

MINUTES

HOUSE JUDICIARY, RULES, & ADMINISTRATION COMMITTEE

DATE: Monday, March 19, 2012
TIME: 1:30 or Upon Adjournment
PLACE: Room EW42
MEMBERS: Chairman Wills, Vice Chairman Luker, Representative(s) Smith(24), Nielsen, Shirley, Hart, Bolz, Ellsworth, Bateman, McMillan, Perry, Sims, Burgoyne, Jaquet, Killen
**ABSENT/
EXCUSED:** Rep. Hart
GUESTS: Patti Tobias & Judge Barry Wood, Idaho Supreme Court; Rep. Dennis Lake; Don Drum, Public Retirement System of Idaho (PERSI); Jan Sylvester
Chairman Wills called the meeting to order at 2:45 p.m.

H 660: **Patti Tobias**, Administrative Director of the Courts, presented **H 660**. She referred to comments made on **H 660** at the previous committee meeting on March 15, 2012.

Senior District Judge Barry Wood reviewed the eight major points he made at the previous committee meeting. He said the contribution portion will be done in two steps: (1) The employer's rate of contribution is increased from 7% to 10.5% in two steps in FY 2013 and FY 2014. This change is already accounted for in the Governor's budget. (2) The employee's rate of contribution is increased from 6% to 9% in two steps in FY 2013 and FY 2014. There is also an increase to the civil filing fee costs, from \$18.00 to \$26.00 as another means of contribution to the Judges' Retirement Fund (JRF). This bill contains amendments to two statutory provisions regarding Plan B retirement expenditures. Those judges who become eligible for retirement when they reach age 55 would not be eligible for Plan B retirement. Judges taking office after the effective date of legislation would be affected by this plan.

Rep. Dennis Lake gave the history behind **H 660**. In 2000, **H 760** provided enhancements to the retirement benefit. At that time, there was inadequate funding for those enhancements, and currently this retirement system is behind about \$1 million/year in funding. In 2006, **S 1408** provided additional funding, but did not pass the House floor. In 2008, a funding mechanism bill did not pass because it failed to address the benefits issue. In 2010, an agreement was formed which enhances the contribution from filing fees. When the JRF is controlled by the Public Employee Retirement System of Idaho (PERSI), PERSI will have the right to reduce the contribution rates as they see fit. Class B judges must now serve 60 days, rather than 35 days to qualify. Current sitting judges have a property right in the existing retirement plan. New judges will be governed by the new plan, but current judges must begin contributing to the new plan once enacted. He also indicated this bill is a product of a long series of negotiations and has been a hard-fought battle.

In response to committee questions, **Ms. Tobias** said the analysis of the relationship between the Cost of Living Adjustment (COLA) and the current increase shows results are comparable. She explained that increases in judges' salaries over time have been more sporadic, with greater increase amounts than that of PERSI retirees whose benefit increases have been more frequent, but in smaller increments. **Rep. Lake** said this was not a financial trade-off and the goal is to obtain uniformity with PERSI. **Ms. Tobias** said that no other court employees are included under the JRF and all are under PERSI. The retirement board referenced on page 3 is the PERSI Retirement Board, which is defined on page two of the proposed legislation.

MOTION: **Rep. Burgoyne** made a motion to send **H 660** to the floor with a **DO PASS** recommendation.

In response to committee questions, **Judge Wood** explained that the working group negotiated the \$6.00 filing fee increase. Later, House/Senate leadership agreed on an \$8.00 increase. Additionally, the \$8.00 civil filing fee increase will generate a total of \$724,000. The contribution increase of 3% by the judges and the 3.5% increase by the employer is a product of the negotiations from this bill. **Rep. Lake** explained the judge's contribution will be a 50% increase, and the employer contribution will be increased by 33%.

In regard to whether there would be a cap placed on the additional revenue created, **Judge Wood** said there would not be a cap, per se, but the level of filings overall has remained fairly constant. **Rep. Lake** explained it will take 14 years for the \$8.00 increase to pay for the unfunded liability.

Judge Wood said that once the JRF is transferred over to PERSI, the PERSI Board can either increase/decrease the funding requirements so they would decide whether or not to cease the \$8.00 increase in civil filing fees. The contribution and filing fees will decrease because the ratio would decrease. **Rep. Lake** clarified that the contribution fees may only be changed by the Legislature or by the PERSI Board. There was concern from a committee member that the public will have to continue contributing to the fund for many years to come.

In support of the motion, **Rep. Bolz** said **H 660** is the best compromise arrived at by all committees on this topic. At the beginning, the purpose of this legislation was to deal with unfunded liabilities of the JRF. He hopes the committee will support this vast effort to remedy this problem. **Chairman Wills** echoed that this has been a long fought battle and compromise, and he hopes the committee would recognize this. **Ms. Tobias** stated that Senate and House leadership, the Governor's office and the Supreme Court took part in drafting this legislation. Senate and House leadership worked together to arrive at the \$8.00 increase to civil filing fees. Senator Darrington, Chairman, Senate Judiciary & Rules Committee, is prepared to hold a hearing on **H 660** and is expecting Senate support.

SUBSTITUTE MOTION: **Rep. Nielsen** made a motion to send **H 660** to the **second reading calendar**. In support of the motion, he said it is important to have the most qualified persons as judges in Idaho.

Chairman Wills ruled the substitute motion out of order.

VOTE ON THE ORIGINAL MOTION: **Motion to send H 660 to the floor with a DO PASS recommendation was carried by voice vote.** **Rep. Lake** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned 3:18 p.m.

Representative Wills
Chair

Stephanie Nemore
Secretary