-0701** be adopted. **Motion passed.**

Docket No. 15-0401-0601

Bob Oberholzer noted the devolving of Human Resources department will change the rules process this year but the committee will go over all the rule changes and the ones that apply to the new department will be used at that time. Key definitions relevant to the rule changes were gone

over by **Mr. Oberholzer**. **Mr. Oberholzer** went over **Docket No. 15-0401-0601** Changes to the definitions, veterans preference, compensation of employees, moving expenses reimbursement, probationary period for acting and temporaries, performance evaluation, military leave, overtime for executives and bone marrow and organ donor leave to comply with new code provisions.

Questions from the Committee Members:

Representative Marriott and **Rep. Lake** asked clarification questions about the ratio chart. **Mr. Oberholzer** explained how the chart was set up.

Representative Pasley-Stuart had questions defining relevant job market and the removal of Hay plan. **Mr. Oberholzer** assured her that the Hay was not taken out.

Representative Ringo led a discussion about word placement in the rules. **Mr. Oberholzer** agreed with her that word placement did differ.

Chairman Schaefer noted that upcoming HR changes in the department would affect rules.

Committee members discussed statewide pay scales and if with these rules we were losing any benefits as employers. **Mr. Oberholzer** explained these rules were to attract and retain employees.

Motion:

Representative Pasley-Stuart made a motion to accept the rules of **Docket No. 15-0401-0601**. **Motion passed.**

Docket No. 09-0130-0601

Bob Fick presented **Docket No. 09-0103-0601**, an amendment that will provide that if a claimant's illness lasts for more than one week, the claimant will be ineligible for benefits effective the week his accumulated missed wages (because of illness) exceed one-half ($\frac{1}{2}$) of his weekly benefit amount. This rule would be amended to provide that employers will provide separation information to the Department when contacted by a Department representative, rather than mailing a report to Department. This docket would provide that professional athletes who are between seasons can't use their base period wages for services as athletes to establish a claim for benefits if they have a contract for the next season or intend to participate in the sport the next season, even without a formal offer of employment.

Motion:

Representative Pasley-Stuart made a motion to accept **Docket no. 09-0130-0601**. **Motion passed.**

Docket no.
09-0135-0601 **Mr. Fick** stated that this amendment corrects an incorrect citation to Idaho Code found in IDAPA 09.01.35.134.02. IDAPA 09.01.35.011.01 is being amended to expressly require employers who pay no wages in a quarter to file a quarterly report for the quarter with zero wages reported. IDAPA 09.01.35.011 is being amended to clarify that each covered employer's UI tax report shall be reported under the covered employer's account number, even if reported by a payroll service. IDAPA 09.01.35.061 is being amended to add the definition of "willfully." This section will clarify that if an employer meets coverage requirements during a calendar year, the quarterly reports for the wages paid in prior quarters of the same calendar year will be due on the due date for the quarterly report in which the employer became a covered employer and quarterly reports for subsequent quarters are due at the end of each quarter.

Questions from the Committee Members: **Representative Mortimer** asked for clarification on this rule. **Mr. Fick** stated this rule is being proposed in order that there be a better tracking system of business owners' records.

Motion: **Representative Ringo** made a motion that **Docket No. 09-0135-0601** be accepted. **Motion passed.**

Docket No.
09-0201-0601 **Mr. Fick** stated there are no changes to the pending rule, which is being adopted as originally proposed. The original text of the proposed rule was published on September 6, 2006 Idaho Administrative Bulletin, Volume 06-9, pages 40 through 56. Changes are being made to IDAPA 09.02.01 to comply with changes to federal HUD program regulations and legislative committee requests and to clarify and make rules consistent with other program requirements. Mr. Fick stated this rule will follow the same as the federal government guidelines

Motion: **Representative Lake** made a motion that the committee accept **Docket No. 09-0201-0601**. **Motion passed.**

Docket No.
09-0203-0601 **Mr. Fick** stated that there are no changes to the pending rule. The pending rule is being adopted originally proposed.

Motion: **Representative Ringo** made a motion that **Docket No. 09-0203-0601** be accepted. **Motion passed.**

Docket No.
09-0301-0601 **Mr. Fick** stated that there are no changes to the pending rule. The pending rule is being adopted as originally proposed.

Motion: **Representative Ringo** made a motion that **Docket No. 09-0301-0601** be accepted. **Motion passed.**

Docket No.
09-0304-0601 **Mr. Fick** stated that there are no changes to the pending rule. The pending rule is being adopted as originally proposed.

Motion: **Representative Mortimer** made a motion that **Docket No. 09-0304-0601** be accepted. **Motion passed.**

Adjourned: There being no further business to come before the committee, **Vice Chairman Bradford** adjourned the meeting at 3:00p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: January 25, 2007

TIME: 1:30

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Marriott, Mortimer, Thayn, Kren, Chew

**ABSENT/
EXCUSED:** Representative Trail, Ringo and Pasley-Stuart

GUESTS: Jay Anderson

PRESENTATION: The meeting was called to order by **Chairman Schaefer**, who welcomed the committee's guest, Mr. Anderson. **Mr. Anderson** is one of the people who work with the Hay Job Evaluation Method. This was an informational meeting only. The Hay plan is an approach for measuring job content. It is difficult to compare and measure one job against another. The Hay system is used to identify compensable factors present in all jobs that can be defined in terms of degrees or levels. The Hay system uses Guide Charts to attempt to define these factors in terms of the level in which they are present in a job. There are three major factors that help in defining jobs in the Hay plan. These are Know-how, Problem Solving and Accountability. The Hay system is a method for establishing the relative value of jobs within the organization and is used as a dimension of the pay system, but is not the pay system itself.

ADJOURN: With no further business, Chairman Schaefer be adjourned at 2:43.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: January 29, 2007

TIME: 1:30

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, ,
Marriott, Mortimer, Thayn, Kren, Pasley-Stuart

**ABSENT/
EXCUSED:** Representative Trail, Ringo

GUESTS: Tom Limbaugh, Industrial Commission, Woody Richards, Lobbyist
Property Causality Insurance Association

Chairman Schaefer called the meeting to order, and welcomed the guests who were going to present to the committee. He made a motion that the minutes of January 25, 2007 be approved by the committee. **Motion passed** with a voice vote. **Chairman Schaefer** then proceeded to tell the committee members that **Docket no. 17-0208-0602** was going to be held over until a future date. **Chairman Schaefer** stated that the Senate had not approved the docket and until more information was given the House committee would not be hearing **Docket No. 17-0208-0602**. He excused any guest wanting to testify about **Docket No. 17-0208-0602**. **Chairman Schaefer** then asked **Tom Limbaugh** to proceed with **Docket no.17-0208-0601**.

**Docket no.
17-0208-0601**

Mr. Limbaugh explained that **Docket No.17-0208-0601** would make three changes:

- 1) To reconcile conflicting time periods by changing the second time period to fifteen (15) days from ten (10).
- 2) To allow sureties sufficient time to capture data they are required to submit on the Summary of Payments by extending the report time period from sixty (60) days to one hundred twenty (120) days.
- 3) To allow auditing of total and permanent benefit payments in a time frame within which useful feedback may be given and corrections made by changing the language of the rule to " ...In the context of death claims and permanent total disability claims, interim summaries of payments shall be filed annually...."

Mr. Limbaugh introduced **Scott McDougall, Manager of Benefits and Claims Section**, to address any concerns the committee may have about **Docket No. 17-0208-0601**. **Mr. McDougall** responded to committee concerns by saying that this last part of the change in the Docket was to simply build a file. This would ensure better tracking of a client's history.

MOTION: **Vice Chairman Bradford** made a motion that **Docket No. 17-0208-0601** be approved. **Motion passed** by voice vote.

