

MINUTES

SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 15, 2022

TIME: 1:15 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Souza, Senators Martin, Guthrie, Agenbroad, Riggs, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: Senator Lakey

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 1:15 p.m.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of March 3, 2022. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 582

BUILDING CODES - Amends existing law to provide for electrical, plumbing, and HVAC installations by nonprofit groups and volunteers. **Representative Dixon** reported this legislation allowed a non-profit organization and its volunteers to construct single family residences without the need to subcontract work to licensed individuals. This legislation created an electrical, plumbing, and Heating, Ventilation, and Air Conditioning (HVAC) licensure exemption when providing these volunteer services. **Representative Dixon** noted this legislation did not change the current requirements in Idaho Code to apply for a permit and finalize an inspection according to life-safety codes when completing these installations in a single-family residence.

Representative Dixon indicated this legislation would have no impact on the State's General Fund, dedicated, or federal fund because adding this licensure exemption to Idaho Code did not create any new State program and did not compel any State action.

Representative Dixon noted some of the cities and other stakeholders asked for amendments.

TESTIMONY: **Patrick Sullivan**, City of Nampa Building Safety Inspector, testified in opposition to this bill. He mentioned homeowners did not have sufficient knowledge of the building codes. There would be unforeseen consequences, putting city inspectors in the role of designer and journeyman, with an increased workload.

DISCUSSION: In response to questions posed by **Chairman Patrick**, **Senator Martin**, and **Senator Guthrie**, **Mr. Sullivan** remarked very few homeowners drew permits when either doing their own work or building their own house. He explained the process of issuing a permit, inspections, and corrections for work done incorrectly. Initially he said he was opposed at any level to the bill as he saw it as extra work. When asked by **Vice Chair Souza** he said he would concur with some of the suggested amendments, if there was a contact person to manage the whole project.

TESTIMONY: **Marty Durand**, Idaho Building Trades Council, testified remotely in opposition to the bill. She noted this bill was not necessary as many homes would be built with unknown risks. An inspection did not guarantee that everything was done correctly. She questioned who determined the definition of a nonprofit.

Kelly Packer, Executive Director, Association of Idaho Cities, testified in support of the bill. She remarked the language was too broad which allowed any nonprofit organization to perform electrical, plumbing, and HVAC services without licensed professionals. She urged the Committee to send this bill to the 14th Order of Business for possible amendment. She remarked the changes would create a safety net.

DISCUSSION: **Representative Dixon** remarked he was amenable to changes. He noted there was usually a point of contact with a supervisor already on site. In answer to a question posed earlier by Ms. Durand, he stated a nonprofit was identified in Code.

Senator Burgoyne and **Representative Dixon** discussed the advantage of allowing this bill and how the shift of liability would rest on the nonprofit organization. **Representative Dixon** indicated this bill would allow volunteers to do some of these jobs but inspections would still have to be done.

MOTION: **Senator Guthrie** moved to send **H 582** to the 14th Order of Business for possible amendment. **Vice Chair Souza** seconded the motion. The motion carried by **voice vote**. Senator Martin voted nay.

H 660 **BUILDING CODES - Amends and adds to existing law to provide for the adoption of the Idaho Energy Conservation Code.** **Representative Dixon** reported this legislation created the Idaho Energy Conservation Code (IECC) in Idaho Code Title 39, Chapter 97. The new chapter added the current adoption of the 2018 IECC by the Building Code Board (BCB) into Idaho Code. The legislation prohibited local governmental entities from adopting any energy codes that differed from or were more extensive than the requirements of the IECC. He noted this legislation did not adopt any new provisions of energy code and did not change the rulemaking authority for the BCB under the Idaho Division of Occupational and Professional Licenses (IDOPL) to make amendments, revisions, or modifications to the IECC adopted by the Idaho Legislature.

Representative Dixon indicated there was no impact on the State's General Fund, dedicated, or federal fund because with the addition of this code adoption to Idaho Code, no new State program was created and the State was not compelled to take any action. The 2018 IECC formally adopted into Idaho Code as the IECC through this legislation was already in place through Idaho administrative rule.

DISCUSSION: In response to a question from **Senator Burgoyne** about the advantages of the bill, **Representative Dixon** remarked this bill would slow down the process with Idahoans being able to have a say. **Representative Dixon** noted amendments could be made with regional rulemaking.

Senator Guthrie noted there was considerable opposition to this bill and asked if **Representative Dixon** had shared the proposed amendments with stakeholders. **Representative Dixon** stated he had shared the amendments with mass timber and others and all were amenable to making amendments.

TESTIMONY: **Geoffrey Wardle**, Building Owners and Managers Association (BOMA), and Government Affairs International, stated his biggest concern was slowing down the code-making process. He submitted written testimony. He asked to have the bill held in Committee.

Steven Thomas, Idaho Forest Group, testified in opposition to the bill. He noted there was a high level of concern for preserving the benefits relative to the use of mass timber regulations for tall buildings. He submitted written testimony. In response to a question posed by **Vice Chair Souza** if he agreed with an amendment of moving mass timber regulations into a separate area and **Mr. Thomas** said he might.

Jonathan Oppenheimer, Idaho Conservation League, testified in opposition to the bill. He noted that by separating rules and putting them into their own statute that would hurt consumers. He said the reality was technological improvements kept moving at a great speed and thus it was not realistic for homeowners to be experts on the updated improvements in code. He asked this bill be held in Committee.

Patrick Sullivan, City of Nampa Building Safety Inspector, testified in opposition to the bill because he said it was a change in the body of the building code law.

Ken Burgess, Idaho Building Contractor's Association, testified in support of the bill. He noted in terms of energy conservation, it was not the government's position to tell residents what kind of light bulb they needed. He stated he wanted consistency and liked freezing the code at the 2018 level. He said he was more concerned about the next evolution about what was coming from the ICC. He asked the rhetorical question at what point did energy levels pay the consumer back. He remarked this bill added another layer to adopting the next energy conservation code.

Johanna Bell, Association of Idaho Cities, stated she held a neutral position and recommended the bill be sent to the 14th Order of Business for possible amendment. She said it was a big change in terms of putting the energy code into its own chapter. She submitted written testimony suggesting amendments.

Written testimony was received in opposition to the bill from the following: William Fay, former Idahoan; Doug Paddock, Field Organizer, Idaho Organization of Resource Councils; American Wood Council, Boise Cascade, Idaho Forest Group, PotlatchDeltic; Tim Shestek, Senior Director, State Affairs, American Chemistry Council; and Michael Engle, Portneuf Resource Council. The overall theme was objection to moving rules into a separate entity.

DISCUSSION: **Representative Dixon** remarked this bill still allowed a consumer or builder to construct whatever they wanted. This bill helped builders and provided continuity across the State. Because this was a fundamental change, this allowed for negotiated rulemaking to work. He noted the proposed amendments should take care of concerns.

MOTION: **Senator Guthrie** moved to send **H 660** to the 14th Order of Business for possible amendment. **Vice Chair Souza** seconded the motion. The motion carried by **voice vote**.

H 554 **PERSI - Adds to existing law to define "early retirement" and "service retirement."** Don Drum, Executive Director, Public Employees Retirement System of Idaho (PERSI), explained this bill added the definition of "early retirement" and "service retirement" to Idaho Code § 59-1302. This legislation would clarify the definition of these terms as they applied to members retiring under different sections of Idaho Code.

MOTION: **Senator Guthrie** moved to send **H 554** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 555 **PERSI - Amends, adds to, and repeals existing law to provide for the contribution rates and reemployment of school members.** Don Drum, PERSI, stated this statutory change was required due to uneven cost issues between segments of PERSI's member population and economic issues that were impacting an employer's ability to attract an adequate workforce. He explained the normal cost was the actual cost of the PERSI benefit. While overall costs of PERSI remained the same, PERSI actuaries noticed the normal cost for school employees was increasing at a more rapid rate than other general members and exceeded that of general members. He stated after a study was completed by Milliman, it was noted the demographics for school employees were significantly different than those of other general members. School employees started careers earlier, remained on their career path more consistently, and lived longer than other general members. Because of these factors, school employees tended to draw benefits for a longer period of time which increased the overall cost.

Mr. Drum stated the PERSI Board proposed an establishment of a new School Employee rate. If approved, the PERSI Board was prepared to reduce general member rates to the actual normal cost for general members for a savings of \$4 million. This legislation would allow the rehire of retirees who retired prior to January 1, 2022, and without any impact to their benefits, to help fill the approximately 2,600 open positions at the State level. However, a retiree returning to work would not accrue additional retirement benefits or would an employer have to offer benefits. There was a sunset clause of June 30, 2026. **Mr. Drum** noted that school districts had provided benefits to teachers and administrators who returned to work after retiring.

DISCUSSION: In response to questions from several Committee members, **Mr. Drum** stated if a retiree were to return to work, the retirement would be frozen at the same amount when they retired. Cost-of-Living Adjustments were applicable and this bill solved a workforce issue. He said because of the sunset clause retirement decisions could be impacted. The employer would decide who to hire, what to pay, and whether to pay benefits. These employees were not under contract.

MOTION: **Senator Ward-Engelking** moved to send **H 555** to the floor with a **do pass** recommendation. **Senator Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 473 **PROPERTY - Amends existing law to provide that security deposits for residential rental premises shall be maintained in accounts at institutions insured by the FDIC or the NCUA.** Representative Nichols stated this bill made changes to Idaho Law under Idaho Code § 6-321, which added both the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) for the purpose of holding security deposits for residential rental premises managed by a third party.

Representative Nichols noted there was no impact to the General Fund or local government because this bill was only to make a technical correction to existing law.

DISCUSSION: **Senator Agenbroad** questioned why were there changes in the bill to name two federally insured financial institutions. **Representative Nichols** stated the Legislative Services Office added this language. **Senator Agenbroad** remarked this bill further restricted who could receive these security deposits. **Representative Nichols** stated she had spoken to credit unions and property management companies who were very supportive and the preference was to allow both the FDIC and credit unions to hold deposits.

MOTION: **Senator Ward-Engelking** moved to send **H 473** to the floor with a **do pass** recommendation. The motion died due to the lack of a second.

H 701 **IDAHO WORKFORCE HOUSING FUND - Adds to existing law to establish the Idaho Workforce Housing Fund and to provide for the allocation of funds.** **Senator Agenbroad** reported this legislation created the Idaho Workforce Housing Fund (IWHF), which accepted monies as appropriated by the Legislature and used to provide gap financing for workforce housing development.

Senator Agenbroad stated the proposed funding source for fiscal year (FY) 2023 was \$50 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds.

TESTIMONY: **Ali Rabe**, former Senator, representing herself, Director of Jesse Tree, talked about the skyrocketing costs of housing and how wages had not kept pace. Rent increased by 37 percent in Ada County. She noted some Idahoans were becoming homeless for the first time. Affordability was at the root of the housing crisis that the State could not afford to ignore. She was in support of this bill.

Karen Lansing, Executive Director, Habitat for Humanity, Idaho Falls, testified virtually in support of the bill. She stated housing and affordability were her main goal. Housing costs were out of control. The cost of materials had doubled over the last couple of years.

Kendra Knighten, Idaho Asset Building Network, testified in support of the bill. She noted the Idaho Asset Building Network brought together a multi-sector coalition committed to promoting policies that ensured all Idahoans had access to an affordable home. She stated the bill supported State investments in one of Idaho's most critical current needs and ensured working Idahoans were able to live and support their families.

Caleb Roope, Chief Executive Officer, Pacific Companies, testified in support of the bill. He stated he had been building affordable workforce housing for many years. He stated one of the values of this funding was that it unlocked money made available to the State.

DISCUSSION: **Senator Guthrie** and **Mr. Roope** discussed gap financing and how many years gap level funding would be available. **Mr. Roope** noted that in Idaho there was a 40-year compliance period.

TESTIMONY: **Ellen Gantz**, Mountain Association of Realtors, testified in support of the bill. She explained she worked on workforce housing in McCall and stated those who made \$62,000 per year were looking for affordable housing.

Denise Caruzzi, Boise Homeless Commission, testified in support of the bill. She noted there was a statewide crisis in housing which had become an economic issue that impacted everyone. The ARPA funds provided a solution to this issue.

Written testimony in support of the bill was received from: Quinn Perry, Idaho School Boards Association (ISBA); Francoise Cleveland, American Association of Retired Persons (AARP); Ellen Ganz, Mountain Central Association of Realtors; Joseph Howell, representing himself; Shellan Rodriguez, SMR Development; and

Hilary Anderson, American Planning Association, Idaho Chapter. The overall consensus was this was a good bill and would help Idahoans with housing.

MOTION: **Senator Guthrie** moved to send **H 701** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 580 **EASEMENTS - Amends existing law to provide for easements in gross of a commercial character.** **Hethe Clark**, Land Use Attorney, reported this bill created an exception to allow commercial easements in gross (easements that benefit a particular person rather than a parcel of land) to be inheritable, bringing Idaho law into conformity with neighboring states. He noted this bill would have no impact on the General Fund because this legislation allowed certain easements in gross to be transferred and did not require significant government involvement or expenditure of funds.

TESTIMONY: **Representative Gestrin**, co-sponsor of the bill, testified in support of the bill.

MOTION: **Senator Burgoyne** moved to send **H 580** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:58 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary