

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 17, 2026

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Foreman, Vice Chairman Lenney, Senators Guthrie, Nichols, Bernt, Zito, Ward-Engelking, Ruchti and Acting Senator Brooks (Lakey)

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 Foreman** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

NOTE: **Chairman Foreman** explained there were four bills on the agenda. He set the structure of 15 minutes per bill, with roughly two minutes per public testimony, reserving time for Committee deliberation and votes. He asked participants to be civil and brief.

MINUTES APPROVAL: **Senator Ruchti** moved to approve the Minutes of February 10, 2026. **Acting Senator Brooks (Lakey)** seconded the motion. The motion carried by **voice vote**.

S 1277 **ACCESSORY DWELLING UNITS (ADU's)- Amends and adds to existing law to revise provisions regarding prohibitions against restrictive covenants banning accessory dwelling units and to establish provisions regarding accessory dwelling units in the Local Land Use Planning Act.** **Senator Toews** explained this bill was a conservative, deregulation-focused housing solution originating from the Land Use and Housing Task Force. **Senator Toews** described Idaho's housing situation. The median home price was approximately \$510,000 with a first-time homebuyer aged at 40 years old, and the average home size was over 2,100 square feet. He remarked this reduced independence and wealth-building for the next generation and harmed community stability. He stated this bill was intended to ensure homeowners statewide could build ADU's and to prevent local governments from unreasonably restricting them. **Senator Toews** framed the bill as upholding property rights, claiming that "local control" should mean control by the homeowner.

TESTIMONY: **Kiki Miller**, City Council Member, Coeur d'Alene, testified on behalf of a county-level housing partnership and in support of ADU's as a tool to increase worker housing and described locally developed ADU design standards. She warned about potential harms from short-term rentals and out-of-state investors using ADU's to increase revenue without improving local worker housing supply. **Ms. Miller** raised concerns about removing off-street parking requirements, citing public safety, neighborhood character, and congestion. In response to a question from **Senator Bernt** about the height of an ADU of 45 feet, she noted that 45 feet would be inappropriate.

Madilynn Clark, Senior Policy Analyst, Mountain States Policy Center, testified in support of the bill. She shared family experience with ADU's providing economic resilience and retirement income. She cited research indicating low current ADU ownership but high interest in building or living in ADU's. She stated ADU's were not a standalone solution and recommended pairing them with upzoning and

starter-home policies. She expressed a concern about how HOA's would interact with new ADU policy, but argued HOA's were also a form of market choice.

Trevor Chadwick, Mayor, City of Star, testified in opposition to the bill as written. He emphasized sewer and water infrastructure constraints, noting lift stations and pipes were not sized for added ADU flows and upgrades could cost millions, burdening local budgets. He highlighted conflicts between the bill's four-foot setbacks and existing five-foot utility easements, raising liability and access concerns. He criticized the 45-foot height allowance for ADU's, citing fire-safety issues given limited ladder-truck capacity. He also expressed concern about broad private causes of action that could expose mayors, councils, and planning and zoning officials to lawsuits.

DISCUSSION: **Mr. Chadwick** and **Senator Bernt** discussed this issue. In response to a question from **Senator Nichols** about possibly amending this bill, **Mr. Chadwick** stated he was open to amendments. **Senator Guthrie** remarked that the Star City Council could already do everything in this ordinance, if they so chose. **Mr. Chadwick** responded they could without a State mandate.

TESTIMONY: **Justin Livingston**, real estate broker and former counselor, testified in support of the bill. He described a case where city regulations effectively banned ADU's through process, cost, and red tape. He stated that a local ADU ordinance change ultimately enabled a constituent to build an ADU that helped a daughter and grandchildren escape an abusive situation and later provided income.

DISCUSSION: **Senator Toews** remarked he was willing to reduce the ADU height limits to match other residential standards, remove the HOA requirement language, remove the private cause-of-action language, and work with counties to address their concerns

MOTION: **Senator Nichols** moved to send **S 1277** to the 14th Order of Business for possible amendment. **Senator Zito** seconded the motion.

DISCUSSION: **Vice Chairman Lenney** remarked he would vote against the motion. He wanted a clean bill because there were too many things to change.

SUBSTITUTE MOTION: **Senator Guthrie** moved to hold **S 1277** in Committee subject to the call of the Chair. **Senator Bernt** seconded the motion.

DISCUSSION: **Senator Guthrie** remarked cities could already approve ADU's and it was the State that was telling individuals what to do. A new Routing Slip (RS) could be done. **Senator Bernt** agreed with Senator Guthrie. **Acting Senator Brooks (Lakey)** noted he was a county commissioner and this bill as written was untenable. He supported the substitute motion. **Senator Ruchti** believed in local control. The Legislature had not done anything significant to address affordable housing. He supported the main motion.

ROLL CALL VOTE: **Chairman Foreman** called for a roll call vote on the substitute motion. **Acting Senator Brooks (Lakey)**, and **Senators Guthrie, Bernt, Vice Chairman Lenney**, and **Chairman Foreman** voted aye. **Senators Nichols, Zito, Ward-Engelking** and **Ruchti** voted nay. The motion carried.

S 1279 **HOUSING - Adds to existing law to establish provisions regarding starter home subdivisions.** **Senator Toews** explained this bill was meant to open up the ability to build smaller homes in response to housing affordability. He compared mid-century homes (often under 1,000 square feet) with today's larger average homes (2,100 square feet), arguing that small homes historically expanded access to homeownership. He stated the bill aimed to open up the ability to build smaller homes on smaller lots, allowing higher density "starter home" subdivisions. He argued that current local policies had produced the present affordability crisis and that deregulation at the State level would let the market provide smaller, cheaper homes.

DISCUSSION: **Senator Bernt** praised one clause allowing local governments to offer incentives (fee reductions or waivers) for compliance with smaller lot and setback options. He objected to the "shall amend" mandate on local comprehensive plans and land use regulations, seeing it as State overreach into local planning.

TESTIMONY: **Sabrina Minshall**, Hayden Homes, spoke in support of this bill. She described how over-regulation, extended timelines, and rising fees constrained supply, especially entry-level housing. She said smaller lots allowed costs to be spread across more units, improving sustainability. She stressed that local infrastructure and environmental constraints could still be considered under the bill, but existing "hard maximums" on densities and lot sizes were overly rigid. **Ms. Minshall** shared personal and family examples of needing more flexible, moderate-priced options. In response to questions from **Senators Nichols** and **Bernt**. **Ms. Minshall** stated the main barriers were rigid maximums for density size and inconsistent, slow local processes. "Attainable" housing was typically targeted around 100 to 130 percent of area median income, driven primarily by land and home size, rather than high-end finishes.

Trevor Chadwick, Mayor, City of Star, stated this bill needed to be amended. He argued that without sideboards, such as deed restrictions or limits on international buyers, the bill could simply produce more market-rate or corporate-owned rentals rather than genuinely attainable starter homes. He noted the City of Star already approved many small lots and that the market, not city regulations, largely dictated home sizes and prices.

DISCUSSION: **Acting Senator Brooks (Lakey)** and **Senator Guthrie** expressed concerns that small lots and high densities may not automatically yield lower-priced homes. There was a risk that corporate landlords would buy up new product and convert it to rentals.

MOTION: **Senator Nichols** moved to send **S 1279** to the 14th Order of Business for possible amendment. **Senator Zito** seconded the motion.

DISCUSSION: **Vice Chairman Lenney** remarked there was too much to change in this bill. He stated he would rather have a new bill drafted.

SUBSTITUTE MOTION: **Senator Guthrie** moved to hold **S 1279** in Committee subject to the call of the Chair. **Senator Bernt** seconded the motion.

DISCUSSION: **Senator Guthrie** expressed specific concerns about statutory minimum lot sizes (1,000 square feet) and densities (at least 12 units per acre), which approximated multifamily projects rather than "starter homes." There were fears of over-urbanization and loss of traditional Idaho neighborhood character. **Senator Guthrie** stated that a new RS and more stakeholder work would be preferable to quick amendments on the floor.

ROLL CALL VOTE: **Chairman Foreman** called for a roll call vote on the substitute motion. **Acting Senator Brooks (Lakey)**, and **Senators Guthrie, Bernt, Vice Chairman Lenney**, and **Chairman Foreman** voted aye. **Senators Nichols, Zito, Ward-Engelking**, and **Ruchti** voted nay. The motion carried.

S 1280 **HOUSING - Adds to existing law to establish provisions regarding regulation of twin homes and duplexes.** **Senator Toews** explained this bill would have allowed duplexes and twin homes in single-family residential areas, with each twin home being its own parcel, so two households could own side-by-side homes. He framed it as a way to increase attainable homeownership by putting more units on the same land footprint. **Senator Toews** again stated he was willing to send the bill to the amending order and work with stakeholders.

TESTIMONY: **Jared Orton**, Minidoka County Commissioner, stated that in counties, especially those reliant on wells and septic systems, higher densities were often infeasible due to nitrate contamination risks and health regulations. He explained that most county regulations limited septic-based development to roughly one unit per acre. He recommended limiting the policy to new subdivisions moving forward. Retroactive application to existing subdivisions, in his view, would create "chaos" for residents who bought into areas expecting only single-family uses.

David Ferdinand, President, Canyon County Realtors, supported the concept that allowing duplex-like or twin-home development could help create lower-cost housing on the same land. He indicated that such configurations would let builders and buyers do more with a given parcel and potentially expand ownership opportunities.

MOTION: **Senator Nichols** moved to send **S 1280** to the 14th Order of Business for possible amendment. **Senator Zito** seconded the motion.

DISCUSSION: **Vice Chairman Lenney** argued that more local and county stakeholders needed to be involved at the drafting stage, not just in the amending order.

SUBSTITUTE MOTION: **Senator Guthrie** moved to hold **S 1280** in Committee subject to the call of the Chair. **Senator Bernt** seconded the motion.

DISCUSSION: **Senators Bernt** and **Nichols** agreed the bill needed more work. There were concerns about retroactively invalidating covenants and tension between calling the bill a "property rights" measure while overriding existing private contracts. Also noted was the need for more inclusive stakeholder work and time.

ROLL CALL VOTE: **Chairman Foreman** called for a roll call vote on the substitute motion. **Acting Senator Brooks (Lakey)**, and **Senators Guthrie, Bernt, Vice Chairman Lenney**, and **Chairman Foreman** voted aye. **Senators Nichols, Zito, Ward-Engelking**, and **Ruchti** voted nay. The motion carried.

S 1276 **Public Employee Retirement System of Idaho (PERSI) - Amends existing law to revise a date and to remove a sunset provision regarding the reemployment of certain retired members.** **Senator Zito** explained this legislation removed the sunset clause on a program allowing certain retirees (teachers, for example) to return to work under PERSI without accruing additional service credit. She emphasized ongoing shortages of qualified teachers, particularly in hard-to-fill areas such as Career Technical Education (CTE), special education, math, and science. She stated it was important for retired educators to work in programs like Richard McKenna's "online charter school" CTE construction trades, which would have been lost when the sunset took effect. **Senator Zito** stated that the policy did not create new retirees but preserved a legal pathway for already retired educators to return and fill critical roles. She pointed out that the change supported both student outcomes and workforce development without increasing long-term PERSI liabilities.

TESTIMONY: **Mike Hampton**, PERSI Director, testified this policy expansion applied only to people who were already retired by January 2026, so it did not change retirement patterns. It created no negative actuarial impact on the PERSI fund, since returning retirees did not earn new service credit. The provision helped address persistent hiring difficulties in certain job classes.

MOTION: **Senator Nichols** moved to send **S 1276** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: Cost-of-Living (COLA) Adjustments for Public Employee Retirement System of Idaho (PERSI) Retirees. **Robert Fick**, a volunteer for the Retired Public Employees of Idaho, yielded his time to David High, Retired Deputy Attorney General, Idaho, who spoke on behalf of retired public employees about PERSI's assumed rate of return and its relationship to Cost-of-Living Adjustments (COLA) and contribution rates. **Mr. High** stated the group represented retirees concerned about the erosion of purchasing power due to recent COLA practices. He remarked that PERSI's current long-term assumed rate of return had been reduced too far and should be restored to 7 percent. The 7 percent assumption was within the range that PERSI's actuary reportedly found acceptable (6.5 percent to 7 percent). He stated that PERSI's long-term investment performance justified a 7 percent assumption.

Mr. High explained over the last 33 years (since PERSI adopted a 70/30 equity-to-fixed-income mix), PERSI's average return was about 8.7 percent, despite including the dot-com crash, the 2008 financial crisis, Coronavirus Disease of 2019 (COVID-19)-era volatility, and the 2022 downturn. Most recent rolling periods showed:

- 3-year average of 10.4 percent
- 5-year average of 7.6 percent
- 10-year average of 9.4 percent;
- and 20-year average of 7.3 percent.

They concluded that a 7 percent assumption was conservative relative to actual long-term results.

Mr. High explained that retirement funding came from two sources: member/employer contributions and investment earnings. A lower assumed rate of return implied the need for higher contributions or reduced benefits/COLA's. A higher assumed rate allowed more room for COLA's without raising rates. He noted that PERSI reportedly paid 100 percent of COLA's from inception (1963) through about 2020. Reductions in the assumed return below 7 percent coincided with reduced COLA payments.

DISCUSSION: **Senator Guthrie** asked what, specifically, was Mr. High's organization asking the Legislature to do and how that related to COLA decisions. **Mr. High** responded that the PERSI board set the assumed rate of return and COLA recommendations, but the Legislature could, by statute, override or direct changes. He stated the statute allowed an automatic 1 percent COLA when inflation exceeded 1 percent, up to a cap (often 6 percent), though implementation depended on actuarial and board decisions. **Mr. High** noted that any changes beyond the board's standard policy ultimately required legislative approval.

ADJOURNED: There being no further business at this time, **Chairman Foreman** adjourned the meeting at 3:01 p.m.

Senator Foreman
Chair

Linda Kambeitz
Secretary