

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 03, 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:** Rep. Horman

GUESTS: Andrew Mitzel, Realtors; Megan Hill, Jeff Sayer, Idaho Association of Commerce; Jay Engstrom, Larry Ingram, Bob Fick, Department of Labor; Jennifer McClaw

MOTION: **Chairman Hartgen** called the meeting to order at 1:30 p.m.

Rep. King made a motion to approve the minutes of the January 27, 2015 meeting.
Motion carried by voice vote.

Chairman Hartgen stated that the agenda would be adjusted so that the Trade Managers could present first and then go to a meeting in the Senate.

Director Jeff Sayer, Idaho Association of Counties, introduced **Armando Orellana**, Director of Idaho-Mexico Trade Office and **Xu Fang**, Director of Idaho-China Trade Office.

Mr. Orellana, presented on the Mexico Trade Office and the Idaho and Mexico import and export relationship. There has been growth in the economy in Mexico. Trade from Idaho into Mexico has increased and continues to grow. The trade managers are trying to grown trade in commerce and agriculture between Mexico and Idaho. His office is informing Mexican tourists on what is available in Idaho to increase tourism in the State. Additionally, there are efforts to increase trade in new industries and also by working with college students in Idaho. In an effort to increase agriculture imports from Idaho to Mexico, test planting of Idaho bean seed plots in Central Mexico has taken place and Latin American dairy companies are looking to Idaho for development in the dairy industry. The Mexican tax authority has helped the dairy industry so it better understands how and what the tax implications are of exports and imports.

In response to questions, **Mr. Orellana** mentioned that all University students in Idaho are eligible to apply to work with him in Mexico to develop an import market for a specific company trying to expand in Mexico.

In response to questions, **Mr. Orellana** stated the dairy industry of Idaho has been developing and growing its' presence in Mexico. The largest dairy companies in Idaho have a huge amount of exports to Mexico. Vegetable trade, specifically fresh potatoes are in high demand in Mexico. The Idaho Potato Commission is working to increase the number of exports to Mexico.

In response to questions, **Mr. Orellana** said the Idaho bean seed test plot's purpose is to show that Idaho seeds can thrive in Mexico. Mexico is not a huge importer of beans from Idaho because the price of Idaho beans are higher than other states.

Is response to questions, **Mr. Orellana** stated that Mexico is apposed to GMOs, but the government has just recently approved GMO corn. More GMOs are being accepted now than ever before.

In response to questions, **Mr. Orellana** noted he is not an employee of the state but rather a state contractor.

In response to questions, **Mr. Orellana** stated that hemp is illegal in Mexico and it's growth is prohibited.

In response to questions, **Mr. Orellana** said planned expansion of barley has already happened and that there were struggles.

Mr. Fang presented on the China Trade Office. China's GDP has decreased slightly and the US is China's second largest import trade partner and largest export market. China is Idaho's third largest export market. There have been developments in the equine, the dairy, and timber industries. The China Trade Office is using WeChat, China's version of Social Media to expose citizens of Idaho industries and tourism opportunities. China ranks potatoes as the fourth highest used food source for its population.

In response to questions, **Mr. Fang** stated that Lewiston, Idaho's access to a seaport creates a large opportunity to have agriculture products transported to China.

In response to questions, **Mr. Fang** noted the largest import to Idaho from China is computer chips. There is a huge potential to increase potato export and farming equipment used to harvest and grow potatoes.

In response to questions, **Mr. Fang** said China's position on GMOs is that they are a solution to creating enough food for the countries population. In China, GMOs are called renovation products technology, to avoid using the GMO name.

In response to questions, **Mr. Fang** stated growing hemp is strictly prohibited in China.

In response to questions, **Mr. Fang** said China does import a large amount of raw materials and then exports them as finished products. China is also importing lumber and feed for animals and some imports are just consumed internally.

In response to questions, **Mr. Fang** noted the Chinese diet has changed and the intake of wheat, meat and dairy has increased. Wheat is the third largest import from Idaho. Beef from the US is still banned, however, there is a need for more beef and when the ban is lifted there will be a huge market for American beef. Beef is consumed in a Western style and also in traditional Chinese entrees.

RS 23200:

Bob Fick, Communications Manager Idaho Department of Labor, presented **RS 23200**, which is a technical correction to the language which will clarify the civil penalty amount collected by the federal Trade Adjustment Assistance Extension Act of 2011. The amount is equal to 15% of the total overpayment and must be paid into the employment security fund created by Idaho Code Section 72-1346. There is no fiscal impact. The change was addressed with a letter to the Department of Labor and this update aligns what is currently being done with the trust fund.

In response to questions, **Mr. Fick** stated the Department of Labor only allows money to be used to pay unemployment benefits. The money is put into a fund and the fund penalty amount can be adjusted based on fund needs.

In response to questions, **Mr. Fick** noted the tax paid by businesses has decreased. The fund will remain stable through recessions due to its stability and will not dip below a safe amount.

MOTION:

Rep. Anderson made a motioned to introduce **RS 23200**. **Motion carried by voice vote**

RS 23201: **Mr. Sayer**, Idaho Association of Commerce, presented **RS 23201** which is a change to provide Economic Advisory Council (EAC) members with \$50.00 per day compensation to ensure there is a parity in compensation for EAC and Idaho Travel Council members. Additionally, changes to the EAC model will change it from six to seven regions which also aligns with the seven region model of the Idaho Travel Council. The Idaho Department of Commerce will be paying this compensation amount and is not requesting any additional funds.

MOTION: **Rep. Chaney** made a motion to introduce **RS 23201**.

In response to questions, **Mr. Sayer** noted there will be one additional region added to the EAC. There will be a \$5,000 to \$6,000 budgetary cost which comes out of the Department of Commerce budget.

In response to questions, **Mr. Sayer** stated the application reviews of Tax Reimbursement Incentive is an added task of the EAC which creates a need for monthly meetings. This job expansion, is the reason for the compensation increase.

Rep. Nielsen stated he is against the Tax Reimbursement Incentive and is in favor of free market.

VOTE ON MOTION: **Chairman Hartgen** called for a vote on the motion to introduce **RS 23201**. **Motion carried by voice vote**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:46 p.m.

Representative Hartgen
Chair

Erin Hutto
Secretary