

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, February 08, 2022

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

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Patrick, Vice Chairman Souza, Senators Martin, Lakey, Guthrie, Agenbroad, Riggs, 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 Senate Commerce and Human Resources Committee (Committee) to order at 1:35 p.m.

**GUBERNATORIAL APPOINTMENT VOTE:** **Committee Vote on the Gubernatorial Reappointment of Brett Thomas, Karan Tucker, Gregory Donaca, Janice Fulkerson, and Kevin Settles** to the Idaho Health Insurance Exchange Board (IHIEB). **Chairman Patrick** asked the Committee if there were any objections to approving the gubernatorial reappointments. There were none.

**MOTION:** **Senator Guthrie** moved to send the Gubernatorial Reappointments of Brett Thomas, Karan Tucker, Gregory Donaca, Janice Fulkerson, and Kevin Settles to the IHIEB with the recommendation they be confirmed. **Senator Agenbroad** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL REAPPOINTMENT:** **Committee Consideration of the Gubernatorial Reappointment of Darin DeAngeli to the Public Employees Retirement System Board (PERSI).** **Mr. DeAngeli** gave a brief overview of his background. He noted the PERSI fund had grown since he became a member of the PERSI Board. He noted with the second PERSI Board meeting in 2019, PERSI had embarked upon a governance project where all structures and processes were examined to modernize and fill gaps where necessary. He stated the process was nearly complete and PERSI had recently adopted funding guidelines to ensure the focus was to maintain a stable system, minimize contribution rate increases, and provide discretionary cost-of-living adjustments. The long-term rate of return was lowered from 7 percent to 6.3 percent in order to maintain a stable system. He remarked the PERSI Board was committed to maintain and improve system performance for the benefit of the members.

**Mr. DeAngeli** stated PERSI was recognized as one of the top performing retirement plan systems in the United States.

**DISCUSSION:** **Vice Chair Souza** queried what part of the last two years had changed his expectations. **Mr. DeAngeli** remarked he was well-prepared by three other board members prior to joining the PERSI Board and expected to be surprised at any time.

**Senator Lakey** and **Mr. DeAngeli** discussed some of the challenges facing PERSI in the next few years, including a proposed third class of membership for the PERSI system.

**Senator Guthrie** and **Mr. DeAngeli** discussed the strength of the stock market and how that would affect PERSI long-term investments.

**Chairman Patrick** announced the gubernatorial reappointment vote would take place at the next meeting.

**GUBERNATORIAL REAPPOINTMENT:** **Committee Consideration of the Gubernatorial Reappointment of Stephen Weeg to the IHIEB.** **Stephen Weeg** testified remotely. He gave a brief overview of his background. He said the IHIEB was one of the best boards he had served. He said the mission of the IHIEB was to give maximum control to the marketplace. He remarked he had enjoyed the last nine years and looked forward to the future.

**DISCUSSION:** The Committee praised Mr. Weeg for his work on the IHIEB and his willingness to serve to make the IHIEB successful.

**Chairman Patrick** announced the gubernatorial reappointment vote would take place at the next meeting.

**GUBERNATORIAL APPOINTMENT:** **Committee Consideration of the Gubernatorial Appointment of Peter Sorensen to the IHIEB.** **Peter Sorensen** gave a brief overview of his background. He noted he had worked at Blue Cross of Idaho for the past 37 years. He said he became involved in the IHIEB in 2012 when Your Health Idaho was being formed.

**Chairman Patrick** announced the gubernatorial vote would take place at the next meeting.

**GUBERNATORIAL REAPPOINTMENT:** **Committee Consideration of the Gubernatorial Reappointment of Hyatt Erstad to the IHIEB.** **Hyatt Erstad** gave a brief overview of his background. He noted he was involved with the IHIEB when it was first formed. He filled the agent consultant role on the IHIEB. He noted the IHIEB had saved a significant amount of money for fellow Idahoans and administered the program for less than the federal government.

**DISCUSSION:** The Committee thanked Mr. Erstad for his service and for bringing all of his knowledgeable background to the IHIEB.

**Chairman Patrick** announced the gubernatorial reappointment vote would take place at the next meeting.

**RS 29382**

**Relating to Motor Vehicle Insurance.** **Senator Guthrie** reported this proposed legislation was a compromise that required underinsured motor vehicle coverage be excess only at coverage levels that were less than two times the minimum liability limit, while still allowing either offset or excess coverage at higher limits. Minimum liability limits in Idaho were \$5,000 per person and \$50,000 per accident. He stated that particularly at higher limits of coverage, there was a significant price increase for excess coverage. It was important to preserve the availability of both offset and excess coverage.

**Senator Guthrie** indicated underinsured motor vehicle insurance had a difference in limits referred to as offset coverage or excess coverage. The debate regarding underinsured motor vehicle coverage had centered around whether both the offset and excess varieties should be allowed or if offset coverage should be prohibited and excess coverage be mandated.

