

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Wednesday, March 01, 2017

TIME: 1:30 PM or Upon Adjournment

PLACE: Room EW05

MEMBERS: Chairman Hartgen, Vice Chairman Anderson, Representatives Harris, Holtzclaw, Horman, Packer, Redman, Kingsley, Moon, Syme, Scott, King, Chew

**ABSENT/
EXCUSED:** None

GUESTS: Susan Buxton and Sharon Duncan, Division of Human Resources; Dawn Peck, Idaho State Police; Larry Ingram, Michael Kalm and Ken Edmunds, Idaho Department of Labor; Tom Shaner, Cynthia Adrian and Doreen Warren, ISTC; Miguel Legarreta, Associated Taxpayers of ID; Laura Johnson, Idaho Department of Agriculture

Chairman Hartgen called the meeting to order at 1:31 pm.

MOTION: **Rep. Horman** made a motion to approve the minutes of the February 15, 2017, meeting. **Motion carried by voice vote.**

MOTION: **Rep. King** made a motion to approve the minutes of the February 21, 2017, meeting. **Motion carried by voice vote.**

S 1055: **Susan Buxton**, Administrator, Division of Human Resources, presented **S 1055**, which amends Idaho Code to clarify ambiguity in the implementation, authorization and enforcement of recruitment and retention bonuses. The use of these bonuses was suspended in early 2016 due to ambiguity in the Code authorizing them. Through clarifications, this amendment aims to improve the utilization of bonuses as a recruitment and retention tool for state employees. After at least six months of achieving department standards, a bonus can be awarded by a department director. The legislation addresses the means to enforce the terms of the award of the bonus, in the event an employee leaves prior to the completion of the recruitment or retention time frame and authorizes department directors or the Division of Human Resources to seek repayment of bonuses from accrued vacation funds or other lawful remedies. The use of bonuses, as well as their recoupment when necessary, will be utilized within existing agency budgets.

In response to Committee questions, **Ms. Buxton** stated bonuses are most commonly used by agencies in an attempt to retain essential subject matter experts. The ability to recover bonuses has been in statute since 2006, but due to questions regarding the authority of such recoupments, it was suspended until DHR could reaffirm the intent of the Legislature to allow use of this tool to recover funds. She noted the Division will bring rule language next session to set forth requirements for such agreements, along with a required template.

MOTION: **Rep. Harris** made a motion to send **S 1055** to the floor with a **DO PASS** recommendation.

In response to additional Committee questions, **Ms. Buxton** acknowledged the purpose of the legislation is to clarify and enhance the authority given by the Legislature to take action to recover bonuses. The confusion about this authority on the part of state agencies primarily regarded recoupment, not the authority to offer bonuses. She also noted recruitment bonuses are limited in amount and smaller than those for retention, but those amounts are identified elsewhere in statute and not up for amendment in the current legislation.

VOTE ON MOTION:

Chairman Hartgen called for a vote on the motion to send **S 1055** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Harris** will sponsor the bill on the floor.

RS 25423:

Ken Edmunds, Director, Department of Labor, presented **RS 25423**, which is a rewrite and tightening of **H 164**, which failed to pass the House of Representatives. The proposed legislation came out of a need for the Idaho Department of Labor to have access to federal tax information (FTI); to retain access, employees must subject to a FBI fingerprint-based background check. At times other department programs require employees to be background checked, but because the Committee felt that was too broad, that language was removed and the proposed legislation only addresses the 26 current employees with access to FTI. Other changes in the proposed legislation include the removal of some immunity language and the decision not to buy a fingerprint machine; the Department will wait until the Tax Commission has determined how many of their employees will need to undergo a background check, before potentially purchasing a machine. For now, Department of Labor employees will be sent to the Idaho State Police for their background check.

In response to Committee questions, **Mr. Edmunds** stated if the IDOL could not access FTI, the state would lose several million dollars per year in unpaid, unrecovered unemployment taxes. He estimated the Tax Commission will have more than 400 employees with access to FTI that will need to be background checked; legislation to buy a fingerprint machine to handle the increased need may be introduced next session.

MOTION:

Rep. Anderson made a motion to introduce **RS 25423**.

In response to additional Committee questions, **Mr. Edmunds** explained the scope of the original legislation was broader because the Department wanted to avoid asking the Legislature for authorization every time a new group of employees, no matter how small, needed to be checked. He noted the proposed legislation meets the current minimum requirements to preserve access to FTI. He acknowledged FBI fingerprint-based background checks can only be done with statutory authority and without the provided access to FTI, there would not be a way for the department to prevent unemployment fraud.

SUBSTITUTE MOTION:

Rep. Packer made a substitute motion to introduce **RS 25423** and recommend it be sent directly to the Second Reading Calendar, in acknowledgment of the good faith changes made by the department.

Reps. Holtzclaw and **Scott** stated they were **in support** of the substitute motion, because the proposed legislation had addressed their concerns with the original bill.

VOTE ON SUBSTITUTE MOTION:

Chairman Hartgen called for a vote on the substitute motion to introduce **RS 25423** and recommend it be sent directly to the Second Reading Calendar. **Motion carried by voice vote. Rep. Anderson** will sponsor the bill on the floor.

Megan Ronk, Director, Department of Commerce, introduced Idaho's three international trade office managers: **Eddie Yen**, Asia Office; **Tara Qu**, China Office and **Fabiola McClellan**, Mexico Office. Director Ronk explained the state has invested in international trade for decades and the international trade offices are jointly managed by the Department of Commerce and State Department of Agriculture. She also stated over 80% of Idaho's international exports come from small-medium businesses.

Eddie Yen, Manager, Asia Trade Office, presented to the Committee. He noted Taiwan, where his office is located, is Idaho's third largest export market and accounts for 13% of total exports. He also discussed trade in Southeast Asia and gave an overview of his office's activities in the entire region, including trade shows attended.

Tara Qu, Manager, China Trade Office, gave an overview of the Chinese market and the leading industry opportunities. She noted China is the United States' second largest trading partner and Idaho's fourth largest export market. Overall Idaho exports to China grew by 10.6% from 2015 to 2016.

Fabiola McClellan, Manager, Mexico Trade Office, gave an export market overview. Mexico is Idaho's biggest agricultural export market and sixth largest overall.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 2:57 pm.

Representative Hartgen
Chair

Erica McGinnis
Secretary