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Friday, February 6, 2009

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**This past week in the New Hampshire State House:**

As a follow-up to last week's Capitol Insights submission, public hearings were held on at least three employment-related bills this past week. This trinity of house bills includes HB 661, HB 662, HB 663, and represents the many testimonies expressed during the year's work by the Legislative Task Force on Work and Family beginning in September 2007 and concluding at the Work and Family Economic Summit held on October 29, 2008. According to the bill's prime sponsor, Rep Mary Stuart Gile of Concord, these bills are in response to the needs and voices of New Hampshire residents and the success of New Hampshire businesses. During each of the hearings Representative Gile asked that the respective committees **retain** these bills (take no immediate action), allowing time for US Congresswoman Carolyn Maloney's bill and US Senator Kennedy's bill regarding these issues be acted on at the federal level.

**HB 661, Family Leave Insurance:** The House Commerce Committee heard this bill on Tuesday. This bill, as proposed, creates a process for employees to request flexibility in work schedules contingent on meeting specific conditions and further specifies employers' criteria for granting or denying such requests. The sponsor asked that this bill be retained in committee until January 2010, allowing the Obama administration to effectuate it's projected 1.5 billion dollar distribution to states to create a family leave plan. She testified that the funds for this bill provides a \$250.00 per week benefit for up to 6 weeks for an employee to be paid for family leave. The funds would first come to the State via several vehicles, i.e., the 1.5 billion dollar distribution previously stated, an economic stimulus package or a re-act distribution package by the federal government. This pool would then be continually supported by the employees of NH paying elective family leave insurance premiums costing each employee on average \$18-\$20 annually. Rep. Stuart Gile went on to say that this plan would cost the employers nothing.

**HB 662, Mandatory Paid Sick Leave:** This bill would require employers to pay sick leave to full and part-time employees who have been on the job for more than 6 months. Employees would be able to accrue up to 40 hours of sick leave in a calendar year. Paid sick leave would be required in the following instances: for an employee's physical illness, injury, or health condition; need for medical diagnosis, care or treatment, or preventative medical care; to care for a family member who is ill, injured or seeks diagnosis; absence due to domestic violence; for psychological or other counseling; to relocate due to domestic violence; or to take legal action due to domestic violence. According to the prime sponsor, this particular bill would enable employees to obtain early healthcare, which would have long-term positive impacts on our state. The House Republican leadership testified against the bill, as did those representing several small business associations.

**HB 663, Working Families Flexibility Act:** The House Labor Committee heard this bill on Tuesday and learned passage which would create a process for employees to request flexibility regarding certain conditions of employment. It would apply to employers with 15 or more employees. The House Republican leadership testified against the legislation, as did representatives from the Business and Industry Association and the NH Municipal Association.

**You may have thought we were done with education funding. We are not.**

HB 426, introduced to the Ways and Means Committee on Tuesday by prime sponsor Rep. Andy Peterson of Peterborough, seeks to establish the **New Hampshire Homestead Plan**. This bill seeks to accomplish several goals by redefining the current education property tax. It would change the current education property tax to \$5.50 per \$1,000 of taxable value and establishes a homestead exemption from the education property tax for the first \$150,000 of assessed value of homestead property. This element alone would raise more than \$362M in additional revenue while leveling the property tax burden. This may cause some businesses in lower tax rate towns to pay more in taxes but, according to the bill's sponsors, many businesses would see little change or a reduction in their property taxes. Other sections of the proposed legislation attempts to determine the per pupil cost of the opportunity for an adequate education; requires schools receiving differentiated aid to use it to implement enhanced programs known to improve pupil achievement; provides fiscal capacity disparity aid, in addition to aid for the cost of the opportunity for an adequate education, based on a municipality's equalized valuation; provides fiscal capacity disparity aid to state-approved charter schools; provides sustainability grants to municipalities; provides targeted grants to municipalities based on demonstrated need and lastly, repeals the provisions governing excess education property tax payments.

This legislation will be watched closely by many. Several have already spoken out on possible technical problems with the bill's language regarding targeted aid; the increased burden on municipal tax collectors; current appraisal methods being applied to this bill; the age of the data being used the basis for calculations in the bill; etc., etc., etc.

While the sponsors of the bill are attempting to fully fund an adequate

education, the final fiscal impacts on residents and business will get the majority of the attention. There will be more, much more, to follow on this bill.

**Hearings of note scheduled for next week:**

House Ways and Means committee: HB533-reducing the rates for the business profits tax and business enterprise tax. HB 583-establishing an income tax to adequately fund public education and relative to the employment of teachers.

It is not likely either of these bills will reach the Governor's desk.

**Did you know?**

You can find the language in proposed legislation online at:

[http://www.gencourt.state.nh.us/bill\\_status/quick\\_search.html](http://www.gencourt.state.nh.us/bill_status/quick_search.html)

Just paste the above link into your browser, and then enter the number of the bill (i. e. HB426) in the form provided.

*Erle Pierce  
The Sheehan Phinney Capitol Group*

**CHAMBER INSIGHT:** 

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**Legislature considers new mass layoff provisions...**

NH Labor Commissioner George Copadis recently visited with the Chamber's Government Affairs Committee (GAC) and discussed Senate Bill 40, which creates a state version of the federal W.A.R.N. act (Worker Adjustment Retraining and Notification). SB 40 for the most part mirrors the federal version of the law and establishes rules and provisions business must meet when conducting mass layoffs, including 60 day notice to all workers. There are two key differences, however, between SB 40 and the federal WARN act that should be concerning to the business community.

- The federal WARN act only applies to firms with 100 or more employees. SB 40 lowers that threshold to 75 employees.
- Unique to any WARN legislation across the country, SB 40 includes a personal liability section that allows the State to in essence "pierce the corporate veil" and seek damages from the employer in event they violate the provision of the State WARN act.

While the GAC supports the overall intent of this legislation, and the intent of the current federal WARN act, the two differences mentioned above are concerning. By lowering the employee threshold, many businesses that currently do not fall under the federal version of this bill will fall under the state version. This confusion can be avoided if the federal and state thresholds simply mirror one another. The GAC plans to recommend this change to the legislature. The GAC is also concerned that the personal liability section sets a bad policy precedent for the state. In addition, the specific language that attempts to define who would be ultimately held liable is not clear and open to interpretation.

## **Business Coalition Talks Taxes...**

The Greater Manchester Chamber of Commerce joined 10 other business organizations this past Monday in Concord at a press conference to oppose increases in state business taxes. "Increasing the cost of doing business in New Hampshire right now will hurt, not help our ability to break out of this recession," said GMCC President Robin Comstock.

As budget projects continue to look grim, the ball is now in the Governor's court as the legislature awaits his Feb 12th budget speech.

## **Apportionment of civil damages takes center stage this week...**

The much despised HB 197 will have its public hearing in House Judiciary this week. Expect a long line of organizations to appear in opposition. A similar measure passed the House and Senate in 2007 and was ultimately vetoed by the Governor. How far the measure gets this year is still up for debate.

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### **EYE ON POLITICS:**

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