

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 02, 2017

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Guthrie, Senators Martin, Lakey, Thayn, Souza, Anthon, Ward-Engelking, and Bock (Burgoyne)

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.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Guthrie.

DOCKET NO. 07-0501-1601 **Rules of the Public Works Contractor's License Board (PWCLB).** **Ron Whitney**, Deputy Administrator, Division of Building Safety (DBS), testified that this rule was rejected by the House Business Committee and the PWCLB will not pursue the minor changes in this rule. **Chairman Patrick** asked if the rule was heard. **Mr. Whitney** said the rule was rejected in the subcommittee and also rejected by the full House Business Committee.

MOTION: **Senator Thayn** moved to reject **Docket No. 07-0501-1601**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 07-1001-1601 (NEW CHAPTER) **Rules Governing the Damage Prevention Board (Board), Division of Building Safety (DBS).** **Ron Whitney**, Deputy Administrator, DBS, explained the pending fee rule will be adopted to establish a fee to be imposed on underground facility owners to participate and cooperate each time the owner receives notice from the one-number notification service that a proposed excavation may occur within the area of their underground facility. The fee will be collected by a one-number notification service and is payable to the Board. The fee will be imposed uniformly on all owners and is intended to defray the expenses of the Board and the DBS in supervising, regulating and administering the provisions of Idaho Code, Title 55, Chapter 22.

There are no changes to the pending fee rule and it is being adopted as originally proposed. A fee of 10 cents will be imposed on the owner of an underground facility.

Negotiated rulemaking was not conducted because the rulemaking is simple in nature. Idaho Code § 55-2203, requires that the Board establish a fee imposed uniformly on all facility owners who are required to participate in the one-number notification service, and promulgated in rule to fund the activities of the Board. This rulemaking was discussed at several Board meetings since the inception of the Board in July 2016.

Mr. Whitney said the industry already pays a fee of \$1.65 per call to fund the one-call service generically known as Digline. The additional 10 cents will fund the activities of the Board to include development of educational materials and training

programs.

Mr. Whitney reported the fee is voluntary that the industry is imposing on itself in anticipation the cost will be offset by resulting savings in damage repair, excavator downtime, and interruption in vital services caused by damage to existing underground facilities.

DISCUSSION: **Senator Lakey** asked Mr. Whitney to explain how the one-number notification system worked. **Mr. Whitney** explained there are two lines, one called Digline for the southern part of the State and Password for the northern part of the State. All utilities are called so underground lines can be identified. Each utility is assessed 10 cents for calls in excess of 500,000.

Vice Chairman Guthrie wondered if counties and cities were going to have to pay the 10 cents. **Mr. Whitney** replied that those cities and counties who have underground utilities participate in the 10 cents per call rate. The cities, represented by the Association of Idaho Cities (AIC), joined the negotiated rulemaking process in establishing this rule and the Board has a requirement that there needed to be one city or county representative on the Digline and Board.

TESTIMONY: **Neil Colwell**, Avista, testified in support of this docket. He remarked that legislation requires the Board to adopt a fee for holders of underground utilities. He gave a brief history of the rule and he said no comments were received from negotiated rulemaking. He said this rule follows what is in the legislation.

Ron Williams, lobbyist, Cable Broadband Association and Desaro Pipeline, testified that both of his clients were in support of the rule. He remarked that there would be damage to the internet industry if one of his clients lost internet service. Desaro has the pipeline that supplies all of the gasoline and petroleum products in Southern Idaho from Pocatello all the way to the West Coast. There is a potential of a dangerous situation if someone hits the pipeline.

MOTION: **Senator Lakey** moved to approve **Docket No. 07-1001-1601**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Guthrie passed the gavel back to Chairman Patrick.

PRESENTATION: **Idaho Department of Commerce (IDOC) Update**. **Megan Ronk**, Director, IDOC, gave a brief overview of the programs sponsored by the IDOC. **Ms. Ronk** pointed out that Idaho was highly ranked in various areas by different groups. For example, Idaho has been continually recognized for the positive business climate and the ability to create jobs in the State. Kiplinger and Governing Magazine have ranked Idaho as the number one state for fastest job growth. She cited that Vogue magazine had recently ranked Idaho as one of the top ten places to travel to in the world.

Ms. Ronk pointed out that the purpose of the Tax Reimbursement Incentive (TRI) is to attract new business to the State, but also to encourage existing companies to grow, expand, and invest additional capital and jobs in Idaho. Both urban and rural communities have benefitted from this tool. The IDOC is projecting a 4:1 return on investment. She remarked these are companies that may not have otherwise made an investment in Idaho. Local match from partners throughout the State is required. She said that for 2016 TRI awarded and supported 33 projects. There were 5,193 total new jobs with \$2.3 billion in total new wages with average projected wages at \$46,998. **Ms. Ronk** said new capital investment was \$964 million, new direct State revenue was \$257 million, with an estimated credit value of \$60 million. **Ms. Ronk** remarked that there were 33 total projects with 18 rural and 15 urban.

