

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Monday, February 01, 2016

TIME: 1:30 P.M.

PLACE: Room EW05

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

**ABSENT/
EXCUSED:** None

GUESTS: Carmen Achabel, Megan Ronk, Idaho Dept. of Commerce; Dr. David Hill, Idaho State Dept. of Education; Tom Baskin, RD Maynard, Idaho Industrial Commission; Quinn Perry, Barbara Jorden, Idaho Trial Lawyers Association; Aaron White, Idaho AFL-CIO; Michael McPeck, Alan Gardner, Gardner Law Office; Connie Barnett, George Parham, Idaho State Insurance Fund; Woody Ricahrds, Insurance COS; Phil Barber, American Insurance

Vice Chairman Anderson called the meeting to order at 1:29 P.M.

MOTION: **Rep. Redman** made a motion to approve the minutes of the January 27, 2016 meeting.
Motion carried by voice vote.

Ken Edmunds, Director, Idaho Dept. of Labor, presented a Workforce Development Presentation. Idaho has been the national leader in job growth for several years, which in return has had a positive impact on our unemployment rate. Idaho has a 4% unemployment rate, the national average is 5%. When looking at the job growth over the next ten years, we can predict that our population will be increasing by 1.5% and there will also be a 1.5% increase in new jobs per year. One problem will be the baby boomer generation leaving the workforce causing many vacant positions to stay unfilled.

Mr. Edmunds said there are many concerns about wages in Idaho and many believe the cost of living in Idaho, which is 8% less than the National average, plays a significant part in that. The Idaho Dept. of Labor tends to disagree with this, stating the median wages in Idaho ranked 45 out of 51 jurisdictions, and after the cost of living adjustment, Idaho ranked 44th.

The current unemployment tax rate is at 1.488% which is down from 3.3%. **Mr. Edmunds** stated there are two insurance funds, the federal fund and the state fund. These funds were "broken," requiring 200 million on bonds to get out of debt. Currently both funds are properly funded based on the agreement the Idaho Dept. of Labor has with the Idaho Legislature. The current federal fund balance is maintained at \$500 million, the state fund is at \$180 million. These amounts will protect Idaho against economical challenges.

During a labor shortage the goal is to drive people into the marketplace. The Idaho Dept. of Labor is making a proposal to change the maximum number of weeks to be eligible for unemployment insurance from 26 weeks to 20 weeks. Another proposal would be to flatten out the benefit curve. Currently the benefit curve pays more benefits in a good economy than a bad economy, which the Department feels is not ethically correct.

The workforce development training fund is the primary tool for dealing with workforce shortage issues. Three percent of unemployment taxes are collected by the Workforce Development Council. In the last 20 years 268 companies were awarded over \$88 million, and it provided training for over 27,000 employees. The funds have been used for new and growing companies.

RS 24313: **Michael McPeek**, Attorney, Gardner Law Office, presented **RS 24313**. The proposed legislation intends to reverse an Idaho Supreme Court ruling in the Neel vs. Western Construction case which has resulted in increased medical expenses in many workers' compensation cases. The Court imposed a judicially created financial penalty on employers and sureties who reasonably contest but lose a claim for medical services. This decision requires payment of medical expenses in an amount greater than the amount provided under the Industrial Commission's medical fee schedule. This proposed legislation will return the law back to the status quo prior to the referenced court case. This proposed legislation will also eliminate the judicially created financial penalty on employers and sureties that acted reasonable.

In response to committee questions, **Alan Gardner**, Gardener Law Office, clarified that the Industrial Commission Advisory Committee on workman's compensation did not review this proposed legislation because this legislation was not complete at the time of their last meeting. The standard put forth on their advisory committee is to determine whether or not there would be a consensus and Mr. Gardner believes on the proposed legislation there will not be a consensus. Mr. Gardner also clarified that the injured person is not responsible for the fees. **Mr. McPeek** responded that the fee schedule will apply to all workman's compensation cases.

MOTION: **Rep Redman** made a motion to introduce **RS 24313**. **Motion carried by voice vote.**

H 377: **Megan Ronk**, Director, Idaho Dept. of Commerce, presented **H 377**. This legislation will make several important changes to the Idaho Global Entrepreneurial Mission Statute. These changes provide clarification in the programs administration and in the distribution of commercialization revenue from sponsored projects. This legislation will also remove reference to the now defunct innovation license plate program. It will provide flexibly in language when designating a chairman from the councils private sector to provide equal opportunity for any member from the council at the governor's discretion to service the chairman. This legislation will include the term industry partners. It will provide clarifying language on the necessity of industry partnerships. The legislation will provide clarification of commercialization revenue and distribution out line on how the State of Idaho will recuperate investments from IGEM projects. It will give clarification for reimbursement of direct project costs. The legislation adds language to support commercialization revenue distribution in accordance with the university intellectual properties policies, and provides definitive reimbursement percentages to the State General Fund and IGEM fund.

In response to committee questions, **Mrs. Achabal**, Idaho Dept. of Commerce explained the definition of licensing. The royalties will come from an agreement that the University has with the business who has the license. A contractual agreement will be created before revenue and distribution occurs. If the a student or staff was apart of a project that produced commercialization revenue they would be entitled to a portion of that revenue.

In response to committee questions, **Ms. Ronk**, stated there has not been any money received from commercialization revenue.

MOTION: **Rep. Romrell** made a motion to send **H 377** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Romrell** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:45 P.M.

Representative Anderson
Vice Chair

Chelsea Cantrell
Secretary