

MINUTES
HOUSE BUSINESS COMMITTEE

DATE: Monday, March 15, 2021

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Dixon, Vice Chairman Furniss, Representatives Crane, Palmer, Barbieri, Armstrong, DeMordaunt, Clow (McClusky), Andrus, Nichols, Adams, Bundy, Ferch, Galloway, Mitchell, Shepherd, Berch, Green

**ABSENT/
EXCUSED:** Chairman Dixon, Representative(s) Adrus, Adams, Galloway

GUESTS: Anthony Polidori, Administration Deputy Director, Department of Finance (DOF), Del Chapel, citizen, Eva Selleck, citizen, Ryan Fitzgerald, Northwest Credit Union Association (NCUA),

Vice Chairman Furniss called the meeting to order at 1:32 p.m.

H 328: **Rep. Manwaring** presented **H 328**, legislation regarding digital assets. Rep. Manwaring stated the purpose of the legislation is to create a legal status for digital assets under commercial law, classify digital assets as personal property under code, specify a method to perfect any digital asset in relation to security interests, and authorize voluntary custodial services of digital assets for financial institutions. He added that this legislation is the foundational work for digital assets in Idaho.

In response to Committee questions, **Rep. Manwaring** provided clarification on copy rights relating to business rights, provided clarity on legal ownership of digital assets, and that there were no changes to intellectual property rights. He added the intent of the legislation is to make it easier to track ownership of property.

Those speaking **in opposition** were **Del Chapel**, citizen, and **Eva Selleck**, citizen. Mr. Chapel stated digital assets and the legislation were new concepts and urged the Committee members to carefully consider the legislation. Ms. Selleck stated she was concerned with how the legislation would affect tax codes and about how revenue would be monitored.

Speaking **in support** was **Anthony Polidori**, Administration Deputy Director, Department of Finance. Mr. Polidori stated that financial institutions are in favor of the legislation in regards to the authority given for financial institutions to hold and maintain digital assets for their clients.

In response to Committee questions, **Mr. Polidori** explained that holding digital assets for clients would essentially be done through a digital ledger.

In closing, **Rep. Manwaring** stated there was no global currency agenda, the legislation was modeled after another state's legislation, and expressed urgency in passing this legislation, as he felt it was important to at least have the topic presented to the public, which result in more education on the topic.

In response to Committee questions, **Rep. Manwaring** stated it was his intent to have the legislation sent to the floor for discussion to bring attention to the topic and that he personally carried the legislation, not on the behalf of an agency.

Vice Chairman Furniss put the Committee at ease at 1:57 p.m.

Vice Chairman Furniss resumed the meeting at 2:01 p.m.

MOTION: **Rep. Crane** made a motion to send **H 328** to the floor without recommendation.

In opposition to the motion, **Rep. Barbieri** stated the legislation was complex and more education was necessary.

SUBSTITUTE MOTION:

Rep. Berch made a motion to **HOLD H 328** in Committee.

In opposition to the substitute motion, **Rep. Crane** stated the legislation would go to the third reading calendar and would stay there. He added that the only purpose of sending it to the floor was to create public awareness.

VOTE ON SUBSTITUTE MOTION:

Vice Chairman Furniss called for a vote on the substitute motion to **HOLD H 328** in Committee. **Motion failed by voice vote.**

VOTE ON ORIGINAL MOTION:

Vice Chairman Furniss called for a vote on the original motion to send **H 328** to the floor without recommendation. **Motion carried by voice vote.** **Rep. Barbieri** and **Berch** requested to be recorded as voting **NAY**. **Rep. Manwaring** will sponsor the bill on the floor.

H 327:

Rep. Manwaring presented **H 327**, legislation that would establish the Idaho Utility Act. **Rep. Manwaring** stated the legislation would create open blockchain utility tokens through an application process, creating a certificate of authenticity as well as financial technology sandboxes, which would allow an individual to make innovative financial products or services available to consumers for a period of time. He added the statutory and rule requirements for financial sandboxes would be determined by the director of the Department of Finance.

In response to Committee questions, **Rep. Manwaring** stated the legislation wouldn't change current tax law, that the IRS is currently working on regulating sandboxes, and similar legislation in other states had been passed recently.

Speaking **in support** was **Anthony Polidori**, DOF, stating that states who have passed similar legislation have benefitted and discussions and instances of blockchain utility tokens and financial sandboxes are already happening in Idaho.

In response to a Committee question, **Rep. Manwaring** expressed appreciation for the passage of **H 328** in moving dialogue forward, but felt it would be better to **HOLD H 327** in Committee.

MOTION:

Rep. Nichols made a motion to **HOLD H 327** in Committee.

Those **in support** of the motion were **Rep. Nichols** and **Green**. Both stated they appreciated the sponsor for getting the conversation started, but felt more education was necessary to continue.

VOTE ON MOTION:

Vice Chairman Furniss called for a vote on the motion to **HOLD H 327** in Committee. **Motion carried by voice vote.**

Vice Chairman Furniss turned the gavel over to **Rep. DeMordaunt**.

S 1013:

Anthony Polidori, DOF, presented **S 1013**, legislation that would allow for the use of an electronic systems for licensing for regulated lenders and payday lenders. **Mr. Polidori** stated the purpose of the legislation is to create efficient licensing processes for new businesses, to modify administrative and civil remedies for consumer credits provisions, and reduce applicable licensing requirements for regulated and payday lenders.

In response to Committee questions, **Mr. Polidori** stated the liquidity requirement applications were unnecessary for payday lenders and current credit code demonstrates requirements.

MOTION:

Rep. Armstrong made a motion to send **S 1013** to the floor with a **DO PASS** recommendation.

Those **in support** of the motion were **Rep. Shepherd** and **Green**; however, both stated they would like more information about the legislation and explained a possibility of changing their votes on the floor if more information was introduced.

In opposition of the motion was **Rep. Berch**, stating that since there was a possibility of new information being presented, he didn't want to send the legislation to the floor.

VOTE ON MOTION:

Rep. DeMordaunt called for a vote on the motion to send **S 1013** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Furniss** will sponsor the bill on the floor.

S 1014aa:

Anthony Polidori, DOF, presented **S 1014aa**, legislation regarding collection agency provisions. Mr. Polidori stated the purpose of the legislation is to allow agencies to collect incidental charges included in a contract between a creditor and a debtor, create licensing efficiencies by using an electronic systems for licensing and reinstatement of an expired license, revise license, registration, and renewal application fees while also removing the licensing requirement of an individual in the position of handling licensee charges, and change agent reporting requirements from quarterly to annual.

In response to Committee questions, **Mr. Polidori** stated the legislation removed significant burdens of the licensee, there currently is an allowance in law regarding the sunset date, and the reasoning for a fee increase is to offset the changes in the reporting requirements.

MOTION:

Rep. Palmer made a motion to send **S 1014aa** to the floor with a **DO PASS** recommendation.

ROLL CALL VOTE:

A roll call vote was requested. **Motion failed by a vote of 3 AYE, 8 NAY, 6 Absent/Excused.** **Voting in favor** of the motion: **Reps. Furniss, Palmer, and Armstrong.** **Voting in opposition** to the motion: **Reps. Barbieri, Bundy, Ferch, Mitchell, Shepherd, Berch, Green, and DeMorduant.** **Reps. Dixon, Crane, Clow, Andrus, Nichols, Adams, and Galloway were absent/excused.**

ADJOURN:

There being no further business to come before the Committee, the meeting adjourned at 2:42 p.m.

Representative Furniss
Vice Chair

Mackenzie Gibbs
Secretary