

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 10, 2026

TIME: 1:30 P.M.

PLACE: Room WW54

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

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 & Human Resources Committee (Committee) to order at 1:32 p.m.

MINUTES APPROVAL: **Senator Ruchti** moved to approve the Minutes of February 26, 2026. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 738 **LIMITED LIABILITY COMPANIES (LLC's)- Amends existing law to provide that the organizer of a limited liability company may use the street and mailing addresses of a company's commercial registered agent in certain circumstances.** **Representative Dygert** explained that the bill did not alter existing requirements for forming an LLC but added an optional mechanism whereby an LLC could use a Commercial Registered Agent under specified conditions. He emphasized that this option was designed primarily to protect home-based and mobile businesses that did not wish to disclose a residential address publicly.

DISCUSSION: **Senator Guthrie** inquired about using a Commercial Registered Agent instead of having a customer go to their home. **Representative Dygert** clarified that the use of a Commercial Registered Agent would ensure a reliable, serviceable physical address for legal notices and official correspondence. The Committee discussed the statutory or regulatory definition of Commercial Registered Agent and whether it already existed in Idaho law. **Representative Dygert** indicated that the Secretary of State's Office had such a definition or framework, although he had not personally traced the exact citation.

Representative Dygert closed by reiterating that the bill preserved accountability while providing additional security for home-based businesses through the use of commercial agents.

MOTION: **Senator Ward-Engelking** moved to send **H 738** to the floor with a **do pass** recommendation. **Senator Nichols** seconded the motion. The motion carried by **voice vote**.

PORTABLE BENEFIT PLAN ACT - Adds to existing law to establish the Portable Benefit Plan Act- Senator Den Hartog explained that the bill created a voluntary, portable benefit structure for independent contractors (1099 workers) in Idaho. It allowed contractors to contribute to a dedicated benefit account on a tax-favored basis and permitted (but did not require) hiring entities to make contributions as well. Funds from these accounts could be used to purchase qualifying benefit products, for example, health, disability, life insurance, income replacement, and certain retirement products. The benefit accounts would remain owned and controlled by the contractor, following them across different contracting relationships. **Senator Den Hartog** noted the bill designated third-party administrators, for example, banks, investment firms, or specialized benefit administrators, as potential "portable benefit account providers," subject to oversight and approval by the Idaho Department of Insurance. These administrators would be responsible for ensuring that funds were used only for authorized benefit purposes.

DISCUSSION: **Chairman Foreman, Senators Lakey, Guthrie, Nichols, Bernt and Ward-Engelking** discussed how the proposal interacted with existing law on worker classification, unionization, immigration status, workers' compensation, and tax treatment.

Senator Den Hartog stated this bill did not alter federal or state standards for distinguishing employees from independent contractors, nor did it change existing immigration-related requirements; federal law would continue to prevail in cases of misclassification or immigration violations; and contributions by hiring entities would be treated as business expenses, while contractors would also gain tax advantages for contributions to their own accounts.

TESTIMONY: **Justan Rice**, Libertas Institute, testified in support of the bill. She described how portable benefit accounts would be managed by vetted, third-party administrators and could serve a wide range of independent workers, for example, gig-economy drivers, realtors, or retired professionals performing contract work. She emphasized that participation was entirely voluntary for both hiring entities and contractors.

Heather Andrews, Americans for Prosperity, testified in support of the bill, citing national growth in freelance and gig work, other states' similar laws, and the Utah example which she said had worked well.

Ken Houston, AFL-CIO, testified in opposition to the bill arguing it would worsen worker misclassification problems, especially in construction, by encouraging use of 1099 status without strong enforcement or verification of legal work authorization. He noted the bill's tax incentives for keeping people as independent contractors and raised concerns about workers discovering too late that they lacked workers' compensation coverage.

DISCUSSION: **Senators Ward-Engelking, Guthrie, Ruchti and Ms. Rice** discussed concerns about tax implications, workers' compensation, and incentives for misclassification. **Senator Den Hartog** explained the role of the third-party account administrator who was the middleman between the employer and the contractor. Some Committee members regarded the bill as a free-market, voluntary mechanism to expand access to benefits for independent workers.

Senator Den Hartog noted no single bill could solve one problem. This bill provided an opportunity for a certain kind of worker who could purchase benefits and transfer them into long-term accounts. She urged the Committee to support this bill.

MOTION: **Senator Lakey** moved to send **H 645** to the floor with a **do pass** recommendation. **Senator Zito** seconded the motion. **Chairman Foreman** called for a roll call vote. **Senators Lakey, Nichols, Bernt, Zito,** and **Acting Senator Coho (Lenney)** voted aye. **Senators Guthrie, Ward-Engelking, Ruchti,** and **Chairman Foreman** voted nay. The motion carried.

ADJOURNED: There being no further business at this time, **Chairman Foreman** adjourned the meeting at 2:33 p.m.

Senator Foreman
Chair

Linda Kambeitz
Secretary