

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Thursday, February 27, 2020

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

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and 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 Senate Commerce and Human Resources Committee (Committee) to order at 1:31 p.m.

**MINUTES APPROVAL:** **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

**H 362** **Relating to Insurance - Repeals Idaho Hospital Liability Trust Act.** **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), reported licenses were identified that were not being used and have not been used in 20 years. This legislation repeals the Idaho Hospital Liability Trust Act. **Mr. Cameron** noted this legislation was brought by the Idaho Hospital Association to provide an alternative to the skyrocketing costs of medical malpractice insurance.

**MOTION:** **Senator Lakey** moved to send **H 362** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

**MINUTES APPROVAL:** **Senator Souza** moved to approve the Minutes of February 18, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**H 399** **Relating to Collection Agencies.** **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the provisions in this bill. He reported the purpose of this legislation is to add a provision to allow collection agencies to collect incidental charges included in the contract between the creditor and the debtor. The bill provides efficiencies in licensing by requiring the use of an electronic system of licensing, eliminates paper-based licensing, and makes the licensing process for collection agents, debt counselors, credit counselors, and credit repair entities similar to other entities licensed by the IDOF. The use of a nationwide system of licensing is required and allows for reinstatement of expired applications.

**Mr. Polidori** noted the legislation removes branch registration requirements, extends licensing requirements to branch locations, and increases license and renewal application fees. Finally, the legislation eliminates quarterly agent reporting requirements and the associated fees for quarterly reporting.

**DISCUSSION:** **Senator Burgoyne** commented it was his understanding the IDOF would prescribe a rule to define what would constitute reasonable fees and costs for attorney fees and litigations. The rule would reflect what judges around the state of Idaho have put in writing as to what constitutes reasonable. **Mr. Polidori** responded that was correct. Fees are informal. It is the intent of the IDOF to look around the state for those fees that the courts are awarding and to make that part of the provision in this particular rule.

**Senator Lakey** queried if the registration was being changed to a license. **Mr. Polidori** stated that the IDOF accepts and records registrations, but does not collect a fee. The new licensing requirement includes a fee to compensate the IDOF. **Mr. Polidori** and **Senator Lakey** discussed why currently a fee cannot be charged for a registration.

**Senator Souza** and **Mr. Polidori** discussed whether there was a relationship with the medical bill currently before the Senate.

**TESTIMONY:** **Rich Fairbanks**, Idaho Collectors Association, testified in support of the bill.

**MOTION:** **Senator Burgoyne** moved to send **H 399** to the floor with a **do pass** recommendation. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

**MINUTES APPROVAL:** **Senator Ward-Engelking** moved to approve the Minutes of February 20, 2020. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

**H 401** **Relating to Mortgage Practices. Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the provisions in this bill. He indicated the purpose of this legislation is to amend the definition of a mortgage lender to include entities engaged in mortgage servicing activities and to eliminate duplicative licensing and compliance requirements for the activity of servicing residential mortgage loans. Additionally, the legislation revises definitions to exclude commercial construction lending from applicable licensing requirements.

**Mr. Polidori** noted the legislation expands an exemption for de minimis lending activity conducted for investment purposes. Licensing requirements will be reduced for licensees and applicants, eliminating associated prohibited practices. This legislation grants temporary authority to originate residential mortgage loans to covered persons who have applied for a license as an individual mortgage loan originator. This bill coincides with federal law.

**Mr. Polidori** reported the proposed legislation is projected to decrease license renewal applicants as companies who maintain additional licenses transition to a single license under the Idaho Residential Mortgage Practices Act. The fiscal impact to the IDOF Regulatory Fund is an estimated loss of \$33,000 in FY 2021.

**DISCUSSION:** **Vice Chairman Agenbroad** and **Mr. Polidori** discussed the repeal of the Idaho mortgage company license and the operating provisions for a company when servicing mortgage loans.

**MOTION:** **Vice Chairman Agenbroad** moved to send **H 401** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**H 370** **Relating to PERSI - Correct Code Reference.** **Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), outlined the provisions in this bill. He noted the purpose of this bill was to link disability eligibility. The original intent was that a member would have to qualify for disability to be eligible for benefits. This bill should adjust the potential misinterpretation. There would be no fiscal impact by adding this language to existing code.

**DISCUSSION:** **Chairman Patrick** and **Mr. Drum** discussed the consequences for those employees who were given the Rule of 80 in error. **Mr. Drum** stated those employees would be retained unless they moved out of the position. **Senator Lakey** asked for clarification for those employees who were incorrectly classified under the Rule of 80 and who left the position. **Mr. Drum** stated the Rule of 80 would not apply to anyone moving into that particular position.

**Senator Burgoyne** and **Mr. Drum** discussed job title changes at agencies. **Mr. Drum** noted new job titles are listed in code.

**MOTION:** **Senator Thayne** moved to send **H 370** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**H 371** **Relating to PERSI - Provisions Regarding Police Officer Member Status.** **Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), outlined the provisions in this bill. He noted the purpose was to clearly define the intent of the Legislature as to who is to receive "police officer member" status, or "Rule of 80" for retirement purposes. The intent of the bill is to clarify language, remove subjectivity, and limit approved designation to those positions which past legislatures have approved through the legislative processes.

**Mr. Drum** explained the history of the Rule of 80. **Mr. Drum** cited that in the Rule of 80, the member status has increased as a percentage of the total population of PERSI membership. The actuarial review of the increased Rule of 80 membership indicates that a rate increase for all Class II (public safety members) may be required to fund the increased cost.

**MOTION:** **Senator Martin** moved to send **H 371** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**H 372** **Relating to PERSI - Amends Existing Law to Provide for Actuarial Management Personnel.** **Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), outlined the provisions in this bill. He noted Idaho Code § 59-1311 is amended to exempt actuarial management personnel from the provisions of Idaho Code Chapter 53, Title 67 and Idaho Code § 67-3519. An internal actuary employed by the system would be a non-classified employee, which is currently not allowed in Idaho statute. In order to make the position non-classified, the position would need to be exempted in Idaho statute, similarly to the investment management personnel.

**Mr. Drum** indicated there is no General Fund or federal fund impact. From FY 2017 to 2019, costs for additional actuarial analysis beyond independent third-party annual valuations has averaged \$279,523 per year. Ongoing savings to the trust would be achieved through a fixed cost of internal actuary services, currently estimated to be \$180,100 annually with benefits, and utilization of third-party actuarial services more efficiently.

**DISCUSSION:** **Chairman Patrick** and **Mr. Drum** discussed the current process with the contracted firm of Milliman. **Mr. Drum** remarked ad hoc work was costing on average \$275,000 per year. The goal is to hire an internal actuary for much less. He stated the PERSI Board was diligent about hiring someone who is high-level and experienced.

**MOTION:** **Vice Chairman Agenbroad** moved to send **H 372** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**PRESENTATION:** **Workforce Development Council (WFDC)**. **Wendi Secrist**, Executive Director, WFDC, highlighted the activities of the WFDC. She outlined some of the entities the WFDC is working closely with to ensure a future where Idaho's diverse and prepared workforce meets the needs of Idaho's unique communities and employers (Attachment 1).

**Ms. Secrist** noted the other big picture is the role the WFDC plays to serve as the state and local WFDC Board under the Workforce Innovation and Opportunity Act. She explained the WFDC is in the middle of drafting a 4-year plan for the workforce system after conducting 16 listening sessions over the summer and fall and have prioritized 4 large goals (Attachment 2).

**Ms. Secrist** explained that under Idaho Public Television's (IPTV's) American Graduate project, they were able to create a 360-degree video tour of a manufacturer. At the Governor's Summit, they demonstrated the tour using a virtual reality helmet. This is a great opportunity to create virtual industry tours of many Idaho businesses and make them available to school districts for career exploration. She noted each Senator had a set of 3D glasses to be used for a tour by placing their cell phones into the slot. She said she would email the link to the Committee secretary.

**DISCUSSION:** **Senator Souza** expressed a concern about the effort to reduce some of the funding for vocational rehabilitation funds for the significantly disabled who can work. **Ms. Secrist** said she was highly aware of this situation, but did not have knowledge about the funding cuts.

**Senator Thayn** asked for data on the age of those participating in all of the programs. **Ms. Secrist** indicated the only age information that was available was from a program designed for youth. **Senator Thayn** stated it would be interesting to find out what age groups may be seeking these opportunities.

**Chairman Patrick** announced there would be two more meetings next week and then the committees would be shut down.

**ADJOURNED:** There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:45 p.m.

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Senator Patrick  
Chair

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Linda Kambeitz  
Secretary