She pointed out that there were 17 new Idaho businesses funded by the TRI. **Ms. Ronk** related that there was a mill in Emmett that was closed. Woodgrain Mill Works acquired the mill and has been making some very significant capital investments to that facility. A new state-of-the art mill will be up and running in Emmett in the very near future, putting families back to work. Vista Outdoor, which is a major employer and manufacturer of bullets in the Lewis-Clark Valley, consulted with the IDOC and announced they would be expanding their facilities in Lewiston. **Ms. Ronk** cited another example with Hearthside Food Solutions, which is a co-packer working with all name brand products. That company acquired and moved into the former Power Bar facility.

Ms. Ronk remarked Opportunity Funds are awarded to cities and counties to invest in infrastructure. So far, the fund has helped five companies who were interested in making a move to Idaho.

Ms. Ronk stated the Community Development Block Grant (CDBG) Program 2016 Project awarded \$7.5 million in grants. Some of the grants were awarded to water and sewer districts, fire stations, hospitals, landfills, senior centers, community centers and downtown projects.

Ms. Ronk remarked that IDOC is home to the Idaho Tourism Office, which is the third largest industry behind agriculture, computers, and electronics. There is a 2 percent hotel lodging tax. Tourism continues to be a very strong point.

Ms. Ronk outlined international successes. She noted that in the State Trade Expansion Program (STEP), in Fiscal Year (FY) 2016, there were 28 participation awards for 5 international trade shows with the total award amounting to \$268,682. **Ms. Ronk** said that during the Governor's Trade Mission to China there were 5 IDOC companies and 14 total companies who participated. Trade missions were organized in partnership with the Idaho State Department of Agriculture. Since that mission, companies have reported over \$300,000 to date in actual sales. There are three trade offices in China, Taiwan, and Mexico that are managed in cooperation between IDOC and Agriculture.

Ms. Ronk gave a brief overview of the Idaho Global Entrepreneurial Mission (IGEM) from FY 2013 to FY 2016. She reported that in FY's 2014, 2015, and 2016, the program awarded all funding. In FY 2014 IDOC augmented the program maximum by \$22,371. In FY 2016 IDOC augmented available program funding by \$154,830. **Ms. Ronk** noted these additional monies were realized through IDOC savings resulting from personnel changes, such as retirements and so forth. She noted there is an effort to spur commercialization out of research institutions partnering with Idaho businesses.

Ms. Ronk outlined a new program called Business Retention and Expansion (BRE) that did not require any new funds, but rather a shift or reallocation of internal resources to address helping existing companies. The BRE was created in October 2016 with the sole focus of meeting with Idaho companies in tandem with local partners. The IDOC asked how they could help businesses, were there barriers preventing continual growth, and what could be done at the State level. **Ms. Ronk** said it was important that the IDOC pay attention to existing companies.

Ms. Ronk stated the IDOC is very optimistic about the future of Idaho's economy. She urged the Committee to take a balanced approach in discussing what is important to business growth. **Ms. Ronk** said companies talk about taxes, talent and the workforce, education, and infrastructure, all of which are equally important and each deserve important debate and discussion.

DISCUSSION: **Senator Souza** remarked she heard from the Lieutenant Governor that he and Ms. Ronk attended a gun show and she wanted to know if there were any positive comments about Idaho. **Ms. Ronk** said the IDOC sponsored a booth at the show and received a lot of interest from companies from California who wanted to know how they could relocate to Idaho. She said that the State can help sponsor a booth for small companies at these types of shows.

RS 24930: **Idaho Global Entrepreneurial Mission (IGEM).** **Megan Ronk** explained that IGEM was established in 2012, and was created to support commercialization partnerships between Idaho's three research universities and private sector companies. **Ms. Ronk** stated the IGEM Council invests in the development of new businesses and supports Idaho's research facilities, creating new products, companies, and high-value jobs while increasing the research capacity of Idaho's universities. A change is necessary to the existing IGEM statute to provide authority to the IGEM Council to establish subcommittee(s) to provide strategic direction to the IGEM Council, to research policy issues, or to advise the IGEM Council on funding decisions.

DISCUSSION: **Senator Anthon** asked why the reference to private sector was crossed out on the Routing Slip (RS). **Ms. Ronk** explained the revision was done by the Legislative Services Office (LSO) because there was a hyphen inserted between the words "private" and "sector" and the hyphen was being removed. **Senator Bock** remarked he was confused and wanted an explanation as to why the addition of subcommittees was necessary. He questioned whether this legislation was necessary since subcommittees would have no authority. **Ms. Ronk** stated that the Attorney General's Office has advised the IGEM Council that because proprietary company information, such as part of a patent application or other types of technology that generally would not be disclosed to the public because it is competitive information were included in IGEM applications, without a formalized subcommittee the IGEM Council potentially would not be protected to view that type of information. **Ms. Ronk** said she would bring an analysis to the Committee from the Attorney General's office that has advised this is an important step to insure that the IGEM Council subcommittee can continue to function.

MOTION: **Senator Anthon** moved to print **RS 24930**. **Senator Martin** seconded the motion. **Senator Lakey** asked Ms. Ronk to make sure the fiscal note reflected why there would be no impact. **Vice Chairman Guthrie** remarked there could be a fiscal impact if a subcommittee had to be paid. **Ms. Ronk** replied the IGEM Council was not asking for any funds, but would manage the amount in appropriation. The motion carried by **voice vote**.

RS 25074: **Relating to Health Savings Accounts (HSA's).** **Senator Thayn** stated HSA's were for State employees. He said the State would deposit a minimum of \$500 into an employee's HSA, which would be budget positive. There would be a one-time fiscal impact of \$68,000 to change the payroll system in the Controller's Office.

DISCUSSION: **Senator Bock** remarked the RS had some gaps and he suggested the RS should be returned to the LSO for revision. He outlined the gaps and said it was not clear to him about whether this would be a contribution of the State or salary deferrals. **Senator Bock** said there was no definition of a high deductible health plan and he was concerned about the designated contribution of \$500, and how high could the amount be increased. He questioned the fiscal impact of \$68,000 and stated it depended on the source and how was there going to be a savings for the State. **Senator Bock** said he did not need an answer now.

Senator Thayn said the fund came from the annual deposit from the Group Insurance Fund. He pointed out the definition of a HSA means an account at a financial institution that is designed to help individuals save for future health care expenses. The fiscal impact is \$14,000 per employee for health insurance,

depending on the deductible. A family HSA must have \$2,600 deductible. An individual could put up to \$1,800 per individual and be budget positive. There is no plan available now.

Senator Ward-Engelking said it was her understanding there is an insurance committee working on the whole package.

MOTION: **Vice Chairman Guthrie** moved to print **RS 25074**. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

RS 25094: **Relating to Insurance**. **Lance Giles**, representing Asurion Portable Electronic Insurance Company, said the proposed legislation amends the Idaho portable electronic insurance statute, which was enacted in 2012. All states now have identical or similar statutes in place. **Mr. Giles** stated the relevant portion of the existing statute to be amended provides that a person who purchases a portable electronic insurance policy consents to receiving notices and correspondence electronically if the person provides an electronic e-mail address at the time of sale and simultaneously receives notice of such consent from the insurance company. He said the proposed legislation provides that notice of consent by the consumer shall be made, either by mail or electronic means, within 30 days of the transaction rather than simultaneously. **Mr. Giles** explained that customer and vendor experience throughout the country from 2012 to date shows that providing simultaneous notice is generally not possible given the nature of the transaction. Accordingly, the result of enacting this legislation will allow easier access to electronic communication between a consumer and a portable electronics insurer.

Mr. Giles stated there would be no fiscal impact because the proposed legislation would not require any new regulatory responsibilities or actions by the Department of Insurance. **Mr. Giles** referred Joint Rule 18.

MOTION: **Vice Chairman Guthrie** moved to send **RS 25094** to print. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

RS 25026: **Relating to Submersible Pumps**. **Senator Nonini** said the purpose of the proposed change to Idaho Code § 54-1001A is to clarify 682.10 of the National Electrical Code section. He said this Routing Slip was a cleanup from last year's legislation.

MOTION: **Senator Souza** moved to send **RS 25026** to print. **Senator Thayn** seconded the motion. **Senator Lakey** remarked the fiscal note should be corrected to reflect the reason for the fiscal impact, if any. The motion carried by **voice vote**.

RS 25063C1: **Relating to Insurance**. **Senator Rice** said requirements will be added that insurance companies selling limits type underinsured motorist coverage provide a summary explanation of the effect of such insurance coverage to purchases prior to issuance of the coverage. **Senator Rice** said the purpose of the bill is to make sure people know what they purchased. The insurance company has to provide a notice of how the insurance works.

DISCUSSION: **Senator Bock** asked if these requirements have been reviewed by insurance companies. **Senator Rice** said he has worked with a number of insurance companies in developing this proposed legislation.

MOTION: **Senator Thayn** moved to send **RS 25063C1** to print. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:35 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary