

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, March 08, 2016

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

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Patrick, Vice Chairman Martin, Senators Lakey, Guthrie, Heider, Rice, Thayn, Schmidt and Ward-Engelking

**ABSENT/  
EXCUSED:** None

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Patrick** called the meeting of the Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

**H 511** **Relating to Homeowner's Associations** (HOA). **Evan Mortimer**, Attorney, said this legislation protects the private property rights of Idaho homeowners by ensuring their rights to rent their property is preserved. The legislation states that if a homeowner bought a home at a time when renting the home was allowed by a HOA, the HOA may not create new Covenants, Conditions and Restrictions (CCRs) that change the existing right to rent without written consent of the homeowner. This would not impact CCRs that were in place prior to the time a homeowner purchased the property.

**Mr. Mortimer** stated the ability to rent property is a fundamental right, as is the right to sell property. Legally speaking, rentals are "short-term sales" of property. Currently, HOAs have unlimited authority to amend CCRs after a person purchases property and may restrict property rights however they see fit. The goal of this bill is to prevent HOAs from taking that fundamental property right away from a property owner without permission, after the property is purchased. **Mr. Mortimer** emphasized this bill essentially tells HOAs that any attempt by them to take away the fundamental right to lease property without adequately accommodating existing owners' investment-back expectations is unreasonable, unconscionable and against public policy.

Specifically, **Mr. Mortimer** said that under this bill, an HOA may not restrict a homeowner's right to rent property without express written consent. He explained that CCRs that are in place when a person purchases property can limit the right to rent. This bill does not change the ability of a land developer to establish the original CCRs. This bill does not prevent an HOA from adding or amending CCRs that restrict rentals. He stated that HOAs can amend or pass CCRs that restrict rentals according to their bylaws and enforce them, so long as members who do not agree in writing to be bound will be grandfathered into the new CCRs. Later purchasers would be bound to the rental restrictions.

**Mr. Mortimer** stated this bill will make it hard for HOAs to amend their CCRs to restrict rentals. The burden should be on the HOA. He pointed out that language would need to include something such as, I agree to be bound by the amendment.

**DISCUSSION:** **Senator Thayne** and **Mr. Mortimer** discussed fines levied by HOAs for parking violations. **Senator Ward-Engelking** asked if there is any mediation that takes place when there is a violation of the HOA covenants. **Mr. Mortimer** explained that HOAs change rules, which is a widespread practice, and no mediation occurs.

**TESTIMONY:** The following people testified in support of **H 511**: **Katherine Swift**, who said she has a property management company and this bill creates opportunities in the area for those who need short-term rentals. Her company provides a solution for owners who want to keep their homes, pay taxes and afford the upkeep. **Joe Grover** said that in some cases, long-term renters do not always take care of the property. He remarked that if he were to consider staying somewhere on vacation, he would look for a short-term rental rather than a hotel. **Marina Banaszek** said that she has a short-term rental and that she and her husband have improved the property, which is better than most homes in her neighborhood. She said there was no HOA but she is afraid to purchase any rental property that has an HOA since she thinks the HOA could change the CCRs. **Wes Jones** said that part of his income is from long-term rental property. He is always worried that he may lose income from a change in CCRs. He stated he sold the property to Jonathan Frost. He found it very interesting that the neighbors in Mr. Frost's area would complain about a vacation home being rented on a short-term basis. He commented there are large crowds at several cabins in that neighborhood on a regular basis. There are a number of areas around that particular community that allow vacation rentals. He said that he has now purchased a piece of property in that area and it would help if the property is sold as a vacation rental.

**Jonathan Frost**, representing himself, testified in support of the bill and said that currently, Idaho HOAs have the right to restrict or eliminate rentals from the area of their jurisdiction, even though those restrictions did not exist at the time the owner purchased the property. Owners should have the reasonable expectation that if a rental is allowed at the time of purchase, he or she will be able to continue renting the property throughout the time they own their property. He added the language in the bill on page 1, lines 37 to 42, and on page 2, lines 1 through 4, will allow homeowners to rent their home when a HOA would take that property right away: "no HOA may add, amend or enforce any covenant, condition or restriction in such a way that limits or prohibits the rental, for any amount of time, of any property, land or structure thereon within the jurisdiction of the HOA, unless expressly agreed to in writing at the time of such addition or amendment by the owner of the affected property. Nothing in this section shall be construed to prevent the enforcement of valid covenants, conditions or restrictions limiting a property owner's right to transfer his interest in land or the structures thereon so long as that covenant, condition or restriction applied to the property at the time the homeowner acquired his interest in the property". This language will not change the ability an HOA has to enforce the CCRs that existed when an owner purchased their property. Essentially, these sentences would "grandfather" an owner into the original CCRs if the CCRs allowed rentals when the property was purchased. This is the legal language that would protect the land rights of owners throughout Idaho. **Mr. Frost** said that a similar law exists to protect owners in other states (e.g., Georgia and South Carolina). For each night rented, he paid taxes from 8 percent to 15 percent per night. In addition to sales tax, Idaho charges a travel and convention tax to occupants of short-term rentals, and some cities are allowed to charge a local option tax. None of these are required if a rental is longer than 30 days.

**Mr. Frost** commented that he invests nearly 100 percent of his income back into the business. He said he employs individuals to help remodel, maintain and clean between group stays. He stated his family participates in these efforts out of necessity. After reviewing many home listings and CCRs to ensure rentals were allowed, he and his wife purchased a home in Donnelly that had been on the

market for nine months and was publicly advertised as having "great vacation rental potential." The neighbors were nearly all part-time residents, but were eager to see the activity and improvements being made on the home each time they visited their vacation homes. **Mr. Frost** offered his personal cell phone number to the neighbors and let them know that he was available 24/7 in case they had any concerns about the rental. He said that if something bothered the neighbors, he wanted to know so that he might personally address the issue. In June, after investing a sizeable amount of his own and the business money as a down payment and for improvements, the home was ready to rent and was listed on vacation rental sites. The demand was sufficient enough to keep his business moving forward. **Mr. Frost** said he moved his family to Valley County and found a modest rental to live in.

**Mr. Frost** related that approximately a month after the CCRs were changed, the HOA's attorney summoned him to a meeting where the HOA Board (Board) questioned him as to why he continued to do short-term rentals. The attorney and the Board stated he had rented his home on three occasions over the past month, which was during the holiday season. In the interest of transparency and goodwill, **Mr. Frost** said he provided the HOA attorney with every date he had booked before the December 10, 2015 amendment was effective. He remarked he even disclosed that he had accepted a single booking request after the December 10 amendment, with the understanding that he may need to cancel that reservation or pay a fine. He said he and his wife did this in the interest of full disclosure and explained that they fully intended to abide by the rules, as long as it was necessary. The Board said they would adjourn into an "executive session" to decide how to proceed. On March 1, 2016, he received notification from the Board's attorney stating that, in their opinion, he had violated the amendment in the CCRs by honoring the pre-existing contracts he had entered into before the December 10 amendment.

**Mr. Frost** explained that for disclosing that he had honored these pre-existing contracts, the HOA chose to fine him \$11,700 and reserved the right to fine him if he continued to honor the remaining reservations. The HOA stated they reserved the right to file a lien and foreclose on his property if he and his wife did not pay up "shortly."

**Mr. Frost** explained that once HOAs impose fines, the options a homeowner has are to pay or go to the courts to argue their case. If the homeowner is not effective at pleading their case, they pay their own attorney fees, the HOA's attorney fees and the fines the Board imposed. HOA boards have much less to lose if they fail, as their insurance pays all of their costs. He said his is not the first family this has happened to in Idaho. Other short-term rental owners count on the income their rental provides. He said they have consulted with numerous real estate professionals and attorneys and have come to the conclusion that they have no other option but to turn to the legislative branch and change the law. The law has to be changed to prevent HOAs from restricting or prohibiting rental activity when it was allowed at the time of home purchase, and thereby destroying home values and people's businesses. Supporting this bill and adding these sentences to Idaho Code will allow homeowners to rent their home(s) when an HOA would try to take that right away.

**Senator Rice** wanted to know if any lots in the subdivision were still owned by the person who built the subdivision. **Mr. Frost** said he believed that 20 percent of the lots were still owned by the person who started the subdivision.

The following people testified in opposition to **H 511**: **Jeremy Evans**, Attorney, Vial and Frothingham, representing HOAs in the State, said the solution in **H 511** would attempt to affect, as currently written, a much more serious problem, with broad

consequences for every ordinary condominium owner in Idaho. He said he did not want this bill to apply to any condominium owners. He emphasized that the law already recognizes and protects owners' right to rent out their property. **David Ricks**, representing himself, said this bill puts the property rights of a few over the majority. **Jim Roland**, representing himself, said short-term rentals compete with the hotel industry. **John Hockberger**, representing himself, said the area in which he lives has been owner-occupied with very few rentals and that short-term rentals would diminish his living accommodations. **Georgia Mackley**, who manages an HOA and is a co-owner of Development Services, Inc., said the control in this bill goes to one homeowner who does not want to follow the rules. **Scott Turlington**, Principle Strategic Advisors, said he wanted to offer an amendment to the bill. He said the CCRs state that the sole purpose is for single-family residential units. He remarked that since 1998 there has never been a rental in Windsong. What has become apparent is Idaho Code decided to define a hotel and a motel. He said the Tax Commission further defined hotels and motels and made rules. He reaffirmed that if occupancy was less than 31 days, the owner was subject to taxes. The HOA should have the right to amend CCRs. His amendment would exempt hotels and motels.

**DISCUSSION:** **Senator Rice** asked Mr. Turlington what his position was regarding existing contracts for short-term rentals at the time the HOA rules are changed. Was it his belief that the person who has an existing contract has to breach their existing contracts? **Mr. Turlington** said that in this case, the existing contract that was entered into included the CCRs, which included section 4.01 of this bill that said the sole purpose was the establishment of single-family residential units. When he read his CCRs, he understood what his limitations were and gave the example of not being able to have a basketball hoop in his front driveway. **Senator Rice** repeated his question to Mr. Turlington, asking if there was an existing contract, was it his position that the owner of the home that already had a contract should breach the contract and pay any penalties regardless of his neighbors and should his neighbors be able to impose a fine on him. **Mr. Turlington** said he did not know if he had a position and deferred to the Idaho Supreme Court decision on the case of Pinehaven Planning Board versus Thomas J. Brooks and Jennifer Brooks. **Senator Rice** wanted to know if Mr. Turlington thought an \$11,700 fine was appropriate to impose on someone because they did not want to breach their pending contracts and take an additional loss to their value of the property when the CCRs were changed. **Mr. Turlington** remarked he had no specific opinion.

**Vice Chairman Martin** said he was trying to figure out his own situation. He cited the example of people coming and going in a neighborhood and there are no problems. He said if people come and go quietly, he is not too concerned. He wanted to know if that would be a good remedy for the HOA to only cite an owner if they caused a problem. **Mr. Turlington** said he agreed.

**Senator Thayn** asked if this bill is passed, would the CCRs that are currently in place be overturned or are the changes retroactive. **Mr. Turlington** remarked he did not know if he read a retroactive clause and that was a question for attorneys.

**TESTIMONY:** **Ken Mallea**, president of his HOA, spoke about single-family residences and said he thought 99 percent of all people who live in all subdivisions in this county oppose **H 511**. He remarked that if this bill passes, every home for rent would be advertised on the internet. He talked about the registration of sex offenders and how they have seven days of free time away from the city in which they live. He expressed a concern that sexual predators could rent a place for short-term stays.

**Anne Hay** expressed a concern the neighborhood would lose its ability to take care of its own problems. She was also concerned about the idea of having 24-hour security to keep everyone safe.

**Ron Evans**, Vice President of Windsong HOA, reported he observed people staying at the Frost cabin for three or four nights in groups of 15 to 20 people. Some were well behaved and some were not. He mentioned he has had a few issues with noise and with vehicles being driven over another lot. He said the residents did not want short-term rentals in their neighborhood. There was a six-month rental limitation incorporated into the covenants in December of 2015.

**DISCUSSION:** **Senator Rice** asked if there was a reduction in value of the property owned by Mr. Frost because of the change in the CCRs and would it be fair for the HOA to pay the difference. **Mr. Evans** remarked this problem could have been prevented if some pre-purchase conversations had taken place. **Senator Rice** wanted to know if the HOA had fined the Frosts, and if so, how much. **Mr. Evans** said fines were incorporated into the prohibition of rentals because it was the opinion of the HOA there should be some kind of penalty. **Senator Rice** again asked Mr. Evans how much the fine was. **Mr. Evans** said the fine was \$300 per day while the property was rented and the total amount was \$11,700.

**Senator Schmidt** said that in Article 4 of the Windsong CCRs, houses are described as a single-family dwelling and it was obvious the neighbors were not following the covenant requirement; he wanted to know why the HOA did not invoke that article. **Mr. Evans** replied the HOA did not know what the Frosts were going to do with the property when it was purchased. He mentioned the HOA looked at the conditional-use permit process, but rentals "slide under the radar." However, when an operation turns into a commercial occupation, then that is a problem. **Senator Schmidt** commented that the HOA had plenty of standing without changing the CCR rules and if zoning would not enforce the rule, then the HOA should enforce it. **Mr. Evans** said this was not considered.

**Mr. Mortimer** asked the Committee to give this bill a "do pass" recommendation. **Senator Thayn** asked Mr. Mortimer if this bill would overturn any CCRs that are in place. **Mr. Mortimer** said there is an enforcement provision and a property owner has to expressly agree to any changes. **Senator Thayn** asked if this bill were to pass, could Mr. Frost use his property as a rental. **Mr. Mortimer** said "yes," explaining that Mr. Frost has not consented nor signed anything agreeing to the CCRs regarding the ability to rent and, therefore, the HOA cannot enforce them against him.

**Senator Thayn** asked what would happen if the property were to be sold. Would the rights be transferrable? **Mr. Mortimer** said the burden would be shifted from the individual homeowners and the new owner would have to agree to the CCRs, including the restriction on rentals.

**Vice Chairman Martin** referred to page 1, lines 40 through 42 of the bill, and wanted to know the intent of the language. **Mr. Mortimer** explained that CCRs apply to everyone. However, when there is an addition or amendment to the CCRs, the owner of the affected property has to expressly agree in writing at the time of

the changes. The HOA has to craft the language so the affected owner who does not agree will have to be "grandfathered" in.

**Senator Lakey** said a scenario could arise when an HOA decides to impose a "no short-term rental" amendment to their CCRs and there is a 90 percent vote. Ten percent would be grandfathered in and protected until they sold their property and anyone buying would have to adhere to the modified CCRs. He wanted to know about those who voted and were in the 90 percent, do they have to sign a separate waiver that they voted in favor of the changes or does their vote count as an express agreement in writing? **Mr. Mortimer** said what he envisioned is that HOAs and attorneys are going to have to craft the language so that when a change is agreed upon, the property owner will sign an agreement with the changes.

**Senator Ward-Engelking** wanted to know how an HOA would justify the sole purpose of single-family residences. She wanted to know how that is upheld with someone coming in and renting their home every day or the entire year. She remarked that sounded like something different than a single-family home. **Mr. Mortimer** referred to the Idaho State Supreme Court case of Pinehaven Planning Board versus Thomas J. Brooks and Jennifer Brooks, and said this case talks about whether or not renting your home is commercial activity. The court determined that it is not. A single-family dwelling can have many people coming to stay whether it is in cabins or houses. Just because there is a renter does not automatically mean that is a bad renter. **Senator Ward-Engelking** remarked she was not concerned about the bad or good tenant and understood long-term renters may not take care of a property. However, if a property is rented for less than 31 days, that constitutes a hotel. **Mr. Mortimer** explained there is a distinction between what the Tax Commission says about what is taxed and the tax alternatives; this is an issue for the Tax Commission.

**Senator Schmidt** referred to Article 4 in the CCRs and said Mr. Frost purchased the property with the express consent that the property would be a commercial rental, contrary to the HOA agreement. The HOA passed something they could enforce. Why does the HOA express they expect this house to be a single-family dwelling, which was not part of the original deal? **Mr. Mortimer** said this goes back to the definition of a single-family dwelling. Generally speaking, a single-family dwelling has not hindered the ability to rent a home nor has the timeframe been often discussed. **Senator Schmidt** stated that Mr. Frost's original intent was that this was going to be a commercial property, which was in violation of the covenant and we are trying to protect that violation with this legislation. **Mr. Mortimer** explained there are no provisions in the CCRs that have to do with rentals and there are no restrictions on rentals in the CCRs. This is about the ability for a property owner to use their land as they see fit. A single-family dwelling can include long-term and short-term rentals.

**Mr. Mortimer** discussed the decrease or increase in property values when there are short-term rentals, pointing out there are pros and cons. He cited information from an article published by Cornell University. He said he found out that the ability to share the cost of a home through rentals actually will insulate a homeowner with the effects of the negative housing turn. The issue of raising or lowering property values is a debated issue. However, the Idaho Bankers Association (IBA), Idaho Association of Counties (IAC) and the Idaho Association of Realtors (IAR) all support this legislation. He said this was a good law and a good idea. He said an HOA could not come in after the fact and take away the fundamental property rights of owners.

**Senator Rice** said that looking at the language of the bill at the time the HOA and CCRs were created, the original CCRs are actually signed by the owner or representative. When changes are made that restrict a fundamental use of the property that affects the value of the property, this is not the same kind of change as adjusting where someone can park or how long a trailer can be parked in the driveway versus parked behind a fence.

**Senator Rice** referred to a comment made earlier about the democratic process, and said there is just as important a process when someone's property or property rights are taken for public use; such action would include any time when there is a vote of the neighbors, the loss has to be paid for. He pointed out what we have is a situation where an HOA wants to be able to take property rights that no one anticipated would be taken when they purchased the property and not pay for it. **Senator Rice** said the Frost case was an example of an unconscionable fine because someone fulfilled a few weekend contracts after the neighbors took fundamental rights to the property. He noted we have cities that have tried to define single-family homes as those whose residents are only related family members that have a close relationship, but that was found to be unconstitutional. What this bill does is re-enthrones the principle that when one owns property, one has the ability to use the property without restriction when it comes to renting or in ways that will devalue the property. That should include HOAs. The Idaho Supreme Court makes rulings on public policy as to what they think the Legislature might accept or what is most appropriate. It is this body's duty, obligation and authority to decide the public policy of the state of Idaho, together with the colleagues in the House..

**MOTION:**

**Senator Rice** moved to send **H 511** to the floor of the Senate with a **do pass** recommendation. **Senator Heider** seconded the motion.

**Senator Lakey** commented he looked at this bill as balancing. Both sides are talking about property rights. He is concerned an HOA is going to go onto someone's property and tell them what to do and amend the CCRs. The ability to rent is very important and needs to be protected. Only the person who owns the property and does not agree to the changes is grandfathered.

**Senator Heider** remarked this bill deals with property rights and contract laws. When someone buys a home, they cannot arbitrarily say what they want to do. All things involving real estate must be in writing and signed, otherwise it is not binding.

The motion carried by **voice vote**. **Senators Schmidt** and **Ward-Engelking** voted nay. Senator Heider will carry the bill on the floor.

**S 1317**

**Relating to Homeowners' Attorney Fees.** **Senator Lakey** said this legislation clarifies that HOAs may only seek attorney's fees and costs from a property owner and place a lien on an individual's property if those reasonable attorney's fees and costs have been awarded by a court. He stated he wanted to modify this bill. There is a practice that concerns him about fining someone and not giving them a chance to remedy. Attorney's fees cannot be assessed on a homeowner if not awarded by the court. **Senator Lakey** asked to send this bill to the 14th Order for amendment.

**MOTION:**

**Vice Chairman Martin** moved to send **S 1317** to the 14th Order. **Senator Heider** seconded the motion. The motion carried by **voice vote**. Senator Lakey will carry the bill on the floor.

S 1387

**Relating to Durable Medical Equipment (DME).** **Senator Guthrie** said the purpose of this legislation is to amend the Idaho Pharmacy Act (IPA) by adding additional requirements before being issued a Durable Medical Equipment (DME) license by the Idaho Board of Pharmacy (IBP) and adds a definition of DME supplier. This act adds a requirement for suppliers of listed DME devices to have an accredited facility in the State or within 150 miles of the border. It also adds the DME supplier must have sufficient inventory and staff to service or repair products. There is no fiscal impact to the General Fund.

**Senator Guthrie** reported there were some issues that arose when this legislation was originally heard. He outlined the changes and referred to page 8 for the primary changes, noting the ambiguity was addressed. He said the proximity to the State language remains intact. This bill is an effort to make the legislation better.

**DISCUSSION:**

**Senator Schmidt** referred to page 9 and the 150-mile requirement. He wanted to know if someone could bid on DME, have a facility in Idaho and be located well over 150 miles from Idaho and the customers they are serving. **Senator Guthrie** explained the DME bids are awarded in an identified competitive bid area. Bids will be awarded specific to that area. If the company was beyond the 150 miles, it would still be within the framework of the Centers for Medicare and Medicaid Services (CMS) bid law. Each of the items, such as walkers, wheelchairs and oxygen that are identified for bid will be bid separately. He said an important thing to remember is that this legislation is not affecting any of the mail order or drop-ship companies. **Senator Schmidt** expressed a concern about the distance of 150 miles, which opens the doors to the competitive nature of bidding. **Senator Guthrie** said Colorado actually had a proximity of 50 miles. He said that in 2017 through 2019, federal legislation will require up to three rounds of competitive bidding to drive the prices down. The federal bidding of CMS will have to be sensitive to state licensure and requirements. This is a preemptive move. The CMS is still involved in suicide bidding where providers are bidding and not servicing contracts. There is no chance of stopping suicide bidding until 2019 or later.

**TESTIMONY:**

**Brent Seward**, Executive Vice President of Norco Medical, Inc., spoke in favor of this bill. He remarked this is really about patient safety and quality health care. Current DME licensure laws do not address appropriate patient safety. He said this bill defines complex DME. If a company bids and is farther away than 150 miles, the company has the intent to fulfill their obligation. The Medicare National Competitive Bidding process has created loopholes. The main problem is with the lack of regulation on DME licensure. **Mr. Seward** said this bill appears to some people to increase costs. People are trying to save money by mail ordering products due to the lack of access. Patients will end up in the emergency room because they have not been trained on how to use complex equipment.

**Senator Lakey** said he was struggling with the 150-mile restriction. He said why not take the approach of putting requirements over what needs to be provided or timeliness or customer service versus an arbitrary 150 miles. He wanted to focus on customer care and timeliness.

**Mr. Seward** said the 150 miles is reasonable. Those companies have the ability to take care of a problem and have good intentions.



**TESTIMONY:** **Susan Mauers**, Maag Pharmacy, testified in support of **S 1387**. She said the elderly need instructions on how to use DME. Technicians are happy to help even after hours. She said they had to reduce their area of service because of the cost of doing business due to suicide bids.

**Scott Ingraham**, Seating and Mobility Specialist with Numotion, a national company with an office in Boise, testified in support of the bill. He shared his experience working with a spinal cord-injured quadriplegic patient. He said he spent approximately 15 hours of time with the patient to determine what type of equipment was needed. He sent out a list of recommended products to the insurance company and they did not call back. He stated the biggest issue was that the bid for the high-end piece of mobility equipment, a power wheelchair, was won by a company in Florida. This patient received a wheelchair, which was shipped by the manufacturer to a tractor and machine shop in Burley. The company in Florida flew their seating specialist to Idaho. The tractor company brought the chair to the patient's house. Essentially, if a chair breaks down on a Friday afternoon, there are three required service technicians who would not be able to provide the service for this equipment. Phone calls would have to be made to someone in Florida. The patient would have to wait for the technicians to fly to Idaho. Meanwhile, the patient is potentially stuck in bed and could develop pressure sores. He could then be admitted to the hospital for wound care versus having the ability to call someone locally to get the service that is needed. This particular piece of equipment has to be programmed with a laptop plugged into the power wheelchair. There are all types of settings for safety. Sometimes patients require someone to service their equipment a minimum of every three months. The equipment is not something that can be dropped off at the door.

**Jesse Taylor**, representing Norco Medical, Inc., addressed the question of 150 miles. He said that while drafting this bill, he spoke with others in other states. The Attorney General in Colorado advised that by putting a mileage requirement to the patient in the bill, that would avoid any problem with the commerce clause. Anyone in the state of Idaho is covered by the part of the law that says "a presence in Idaho or within 150 miles." That mileage would cover most of the surrounding states' territory competitively. Most companies will not be able to service or be able to provide service beyond the 150 miles.

**Alex Adams**, Director of the Idaho State Board of Pharmacy, said there is a fiscal impact on the Pharmacy Board dedicated funds due to the 15-mile restriction. He said there are currently 256 registrants whose address is more than 150 miles from the border of Idaho. They would be unable to register with the Board of Pharmacy, which would have a negative impact of approximately \$12,800.

**Senator Guthrie** remarked the dedicated funds for the Board of Pharmacy would be impacted but if those accounts outside the 150 mile radius cannot register, there is an equivalent cost savings. He said he would not have brought this bill back a second time if he had not believed in it. He remarked he wanted continuity and quality of care for patients.

**MOTION:** **Vice Chairman Martin** moved to send **S 1387** to the floor of the Senate with a **do pass** recommendation. **Senator Schmidt** seconded the motion. The motion carried by **voice vote**. **Senator Lakey** asked to be recorded as voting nay. Senator Guthrie will carry the bill on the floor.

**S 1385** **Relating to Automobile Liability Insurance.** **Chairman Patrick** announced this bill has been rescheduled for the Committee Meeting of March 15, 2016, at the request of Bill Litster, Idaho Public Policy Institute.

**Chairman Patrick** announced the remainder of the bills on the agenda would not be heard due to the lack of time.

**H 371** **Relating to Factory-Built Structures.** **Jack Lyman**, Idaho Housing Alliance, testified in support of this bill. He said it should be sent to the 14th Order for amendment to change the wording to say "to serve at the pleasure of the Governor." **Chairman Patrick** stated this bill would be continued to the Committee meeting of March 10, 2016.

**H 454** **Relating to Environment, Energy and Technology Committee - Underground Facilities Damage Prevention.** **Neil Colwell**, Avista Corporation, said that he had someone to testify who had traveled a great distance.

**TESTIMONY:** **David Nelson**, District Manager, City of Hailey, said he had been injured in October 1999 in a gas line explosion. He was a first-responder for the fire caused by the gas line. He was blown into a hole of flames and was burned. This accident changed his life forever. He said if more time had been taken to locate lines, this accident would have never occurred. He said he believed this new legislation will help prevent serious accidents.

**Chairman Patrick** stated this bill and the remaining bills would be continued to the Committee meeting of March 10, 2016.

**ADJOURNED:** There being no further business, **Chairman Patrick** adjourned the meeting at 3:53 p.m.

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Senator Patrick  
Chair

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Linda Kambeitz  
Secretary