

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

March 17, 2006

Issue #9

THE WEEK JUST PAST...

The House has been relatively quiet this week, resting up for two days of debate next week on all remaining House bills before crossover.

The Senate, however, was in a marathon. The Senate Finance Committee worked into the early evening on their remaining bills, and they still have a long day or two next week, amending, killing or passing bills prior to the final Senate session Thursday before crossover. We expect both bodies to be in rare form next week.

Interesting Tidbits or Possible Issues after Crossover.

Rumor has it the Senate thinks the state needs more and maybe new revenue. Due to the pending large highway projects (93 widening/Spaulding Turnpike) the state needs to put \$90 - \$100 million in the rainy day fund in order to get a favorable rate from the bonding agencies for the highway projects. The House has already put \$52 million in the rainy day fund, which brings the fund up to \$69 million. The Senate agreed to the \$52 million this week. It is expected another \$30 million will go in the rainy day fund before the end of the legislative session. Revenues are currently running \$50 million over revenue projections.

It seems ironic that when the state revenues are well ahead of revenue estimates, the Senate is actually discussing new revenue.

Stay tuned. It is unlikely, however, that business taxes will be increased.

Tax Decrease and Incentives.

HB 678 (Insurance Premium Tax Reduction From 2% To 1%). **HB 678** passed the House Ways and Means Committee and is headed to the floor with a vote of 15-2. The amended bill will cut the insurance premium tax in half over a five year period. The proposed tax reduction applies to insurance products other than health insurance. If the bill takes effect, New Hampshire would move into position as the state with the lowest premium tax in the region.

Presently, New Hampshire collects about \$85 million a year on the premium tax. Once the bill takes full effect, New Hampshire will be set back about \$13 million a year. The phase-in provides for reduction over a five year period, with the first one-quarter percent reduction effective July 1, 2007, a year where the revenue hit is calculated to be less than \$2.5 million, followed by like reductions in July '09, '10, '11.

There was quite a bit of editorial activity and op-ed attention to the proposed tax decrease. While that may have helped move the bill, there was a lot of work done by two House committees who both determined that it was in the State's interest to create a climate that encouraged New Hampshire's domestic companies to stay, and to also attract others interested in redomestication to New Hampshire. Apparently, both Committees concluded that taking a calculated risk that the measure will retain existing companies and jobs, as well as possibly attract new companies with good employment, is worth the rather modest hit to revenue. And, the phase-in amendment positions policymakers to change their minds along the way.

This may be the only tax decrease enacted in an environment of strong revenue returns.

SB 380, the research and development tax credit should pass the Senate Finance Committee and then the full Senate. It appears the Senate Finance Committee will cap the amount of R&D credit a company can take at \$100,000. They may also cap the total amount available statewide to \$1 million, which would mean prorating for companies if the statewide credit limit is reached.

Smoke Now In That Irish Bar With Your Guinness As You May Be On The Street Next Year.

Next week could see a first-time vote on banning smoking in restaurants and bars. The House Commerce committee voted 14-3 on **HB 1177** to institute the prohibition. Previously the legislature has made this issue a business decision. If the customers want smoking banned in a restaurant, the restaurant will comply to keep its customers happy. No wonder the "live free or die" signs were changed as we regulate more and more behavior in our state. This bill is one more example of how moderate the House has become. It will be interesting to watch what the full House does with this bill - and then the Senate.

THE WEEKS AHEAD...

Because of the long-windedness of many legislators, the bill (**HB 1138**) requiring employers to pay employees a minimum of 3 hours if called into work will be debated (at length) this next week.

March 21, 2006 **HB 1334** (effect on the unemployment compensation trust fund of employers with negative balance separate accounts) - Hearing - 10:35 a.m., LOB 102 <http://gencourt.state.nh.us/legislation/2006/HB1334.html>

HB 1570 (health insurance coverage for part-time college students) -
Hearing - 10:15 a.m., LOB 102
<http://gencourt.state.nh.us/legislation/2006/HB1570.html>

HB 1690 (renewable energy) - Hearing - 3:15 p.m., LOB 102
<http://gencourt.state.nh.us/legislation/2006/HB1690.html>

March 23, 2006

HB 657 (promoting community revitalization) - Hearing - 11:00 a.m.,
SH 103 <http://gencourt.state.nh.us/legislation/2006/HB0657.html>

HB 689 (jurisdiction of the NH commission for human rights over housing
discrimination cases) - Reconvened Hearing - 11:30 a.m., SH 103
<http://gencourt.state.nh.us/legislation/2006/HB0689.html>

March 28, 2006

HB 287 (making certain changes to the eminent domain statute) - Public
Hearing - 1:00 p.m., LOB 208
<http://gencourt.state.nh.us/legislation/2006/SB0287.html>

HB 1278 (increasing the fine for violating certain laws relative to labor) -
Hearing - 10:15 a.m., LOB 102
<http://gencourt.state.nh.us/legislation/2006/HB1278.html>

HB 1478 (penalties for employers who give false or incomplete required
information about employees to the department of employment security and
establishing an amnesty period for certain unpaid contributions) - Hearing -
10:35 a.m., LOB 102
<http://gencourt.state.nh.us/legislation/2006/HB1478.html>

HB 1588 (unemployment compensation requirements for governmental and
non-profit employers) - Hearing - 10:55 a.m., LOB 102
<http://gencourt.state.nh.us/legislation/2006/HB1588.html>

SB 376 (revenues dedicated to the education trust fund) - Public Hearing -
11:00 a.m., LOB 202
<http://gencourt.state.nh.us/legislation/2006/SB0376.html>

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