

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 02, 2016

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Martin, Senators Lakey, Guthrie, Rice, Thayn, Schmidt and Ward-Engelking

ABSENT/ EXCUSED: Senator Heider

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 Commerce and Human Resources Committee (Committee) meeting to order at 1:30 p.m.

MINUTES APPROVAL: **Senator Guthrie** moved to approve the Minutes of January 21, 2016. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

S 1202 **Personnel System/Non-Classified Employees.** **David Fulkerson**, Interim Administrator, Division of Human Resources (DHR), said that this proposal modifies Idaho Code § 67-5303(v) to include the Sciences, Technology, Engineering and Math Education (STEM) Action Center, Office of Species Conservation, Office of Drug Policy and the Office of Energy Resources to the list of agencies in the Executive Office of the Governor that have all non-classified employees. He mentioned that all agencies were set up to have non-classified employees and the list was amended to put everything in one section. This issue came up last year.

Senator Schmidt remarked that the acronym "STEM" Action Center was not capitalized. **Administrator Fulkerson** said he thought the change could be made to make it consistent. **Senator Schmidt** commented he had no objection to the revision.

MOTION: **Vice Chairman Martin** moved that **S 1202** be sent to the floor of the Senate, capitalizing the acronym STEM, with a **do pass** recommendation.

Senator Thayn asked about the process for making the amendment to correct the capitalization of STEM. **Chairman Patrick** said he thought the correction could be made, since it appeared to be a typographical error.

The motion carried by **voice vote**. Senator Martin will carry the bill on the floor of the Senate.

**GUBERNATORIAL
APPOINTMENT &
VOTE:**

The appointment of Megan Ronk of Meridian, Idaho, as Director of the Department of Commerce (DOC), to serve a term at the pleasure of the Governor, not to extend beyond the term of the Governor.

Director Ronk gave a brief overview of her career. She said it was an honor and a privilege to be before the Committee. She studied international business and management at the College of Idaho. After college she worked with former Governor Kempthorn, where she was responsible for advising the Governor on commerce, labor and criminal justice policy issues. She worked with state agencies to develop budget priorities and implement various programs and initiatives. **Director Ronk** led implementation of major Governor-led initiatives such as the creation of Idaho's Amber Alert System, Criminal Justice Commission, Rural Initiative for Economic Development and the Offices of Science and Technology. She was Executive Director for the Idaho Meth Project. Over the past 3.5 years, she had the privilege of serving with Idaho Commerce Director Jeff Sayer as they worked through a major reorganization of the DOC to ensure it was efficient and responsive to business, and brought online new tools to promote business growth and expansion. She remarked that the DOC is on a positive trajectory.

MOTION:

Senator Guthrie moved to send the Gubernatorial appointment of Megan Ronk, Director, DOC, to the floor with the recommendation that she be confirmed by the Senate. **Senator Rice** seconded the motion. The motion carried by **voice vote**. Senator Lodge will carry the appointment on the floor of the Senate.

PRESENTATION:

Department of Commerce. **Director Ronk** did a PowerPoint presentation on the DOC, a copy of which can be found on the website, www.commerce.idaho.gov. She pointed out that Idaho is number one in the United States for the largest percentage gains in private-sector employment in the last year. Idaho has had the fifth highest growth rate and outpaced the nation in 10 out of 15 industry categories. **Director Ronk** affirmed what others are saying about Idaho. Thumbtack, a consumer-service website, reports that Boise is the second best city for Millennial entrepreneurs. Heartland Institute reports that Idaho has the fifth best economic outlook. Bloomberg acknowledged Idaho was fifth in the nation for the economic health index. And, finally, Entrepreneur Magazine reported that Idaho is the sixth best state to start a small business.

Within Accelerate Idaho (the State's commitment to being a national leader and global leader for economic growth and prosperity) there are three components: 1. advance individuals; 2. elevate industry; and 3. strengthen communities. She explained that in order for individuals to advance, the DOC needs to make sure Idaho invests in careers, workers are available to meet jobs and a world-class workforce must be created that can lead Idaho into a new global economy. The DOC strives to advance the earning capabilities of Idahoans throughout the State.

Idaho's industries are already key contributors to national and global economies. By further supporting industries and creating consistent business environments and embracing innovation, the DOC believes they can accelerate Idaho's economy even more.

Communities are the foundation of the State. Strong and resilient communities are the backbone of the State's heritage. Idaho has inspired even more positive changes by offering community training, anticipating infrastructure needs and routing neighbors for regional collaboration.

Idaho annual exports have decreased due to the strong U.S. dollar. The Idaho Lodging Tax has increased, with half of the revenues returning to local communities.

Director Ronk spoke about the Idaho Global Entrepreneurial Mission (IGEM) Program which, she explained, is a comprehensive strategy to enable Idaho's stakeholders to collaborate and leverage resources with the goal of increasing the State's knowledge-based economy. Successful implementation of IGEM strategies will increase the research capacity of Idaho's universities in strategic areas, develop a world-class talent pool, and develop a dynamic consortium of industry, university and government partnerships. These economic drivers will generate globally competitive technologies, high-paying jobs, new startups and an expanded tax base. IGEM will create an innovation ecosystem to sustain a thriving and top-performing economy. She outlined the accomplishments of state universities in 2016, including the development of a new sensor adapter for the machine-to-machine market. The sensor adapter will drastically improve data collection and modification and delivery of remotely sensed Global Positioning Systems (GPS), vehicle diagnostics and other related field data at Boise State University (BSU). She noted a fish vaccine and a system integrating pavement marking and traffic were developed at the University of Idaho (UI); and the Unmanned Aircraft Sensors (UAS) for Precision Agriculture at Idaho State University (ISU) are progressing.

The Idaho Opportunity Fund showed \$3.2 million awarded to date with several projects in the works. The recipients of the awards were Alternative Molding Concepts and Jacklin Land Company in Post Falls; Specialty Sales in Jerome; and Fabri-Kal in Burley.

The Tax Reimbursement Incentive (TRI) showed a 423 percent return on investment. **Director Ronk** pointed out this information is also available on the DOC website. There were 25 approved projects with 4,138 jobs created. The capital investment was \$504 million with total wages of \$1.68 billion. This generated a new direct State revenue of \$171.5 million. She said that of the 25 approved TRI projects, there were 13 existing Idaho companies and 12 companies new to Idaho. Fourteen of the companies were in rural communities and 11 in urban communities. The average award was 21 percent for nine years.

There is legislative support through the Governor's K-Career, STEM Action Center, college and career advising, community college in Eastern Idaho and expanded access to Professional-Technical Education (PTE) programs. She said the DOC works closely with the communities and businesses.

Chairman Patrick commented this was a way to raise revenues.

Vice Chairman Martin asked why the Idaho lodging tax has increased significantly since 2010. **Director Ronk** commented that tourism is a leading business in the State due to the recreational activities available in Idaho. This is an indication that people are willing to spend money in an improved economy.

Senator Schmidt said he appreciated the report on the TRI. He referred to tables of companies and estimated wages, stating there was a requirement that wages be a certain percentage; he wanted those figures included in the table as a baseline. **Director Ronk** confirmed that all wages have to be

above the average county wage. The DOC verifies on an annual basis that the jobs have been created and the wages are at the level committed to by the company.

PASSED GAVEL: Chairman Patrick passed the gavel to Vice Chairman Martin to hear the rules.

DOCKET NO. 28-0201-1501 **Idaho Community Development Block Grant (ICDBG) Program . Director Ronk** indicated there were no changes to this pending rule and it is being adopted as originally proposed. There is no anticipated fiscal impact. Negotiated rulemaking was not conducted because the ability to communicate proposed rule changes and come to a consensus with 237 Idaho cities and counties is not feasible. However, some of the rule changes are based on city and county feedback from a September 2014 survey regarding the ICDBG program. The survey and public hearings were held in order to develop the ICDBG program's Five-Year Consolidated Plan. This plan is the guiding document of the ICDBG goals and method of funding distribution. **Director Ronk** went over the changes indicating they were minor and there was some cleanup language and deletion of duplicative words.

Senator Schmidt commented on the section entitled "Aid in Prevention/Elimination of Slums and Blight" and wanted to know the general intent.

TESTIMONY: **Dennis Porter**, DOC, said that the idea was to create more flexibility. The DOC wanted to address buildings and vacant properties that impair the sound growth of a community, constitutes an economic liability or a social liability to the community, or contains conditions which are a menace to public health, safety or welfare.

MOTION: **Senator Schmidt** moved to approve **Docket No. 28-0201-1501**. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 24-2101-1501 **Bureau of Occupational Licenses (BOL) - Rules of the Idaho State Contractors Board (ISCB)**. **Rob Pilott**, Chairman, ISCB, said there are no changes to the pending fee rule and it is being adopted as originally proposed. The expenses have been exceeding its revenues. This change will help balance the annual budget while maintaining the services necessary to protect the public. Rule 175 is being amended to increase the application fee from \$30 to \$35; the reciprocal fee from \$25 to \$35; the renewal fee from \$25 to \$35; and the reinstatement fee from \$25 to \$35. The proposed rule will have no impact on general funds. The rule change will result in an annual increase of approximately \$156,020 in the ISCB's dedicated fund, based on the current number of licensees and an estimate of original applications received in a year. Negotiated rulemaking was not conducted because the ISCB operates on dedicated funds and negotiating the fees was not feasible. The proposed rule is needed because the ISCB's expenses have been exceeding revenues. The change was discussed during noticed, open meetings.

Senator Schmidt wanted to know when the fees were last raised. **Chairman Pilott** indicated this was the first time the rates have been raised.

TESTIMONY: **Tyler Mallard**, Lobbyist, testified in support of the fee increase. He thanked the Committee for their support.

MOTION: **Senator Ward-Engelking** moved to approve **Docket No. 24-2101-1501**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
24-0801-1501**

Bureau of Occupational Licenses - Rules of the State Board of Morticians (Board). **Roger Hales**, Attorney, Idaho Bureau of Occupational Licenses (IBOL), reported there are no changes to the pending rule and it is being adopted as originally proposed. There is no fiscal impact to the General Fund. Negotiated rulemaking was not conducted because the proposed revisions are simple in nature. The changes were discussed in a noticed, open meeting of the Board. This rule is being amended to allow for the termination of an application upon written notice when there has been no activity for 12 months. The rule amendment will also require a walk-through inspection for establishments to be arranged and completed within six months of the Board's review of the application.

Vice Chairman Martin referred to the lack of activity noted in 200.01 and asked if an applicant failed to respond to a Board request or an application has lacked activity for 12 consecutive months, is there a provision to contact the applicant or would it be obvious they were not interested? **Mr. Hales** responded that most applicants are very interested in moving forward; however, if there was a lapse of 12 consecutive months, the applicant could ask for an extension.

MOTION:

Senator Guthrie moved to adopt **Docket No. 24-0801-1501**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
24-1801-1501**

Bureau of Occupational Licenses - Rules of the Real Estate Appraiser Board. **Mr. Hales** indicated there were no changes to the pending rule and it is being adopted as originally proposed. There is no fiscal impact. Negotiated rulemaking was not conducted because the changes to the rules are simple in nature and were discussed during noticed, open meetings of the Board. He said the rule was self-supporting and self-governing. The rule deletes certain standards incorporated by reference that relate to personal property tax. He noted the rulemaking was in response to an Idaho Certified Appraiser's concern that certain parts of the rules are ambiguous and in conflict. The rule is being amended to eliminate the uniform standards of professional appraisal practice that do not apply to real estate appraisals. The definitions are being amended to eliminate the definition of Specialized Appraisal Services which is not otherwise used in the rules. **Mr. Hales** said this rule is an effort to reduce regulation and will not affect appraisers or any other profession.

MOTION:

Senator Thayne moved to approve **Docket No. 24-1801-1501**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
14-0101-1501**

Board of Registration for Professional Geologists (BRPG). **Mr. Hales** disclosed there are no changes to the pending rule and it is being adopted as originally proposed. There is no fiscal impact. Negotiated rulemaking was not conducted because the rules are being amended to comply with H 81, which passed in the 2015 Legislative Session. The rules were discussed in an open, noticed meeting of the BRPG. He noted the changes will allow applicants to take one of the required examinations while still in college. The rule also clarifies the examination, re-examination and examination scores.

MOTION:

Senator Schmidt moved to adopt **Docket No. 14-0101-1501**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
14-0101-1502**

Board of Registration for Professional Geologists (Board). **Mitch Toryanski**, Attorney, Bureau of Occupational Licenses (BOL), remarked there are no changes to the pending fee rule and it is being adopted as originally proposed. The Board operates solely on dedicated funds derived primarily from licensing and registration fees. This rule will increase the reinstatement fee from \$25 to \$35. The number of annual renewal fees collected will be capped at just one rather than one for each year that a license is expired. It is expected that the higher reinstatement fee will be offset by the fact that multiple renewal fees will no longer be collected. There will be no fiscal impact to the State General Fund since licensing and registration fees collected are dedicated funds. Negotiated rulemaking was not conducted because the Board discussed and decided to propose this rule at properly noticed open meetings to which interested parties were welcome to attend. Additionally, licensees and registrants who will allow their licenses/registrations to lapse in the future and later seek reinstatement cannot be identified.

Mr. Toryanski said that during the 2015 Regular Legislative Session, the Legislature passed H 117, which amended Idaho Code § 67-2614, the IBOL section of renewal or reinstatement of licenses or registrations. H 117 simplified and standardized the license renewal process for licensing boards served by the BOL. Although boards have the option of maintaining their individual licensing requirements, this IBOL Board has decided to amend its rules to align them with the BOL's statute. Other boards are already in synch with the BOL's statute. The changes contained in this rule were discussed and decided upon by the IBOL board at a properly noticed open Board meeting.

MOTION:

Senator Schmidt moved to adopt **Docket No. 14-0101-1502**. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

PASSED GAVEL:

Vice Chairman Martin passed the gavel back to Chairman Patrick.

ADJOURNED:

There being no further business, **Chairman Patrick** adjourned the meeting at 2:48 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary