

GREATER NASHUA CHAMBER OF COMMERCE

THE CHAMBER

THE "BOTTOM LINE" LEGISLATIVE REPORT

A Weekly Report From the Chamber on Issues Affecting You in the State Capital

January 23, 2006

Issue #1

2006 AND A NEW LEGISLATIVE SESSION...

Early every January, legislators and advocates for all sorts of issues pour over the hundreds of bills which are introduced each session. Of the more than 1000 that were introduced this year, dozens will have serious implications for your business and its bottom line. To protect your interests, your Chamber of Commerce is focused on a simple policy goal; working to make New Hampshire the best state in the union to start and grow a business. This simple goal drives our entire advocacy program in the halls of the State House and City Hall.

A favorable tax and regulatory environment, effective economic development initiatives and continuing our efforts to lower the cost of health insurance all have topped the legislative agenda for the first weeks of the 2006 legislative session.

Economic Development

HJR 2 (Urging Support for Commuter Rail) The Chamber joined key leaders from Nashua City Hall and the Regional Planning Commission to urge the House to pass this joint resolution affirming the Legislature's support for Commuter Rail. The support of the Legislature is key to the success of this project because, unlike similar projects around the United States, this project can be completed and operated successfully without state funds. As Nashua and other communities along the proposed route to Manchester identify local funding solutions, continued support from the state will clearly show our federal partners that New Hampshire is committed to improving our transportation infrastructure and completing this important economic development initiative. Rail has been proven to serve as an economic development incubator when it is introduced into cities on the fringe of large metropolitan cities and the Chamber will continue to make commuter rail a top priority.

HB 657. The House will vote on **HB 657**, which is a bill to promote community revitalization, at the House session on February 1st. The intent of this bill is to enable a municipality to grant short-term property assessment tax relief as another economic tool to enhance the downtown areas. This bill allows municipalities to allow an owner of a building in a designated urban and town center to apply for increased tax assessment relief while rehabilitating the structure. The cost of the improvement must be at least \$75,000. The initial tax relief will be in the form of freezing the property assessment at its current value for the duration of the improvement, not to exceed five years. At the expiration of the relief period, the building will then be assessed at the improved value. If the improvement results in new residential units or has historical or cultural features, the tax relief may be extended after the initial five years. This is a great tool to allow towns to revitalize downtowns and control sprawl.

Regulatory and Tax Fairness

HB 1511 (Replacement Cost For Businesses Taken By Eminent Domain). The House Judiciary Committee has heard testimony regarding this replacement cost bill which was filed by Representative Fran Wendelboe of New Hampton. This is a repeat of a bill which was drafted by the Nashua Chamber in 2001, and which passed both

houses before it was vetoed by Governor Shaheen. This bill would ensure that businesses which are subject to a taking are going to receive fair compensation. Under current law, the business is entitled only to the fair market value of the property which is taken. However, as we all know, this does not necessarily provide full reimbursement to the business. For example, the business may well need to purchase a new building if the business is going to resume operation in another location. Chamber President Chris Hodgdon testified in favor of this bill. The State Department of Transportation and the New Hampshire Municipal Association expressed some concerns, but surprisingly did not level any opposition to the bill along the lines of the full-court press which they put into operation in 2001.

HB 1618 (Net Operating Loss (NOL) Technical Change). Representative Norm Major, Chair of the House Ways & Means Committee, has sponsored for the Department of Revenue Administration **HB 1618**, which is supposed to be a technical change to the current NOL law. They are claiming the current NOL calculations allowed businesses to get a 108½% credit for their NOL as it counts the NOL credit and the BET credit. The Chamber was one of two groups testifying in opposition to the bill. We strongly believe the bill will diminish the current NOL statute. The Chamber championed the increase in the NOL allowance a year ago, so we will work really hard not to lose any ground. New Hampshire is still 50th, last, in our generosity for new NOL provisions. If we are to attract any R&D companies, we need to increase the NOL provisions, not decrease them. The BET has no relevance as a tax to the NOL.

HB 1618 erodes the NOL deduction. The proposal, as written, is not clear whether they want to add back the BET deducted in the current year or the BET deducted in the year the loss was incurred.

Example: A business incurs a loss in 2005 of \$10,000, including a deduction of \$1,000 for BET. Then, in 2006, the business has taxable profits of \$15,000 and is able to use \$10,000 of the 2005 NOL so it would report taxable profits in 2006 of \$5,000. Under this proposal, the \$1,000 BET incurred in 2005 would not be allowable and the business' 2006 taxable profits would be \$6,000.

Health Care/Health Insurance

In addition to the Chamber's continued effort to lower healthcare by allowing organizations like a Chamber of Commerce, to create buying alliances with its membership, many health insurance bills which effect businesses and the rates they pay are being debated.

There are bills with "mandate" proposals; bills which seek broader collection and analysis of health insurance and health care data; medical liability insurance issues are back; and multiple bills dealing with hospital infection rates. And, New Hampshire, like Maryland has in **HB 1704**, its version of the "Wal-Mart" bill.

- The mandate proposals include, **SB 338** which would require that insurers reimburse for the services of licensed physical therapists, occupational therapists, speech and language pathologists, and clinical social workers who provide service to children from 0-3 who participate in the early intervention program. The House Commerce Committee will be addressing **HB 1452**, requiring coverage for the cost of testing for bone marrow donation and **HB 1570**, mandating health insurance for part-time students (through age 25). The latter bill is of particular interest, as during the discussion generated over "Michelle's Law", there was legislative interest in redefining dependent coverage to expansively include adult children. It is expected that **HB 1570** will reopen that discussion.
- The data collection bills focus on a number of potential sources of information. Both **HB 1703** and **HB 1704** seek to collect information on the percentage of payroll being spent by employers on employee health insurance and/or health care. (**HB 1703** focuses on employers with 500 or more employees, **HB 1704** on employers with 1500 or more.) Covered employers would report information to the Health and Human Services Commissioner. **HB 1723** would expand the scope of the New Hampshire Insurance Department's authority to collect specified data and requires the Department to post institution specific health care pricing and insurer reimbursement information on the Department's website. Interestingly, the Department

appears to have also included a provision prohibiting a provider contract which seeks to protect such information from disclosure. **HB 1555** would establish a commission to look into the cost drivers in the health care marketplace. While there are no express data collection provisions, clearly collection of information is at the heart of the concept.

THE WEEK AHEAD...

These are the bills on the top of the Chamber agenda during the coming week, for more information about how to get involved in our advocacy effort concerning these bills, please call the Chamber at 603.881.8333

January 23, 2006 **HB 1404** (breach of security of computerized personal information) - Subcommittee Work Session - 10:00 a.m., LOB 302
<http://gencourt.state.nh.us/legislation/2006/HB1404.html>

January 25, 2006 **HB 1704** (establishing a health care fund, continually appropriating a special fund, and requiring certain employers to report certain information to the department of health and human services) - Subcommittee Work Session - 9:00 a.m., LOB 302
<http://gencourt.state.nh.us/legislation/2006/HB1704.html>

January 26, 2006 **HB 1138** (required pay for employees called into work) - Hearing - 2:00 p.m., LOB 307
<http://gencourt.state.nh.us/legislation/2006/HB1138.html>

HB 1139 (time required between mandatory shifts or other work periods) - Hearing - 3:00 p.m., LOB 307
<http://gencourt.state.nh.us/legislation/2006/HB1139.html>

HB 1514 (business enterprise tax credit allowed against the business profits tax) - Subcommittee Work Session - 10:15 a.m., LOB 202
<http://gencourt.state.nh.us/legislation/2006/HB1514.html>

HB 1618 (net operating loss deductions under the business profits tax) - Subcommittee Work Session - 10:15 a.m., LOB 202
<http://gencourt.state.nh.us/legislation/2006/HB1618.html>

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