ADJOURN: With no further business, **Chairman Schaefer** adjourned the meeting at 1:49 pm.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: January 31, 2007

TIME: 1:34

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Roberts, Ringo, Pasley-Stuart, Chew

GUESTS: Vickie Patterson, Idaho Public Employees Association

Representative Schaefer opened the meeting. **Vice Chairman Bradford** made a motion that the minutes be accepted. **Motion passed** by a voice vote. **Representative Schaefer** introduced **Vicki Patterson**.

RS 16758 **Ms. Patterson** let the committee know that this RS would strike the formula limiting the unused sick leave that can be transferred to an employee's retirement account. It will be calculated as a sum equal to one-half of the monetary value of such unused sick leave at the rate of pay for such employee at the time of retirement. The sum can be used only to pay premiums for group health, accident or life insurance in programs maintained by the state, thus encouraging employees to use sick leave only for the purpose for which it was established.

Questions from Members: **Representative Marriott** asked if schools aren't already doing this plan. **Ms. Patterson** agreed that was correct. **Representative Ringo** let the committee know that this proposal to the way the education system runs which she participated in as a teacher. **Ms. Patterson** agreed that this RS would work the same as the teacher plan. **Ms. Patterson** assured the committee all questions would be clarified by analysis when the bill comes back before them.

MOTION: Motion was made by **Vice Chairman Bradford** to introduce RS 16758 to print. **Motion passed** by voice vote.

ADJOURN: With no further business, **Chairman Schaefer** adjourned the meeting at 1:50 pm.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES JOINT COMMITTEE

DATE: February 1, 2007

TIME: 1:30 p.m.

PLACE: Room 420 (Gold Room) - Joint Meeting with the House Commerce & Human Resources Committee

MEMBERS PRESENT: Chairman Schaefer, Vice Chairman Bradford, Representatives, Marriott, Mortimer, Thayn, Ringo, Pasley-Stuart, Chew

MEMBERS ABSENT/ EXCUSED: Representative Lake

GUESTS: Eddie Yen, Director of the Idaho-Asia trade office; Armando Orellana, Director of the Idaho-Mexico trade office; Dr. Cao Guoli, Director of the Idaho-Shanghai trade office; Prem Behl, Director of the Idaho-India trade office; Akemi Harima, Director of the Idaho-Japan trade office; and General Woo-Joo Chang, Official Representative, and his business associate, John Sook, from the Idaho-Korea trade office.

Senator Andreason, Chairman of the Senate Commerce & Human Resources Committee, chaired the Joint Meeting, calling it to order at 1:36 p.m.

Chairman Andreason welcomed the audience and Joint Committee members, then introduced **Roger Madsen**, Director of Idaho Department of Commerce & Labor, who discussed Idaho's international trade efforts. The handout provided to the committee, *State of Idaho International Program 2007 Activity Report*.

Mr. Madsen advised that Idaho currently has more than 1,300 companies involved in worldwide international trade. This is an increase from 1,100 companies just a few years ago. In 2002, approximately \$1.8 billion was conducted in international trade; however, we have now approached \$4 billion. China is now our number one trading partner, with a total of \$800 million in 2006, and seven of our top ten trading partners are Asian countries, including China, Korea, Japan, Taiwan, Phillipines, Singapore, and Malaysia. Products range from high-tech services to personal, industrial, and medical products and equipment. More than 75 commodities are exported to 135 countries. The department focuses on those countries where we have representatives, and sees India as the next "great" market, and is anticipated to grow from \$20 million annually, to eventually surpass China within the next few years.

Chairman Andreason then recognized **Eddie Yen**, Director of the Idaho-Asia trade office in Taipei, which opened in 1990.

Mr. Yen stated that since 1990, Idaho exports to Asia reached \$1.8 billion in 2005, accounting for 54% of total state exports. Taiwan continues to rank among Idaho's top 10 trading partner with 2005 exports reaching \$445.4 million. In 2007, seminars in China and Taiwan will encourage

foreign direct investment in Idaho. These seminars will spotlight Idaho's investment potential, and the Asia office will continue to provide individual technical assistance and market research to Idaho exporters and Taiwan importers interested in Idaho products.

**QUESTIONS
FROM THE
MEMBERS:**

Representative Trail asked about the volume of computer chips purchased from Taiwan by United States companies. **Mr. Yen** said that Taiwan is the third largest manufacturer of computer chips in the world, with their focus and strength in the area of personal computer chips, rather than the types of chips used in digital cameras, as produced by Micron, an Idaho-based manufacturer. Therefore, the relationship is not competitive but, rather, complementary to the Idaho company.

Chairman Andreason then recognized **Armando Orellana**, Director of the Idaho-Mexico trade office in Guadalajara.

Mr. Orellana reported that exports from Idaho to Mexico exceeded \$100 million in 2005 for a 9.8% annual increase. He stated that he would focus his report on the political changes in Mexico and plans for 2007. The Mexico office assisted the Idaho Bean Commission with coordinating bean seed test plots in Chihuahua and Zacatecas, and they will continue to work on this area in 2007. They will also be participating in key trade shows for agricultural equipment, and several companies from Idaho will be there to demonstrate their equipment. Another area of growth in Mexico is the mining industry, and Idaho mining companies will participate in a convention this year which will provide opportunities to meet with key players in the Mexico industry. The environmental sector will be emphasized as well, particularly the problem with the disposal of used tires along the Mexico-United States border, and they will be working with an Idaho company on this problem. Emphasis will also be placed on educational opportunities for students from Mexico who want to study abroad, and promoting Idaho tourism opportunities to citizens of Mexico.

Chairman Andreason then recognized **Dr. Cao Guoli**, Director of the Idaho-Shanghai trade office in China.

Dr. Guoli stated that China is the third largest trading entity in the world, and from 2001 to 2005 the annual growth rate of trade between the United States and China was 27.4% while U.S. imports to China grew at more than 20% annually. In 2006 the Shanghai office was expanded to full-time to better serve the needs of Idaho companies interested in exporting products and services to China. The 2006 promotions included the presentation of Bio Reaction and other environmental companies at the China Pollutec Show in Shanghai; a reverse buying delegation trip to the northwest where Idaho agricultural companies visited with managers from China's largest supermarket chain and importers; representing Idaho companies at the Guangzhou Cityscape Trade Show, an annual exhibit focusing on building, landscape design, and construction technologies for large scale civil projects; and the promotion of travel to Idaho at the China International Travel Mart, the most prominent travel show in China. In 2007 the office will continue with promotions such as these while providing technical assistance, translation services and market research and support.

Chairman Andreason then recognized **Mr. Prem Brehl**, Director of the

Idaho-India trade office in New Delhi, India.

Mr. Brehl was appointed as Idaho's trade representative in India in September, 2006. He is also chairman of India's leading exhibitions and conference organizer, Exhibitions India Group, which focuses on international trade shows and events. Idaho exports to India account for nearly \$10 million and India is currently Idaho's 22nd largest export destination. Emerging trade opportunities include the following areas:

- India is currently the largest market for U.S. dried peas and lentils and an important market for Idaho.
- Dell Computer, a major customer for Micron Technology, recently opened a fabrication facility in India which will result in increased exports of semiconductors to India.
- Idaho is well positioned to take advantage of the growing demand for food processing equipment and cold storage technologies.
- Recent passage of the U.S.-India Civil Nuclear Technology Agreement will provide opportunities for Idaho companies to supply nuclear hardware, software, and environmental equipment to India.

Mr. Brehl provided an overview of the political and social changes in India, and explained how these changes have resulted in a strong and resurgent economy with great potential and emerging trade opportunities.

**QUESTIONS
FROM THE
MEMBERS:**

Representative Trail asked about the emerging middle class in India and increased education of India's citizens. He asked **Mr. Brehl** about the current trend of the U.S. recruiting qualified engineers from India and asked whether he felt this trend would continue.

Mr. Brehl advised that we should expect to see recruitment from both sides. As employment opportunities within India continue to increase, there will probably be many citizens from India who will return to that country after coming to the U.S. for initial employment. India is also experiencing a shortfall of candidates in intellectual job areas as well.

Chairman Andreason then recognized **Ms. Akemi Harima**, Director of the Idaho-Japan trade office in Kobe, Japan.

Ms. Harima was selected as Director of the newly re-opened Idaho-Japan trade office in mid-2006. Japan has consistently ranked among Idaho's top ten trade partners, and was fifth in 2005. Idaho exports through the end of 2006 showed a 7% increase over 2005. **Ms. Harima** proactively represented Idaho interests by participating in key trade shows, including: *BioJapan 2006*, an annual bio technology related expo; *See America Media Market Place* in Tokyo, which promoted Idaho tourism; and *HOSPEx Japan 2006*, also in Tokyo, an international healthcare engineering exhibition.

Chairman Andreason inquired about the current situation involving the banning of U.S. beef imports to Japan. **Ms. Harima** advised that Japan requires the inspection of every imported cow for BSE, which the U.S. Government says is not practical or necessary. Discussions are continuing regarding this, and as of this date Japan is accepting cows that are 20 months old or younger. Since most of the cows in the U.S. are about 30 months old, the importing of beef from the U.S. is still limited.

Chairman Andreason then recognized **General Woo-Joo Chang**, Official Representative of the Idaho-Korea trade office in Seoul, South Korea.

General Chang is Idaho's part-time trade manager in South Korea. Since 1998, Idaho exports to South Korea have increased from \$12 million to \$164 million in 2005. In 2006, Idaho exports to Korea reached \$202 million. Currently, electronic and computer equipment, food and agricultural products, wood and building materials, and hides and leather goods comprise Idaho's major exports to South Korea.

In 2007, the City of Boise will be the site for the Korea-Pacific U.S. Economic Council joint conference; and the trade office will continue to work to identify foreign direct investment opportunities in Idaho, as well as increase the promotion of tourism and education.

Chairman Andreason then recognized **Damien Bard**, Administrator, Department of Commerce & Labor International Business Division.

Mr. Bard thanked the committee for their strong support of Idaho's international trade efforts. The Legislature's strong support has allowed them to expand operations to full-time status in China and re-establish relationships in Japan and India. The department presented a one-half day seminar on international trade in Boise this week which has been the most successful seminar to date. **Mr. Bard** invited all legislators to inform the department of any companies in their districts who might benefit from international trade assistance. **Mr. Bard** then introduced **Roger Madsen** for concluding remarks.

Mr. Madsen commended **Mr. Bard** and his staff on the success of their hard work and efforts. He also thanked the Legislature for providing the financial support to make these advancements in international trade possible. Ten percent of the jobs in Idaho are involved with international trade. Idaho currently has six "sister state" arrangements and is actively involved in educational and cultural exchanges.

ADJOURNMENT: **Chairman Andreason** adjourned the meeting at 2:44 p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Committee Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: February 5, 2007

TIME: 1:30

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart

Chairman Schaefer started the meeting by welcoming everyone to the meeting. He stated several people needed to speak so anyone speaking should only bring up what is relevant to the changes in **Docket No. 17-0206-0601**.

GUESTS: Tom Limbaugh, Idaho Industrial Commission; Dr. Troy Watkins, Orthopedic Society; Mark Dunham, Idaho Association of Commerce and Industry; Pam Eaton, Idaho Retailers Association; Dave Whaley, Idaho AFL-CIO; Bob Seehusen, Idaho Medical Association; Dr. Tim Doerr Orthopedic Doctor; Dr. Jeff Hessing Orthopedic Doctor; Woody Richards Employers Insurance Group; Mary Morgan, Consultant IBR, INC; John Watts, Chamber Alliance

**Docket No.
17-0206-0601**

Tom Limbaugh from The Idaho Industrial Commission was the first to present. He gave a brief history of **Docket No. 17-0206-0601**. From 1926 to 1975 the Idaho Industrial Commission, formerly known as the Industrial Accident Board, had a fee schedule adopted specifying reimbursement rates for medical procedures dealing with work place injuries. This fee schedule was updated periodically as needed. In 1974 the Idaho Medical Association filed a petition for the "Adoption of Rules and Regulations Governing Charges for Medical Services Under the Idaho Workmen's Compensation Law". The petition requested: "That all medical physicians within the State of Idaho, as it is applicable to the practice of industrial medicine, receive their usual and customary fees charged for like services rendered to and on behalf of non-industrial patients; that the Industrial Commission of the State of Idaho reserve to itself, pursuant to the Workmen's Compensation Law of the State of Idaho, the authority to review charges of medical physicians in industrial cases upon request by employers and sureties in individual cases to determine, in those instances, whether such charges for medical services are usual and customary for said physicians rendering such services and that they do not exceed charges for like services rendered to non-industrial patients by such physicians." This was adopted by the Commission on January 28th, 1975 and put in effect on February 1, 1975. Signed by Commissioners Defenbach and Geddes.

Then in the late '80's the system was in disarray with providers voicing complaints about insurance companies not paying billed amounts. After two years following discussions among all parties and public hearings held across the state, rules were adopted and put in effect June 1, 1992.

Again in early 2002 the Commission received complaints about the

current method of medical reimbursements. A task force was formed by our Advisory Committee and met over a two-year period. The recommendation presented to the Commission by the task force was:

- Use Idaho Specific Charge Data to determine maximum allowable reimbursement for a CPT coded service. (CPT® is Current Procedural Terminology, which was developed by the American Medical Association for coding medical procedures)
- Request Current Charge Data from payers annually or adjust values using an acceptable percentage.
- Have the Advisory Committee and/or the Idaho Industrial Commission determine the appropriate maximum value using the charge data.

The Commission met with the task force following the recommendations. There was not a consensus on how to determine the appropriate maximum value for charges.

During the 2005 legislative session, House Bill 331 was passed by both the House and Senate. The bill was signed by the Governor and became law July 1, 2005. This new law required the Industrial Commission to change the method of how medical providers are reimbursed under the Idaho workers' compensation system.

The Industrial Commission adopted the Resource Based Relative Value System (RBRVS). The RBRVS is used to determine allowed charge amounts for Medicare physician services. In addition to Medicare, RBRVS is used within Medicaid, managed care (PPO & HMO), some states' Workers' Compensation and commercial insurance. RBRVS allocates Relative Value Units (RVU) to Current Procedural Terminology (CPT) codes. Most medical procedures have a CPT code assigned to them. This new law requires CPT codes to be grouped in the following areas: medicine, surgery, physical medicine, radiology, anesthesia and pathology. The Industrial Commission developed and assigned monetary conversion factors to each area. That dollar amount then is multiplied by the Relative Value Units assigned to an individual CPT code resulting in the amount to be paid to the medical provider for their services. The initial conversion factors were to be determined by January 1, 2006, to be effective April 1, 2006.

The fiscal note of House Bill 331 states: "In theory, workers' compensation rates could be reduced by 2% by passage of this bill". The Senate adopted a letter of Legislative Intent written by Senator John Goedde. This intent included "It is understood that overall physician reimbursement may decrease by 10%" and "when setting conversion factors, the Commission must be conscious of the need for access to services for injured workers."

The Industrial Commission reviewed information provided by the State Insurance Fund in developing CPT code groupings. In trying to follow legislative intent, they found that a 10% reduction in actual paid resulted in many conversion factors below Blue Shield reimbursement rates. A medical working group helped in establishing conversion factors based on actual 2005 paid amounts. The Commission adopted a Temporary

Rule on April 1, 2006 using those factors.

The Pending Rule before you is the result of working with a Temporary Rule in place, the submission of a Proposed Rule and information gathered during the public hearing process. During the last legislative session the Industrial Commission was appropriated money to hire a contractor to evaluate the current fee schedule and provide guidance for reimbursement methodologies for hospitals, ambulatory surgical centers (ASCs), pharmaceuticals and durable medical supplies. The request for proposals (RFP) has been published and closes on February 18, 2007. Work will begin by the end of February. The evaluation of the current fee schedule is to be completed by May 30, 2007 and recommendations for hospitals, ASCs, pharmaceuticals and durable medical goods will be completed by August 24, 2007.

Mr. Limbaugh stated this process has been difficult, because the Industrial commission is trying to be fair to both employers and employees. The commission certainly does not want to limit medical treatment and at the same time does not want to increase Workers' Compensation costs to employers. **Mr. Limbaugh** then introduced a chart (see attached) showing rates that would be in effect possibly by the end of May.

Question from members:

Members were concerned whether this table was being compared with other states figures. **Mr. Limbaugh** assured them that there was an increase from previous years but each state must stand on its own data. There is no way to compare from state to state accurately. The Idaho Industrial Commission has been asked by some surgeons to adopt conversion factors found in the Nevada medical fee schedule for workers' compensation. The following is a comparison.

Idaho:

House Bill 331 required the Idaho Industrial Commission to adopt the Resource Based Relative Value System (RBRVS). The RBRVS is used to determine allowed charge amounts for Medicare physician services. In addition to Medicare, RVRVS is used within Medicaid, managed care (PPO & HMO), some states workers' compensation and commercial insurance. RBRVS allocates Relative Value Units (RVU) to Current Procedural Terminology (CPT) codes. Monetary conversion factors have been set for CPT code groupings in IDAPA. The conversion factors are multiplied by the RVUs for a specific CPT code resulting in the reimbursement amount for that specific procedure.

Nevada:

Utilizes Relative Values for Physicians, relative values based on physician survey data from Relative Value Studies, Inc. These values are compiled and published by Ingenix. The Relative Values are allocated to CPT codes. Conversion factors for CPT code groupings have been set in a medical fee schedule. The conversion factor is multiplied by the Relative Value assigned to a specific CPT code resulting in the reimbursement amount.

Although the two systems may be similar, the RBRVS and the Relative Values for Physicians are different systems. The units assigned to each

CPT code are different. The conversion factors from both states can't be compared. Idaho law requires the Industrial Commission to use the RBRVS.

Members wanted to know if the access problem was going to be dealt with. **Mr. Limbaugh** assured them that it would. Committee members have difficulty accepting what the table is presenting many members do not agree. Members expressed concerns with adopting the rule. If the table were taken out of the rule will that make the accessibility problem go away. **Mr. Limbaugh** assured them it would.

Dr. Troy Watkins is an orthopaedic surgeon for hands and the President of the Orthopedic Association as well. **Dr. Watkins** is here on behalf of all orthopedic surgeons. He started with a brief history, explaining that under the prior fee schedule, doctors never knew where they fit on the table; it is all relative. RBRVS was even worse insurance but it was something to start with.

A group of physicians met and decided that the table was not satisfactory. They decided to stop seeing workers' compensation patients in the emergency room, and stop seeing and giving second opinions until discussion happened about conversion factor chart.

Mr. Limbaugh said in closing remarks, that he was aware the table needs to be fine tuned. **Dr. Watkins** discussed how time consuming worker compensation patients are because of all the paperwork involved and the history necessary for the patient to go back to work. While doing this the doctors become an advocate for the patient.

Questions from members:

Concerns from the committee about compensation for extra time spent as an advocate. **Dr. Watkins** assured the committee that the payment was off of the Conversion factor chart with no extra fee charged to the patient.

Mark Dunham, Vice President of the Idaho Association of Commerce and Industry, asked that the committee adopt the pending rule of the Industrial Commission in its current form with the existing fee schedule.

Though the pending rule will likely result in increased costs to business, this fee schedule is a reasonable compromise that should be fully implemented in order to determine its effect on the situation – especially because the Industrial Commission has released a Request For Proposal (RFP) through the State Division of Purchasing for the services of a consultant to analyze the Medical Fee Schedule for Idaho's Workers' Compensation Law.

IACI understands that there is sentiment to reject the fee schedule in the rule or substitute an alternative. According to a 2006 study from the Worker's Compensation Research Institute (WCRI), Idaho ranks very high in reimbursements. It is clear that the increased costs will simply be passed through by them to employers.

IACI does appreciate that the Industrial Commission provided a proposed compromise fee schedule that raises the fee schedule beyond the pending rule.

From a business perspective, IACI asks that the committee approve the pending rule with the existing fee schedule for the following reasons:

According to the WCRI study, Idaho is fourth in the nation in terms of the highest reimbursement rates;
The fee schedule in the pending rule being considered also results in increased costs to business, yet it is better than the alternatives;
With an anticipated study of the medical fee schedule as outlined in the Commission's RFP, it seems the state should maintain the status quo provided for in this pending rule until all of the facts are in before agreeing to even higher reimbursement rates;
Because the new compromise was received only last Thursday, it is so new that it is virtually impossible to react to it in time for today's rule hearing;
All of these increased costs are passed along to businesses which in turn, have to make economic decisions due to these cost mandates. Such decisions include passing the costs on to customers or cutting costs such as limiting employee benefits.

Mr. Dunham said that when companies look to expand in Idaho or look to locate in Idaho, they do so based on a variety of factors including taxation rates and policy, workers' comp rates, land use planning, etc. According to the National Tax Foundation, Idaho ranks 32nd in the nation in terms of business friendliness related to taxes.

Decisions like the physician fee schedule have impacts beyond workers' compensation and are used as one tool against which Idaho is measured for economic development. Idaho companies compete on a global scale and on a main street scale. Passing increased costs onto business has a ripple effect on our competitiveness, and that should certainly be a consideration in this discussion.

Pam Eaton spoke about the cost to businesses. Businesses are on paper thin budgets. They can either cut health care or increase prices on goods. This is a difficult decision especially for small and medium business. Ms. Eaton asked the committee to adopt the rule but resist bringing cost to the employer.

Bob Seehusen, CEO medical association explained that in the early 1990's the doctors' access problem was a large part of the system being put into effect by RBRVS. **Dr. Seehusen** explained that it is not a bad chart, he strongly supports the conversion chart. **Dr. Seehusen** agrees that the longer you have a patient out of work that causes lost time at employers expense. **Dr. Seehusen** would like the committee to accept this rule with the revised conversion factor table.

Tim Door is an orthopedic surgeon who discussed his role with worker compensation patients. He again stressed as stated earlier by another doctor how tedious the paper work is for these patients. He discussed how labor intensive the process was to get the injured worker back on the job. **Dr. Door** discussed the conversion factor chart.

Mary Morgan came to the committee with several issues that did not directly pertain to the meeting's subject matter. **Chairman Schaefer**

asked her for a discussion at a later date.

Dr. Hessing understands the needs to serve and see injured workers. He urges the committee to support what the Industrial Commission has put together. Dr. Hessing asked the committee to accept this rule.

John Watts, Idaho Chamber Alliance, stated that this would cost the businesses more. The need to keep cost down is still a factor to the employers.

MOTION: **Rep. Pasley-Stewart** made a motion to approve **Docket No.17-0208-0601** as currently written without table. **Rep. Ringo** spoke in favor for all the hard work the people have put into this. **Voice vote passed.** **Rep. Mortimer** asked to be recorded as voting Nay..

ADJOURN: With no further business, Chairman Schaefer adjourned the meeting at 3:28 pm.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: February 13, 2007

TIME: 1:30

PLACE: Room 416

BILL #: HB 105

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayne, Kren, Ringo, Pasley-Stuart

GUESTS: Vicki Patterson, Idaho Public Employees Association; Dona Van Trease, Idaho Public Employees Association; Tim O'Leary, HR Manager State Police; Dale Tankersley, State Retired Employee; Jane Buser, HR Director Boise State University; Alan Winkle, PERSI

Chairman Schaefer welcomed everyone to the meeting and introduced the new page for this period, Jesse Daniels.

H105 **Vicki Patterson**, representing the Idaho Public Employees Association read the Statement of Purpose for **H105** and she stated that corrections were needed as follows: "This legislation would strike the formula limiting the unused sick leave that can be transferred to an employee's retirement account. It will be calculated as a sum equal to one half of the monetary value of such unused sick leave at the rate of pay for such employee at time of retirement. The sum can only be used to pay premiums for group health, accident or life insurance in programs maintained by the State". The rest of the SOP, "*thus encouraging employees to only use sick leave for the purpose for which it was established,*" should be removed.

Dona Van Trease, Executive Director of the Idaho Public Employees Association, testified **in favor of H105** She said the first bill that was passed to provide employees some help with their insurance premiums when they retired had a cap of 672 hours. This was a good start on a great benefit for our state employees. This allowed employees to use up to 336 hours of their unused sick leave when they retired to help pay for their insurance premiums. This cap was later changed to 840, which gave employees 420 hours, and in 2000 the cap was changed to 1200 and employees can now use a maximum of 600 hours. Today, with the rising cost of health insurance premiums, many employees cannot retire before age 65. Today's premium for health insurance for retirees not on Medicare is \$480. Retirees on Medicare pay \$269. This amount does not include the spouse. State employees earn eight hours of sick leave per month for a total of 96 hours per year. The national average for employees to call in sick or use sick leave days is six days. Unless the employee has a major illness or injury many employers would issue warnings if more than 6 "incidents" occur in a twelve month period of time. Those extra days are there for the employee to accumulate for serious problems. By removing the cap on sick leave, the state would create an incentive similar to what was created when the opportunity to receive tax credits for contributing to 401(k) accounts. The 401(k) offered the

opportunity to build savings faster. Employees didn't have to pay taxes on the amount deposited and this increased the amount saved. Employees will try harder to save sick leave hours because of the extra incentive there would be by removing the cap. Employees do not need to come to work when they are sick but they should return to work as quickly as possible. This will hopefully change the way employees handle their sick leave. Some employees have to go to work when they are sick because there is no one else available. An example is the State Troopers in the rural areas of Idaho. In cases like these, Correction Officers are asked to work double shifts, hospital workers are short-handed. Some departments have projects and deadlines that make it necessary to issue a "no leaves will be approved" notice. By removing the cap on sick leave you will be rewarding this dedication to the job. Removing the cap will be a way of recognizing career employees and thanking them for their dedication to the state. It takes twelve and a half years just to earn 1200 hours of sick leave. An employee is vested in PERSI at five years.

Tim O'Leary, HR Manager for the State Police, testified **in favor of H105**. He agreed that this is a good bill for his officers. There are 11 people who are eligible to retire in his department, who will not retire because of insurance costs.

**QUESTIONS
FROM THE
MEMBERS:**

Several questions were asked about troopers, normal age of retirement, where the money will come from to train the new troopers, and what occurs if turnover happens after training. **Mr. O'Leary** responded that the age varies, but it is usually a younger person's job. The training that the troopers get is a regularly scheduled training; most of the troopers come from the military or out of college. There is a risk of the troopers leaving after the first year if the job does not fit them, but **Mr. O'Leary** stated if they are in the system two or more years they usually stay.

Alan Winkle, explained about how this bill compares to PERSI retirement. He discussed how much insurance costs to maintain while living on a retirement pension. There were several questions to clarify the .021 increase of funds. **Mr. Winkle** also answered questions about medical insurance being at a higher inflation rate than salaries.

Jane Buser explained how the bill would affect the employees of Boise State University. She agreed this was a good way to bridge the gap between time before a person's full retirement.

Dale Tankersley, a retired state employee, **testified in favor of H105**, saying he had over 2003 hours of sick leave on the books when he retired. If he were to have been paid for those hours in cash the state would have owed him over \$59,000. He explained that many years ago there was no cap, and he urged the committee to vote in favor of this bill.

MOTION:

Rep. Ringo moved that **HB105** be sent to the floor with a do pass recommendation.

SUBSTITUTE

Rep. Lake made a substitute motion that **HB105** be held over for one week until more fiscal impact information can be presented. **Motion**

MOTION: **carried by voice vote.**

ADJOURN: With no further business, Chairman Schaefer adjourned the meeting at 2:46 p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: February 15, 2007

TIME: 1:30 PM

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart

**ABSENT/
EXCUSED:** Rep. Ann Pasley-Stuart

PLACE: Room 416

With a quorum present **Chairman Schaefer** called the meeting to order and requested a silent roll call. He welcomed everyone.

GUESTS: Nevell Kenning, Director, HAY

MOTION: **Rep. Bradford** moved to accept the minutes of February 5, 2007 as written. The motion carried by voice vote.

HAY PLAN: **Nevell Kenning** presented the State Compensation Plan Audit conducted by the Hay Group for the Division of Financial Management, September 2006. He started by saying he has been a Human Resource Consultant for 20 years and is the National Director, which includes 20 states in the United States. He said the Division of Financial Management (DFM) requested an independent audit because of concerns expressed from agencies about the changes to the state compensation plan and about the Division of Human Resources' (DHR) proposed rule changes to implement HB 844 and SB 1363. **Mr. Kenning** stated the methodological basis of the review has been based on the six inter-related components of an effective classification and compensation plan.

Chairman Schaefer asked Mr. Kenning to go back some and tie the studies together.

Mr. Kenning said the State management review plan came up with 23 recommendations from 1993 to 1998 with no reviews until the 2006 legislation, which gave two key pieces of the legislation (HB 844 and SB1363) and their impact to the State Compensation plan. He said the agencies expressed concerns about the proposed rule changes, so DFM requested this independent audit. Mr. Kenning referred to page 18 of the handout and said they looked at market matches with the findings. He referred to the new grade structure and ranges on page 21 and said it is the opinion of Hay that the rules should be written as "enables," or tools and not "inhibitors" or rules and create consistency. A summary of the findings in part said it was the opinion of Hay that the intent of the state legislation was followed; however, the specific methodology utilized was complex and difficult to understand and could cause confusion. **Mr. Kenning** continued by saying the recommendations should be considered in light of the legislative intent and they should try to correct recommendations and take away confusion. That feedback was needed

as to what the intent was designed to do. He stated he was not saying to ditch the legislation but to go back to basics and not look over your shoulder.

Rep. Lake asked if the Hay plan gives complete classifications to the different jobs in the state. In response, Mr. Kenning said Hay would link the high pay or the low pay with the Market Plan and that one pay line is not for every job and they recognizes that some jobs with internal value are not the same external Market Point. He responded to different classification ties for different jobs by referring to a nurse's pay and the Market Plan value with the intent of getting as close to market value as possible.

Chairman Schaefer said the Senate committee was waiting for Mr. Kenning and said he would let him finish here and be excused to go to the Senate side. **Mr. Kenning** stated that the state needs an effective plan with the main concern being the expense, and rules should be written to create consistency after Mr. Kenning and the guests left the room, the committee further discussed the pros and cons of the studies and the Hay Plan.

ADJOURN: Meeting adjourned at 2:55.

Representative Robert Schaefer
Chairman

Mary Lou Moon
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: February 21, 2007

TIME: 2:30

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart, Chew

GUESTS: Jeff Malmen, Chief of Staff of the Governor, Judy Wright, DFM; Randy Tilley, DFM

Chairman Schaefer opened the meeting by welcoming the guests. **Representative Lake** made a motion to accept the February 15th minutes as printed. **Motion passed by voice vote.** **Representative Ringo** made a motion to approve the February 1 minutes as printed. **Motion passed by voice vote.** **Vice Chairman Bradford** made a motion to accept the February 13 minutes as printed. **Motion passed by voice vote.**

Jeff Malmen gave an overview of the Department of Human Resources and Administration. **Mr. Malmen** stated that 40 days ago a transition team started to make Human Resources more customer focused, a cheaper running government, a better way of doing things. Several different agencies met and discussed some of the difficulties in the Human Resources department. The Human Resources Department needs to have a more customer-friendly system. They need to have a quicker system in order to hire for employee positions. The Human Resources department needed a better, quicker system for classification as well as hiring packages to be competitive with other employers. The Human Resources department has been downsized and has been made part of each different division.

Questions from the members: Representative Trail asked in an analogous way, that if the team was not broken why fix it? **Mr. Malman** reported from the divisions that they were not getting done what needed to be done in order to get employees hired to benefit the state. He stated there is a resolution being brought forth to the Legislature, if the Legislature does not agree then it will not pass. Based on data from the agencies this legislation is to make Human Resources Department more efficient. **Chairman Schaefer** responded that he understands this is a work in progress as was also the work of the interim committee two years ago. **Representative Thayn** asked about the other agencies, what type of feedback given? **Mr. Malmen** stated that several reports were given that the agencies were not getting the product they paid for. The Human Resources Department was difficult to work through, testing paperwork, slow, non responsive, variety of issues of that sort. **Chairman Schaefer** ask for those issues spoken about to be put in writing. **Randy Tilley, DFM**, stated that legislation would be in the capitol by Friday 23 February, 2007. It was asked why if there was no legislation in process why have there been layoffs already. **Mr. Malmen** stated the Governor has the right based on his executive authority and prerogative to make personnel and organizational decisions but, limited by the statue. It

was asked what problems were trying to be solved and how this new legislation is going to solve them. **Mr. Malmen** stated the Human Resources is going to be put into a system called the Bureau. This will allow the agencies to seek out employees the quickest and cheapest way. For example, in the state law enforcement, a bottleneck occurred. To get through the process was difficult and by the time that happened the good applicants were already gone. **Mr. Malmen** stated there will still be some 19,000 workforce remaining. It was asked for the governor's staff to show the number of personnel and the cost of this change. **Judy Wright, DFM**, listed administrative savings, of \$1.2 million and 20 ftp. But this money will be left in the budget for 2007- 2008 to ensure the agencies get what they need. There will be use of the HAY Associates and outsourcing of testing. Ms. Wright stated that most HR Employees who have moved jobs have received salary increases. It was asked how many ftp have already been saved. **Ms. Wright** responded that two employees were laid off and one retired. Two more are planning to retire in late June. It was asked of **Mr. Malmen** whether in his mind the transition was going well. He stated there are some struggles with every Governor bringing his own style. He stated that with this transition the Governor is confident that this is going in the right direction. **Judy Wright** and Hay Associates are also confident this is better for State employees and management.

Questions from the members:

It was asked what the short term cost shift is, and if it concerned anyone that we do not have a professional HR person on staff. **Mr. Malmen** stated that Judy Wright has done what the Governor wants while she is taking time off from DFM. It was asked if the two people laid off were the bottleneck. **Mr. Malmen** stated he did not feel comfortable answering that question as it is a personnel question. It was asked whether the Governor has the latitude to have new directors at each agency. **Mr. Malmen** responded that the Executive branch has that prerogative unless the law states otherwise. The Representatives would like a count on the ftp of the Administrative Department that is also being devolved. **Mr. Malmen** did not know the answer. He stated that the Governor will be showing evidence that this is a positive change. **Mr. Malmen** stated that this legislation is looking for ways to try to make business better. The goal is to achieve any savings possible. The legislation will reflect the changes. The savings will come from such things as being able to find a cheaper landscaping company as compared to the state approach. The HR legislation is about 100 pages. The new bureau will be made up of eight people, **Mr. Malman** stated. **Representative Kren** stated that he supported the Governor in making state government more efficient. **Representative Trail** asked for an executive summary. **Mr. Malmen** said he would be happy to prepare one.

ADJOURNED:

There being no further business to come before the committee, **Chairman Schaefer** adjourned the meeting at 3:05

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** February 27, 2007
- TIME:** 1:30 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart, Chew
- GUESTS:** Donna Vantrease, Executive Director of IPEA; Alan Winkle, Director PERSI; Rod Beck, former Idaho State Senator, Andrew Hanhardt, President of SEIU/NAGE; Mary Harker, HR Manager ITD
- HB105** Donna Vantrease gave a brief Resume of HB105. She stated that Vickie Patterson, the bill sponsor, is currently in the hospital. Donna and Alan Winkle answered questions from the committee.
- Questions from the members:** **Rep. Mortimer** asked for clarification on whether sick leave is owned by the employer or the employee. **Ms. Vantrease** replied that currently if the employees do not use the sick leave they lose it.
- Rep. Lake** spoke about his findings regarding questions he had which caused the holdover of HB105:
- No such thing as sick leave accounts
 - In 1982 with a cap of 326 hours
 - In year 2000 it went up to a cap of 600 hours
 - Now in year 2007 the legislation is asking for no cap
 - This legislation does not help all employees; it only helps those above 1200 hours
- Rep. Lake** was concerned about the high cost of the proposed legislation and he came prepared to offer an amendment.
- Former Senator **Rod Beck** gave his perspective on sick leave. He shared information from his experience as the co-chairman of CEC with Ed Brown in 1989. **Mr. Beck** explained there is a lot to consider when giving pay raises. In 1989 the CEC committee asked all the major employers to come and speak about their Human Resources Department's issues. In that year none of the major employers gave automatic raises as the state did their employees. The corporations pay raises were performance-based raises. The CEC committee of 1989 asked the employers whether sick leave pay was given as a benefit. The employers responded that the employees were given whatever days they earned to take when needed but, they were not paid for the days if they were not used. They were not penalized but, they were not given a cash benefit either. If the employees abused the sick leave they were terminated due to their dishonesty. **Mr. Beck** continued that he had read a recent article that had a benefit salaries survey. 50 to 60 thousand employers were interviewed about sick leave and personal leave. It was in agreement with the way the Idaho employers HR Departments were run. PERSI has a detailed report showing \$5.3 million in the budget to pay for benefits with the current cap. **Mr. Beck** did speak of the current state employees who do not have a

cap, that is, the teachers of Idaho. The teachers have a tier system that has a certain amount of money set aside for the benefits that are promised for that year. **Mr. Beck does not support HB105** due to the fact that it is an increase in money for the benefits and no private sector employer will pay for unused sick leave.

MOTION: **Rep. Mortimer** made a motion that HB105 be held in committee.

SUBSTITUTE MOTION: **Rep. Ringo** made a motion that HB105 be sent to the floor with a **DO PASS** recommendation.

Rep. Pasley-Stewart asked to **speak in support** of the substitute motion. She agreed with Representative Ringo by restating Rep. Ringo's points.

Rep. Mortimer spoke **in opposition** to the substitute motion. He restated what Rep. Lake had spoke about earlier in his comments.

AMENDED SUBSTITUTE MOTION: **Rep. Lake** made an amended substitute motion explaining his amendment to **HB105**. Rep. Lake proposed to increase all previous sick leave by 60 hours. Rep. Lake stated that there is no additional insurance cost paid; this increase is simply a cost of living increase.

ROLL CALL VOTE: **Rep. Pasley-Stuart** requested a roll call vote on the **amended substitute motion. Motion passed. Voting Aye:** Reps. Kren, Thayn, Mortimer, Marriott, Lake, Bradford. **Voting nay:** Reps. Chew Pasley Stuart, Ringo, Trail, Chairman Schaefer. **HB105 will be placed on general orders with amendments attached.**

SB1001 **Alan Winkle** presented the changes made on **SB1001**. On page six of the bill, a wrong date was specified. On page seven, reemployment requirements were not clear as specified by IRS. On page eight corrections were made to the Federal Veterans employment act.

MOTION: **Rep. Bradford** moved that **SB1001** be sent to the floor with a **DO PASS** recommendation. **Motion Passed by voice vote.**

SB1002 **Mr Winkle** presented **SB1002**. The changes to the bill are on page two. The wording needs to agree with what is happening to the sick leave money. It states that the money is being put in Trust.

MOTION: **Rep. Thayn** moved that **SB1002** sent to the floor with a **DO PASS** **Motion passed by voice vote.**

SB1003 **Mr. Winkle** shared with the committee that on SB1003 employers are directed to report to PERSI in a timely manner any reemployment of a retiree.

MOTION: **Rep. Mortimer** moved that **SB1003** be sent to the floor with a **DO PASS. Motion passed by voice vote.**

ADJOURN: With no further business, Chairman Schaefer adjourned the meeting at 3:42 p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** March 1, 2007
- TIME:** 2:15p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart, Chew
- GUESTS:** Bob Wells, Policy Advisor for Governor's office; James Kile, Industrial Commission; Max Sheils, attorney for Industrial commission; Dave Whaley, Labor ID AFL-CIO; Don Arnold, Commerce and Labor Chief; Karl Tueller, Commerce and Labor; Randy Tilley, Analyst; Steve Raeder, Public Information Industrial Commission; Bob Fick, Commerce and Labor
- HB222** **Bob Wells**, the Policy Advisor for the Governor's office, presented **HB222**. He stated the separation of Commerce and Labor was a good decision. When the two departments are apart the two directors will be able to focus on each separate department. There will be no downsizing according to **Mr. Wells**. Concerns about the two divisions being split into two buildings was brought up. **Mr. Wells** assured the committee the only thing changing was the focus and objectives of the directors. Further explanation was requested on exactly why one department is being separated into two. **Mr. Wells** responded the state is looking to build on statewide issues. This legislation will help small entrepreneurs as well as large companies such as Cabela's. This change will focus on labor and commerce building jobs that will pay taxes. **Karl Tueller** was recognized to comment on **HB222**. He said that with one director it was difficult for him to attend all the meetings that are involved with science, technology, economic and other issues of the state. This legislation will encompass changes in several different state agencies.
- MOTION:** **Rep. Trail** made a motion to send **HB222** to the floor with a **DO PASS** recommendation. **Motion passed by voice vote.**
- SB1043** **Bob Fick**, Commerce and Labor, spoke of modifications of penalty. Whether to make it a felony or a significant fine imposed on employers who have been late in filing two times and miss another quarter. **Mr. Fick** assured the committee the fines could be large. In one example, the fine was 50,000 dollars. He stated that other states were studied in detail. Other states do have similar failure to file fines.
- MOTION:** **Rep. Trail** made a motion that **SB1043** be sent to the floor with a **DO PASS** recommendation. **Motion passed by voice vote.**
- SB1106** **Max Sheils**, Attorney representing the Industrial Commission, said the Industrial Commission currently sends notification of Worker's Compensation trials by certified mail services. Those industrial workers or employees who do not have an attorney representing them avoid the

green notice that there is mail to pick up. By sending the notification of the trial by first class mail, it would ensure that the person received it. It was asked what would happen if the client did not show up to the hearing. **Mr. Sheils** explained that if you don't show up you are going to lose the case. It was brought to Mr. Sheils' attention that a similar bill was just vetoed by the Governor. **Mr. Sheils** noted that the litigants are called in advance to plan a date for the court hearing; this is simply another form of notification.

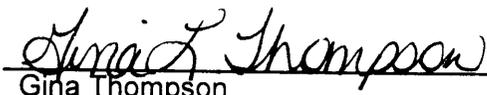
MOTION: **Rep. Thayn** moved that **HB1106** be sent to the floor with **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Mortimer** moved to hold **HB1106** in committee for one week. His reasoning was that certified mail guarantees a person is contacted, and he thinks more information is needed before a vote is taken. **Substitute Motion passed by voice vote.**

ADJOURN: There being no further business, **Chairman Schaefer** adjourned the meeting at 4:02p.m.



Representative Robert Schaefer
Chairman



Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** March 5, 2007
- TIME:** 2:35 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart, Chew
- GUESTS:** Sen. Coiner, Jeanne Jackson-Heim, Executive Director of the Real Estate Commission; John Eaton, Government Affairs Director of Idaho Association of Realtors
- SCR114:** **Sen. Coiner** stated there is an ongoing dispute between Industrial Commission and the medical orthopaedics. The rule was passed but the fee schedule was rejected. This decision would allow the group to continue to work on a resolution to the problem this summer.
- MOTION:** **Rep. Thayn** moved that **SCR114** be sent to the floor with a **DO PASS** recommendation. **Motion passed by voice vote.**
- SB1109:** **Jeanne Jackson-Heim** gave background of the Real Estate Commission, which is responsible for the licensing and education of real estate licensees. The agency also investigates complaints of license law violations and handles disciplinary actions against the licensees. The agency is a self-governing agency that is funded 100% by licensee fees. The agency currently has over 12,500 licensees, a number that has approximately doubled over the last five years. **SB 1109** is annual update legislation. Commissioners and staff have identified some changes to the license law that streamline the processes which will result in more efficiencies and options for licensees and education providers. There are several changes pertaining to continuing education language change in the definition of a distance learning course in order to permit courses taught through interactive, real time video to count as live courses. **Ms. Jackson-Heim** stated this change would let licensees taking a live course not have to take an exam to receive credit, and this change will enable the Real Estate Commission to provide more live courses to licensees in outlying areas. **SB1109** will increase the number of continuing education hours a licensee can earn for attending a real estate commission meeting, from three to four hours, and will eliminate the 7-day advance notice requirement to sign up to attend a meeting for continuing education. **Ms. Jackson-Heim** stated **SB1109** has language to clarify that course providers have a duty to ensure that their instructors are qualified and that their classes are being appropriately taught; this bill provides greater options for certified instructors to demonstrate their qualifications. Also, **SB1109** eliminates the current requirement that course providers submit their course evaluations to the commission for tabulation. Instead, the bill would require course providers to keep either the evaluations or a written summary of them on file for one year and make them available to the commission upon request. The set fee amounts in section 54-2020 would be changed to "not to exceed"

amounts, or cap, with the option of lowering those fees by rule. Section 54-2045 states that a real estate trust account must be located in Idaho; this requirement was eliminated in 2005 by SB 1010 and this was a reference that was overlooked at that time. There is a change in the definitions pertaining to the effective date of the federal real estate settlement procedures act. **Ms. Jackson-Heim** discussed deleting the requirement that licensees obtain a signed and dated receipt for all offers to purchase; this gives the broker the option of keeping his trust account ledgers in either alphabetical order or chronological order. **Ms. Jackson-Heim** stated the final set of changes pertains to the paper licenses that licensees are currently required to obtain and display. This legislation would eliminate that requirement. The paper licenses would still be available should a licensee wish to have one. The original purpose of a paper license was that it would be hung on the wall of an office in order to provide notice to the public that someone had a real estate license. Now that the licensee database is available on the website, and some of the offices have too many licensees to actually hang the licenses on the wall, the commission felt that the paper license requirement was obsolete. This set of changes will result in significant cost savings and efficiencies for the licensees, and will enable the commission to automate some of the processes.

MOTION: **Rep. Mortimer** made a motion to amend **SB1109**. The amendment would state that brokers would be required to display their licenses.

John Eaton, representing the Idaho Association of Realtors, asked the committee to send this legislation to the floor with DO PASS. Because of technology advances, many clients of real estate agents never go to the broker's office to do business. He stated this is simply a housekeeping bill. **Mr. Eaton** urged the committee to vote yes.

SUBSTITUTE MOTION: **Rep. Chew** made a substitute motion that **SB1109** be sent to the floor with a DO PASS recommendation. A roll call vote was requested. The **motion passed** with **Aye** votes from Rep. Schaefer, Bradford Trail, Thayn, Ringo, Pasley-Stuart, and Chew. **Nay** votes from Rep. Lake, Marriott, Mortimer, and Kren.

ADJOURN: There being no further business, **Chairman Schaefer** adjourned the meeting at 3:20 p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: March 13, 2007

TIME: 2:00 p.m.

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Chew

**ABSENT/
EXCUSED:** Rep. Pasley-Stuart

GUESTS: Grant Allan, Idaho Film Studios; Kathleen Haase, Idaho Film Bureau; Ben Shedd, Shedd Productions; Doug Copsey, Idaho Film Advisory Committee; Jane Buser, Idaho State; Dave Whaley, Idaho State; Alan Winkle, PERSI; Sen. Dean Cameron

SCR115: **Sen. Cameron** presented **SCR115**. This SCR is formal action to reject the rule that defined control. The rule is to clarify federal interpretation not state policy.

MOTION: **Rep. Mortimer** made a motion that **SCR115** be sent to the floor with a **DO PASS**. **Motion passed** by voice vote.

Kathleen Haase, representing the Film Bureau of Idaho, presented **SB1156**. **Ms. Haase** is a state employee involved with the task force developed by Roger Madsen in 2005. The Film and Television Business Rebate Fund would establish a one-time, general fund appropriation of \$1,000,000. This rebate program is an economic development tool designed to grow the production industry in Idaho. It would attract millions of dollars in economic activity to the state, build a more experienced workforce and an infrastructure in this well-paying industry for existing workers and students coming out of our colleges. Similar programs have been enormously successful in other states – as the film industry has been excellent business partners to 37 other states. Entertainment is the US's largest export. Billions are spent every year on TV and film productions. In 2005, an estimated \$10 billion in production dollars leaked out of the US and into 19 other countries with incentives. That's \$27 million a day. But that flow has recently started to shift, as other states have created film business incentives, thereby encouraging more money to stay within US borders. Also, because of the weakened dollar, foreign productions have come to spend their money in the US as well. **SB1156** grew out of a task force named by Commerce & Labor Director Roger Madsen. The task force has done extensive research, working for more than a year in 2005-2006 to determine the best course of action. The film industry is non-consumptive and non-polluting. No roads, bridges or schools need to be built. The film industry comes to a state, spends, and leaves.

SB1156 includes the following provisions:

- a 20% rebate on Idaho expenditures for qualified productions intended for a national audience when the production hires 20% of the crew out of Idaho, with a maximum rebate of \$500,000 per production.
- An application process and stringent rules for the program– borrowed from the most successful states - so as to assure it is equitable and fair
- After the fund is fully expended, the department will supply the legislature with reports that outline jobs and economic development attributed to this incentive fund.
- This legislation will sunset in 2010.

At minimum, a \$1 million appropriation will attract at least \$5 million in direct production expenditures – a 1 to 5 ratio of rebate to expenditures before the industry’s comparatively high multiplier is used. And depending on a production’s budget, the ratio could easily be greater. (Utah has reported a 1 to 15 ratio without a multiplier.)

So, a production will spend five dollars before being rebated one dollar. A decade ago production companies seeking locations for feature films and television called about *locations*. Now, they ask about incentives. Neighboring states – Washington, Montana, Wyoming, Oregon, and Utah -forged ahead in developing their media industries with production incentives. The results are that worker days are increasing in these states, their workforce is becoming more proficient, and they are reporting huge economic development numbers attributed to film incentives.

Grant Allan, CEO for Idaho Film Studio, spoke in favor of the bill. He thinks Idaho has been sending out messages that the state is ready for this kind of business to come in and be successful.

MOTION: After discussion and questions about the incentive, **Rep. Lake** made a motion that **SB1156** be held in committee. He stated that paying for the incentive is not a risk the state should take.

SUBSTITUTE MOTION: During discussion of the motion **Rep. Ringo** made a substitute motion to send **SB1156** to the floor with **DO PASS** recommendation. A roll call was requested on the substitute motion. **Substitute motion passed.** Ayes are as follows: Rep Schaefer, Bradford, Trail, Thayn, Ringo, and Chew. Nays are as follows: Rep. Lake, Marriot, Mortimer, and Kren.

SB1183: **Jane Buser**, representing Boise State University, stated that in 1990, Idaho’s four 4-year institutions of higher education (BSU, ISU, UI and LCSC) promoted legislation to provide a portable defined contribution plan to aid in the recruitment of faculty and professional staff. This Optional Retirement Plan (ORP) was approved and became effective July 1, 1990. As of that date, all new faculty and professional staff (unless previously vested in PERSI) are required to participate in the ORP. They cannot become members of PERSI. Currently, there are 3,426 faculty and professional staff in the ORP at the 4 four year Idaho higher education institutions. Current Employer Contribution Rate:10.84%
7.718% Employer contribution rate to the ORP
.092% for the disability plan
3.03% Unfunded Actuarial Liability (UAL) rate paid to PERSI for all ORP participants to end in 2015
Proposed Employer Contribution Rate:10.84%

9.258% Employer contribution rate to the ORP
.092% for the disability plan
1.49% UAL rate paid to PERSI for all participants to end in 2025

The effect of the proposed legislation would be to increase the employers' contribution to the employees' retirement plan from 7.718% to 9.258% of salary and to extend the PERSI unfunded liability payoff date by ten years, from 2015 to 2025.

The proposed legislation is revenue neutral. Public higher education institutions throughout the country have increased their employer contribution rates during the last several years with the average employer rate approximately 10%. This has resulted in the Idaho institutions being at a competitive disadvantage in both recruitment and retention of key faculty and professional staff. Comparative Employer Contribution Rates Utah Public Higher Ed institutions: 14.25%; Wyoming Public Higher Ed institutions: 12.50%. Oregon University System: 8.82% plus 6% is added to the employee's pay and contributed to a 414(h)(2) "pick up" contribution; therefore no employee contribution but an employer contribution of 14.82%; Washington Public Higher Ed System: Under age 35: 5.0%; age 35-50: 7.50%; age 50+: 10.0%; U of Nevada, Las Vegas: 10.0%; U of Northern Colorado: 11.50%; George Mason University: 10.90%; U of Cincinnati: 10.50%; Wayne State University: 10.0%; Wichita State University: 8.50%;

According to **Ms. Buser**, the PERSI Board has been briefed and does not oppose this legislation. Presidents of the 4 four-year institutions are supportive. The State Board of Education's Executive Committee is supportive.

MOTION: **Rep. Lake** made the motion that **SB1183** be held in committee until Thursday **March 15**. **Motion passed** by voice vote.

ADJOURN: There being no further business to be consider by the Committee, **Chairman Schaefer** declared the meeting to be adjourned at 3:55 p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: March 15, 2007

TIME: 1:30 or upon adjournment

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart, Chew

**ABSENT/
EXCUSED:** Rep. Lake and Mortimer

GUESTS: Jane Buser, Boise State University

Chairman Schaefer stated a quorum was present. Chairman Schaefer announced that the sponsor of SB1106 ,Max Sheils, has asked to have this legislation held in committee. Also the sponsor of HB227, Dick Harwood, has asked to have this legislation held in committee.

SB1183 Chairman Schaefer announced the first item to be considered by the Committee was SB1183 which relates to optional retirement. Jane Buser spoke about the bill on March 13. No further questions were asked.

MOTION: **Rep. Trail** made a motion that **SB1183** be sent to the floor with **DO PASS** recommendation. **Motion passed** by voice vote. **Rep. Trail** will be floor sponsor of SB 1183 in the floor of the House.

ADJOURN: There being no further business to be considered by the Committee, **Chairman Schaefer** declared the meeting adjourned at 2:25p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

DATE: March 19, 2007

TIME: 3:15 p.m.

PLACE: Room 416

MEMBERS: Chairman Schaefer, Vice Chairman Bradford, Representatives Lake, Trail, Marriott, Mortimer, Thayn, Kren, Ringo, Pasley-Stuart

**ABSENT/
EXCUSED:** Rep. Trail and Pasley-Stuart

MOTION: Chairman Schaefer called the meeting to order with a quorum present. Representative Bradford made a motion to accept the minutes of March 13 as written. Rep. Thayn made a motion to accept the minutes of March 15 as written. Both motions passed.

ADJOURN: Chairman Schaefer thanked the committee for all of their hard work. There being no further business, Chairman Schaefer adjourned the meeting at 3:20 p.m.

Representative Robert Schaefer
Chairman

Gina Thompson
Secretary