

MINUTES

HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

- DATE:** Wednesday, March 27, 2013
- TIME:** 1:30 p.m. or Upon Adjournment of the House
- PLACE:** Room EW05
- MEMBERS:** Chairman Hartgen, Vice Chairman Anderson(31), Representatives Loertscher, Anderst, Hancey, Harris, Holtzclaw, Mendive, Romrell, VanOrden, King, Woodings
- ABSENT/
EXCUSED:** Representative Loertscher
- GUESTS:** Brian Benjamin, Office of the State Controller
- Chairman Hartgen** called the meeting to order at 1:31 p.m.
- MOTION:** **Rep. Anderst** made a motion to approve the minutes of March 25, 2013. **Motion carried by voice vote.**
- S 1158:** **Dan Goicoechea**, Office of the State Controller, presented **S 1158**, which would ratify federal authority by adding a provision establishing State authority to cover police officers and firefighters under a retirement system. It would clarify the acceptance of benefits of the Federal Social Security Act to encompass all of its agencies, counties, cities, municipal corporations, political subdivisions, governmental entities, and independent bodies created pursuant to Idaho Code. The change is necessary to meet the time requirement to modify the State's Section 218 Original Agreement. The Social Security Administration requires a minimum of 6 months' review time, followed by sequestration. If the time requirement is not met, a new referendum will probably be required and the process will need to start over.
- Responding to questions, **Mr. Goicoechea** said this legislation is an attempt to fix an error from the early 1970s. Due to the error, FICA has potentially been being withheld without a legal basis since 1972.
- Rita Foltman**, Office of the State Controller, said individuals who vote not to participate in Social Security, but already have 40 or more credits, will still receive benefits. Those who opt out and do not have 40 or more credits will be eligible for a refund through the Internal Revenue Service (IRS). Those who fall below 40 credits but have logged more than 40 quarters are eligible for Medicare but not retirement benefits. There is no retirement benefit for employees who have not logged the minimum 40 credits. **S 1158** has no effect on the Public Employee Retirement System of Idaho (PERSI).
- Mr. Goicoechea** responded to additional questions, saying his office is not required to do educational meetings, but believes it would be irresponsible to ask voters to vote without information; for that reason they have provided educational meetings. Since 1971, some fire districts have changed their names or merged, which has created confusion in the way benefits determinations have been made. The only voters on this issue have been those directly affected. A referendum is a vote during which the wishes of members of an entity are specified through the voting process. The plural form of "referendum" is "referenda". It is possible that someone might not want to be covered by Social Security. Employees are given competing advice and information from various retirement products. Mr. Goicoechea said he believes more people are opting out of Social Security than are opting in. The Firefighters' Retirement Fund was insolvent in the early 1970s, and it was determined that firefighters needed to be under some type of a retirement plan. It is possible that this issue may need to be addressed in the future if any employee brings legal action against the State due to the error that is attempting to be corrected in **S 1158**.

MOTION: **Rep. King** made a motion to send **S 1158** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. King** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 1:58 p.m.

Representative Hartgen
Chair

Mary Tipps
Secretary