

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 19, 2024

TIME: 1:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Cook, Senators Lakey, Guthrie, Ricks, Foreman, Hartgen, Lenney, Ward-Engelking, and Ruchti

**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 Cook** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:00 p.m.

MINUTES APPROVAL: **Senator Lakey** moved to approve the Minutes of March 12, 2024. **Senator Lenny** seconded the motion. The motion carried by **voice vote**.

H 501AA

MEDICAL LIENS - Amends existing law to revise provisions regarding medical liens, to update a provision regarding perfection of such liens, and to provide that license shall relate to the charges for services or treatments provided.

Representative Gannon stated this bill made minor changes to the 1941 medical lien statute to deal with the way modern medical billing worked. It helped patients by making sure that those who purchased private medical insurance received the benefits. Medical providers were protected, but allowed for liens in injury cases for the fair value of the services. This bill gave the providers an additional time period for filing a medical lien after a citizen's health insurance processed the medical bills to ensure that medical providers were paid a fair negotiated value for services.

This bill prevented providers from overbilling and imposing inflated charges on the liability insurance companies when private health insurance was available to pay. **Representative Gannon** reported this legislation caused no additional expenditure of funds at the State or local level nor did it cause an increase or decrease in revenue for State or local government.

TESTIMONY: **Guy DeKlotz**, representing himself, testified in support of the bill. He cited an example of an experience he had with a surgeon who chose not to use his insurance and, instead, filed a lien for \$183,000 against him for his two-hour back surgery. He stated the situation was stressful and he had to hire an attorney. The lien made life difficult from a mental standpoint and hindered his efforts to move forward. Because of the lien, he could not settle the claims for the car crash that injured his back. The actual surgery should have only cost \$20,000 instead of \$183,000. He noted he hoped there was some good that came out of his situation.

Kurt Holtzer, an Attorney and representing himself, testified in support of the bill. He noted there were very few medical professions who took inappropriate advantage of the lien statute. Those physicians were trying to take advantage of liability carriers.

DISCUSSION: **Senator Ruchti** and **Mr. Holzer** discussed the challenges of not having enough insurance and how some doctors took unfair advantage of patients.

TESTIMONY: **Joel Miller**, representing himself, testified in support of the bill. He explained he injured his back in a car accident. The doctor billed some of the services through his health insurance carrier. However, he chose to file a lien for over \$200,000 for surgery. The doctor settled and received far more than what he was entitled.

DISCUSSION: **Senator Lakey** and **Representative Gannon** discussed that a doctor only had 30 days to file a lien, but should bill the insurance company first.

MOTION: **Senator Ward-Engelking** moved to send **H 501aa** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion.

Senator Ruchti stated he had a potential conflict of interest pursuant to Senate Rule 39(H), but intended to vote.

VOTE: The motion to send **H 501aa** to the floor with a **do pass** recommendation carried by **voice vote**.

H 621AA **HOMEOWNER'S ASSOCIATIONS - Amends existing law to define terminology and to provide for the declaration of certain conflicts of interest or familial relationships with respect to service contracts with a homeowner's association.** **Representative Green** explained the proposed legislation updated the Idaho Homeowner's Act (HOA) to include a definition for "community manager." In addition, this legislation stipulated that board members of HOAs declared a conflict of interest or familial relationship with entities seeking to enter service contracts with HOAs. There was no fiscal impact to the State or local level. She noted some property management companies told clients they did not have to adhere to the HOA Act. This bill defined "community manager" as noted on page 1, lines 35-38. She pointed out that on page 2 of the bill, lines 40-44, that board members had to declare any conflict of interest or familial relationship.

DISCUSSION: **Senator Foreman** questioned why HOA board members had to declare a conflict of interest and should not members of an HOA and the "community manager" work this out. **Representative Green** stated the HOAs had become more prevalent with the population growth. Covenants, Conditions, and Restrictions (CCRs) did not require board members to declare a conflict of interest when signing a contract. This legislation protected property rights and provided transparency. **Senator Foreman** queried if there was not a mechanism in the CCRs relating to declaring a conflict of interest without the State stepping in. **Representative Green** explained she had a constituent who was suing her HOA because of lack of transparency.

Senator Guthrie queried if a conflict of interest had to be declared at every HOA annual meeting. **Representative Green** noted the conflict of interest had to be declared at every annual meeting.

TESTIMONY: **Brindee Collins**, Attorney, Community Association Institute (CAI), testified in opposition to the bill. She stated that although "community manager" was defined, that terminology was not used throughout the bill or the HOA Act. She stated the main issue was the definition that defined HOAs, "community managers," and agents to be the same thing, but they were not the same. This situation created confusion and created some unintended consequences of managers saying they were defined as the same thing as an HOA. She stated the conflict of interest declaration in the bill was covered by the Nonprofit Act and fiduciary duty. This law was unnecessary.

DISCUSSION: **Representative Green** remarked she gave the CAI the proposed language in the bill. They identified the name of "community manager" as a term to use. She asked that the word "agent" be used, but the CAI wanted "community manager" to be used instead.

MOTION: **Senator Ruchti** moved to send **H 621aa** to the floor with a **do pass** recommendation. **Senator Hartgen** seconded the motion. The motion carried by **voice vote**. **Senators Lakey** and **Foreman** voted nay. **Senator Lakey** stated he reserved the right to change his vote on the floor.

H 545 **PROPERTY - Amends existing law to provide that a local governmental unit shall not enact, maintain, or enforce an ordinance or a resolution that forces participation in an optional federal housing assistance program or regulates rent, fees, or deposits charged for leasing private residential property.** **Representative Mitchell** explained this bill amended Idaho Code § 55-307 to prohibit local governments from mandating Idaho property owners to be forced to participate in an optional Federal Housing Assistance (FHA) program or any program that had the effect of regulating rent, fees, or deposits. This bill updated language in Idaho Code § 55-2006 to be consistent with amended language. This legislation caused no additional expenditure of funds at the State or local level of government, nor did it cause an increase or decrease in revenue for State or local government. He remarked this was a private property rights bill. He yielded his time to Daniel Schoenberg, co-owner of Palouse Properties, Incorporated.

Mr. Schoenberg explained he was supportive of this legislation. He referred to the letter he wrote (Attachment 1). He stated the legislation addressed two issues. One was Section 8 housing vouchers and the other issue was related to rent control. He reported that rent control districts had a negative effect on the rental market. This caused everyone to pay more. There was an exemption for less than three units. Section 8 housing vouchers required a one-year lease per tenant with a myriad of paperwork.

DISCUSSION: **Senator Ward-Engelking** queried if there was rent control or required Section 8 housing vouchers in his area. **Mr. Schoenberg** reported there was no rent control or requirements for Section 8 vouchers, but this happened in other parts of the State. **Senator Ward-Engelking** commented this issue was possibly a local control problem and she did not like the State telling local communities what to do.

Senator Hartgen and **Mr. Schoenberg** discussed Section 8 vouchers and income associated with those types of rental properties.

TESTIMONY: **Luci Willits**, City of Boise Council member, representing herself, testified in support of this bill. She stated she did not like Section 8 vouchers. She did not believe in rent control. Last year the City of Boise passed several ordinances for rental protection. She voted for the ordinances that promoted transparency and that were aimed at practical and common sense protections. **Ms. Willits** stated she did not vote for the ordinance that required landlords to accept any source of income, including federal housing vouchers.

DISCUSSION: **Senator Ruchti** questioned how long had the ordinance in the City of Boise been in place. **Ms. Willits** remarked that it had been in place since the end of last year. **Senator Ruchti** asked if Ms. Willits had enough time to evaluate the program. She stated this was a greater economic question and a statewide discussion was more appropriate. **Senator Ruchti** explained this legislation was more than any federal housing assistance program or any other program that regulated deposits and rents. **Ms. Willits** expressed a concern about the fees that were regulated in the City of Boise. She was concerned about cities mandating these kinds of ordinances to property owners. She commented cities should not be policy leaders. The State should make those kinds of decisions. **Ms. Willits** pointed out she had a concern about Idaho Code § 55-307(2), line 26, as it did not allow cities to regulate fees. She did not believe in rent control. The City of Boise wanted people to be self-reliant and should have the opportunity to look at fees. She noted she was in support of the source of income part of this bill.

TESTIMONY: **Kathy Grismyer**, City of Boise, testified in opposition to the bill. She emphasized this was an overall preemption for cities that would bar any city from being able to respond to the unique housing needs their community faced. She stated that under this legislation, the City of Boise would lose three housing ordinances. She stated the Council and Mayor worked very diligently to engage with stakeholders, not only with residents who were impacted, but negotiated with the Idaho Apartment Association, the National Association of Property Managers, Boise Realtors, and the Idaho Realtors to help craft policy. She asked that the bill be amended.

DISCUSSION: **Senator Ruchti** and **Ms. Grismyer** discussed the Boise ordinance and how it affected Section 8 housing vouchers. **Ms. Grismyer** indicated how a renter chose to pay for rent could not be discriminated against. A landlord could not say they did not accept vouchers. It did not prohibit a landlord from setting the rental rate, nor did it prohibit them from screening an applicant based on the screening criteria. There was an exception for anyone who owned or managed two or fewer units.

Chairman Cook queried what happened if an owner wanted \$1,000 for rent, but the voucher said it was only worth \$900. **Ms. Grismyer** explained that through the voucher program, a tenant could not spend more than 30 percent of their income on rent. An application had to be submitted, the property had to be inspected, and a deposit had to be made. She stated that a 30-day notice had to be given prior to a rent increase.

Senator Lakey queried if a rental increase required approval of a federal entity. **Deanna Watson**, Executive Director, Boise City/Ada County Housing Authority, stated the ceiling amount could not exceed 40 percent of income. If the landlord did not want to reduce the rent, then the property could not qualify for Section 8 housing. The landlord could request a rent increase and the tenant could then exceed 40 percent of their income after one year.

Chairman Cook stated that due to the lack of time, this hearing was to be continued to the next meeting.

ADJOURNED: There being no further business at this time, **Chairman Cook** adjourned the meeting at 2:03 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary