

MINUTES

SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, March 08, 2012

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Andreason, Vice Chairman McKague, Senators Cameron, Goedde, Smyser, Tippetts, Johnson, Stennett, and Schmidt

**ABSENT/
EXCUSED:**

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

Chairman Andreason called the meeting to order at 1:32 p.m.

MINUTES February 28, 2012
APPROVAL: March 1, 2012

MOTION: **Senator Smyser** moved, seconded by **Senator Johnson**, to approve the minutes of February 28, 2012. The motion carried by **Voice Vote**.

MOTION: **Senator Johnson** moved, seconded by **Senator Tippetts**, to approve the minutes of March 1, 2012. The motion carried by **Voice Vote**.

RS21421C1 Relating to Certificates of Insurance. **Senator Goedde** explained this legislation is an effort to fix a problem in the insurance and banking industry. **Senator Goedde** requested that this legislation be sent to Judiciary and Rules for printing and then to come back to Committee for debate.

MOTION: **Senator Tippetts** moved, seconded by **Senator Cameron**, to send **RS21421C1** to the Judiciary and Rules Committee with a recommendation that they print the **RS21421C1**. The motion carried by **Voice Vote**.

S1369 Relating to the Directory of New Hires. **Bob Fick, Communication Manager, Department of Labor**, stated this bill imposes a \$25 penalty per instance on employers who fail to comply with the New Hire Reporting law. This bill includes changes to address concerns of several legislators. It requires the department to issue a warning to employers who have violated the New Hire Report law advising them that the next violation will result in a \$25 fine. It also reduces the maximum fine that can be imposed on any employer to \$2,500 a quarter. The Department has started a radio campaign of ads statewide this week advising businesses about their responsibilities under the New Hire law.

MOTION: **Senator Tippetts** moved, seconded by **Senator Schmidt**, to send **S1369** to the floor with a do pass recommendation. The motion carried by **Voice Vote**. **Senator Tippetts** will be the sponsor of the bill.

H523 Relating to Employment Security Law. **Bob Fick** advised this legislation provides for a new dead line for corporate officers to withdraw from coverage under the Unemployment Insurance System. This bill builds on H80, that was passed last year, which barred corporate officers from collecting unemployment benefits. This bill allows corporate officers to opt out of the Unemployment Insurance Program so they will not pay the tax on their wages. Applications to opt out filed before July 31, 2012 would be effective retroactive to January 1, 2012.

Corporate officers that do opt out would be opted out for the entire calendar year. Those who have paid the first quarter taxes would file an amended return and be credited taxes they paid on their first quarter wages. When a corporate officer opts out it takes effect within 45 days and then they are opted out the balance of the calendar year and two subsequent calendar years.

Senator Goedde stated pursuant to Rules of the Senate 39 (H), of the Idaho State Legislature, he has a conflict but still wishes to vote on **H523**.

MOTION: **Senator Schmidt** moved, seconded by **Senator Cameron**, to send **H523** to the floor with a do pass recommendation. The motion carried by **Voice Vote**. **Senator Schmidt** will be the sponsor of the bill.

H420 Relating to Insurance Administrators. **Bill Deal, Director, Department of Insurance**, said this bill is a small change in how the Department deals with Third Party Administrators (TPA). The current law states when a third party administrator applies to be registered in Idaho as the home state, the applicant must submit audited financial statements for the two most recent years and then annually submit the same requirement. The cost for a CPA audited financial statement is quite expensive. The change that is being proposed in this legislation is a hardship exemption which will allow small TPA's to provide the Department with an unaudited financial statement and a surety bond of no less than \$20,000 or 10% of the funds that would be handled. This legislation will also apply to government plans and joint employer plans.

Senator Johnson asked what is the cost of obtaining a surety bond versus a CPA audited financial statement? **Mr. Deal** explained a \$20,000 bond would cost between \$500 to \$1,000 and an audited financial statement would cost \$5,000 to \$15,000. **Senator Goedde** stated that he did not see "small" defined in the legislation, will this be subject to the Departments discretion? **Mr. Deal** said it will be at the discretion of the examiners.

Senator Schmidt asked how many TPA's will this change effect? **Mr. Deal** replied there are 269 registered TPA's in Idaho. There would be just a handful of TPA's that would fit into this category and be effected by this legislation.

MOTION: **Senator Goedde** moved, seconded by **Senator Johnson**, to send **H420** to the floor with a do pass recommendation. The motion carried by **Voice Vote**. **Senator Goedde** will be the sponsor of the bill.

H421 Relating to Orders and Notices of the Director of the Department of Insurance. **Bill Deal** stated this legislation amends Section 1, Title 41-212 relating to the service of orders and notices by the Director of the Department of Insurance. This change complies with the rule that the Attorney General submitted earlier this year having to do with how orders and notices can be communicated. This changes the law to add that an order can be sent by e-mail. **Senator Tippetts** asked how do you know when to send notices regular mail or certified mail? **Mr. Deal** stated that at the Department of Insurance they continue to mail by certified mail, so there is a returned copy of the receipt.

MOTION: **Senator Johnson** moved, seconded by **Senator Cameron**, to send **H421** to the floor with a do pass recommendation. The motion carried by **Voice Vote**. **Senator Johnson** will be the sponsor of the bill.

H422 Relating to Fees and Taxes. **Bill Deal** explained this bill has to do with the submission and the accounting for the fees and taxes that the Department of Insurance collects. In the current law there is need for a certified reporting requirement to the State Treasurer. When the Department was audited by the Legislative Auditors it was brought to their attention that this is an obsolete requirement because on a daily basis the Treasurer's Office is updated by an electronic record through the accounting Star System.

MOTION: **Senator Goedde** moved, seconded by **Senator Cameron**, to send **H422** to the floor with a do pass recommendation. The motion carried by **Voice Vote**. **Senator Goedde** will be the sponsor of the bill.

H598 Relating to Public Employee Retirement System and the Blind Commission. **Lieutenant Governor Little** stated the code, as written, does not allow individuals who are disabled to receive any compensation. The Blind Commission pays \$50 per meeting for their members to serve on their Commission. To serve on the Blind Commission you must be blind. The Commission's rules state you must be blind to serve on their Commission which is disabled. The Public Employee Retirement System of Idaho (PERSI) rules a person who is disabled cannot receive compensation from another source. **H598** creates a narrow avenue to allow disabled individuals to serve on a state commission and not lose their PERSI disability. **Senator Tippets** said on page 2 of the bill the compensation that will be allowed to the members of the commission is a one-time election as to whether they are paid a wage or per diem. Why does the legislation allow the members to make that election? **Lieutenant Governor Little** answered if you are a business person you have your own 401K and the federal rules state that you cannot have both PERSI and 401K. This election is different, it is not for the purpose of complying with federal law concerning 401K and a defined benefit package that is established in PERSI. This is not to address the 401K defined benefit conflict. This allows individuals to state that they are not getting any compensation, it is per diem.

MOTION: **Senator Smyser** moved, seconded by **Senator Johnson**, to send **H598** to the floor with a do pass recommendation. The motion carried by **Voice Vote**. **Senator Smyser** will be the sponsor of the bill.

There being no further business, the meeting adjourned at 1:58 p.m.

Senator Andreason
Chairman

Carol Deis
Secretary