

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Monday, February 15, 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:** Representative Chaney

GUESTS: Woody Richards, Angela Richards, Association Loggers Exchange
Vice Chairman Anderson called the meeting to order at 1:29 P.M.

RS 24214: **Woody Richards**, Attorney Lobbyist, Association Loggers Exchange, presented **RS 24214**. The proposed legislation amends the language of Idaho Code Section 72-301 to state that Idaho rated bonds with a rating of A- or higher is considered investment grade. The Industrial Commission has access to the description and credit rating of these bonds because they are Idaho Bonds. If a bond is downgraded to below an A- the worker compensation insurers is required within 30 days to replace the bond with one that meets the statutory requirements. These bonds are liquid and can be sold if funds are needed but they aren't required to be sold, they can be replaced. Purchasing bonds helps to maintain Idaho infrastructure. Idaho's bonds may have higher yields than treasury notes which allow insurance companies to be stronger financially.

In response to committee questions, **Mr. Richards** explained there are a variety of ranges of bonds depending on the risk of the bond. A bond rating is based on ability to repay in a timely interest and return the principal when it is due. Bond ratings range from AAA to D. The rating level gives the purchaser a level of confidence that it will not disappear and it will be there to its maturity date. Investment grade bonds by law are acknowledge to be BBB and above. Many bonds are never triple AAA, many times to get a AAA rating backup insurance on the bond is purchased to protect the bond.

MOTION: **Rep. Romrell** made a motion to introduce **RS 24214**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 1:44 P.M.

Representative Anderson
Vice Chair

Chelsea Cantrell
Secretary