

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Monday, February 25, 2019

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairwoman Lodge, Vice Chairman Harris, Senators Hill, Vick, Anthon, Souza, Stennett, and Buckner-Webb

ABSENT/ EXCUSED: Senator Winder

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: **Chairwoman Lodge** called the Senate State Affairs Committee (Committee) to order at 8:07 a.m.

RS 26923 **UNANIMOUS CONSENT REQUEST** from the Commerce and Human Resources Committee relating to Electrical Contractors and Journeymen.

MOTION: **Senator Vick** moved to send **RS 26923** to print. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

H 68 **RELATING TO RETIREMENT** to conform Idaho statute with a recent directive of the Citizen's Committee on Legislative Compensation (CCC).

Representative Steve Harris, District 21, introduced **H 68**. There is a special pension perk in code specifically for those legislators who eventually go to full-time state employment. The CCC ended this practice last November. The purpose of this legislation is to put Idaho statute into conformity with this new direction when determining retirement benefits; the standard split calculation will be used. Legislators elected after July 1, 2019, who go to full-time state employment will use this new method of calculation. Those already in office will continue to follow the current statute. Those elected after July 2019 will fall under the guidance that the CCC provided that goes into effect with **H 68**. This calculation will be made in the same manner as any other part-time elected or appointed official.

Senator Hill asked for an explanation of the standard split calculation which will affect the new legislators. **Representative Harris** responded with an example of a 30 year part-time mayor who was then appointed as a full-time state employee. That mayor would move from a part-time status to full-time status. From the Public Employee Retirement System of Idaho's (PERSI) point of view, the mayor would have been paying into PERSI all those part-time years at a moderate rate, then when going to a full-time salary, a higher rate would be paid. PERSI has a split calculation that takes full-time and part-time employment and combines them to calculate an appropriate final amount. PERSI is a defined "benefits program" where benefits are guaranteed so it is important that the appropriate calculation is done in order for the funds paid in and taken out to be the appropriate amounts. The standard split calculation results in a two-to-one ratio; that is how it works for all part-time government employees who go into full-time state employment. There is an exception for Idaho legislators. A legislator is exempt from that calculation. For a legislator, once 42 months of full-time employment has been reached, every year of part-time legislative employment now counts as full-time.

Senator Hill asked if there were different levels of part-time employees in the earlier years; if an employee working 20 hours per week got more credit for months worked as opposed to an employee working 10 hours per week. **Representative Harris** explained that there is only one definition of part-time. How PERSI determines part-time or full-time is not addressed here. That wouldn't be a distinguishing factor.

MOTION:

Senator Vick moved to send **H 68** to the floor with a **do pass** recommendation. **Vice Chairman Harris** seconded the motion. The motion carried by **voice vote**.

H 73

RELATING TO THE DIVISION OF FINANCIAL MANAGEMENT to transition the Office of the Administrative Rules Coordinator to the Division of Financial Management.

Alex Adams, Division of Financial Management (DFM), explained that **H 63** is a cooperative effort between the DFM and the Department of Administration. This bill will move the Office of the Administrative Rules Coordinator to the DFM. That means the whole process will be in one place, from the submission of the administrative rules form to the final form the legislature reviews each year. The DFM has met with agencies that engage heavily in rulemaking and they spoke highly of this concept. This will not eliminate any jobs. The three jobs currently located in the Office of the Rules Coordinator will transfer to the DFM. This change will not in any way change the legislative oversight of the rules.

MOTION:

Senator Souza moved to send **H 73** to the floor with a **do pass** recommendation. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

S 1111

RELATING TO THE REVISED UNIFORM LAW ON NOTARIAL ACTS to allow communication technology.

Chad Houck, Deputy, Idaho Secretary of State, stated that the Office of the Secretary of State (SOS) is proposing this legislation to enable the notarization of a document by an Idaho notary from a remotely located individual through the use of communication technology. The process includes proving the identity of those involved. This process, known as remote notarization, is already used in Montana and Washington. Language would require counties to accept electronically notarized records for recording. There is no fiscal impact anticipated to the General Fund and state government. Additionally, there is negligible impact to the county clerks and recorders. Most Idaho counties, 43 out of 44, already accept electronic format documents as a standard due to legislation that was passed in 2018.

Senator Stennett asked how this process would look electronically. **Mr. Houck** explained that it could be envisioned as a secured Skype call. The system uses electronic methods of communication on both ends of the transaction. A licensed notary would be able to make a secure call connection through a software product that has been certified and registered with the SOS. **Mr. Houck** continued to give a detailed description of how the whole process would work. At the conclusion of the transaction, a recording is retained by the notary as evidence along with any available physical materials.

Chairwoman Lodge asked how much it would cost the person who was getting the notarization services. **Mr. Houck** replied that statute sets a limit of \$5.00 per transaction.

Senator Hill inquired about the cost of the software and asked if the notary would have to purchase additional software. **Mr. Houck** responded that the costs are often absorbed by associations or in the closing costs of a transaction. There

were several associations involved in drafting this bill; title company associations, the realtors' association, and credit union associations. Notaries are not out to make a lot of money, they generally belong to a corporation, association, or a number of other organizations.

Vice Chairman Harris noted that the counties will be required to accept electronically notarized records. He asked if counties had been contacted about **S 1111**. **Mr. Houck** stated the clerks are supportive with the exception of one clerk who has been resistant to electronic recording. This actually streamlines their process.

MOTION: **Senator Stennett** moved to send **S 1111** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

S 1112 **RELATING TO CODIFIER'S CORRECTIONS** to make various codifier and technical corrections to Idaho Code

Katharine Gerrity, Legislative Branch, explained that this bill is the Legislative Services Office (LSO) annual codifier corrections bill. There are 12 sections of the code included this year. The proposed revisions include suggested corrections to code reference revisions and technical corrections that involve grammar and punctuation changes to match LSO's standard writing style. There is no fiscal impact as a result of the bill. The actions necessary to compile the bill are done by LSO staff in the course of their duties.

MOTION: **Vice Chairman Harris** moved to send **S 1112** to the floor with a **do pass** recommendation. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: Minutes of January 21, 2019 and January 25, 2019

MOTION: **Senator Hill** moved to approve the Minutes of January 21, 2019. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

Vice Chairman Harris moved to approve the Minutes of January 25, 2019. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business, **Chairwoman Lodge** adjourned the meeting at 8:33 a.m.

Senator Lodge
Chair

Twyla Melton
Secretary