

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 31, 2006

Issue #2

THE WEEK JUST PAST...

REGULATORY AND TAX FAIRNESS ... WHAT A BUSINESS TAX WEEK!

HB 1514, which would extend the BET carry-forward from 5 years to 10 years, is sure to bite the dust for this biennium in the House. The House Ways & Means Committee would not stomach the new DRA fiscal note of a \$38 to \$44 million hit to the budget. Even though the extension of the carry-forward to 10 years would give businesses more flexibility in drawing down their credits and stimulate research and development, the Committee voted unanimously to kill the bill. The Chamber has been a strong supporter of efforts to reassess the various lengths of time that earned credits are viable. The fact that up to \$44 million in BET credits will expire each year strongly suggests that New Hampshire's BET looks and sounds more like a Alternative Minimum Tax than policy makers ever intended.

A close miss on totally restructuring the business taxes for profitable businesses. HB 1618, the technical correction bill on Net Operating Loss that the Chamber testified in opposition that it was not a technical correction but an attempt to actually erode the benefit of the our hard won Net Operating Loss Statute, has been voted to die 3-2 by the House Ways & Means Subcommittee. During the discussion of HB 1618, the DRA Commissioner, in an attempt to save the bill, proposed an amendment which would solve the Committee's problems with HB 1618. Well - in solving the "problems", the amendment would add the BET deduction against the BPT back into the tax calculation for the BPT.

The net result of this amendment? Any profitable business would pay more in taxes. Now why would we need profitable businesses to pay more in taxes, particularly when we have state revenues ahead of budget now?

The Chamber will continue to lobby the House Ways & Means Committee to kill HB 1618.

EMPLOYMENT REGULATIONS

HB 1138 & HB 1139 (Hours Of Work). Right now, New Hampshire law as a general rule requires that employees who are called into work be paid a minimum of 2 hours. State law also requires, generally speaking, that employees have at least 8 hours off before their next work

shift. **HB 1138** looks to change the 2-hour requirement to a 4-hour mandate; and **HB 1339** seeks to change the 8-hour requirement to a 10-hour requirement. Both of these bills were supported by the AFL CIO and an organization representing carpenters, and that was about it. On the other hand, the bills met with a tremendous amount of opposition from a host of business organizations, including this Chamber. You can imagine some of the issues which arose. What about law enforcement and fire fighters? What about nurses? What about small business? What about tourism and recreational business employees? What about electrical utility line workers? What about technicians who fix computer systems? What about the workers who fix equipment at the Berlin paper mills? What about tax preparers? By the end of two solid hours of testimony on these bills, it was apparent that the bulk of the testimony related to types of work which clearly would call for an exemption under the bill. We were particularly encouraged to see the House Majority Leadership Team come out in opposition to these bills. Hopefully, both bills will be killed without wasting too much time trying to carve out a laundry list of exemptions.

HEALTH CARE

A pair of health care bills directed at employers has generated significant discussion this session. One, **HB 1704**, was referred to the House Commerce Committee. The other, **HB 1703**, was referred to the House Labor, Industrial, and Rehabilitative Services Committee. **HB 1704** would require that employers with 1500 or more employees, spending less than a targeted amount for benefit of employee health care, pay the differential into a Fair Share Health Care Fund. The bill pegs the targeted amount at 10.5% of total wages in the for-profit sector and 8.5% in the non-profit world. Any moneys paid by employers who fail to meet the standard set by the bill would go to support state medicaid programs. That measure has been reported out of subcommittee with a recommendation of inexpedient to legislate.

Its companion, **HB 1703**, was heard by the House Labor Committee late this week. **HB 1703** is directed at employers with 500 or more employees. Again, the employers covered by the proposal would be required to report information on payroll and health care expenses; however, as originally introduced, the measure did not include any revenue-raising mechanism. Interestingly, the sponsor of **HB 1703** introduced an amendment at the hearing which would provide just such a mechanism. And, at hearing, Commissioner Brothers of the NH Department of Employment Security advised the Committee members that his Department was positioned to collect the data as well as any revenues contemplated.

These bills have sparked considerable debate, a number of editorial pieces, and more than a few op-ed commentaries during the last several weeks. While the future of these bills may be very much at risk, the energy behind them for equitable sharing of the health care burden is not going to dissipate.

Please contact Teresa Rosenberger, Devine, Millimet - (603) 410-1705, or Chris Hodgdon, Greater Nashua Chamber of Commerce - (603) 881-8333, if you have any questions.