

MINUTES  
**HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, January 27, 2015

**TIME:** 1:30 P.M.

**PLACE:** Room EW05

**MEMBERS:** Chairman Hartgen, Vice Chairman Anderson, Representatives Harris, Holtzclaw, Romrell, Chaney, Horman, Nielsen, Packer, Redman, King, Chew, Rudolph

**ABSENT/  
EXCUSED:** None

**GUESTS:** Don Drum, Lisa Stuck, Kelly Cross, Jess Simonns, PERSI; Dustin Haul, Idaho Responders; and Tom Limbaugh IIC

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

**MOTION:** **Rep. Holtzclaw** made a motion to approve the full committee minutes of January 13, 2015. **Motion to carried by voice vote.**

**Chairman Hartgen** turned the committed over to **Rep. Romrell** to approve the minutes and dockets reviewed in his subcommittee meeting as testimony (attached).

**Chairman Romrell** called the subcommittee to order at 1:35 p.m.

**Chairman Romrell** asked that his subcommittee review the minutes and dockets from the subcommittee on 21 January 2015 meeting as testimony.

**MOTION:** **Rep. Anderson** made a motion to approve the minutes of January 21, 2015 meeting of the Romrell Subcommittee on Administrative Rules as Testimony. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the Subcommittee, the meeting was adjourned at 1:36 p.m. and **Chairman Hartgen** resumed the full committee meeting.

**MOTION:** **Rep. Harris** made a motion to approve the minutes of the January 21, 2015 meeting of Harris Subcommittee on Administrative Rules. **Motion carried by voice vote.**

**Rep. Harris** presented his subcommittee's findings on the Administrative Rules they reviewed. He said that the subcommittee's recommendation was to approve **Docket Nos. 17-0204-1401, 17-0206-1401, 17-0208-1401, 17-0211-1401, 09-0104-1401, 09-0106-1401, 09-0130-1401** and **59-0201-1401**, which represent all dockets that were before the subcommittee.

**MOTION:** **Rep. Harris** made a motion to approve **Docket Nos. 17-0204-1401, 17-0206-1401, 17-0208-1401, 17-0211-1401, 09-0104-1401, 09-0106-1401, 09-0130-1401** and **59-0201-1401**. **Motion carried by voice vote.**

**Rep. Romrell** presented his subcommittee's findings on the Administrative Rules they reviewed. He said the subcommittee's recommendation was to approve **Docket Nos. 38-0301-1401, 17-0209-1401, 17-0209-1501, 17-0501-1401** and **28-0401-1402**, which represent all dockets that were before the subcommittee.

**MOTION:** **Rep. Romrell** made a motion to approve **Docket Nos. 38-0301-1401, 17-0209-1401, 17-0209-1501, 17-0501-1401** and **28-0401-1402**. **Motion carried by voice vote.**

**DOCKET NO. 59-0103-1401:** **Don Drum**, Public Employee Retirement System of Idaho (PERSI), presented **Docket No. 59-0103-1401**, which addresses the PERSI Board recommendation to eliminate increases in contribution rates scheduled. He said, given the Board's action on the elimination of the rate increases, the Board recommends the pending rule be rejected.

Responding to questions, **Don Drum** stated that this rule is different than **Docket No. 59-0103-1403** which relates to contributions to Firemen's Retirement Fund (FRF) and this rule does not effect that rule.

**MOTION:** **Rep. Romrell** made a motion to reject **Docket No. 59-0103-1401**. **Motion carried by voice vote.**

**DOCKET NO. 59-0103-1402:** **Don Drum** presented **Docket No. 59-0103-1402**, which is a temporary rule addressing PERSI Contribution rate increases scheduled. Due to market recovery and the strong status of the fund, the Board determined that it could eliminate the scheduled increases. This docket also changes some wording in Rule 27.

Responding to questions, **Don Drum** noted that the fire fighters and class D employees who contribute to the fund are affected. Additionally, the contribution rate will not increase. The rate determined in 2013 is still in effect and will continue to be the rate moving forward.

**Rep. Romrell** went on the record thanking and applauding the PERSI Board for the management of the Fund.

**MOTION:** **Rep. Chaney** made a motion to approve **Docket No. 59-0103-1402**.

In response to questions, **Don Drum** remarked that if the market is in trouble, the Board can take action to increase contribution rates with a temporary rule. The Board gets a valuation of the funded status, the amortization period, and market performance at which point, rate increases are proposed and presented. There is also a grace period to get the fund aligned at the start of the fiscal year. Implementation of rate increases must be reviewed and approved by a House committee and will not go into effect until January of the following year.

**VOTE ON MOTION:** **Chairman Hartgen** called for a vote on the motion to **approve Docket No. 59-0103-1402**. **Motion carried by voice vote.**

**DOCKET NO. 59-0103-1403:** **Don Drum** presented **Docket No. 59-0103-1403**, which is a temporary rule addresses excess merger costs rates paid by the 22 employers responsible under the statute to pay the added costs associated with paying down the liability in the Firemen's Retirement Fund (FRF). The PERSI Board determined that it could lower the excess merger rates from 17.24% to 5% effective January 1, 2015 due to the FRF being funded to 110%. The docket also changes some wording in Rule 27.

Responding to questions, **Don Drum**, stated that the FRF is completely separate from PERSI. The over funded money stays in the FRF and is invested. If the over funded money increases then the rate of contribution would reduce. If the fund is dissolved, the employers who were part of the FRF before 1980 would divide up the balance of the funds.

**Don Drum** stated this rule has not had opposition from the retired fire fighters and that action is wanted immediately.

**MOTION:** **Rep. King** made a motion to approve **Docket No. 59-0103-1403**.

In response to questions, **Don Drum** stated that there are four separate pools managed by the Board to include, PERSI, Firemen's Retirement Fund, Sick Leave Fund and the Judges Retirement fund. The benefits are all separate and gains and losses are all tracked separately.

In response to questions, **Don Drum** stated that employers are all paying PERSI rates and the additional 5% FRF rate.

In response to questions, **Don Drum** stated that there is investment risk but the Board attempts to invest in relatively safe investment. Contributions are combined for investing, but withdrawal is based on their overall investment. If the contributions were more conservative the funds would have lower return rates. The contributing employers are not comfortable with more conservative investments because they would have to increase contribution rates.

**VOTE ON MOTION:**

**Chairman Hartgen** called for a vote on the motion to **approve Docket No. 59-0103-1403. Motion carried by voice vote.**

**Docket No. 59-0106-1401**

**Don Drum** presented **Docket No. 59-0106-1401**, which is a pending rule which changes Rule 131 and 132 of the PERSI retirement rules. The change makes both rules applicable to a PERSI member who is eligible to retire in place, meaning if an employee is age 62 or older plus rule of 90 (or 80 for firefighters), that employee can retire and draw their benefit and continue to draw a wage. Also, the change makes both rules consistent with the Internal Revenue Code. The docket was published as proposed in July 2014, to which PERSI received no questions or comments on these rules.

Responding to questions, **Don Drum** stated that retirement can occur before 62. If a person does not want to retire and keep their retirement building, they can keep working.

**MOTION:**

**Rep. Anderson** made a motion to approve **Docket No. 59-0106-1401. Motion carried by voice vote.**

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 2:32 p.m.

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Representative Hartgen  
Chair

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Erin Hutto  
Secretary