**Senator Guthrie** remarked it appeared 31 states allowed both offset and excess coverage and 16 states mandated excess only and did not allow offset coverage.

He noted there was no fiscal impact to the General Fund as this legislation applied to insurance companies who provided motor vehicle insurance policies. He gave an example of a price impact in Oregon when offset coverage was prohibited and excess coverage was mandated in 2016 and that resulted in large price increases for underinsured motor vehicle coverage.

**Senator Guthrie** cited the February 1, 2022 Idaho Supreme Court decision relating to underinsured motor vehicle coverage at the minimum limits. This proposed legislation was aligned with the Idaho Supreme Court decision.

**MOTION:**

**Senator Agenbroad** moved to send **RS 29382** to print. **Vice Chair Souza** seconded the motion. The motion carried by **voice vote**.

**RS 29065C2**

**Relating to Abstractor's of Title.** **Tim Frost**, Deputy Administrator, Idaho Division of Occupational and Professional Licenses (IDOPL), stated this proposed legislation eliminated inactive provisions of law and repealed an outdated section of Idaho Code, Abstractor's of Title, that repealed Chapter 1, Title 54 and amended Idaho Code § 63-307. **Mr. Frost** indicated the statute chapter had not been updated since 1963 and was no longer in use.

**MOTION:**

**Senator Lakey** moved to send **RS 29065C2** to print. **Senator Riggs** seconded the motion. The motion carried by **voice vote**.

**S 1260**

**INSURANCE - Adds to existing law to provide that health benefit plans and student health benefit plans covering prescription contraception must provide reimbursement for a six-month supply except under certain circumstances. Consideration of Sending S 1260 to the Floor for Re-Referral.**

**MOTION:**

**Senator Martin** moved that **S 1260** be sent to the floor for Re-Referral. **Senator Lakey** seconded the motion.

**DISCUSSION:**

**Senator Martin** noted this bill originated in the Senate Health and Welfare Committee and was assigned in error to this Committee. **Vice Chair Souza** remarked this was an issue that was assigned to this Committee because it involved insurance. **Senator Martin** stated there was a problem across the rotunda last year and the intent this year was to hear this bill in the House Health and Welfare Committee.

**VOTE ON MOTION:** There were no objections to the motion that **S 1260** be sent to the floor for Re-Referral.

**H 450**

**EMPLOYMENT SECURITY LAW - Amends existing law to provide base tax rates for certain years.** **Jani Revier**, Director, Idaho Department of Labor, gave a brief overview of how unemployment insurance taxes were set. She said this bill froze the 2021 base of unemployment insurance tax rate for 2022 and 2023. **Ms. Revier** reported Idaho Code § 72-1350 established the formula to determine the unemployment insurance tax rate for each business. She outlined the formula and how it worked. She noted the code requirements and how businesses were ranked.

**Ms. Revier** summarized how the base tax rate was used to determine the tax rate for each rate class. Businesses with the highest positive experience rating were assigned the lowest tax rate, while deficit-rated employers paid a significantly higher rate. Due to the pandemic, there was a tremendous increase in people applying for and receiving unemployment insurance benefits. She reported due to this historic draw on the trust fund, the base tax rate was forecast to increase by 77 percent to keep the fund solvent. She noted in order to prevent a large tax increase for Idaho employers, the Governor approved a \$200 million transfer of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to the Unemployment insurance (UI) Trust Fund. Transfer of CARES Act funding allowed for a one-time base tax decrease of 18.5 percent in 2021, but the formula triggered a corresponding increase in 2022 to keep fund solvency levels where they needed to be.

**Ms. Revier** remarked by freezing the 2021 base rate for two years, there would not be a spike in rates for 2022 followed by a steep decline in 2024. Rates would remain level through this time period and the trust fund would remain solvent. She pointed out the benefits for businesses (Attachment 1).

**Ms. Revier** stated there was no fiscal impact to the General Fund as these changes pertained to the UI program and the associated UI trust fund. The impact to the trust fund would be a decrease of \$20 million in 2022 and \$44 million in 2023.

**DISCUSSION:** **Senator Burgoyne** asked for clarification on looking towards the third year and asked if the \$64 million would be returned or was it needed for solvency. **Ms. Revier** reported if the \$64 million was collected over the next two years, there would be a steep decline for solvency purposes and it would not be needed. The legislation proposed to make the rate constant over the next three years. She stated after that the formula would take over. Fluctuation would be seen for whatever the new solvency level was necessary to meet with the new 20-year look-back and would be slightly less than now.

**MOTION:** **Senator Burgoyne** moved to send **H 450** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**ADJOURNED:** There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:25 p.m.

---

Senator Patrick  
Chair

---

Linda Kambeitz  
Secretary