

MINUTES
HOUSE BUSINESS COMMITTEE

DATE: Thursday, February 23, 2012

TIME: 1:30 pm or Upon Adjournment

PLACE: Room EW41

MEMBERS: Chairman Black, Vice Chairman Henderson, Representative(s) Collins, Bilbao, Chadderdon, Crane, Patrick, Bayer, Palmer, Thompson, Barbieri, DeMordaunt, Guthrie, Batt, Smith(30), Rusche, Cronin

**ABSENT/
EXCUSED:** Rep. Henderson

GUESTS: Steve Keys, Division of Building Safety; Russell Westerberg and Joie McGarvin, Westerberg & Associates; Cindy Hedge, Idaho AFL-CIO; Sarah Fuhriman, Roden Law Office; Robert Neal, citizen; Alex McNish and Jim Thomas, Treasure Valley Community Television; Dave Goins, Idaho News Service; Susan Randall, Boise State University; Will Hart, Idaho Credit Union Association; Benjamin Davenport and Max Greenlee, Risch Pisca

Chairman Black called the meeting to order at 2:52 p.m.

H 539: **Ed Lodge**, representing CenturyLink, was recognized to conclude his testimony on **H 539**. Mr. Lodge thanked the PEG community, particularly in Boise and Pocatello, for their work on the legislation. He said although he was not able to win their support, the suggestions they made helped create a better bill. Mr. Lodge said of the seven Idaho communities that have elected to have a PEG service, three of them assess a PEG fee to cable subscribers in addition to the franchise fee. Satellite subscribers do not pay franchise or PEG fees and do not have access to PEG channels. Mr. Lodge said franchise fees and PEG fees are paid by subscribers and not by cable or telecommunications companies; funding for PEG channels is always a local decision, and that will not change. He said the objective of H 539 is to attract investment from new land-based video service providers. Noting that 20 states have recently passed similar bills, Mr. Lodge said within two years of Missouri's 2007 bill the franchise fee revenues in that state increased \$11.5 million as a result of new investment. Mr. Lodge expressed gratitude for the support and help he had received from **Ken Harward** and the Association of Idaho Cities, as well as **Ron Williams** and **Celynda Roach** from the Idaho Cable Telecommunications Association.

In response to a committee question, **Mr. Lodge** said the most important concession he had made was making sure the content on public access channels would be allowed under PEG industry standards. He said this change was incorporated in last year's version of the bill as well as this bill.

MOTION: **Rep. Crane** made a motion to send **H 539** to the floor with a **DO PASS** recommendation.

In support of his motion, **Rep. Crane** said he has worked on this legislation for the past four years and during that time Qwest, AT&T and Verizon could never come to agreement. He congratulated those parties for making concessions to arrive at compromise legislation. He also noted that this would be the best arrangement that could be offered to the PEG people and he asked for the committee's support to move the legislation forward. In support of the motion, **Rep. Barbieri** agreed that this is probably the best deal that can be agreed upon with regard to PEG fees. He said public access channels will be free to restructure and find other sources of income. **Rep. Guthrie** also spoke in support of the legislation, thanking Mr. Lodge

for being professional and most responsive to any parties in Pocatello who had questions or concerns.

Chairman Black commended **Ken Harward** and the Association of Idaho Cities for their efforts. He made it clear that no one dealing with this issue has any intention of getting rid of the PEG channels. Because cities see the value of having these channels, they will be committed to finding a way to finance them.

VOTE ON MOTION:

Chairman Black called for a vote on the motion to send **H 539** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Crane** will sponsor the bill on the floor.

SCR 118:

Chairman Black presented **SCR 118**, explaining that this is a duplication of **HCR 31**, which rejects a rule from the Division of Building Safety that would have adopted the 2011 National Electrical Code.

MOTION:

Rep. Batt made a motion to send **SCR 118** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Black** will sponsor the bill on the floor.

SCR 119:

Chairman Black presented **SCR 119**, which rejects a rule from the Department of Administration in reference to group insurance. He explained that the Senate Commerce Committee determined this section needed to be rejected because the wording in one paragraph dealing with reimbursement for prescription drug costs was incorrect. The language reads "of the covered year" but should read "of the following year."

MOTION:

Rep. Collins made a motion to send **SCR 119** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Rusche** will sponsor the bill on the floor.

H 492:

Gavin Gee, Director of the Department of Finance, presented **H 492**. Mr. Gee stated this legislation had already had two bill hearings before the Business Committee, at which a concern was raised about the statute of limitations provision. He said that concern, as well as several technical corrections, are addressed in **H 492**. The statute of limitations is set at three years from the date of discovery. The bill also adds provisions that make theft of client funds and use of Ponzi schemes specific violations of the Uniform Securities Act. Mr. Gee said his department is not aware of any objections to the bill.

MOTION:

Rep. Patrick made a motion to send **H 492** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Patrick** will sponsor the bill on the floor.

H 447:

Steve Keys, Deputy Administrator of the Division of Building Safety (DBS), presented **H 447**, changes to requirements for modular buildings. This legislation sets up a statewide installation permitting and inspection requirement for modular buildings and requires DBS to perform inspections in areas of the state not covered by local inspection programs. Mr. Keys said the fees for DBS inspections will be set by administrative rule. He stated that commercial coaches, typically mobile job site facilities, qualify for exemption from the permitting and inspection requirements. Recreational park trailers do not fall within the definition of a modular building, when used within their defined purpose. Mr. Keys said the modular board and manufacturers of modular buildings have expressed interest in setting up this inspection program to address consumer complaints about installation-related issues.

Responding to questions from the committee, Mr. Keys said the language exempting mobile job site facilities appears on page 2, lines 35-37. The commercial coach definition appears on page 1. Mr. Keys said the anticipated inspection fee will probably be \$200 to \$400, but DBS is looking at every way possible to minimize the fee. Asked whether this legislation is being brought in response to a federal mandate, Mr. Keys said manufactured homes fall under a federal program, whereas modular homes do not. Modular buildings are built in a factory setting according to applicable building codes. He testified that when the manufactured housing board proposed their new inspection program, the modular board asked for the same type of program.

MOTION: **Rep. Collins** made a motion to send **H 447** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Barbieri** will sponsor the bill on the floor.

H 465: **Steve Keys**, Deputy Administrator of the Division of Building Safety (DBS), presented **H 465**. Mr. Keys said this bill responds to input from licensees and affected government entities. It will expand the current Public Works Contractor classifications by establishing a new "CC" class of license between the existing "C" and "B" classes. Currently a "C" contractor is allowed to bid on contracts up to \$200,000 while a "B" contractor is allowed to bid on contracts up to \$600,000. **H 465** allows the "CC" class to bid work up to \$400,000 and establishes minimum financial requirements of \$25,000 in working capital and \$75,000 in net worth. Applicants for a "CC" license must have undertaken projects of at least \$280,000 to fulfill the experience requirements. Mr. Keys said this new license classification will engender additional bidder participation on projects between \$200,000 and \$400,000.

In response to a committee question, **Mr. Keys** said the minimum financial requirements in the bill include a net worth requirement as well as an experience requirement, in terms of the size of projects a contractor has performed in order to qualify for a certain class of public works license.

Rep. Crane declared under **Rule 38** that his firm does hold a public works contractor license.

MOTION: **Rep. Collins** made a motion to send **H 465** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote.** **Rep. Collins** will sponsor the bill on the floor.

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

Representative Max C. Black
Chairman

MaryLou Molitor
Secretary