

GRANITE STATE TAXPAYERS

Senate Finance Committee

SB 1 Hearings

January 29, 2019

GRANITE STATE TAXPAYERS

Granite State Taxpayers, is non-partisan, non-profit with a Mission to inform, educate and motivate New Hampshire taxpayers and to lobby the legislature on their behalf. We advocate for low taxes, balanced budgets, frugal, limited government that works within its constitutional authority, and local control.

RATIONALE FOR FREE INSURANCE MARKETS AND CHOICE AND AGAINST GOVERNMENT MANDATES

Granite State Taxpayers advocates for free market approaches and solutions and for private business and competition as the tools to provide the most competitive costs, the highest quality and the best customer service and satisfaction.

When freedom and free will prevail, consumers make choices based upon value as they perceive it. Markets aggregate and integrate the collective voice of the consumer, and reward (or not reward) those enterprises that satisfy their customers. In free market, the allegiance of customers must be earned, and their allegiance cannot be taken for granted. Consequently, in order to prosper, private companies and markets are forced to be nimble and responsive to customer demand, and must change if customer demands change.

Government control of business areas, particularly mandate of products or services, creates bureaucracies that, by their nature, become inflexible and are prone to increased cost, “mission creep”, and fidelity to political issues rather than consumer preference. In short, the “voice of the customer” is muted or ignored in favor of the voice of the legislature.

Granite State Taxpayers Opposes Mandated State Run Family Medical Leave

SB 1 MANDATES STATE RUN FAMILY MEDICAL LEAVE INSURANCE ON NEW HAMPSHIRE BUSINESSES

In the last session, we opposed HB628, which would have done what SB1 now intends to do.

Both bills present that:

“The general court finds it in the public interest to establish a system of family and medical leave insurance.” *We consider that to mandate and manage such a system is not a proper role of government.*

Insurance plans currently exist that provide coverage for the types of benefits included in the legislation. Coverage is sold, on a voluntary basis, to employers wanting to provide the benefits to their employees. *In that case, the private sector already can and will provide a better product, cost and quality.*

Department of Employment Security estimates SB 1 FY 2022 cost of \$7,706,397 and 38 new employees. *SB 1 creates a new government bureaucracy and cost to the taxpayer.*

SB 1 MANDATES WILL NEGATIVELY IMPACT NEW HAMPSHIRE BUSINESSES

California, New Jersey, Rhode Island and New York are the only states with state-run FMLI programs.

Taxes and regulations have a negative effect on businesses and on economic development. A lower tax and regulatory environment is desirable to individuals and businesses because they have both the opportunity to retain a higher percentage of the results (wages or profits) of their efforts (work). That allows individuals and businesses to spend, or save, more of their income, which drives economic growth.

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Due to a strong national economy and business-friendly tax and regulatory changes over the last four years, the economy is strong, more citizens are working than ever before, our unemployment rate is the lowest in the nation, people are moving into the state, and consumer confidence is at an all-time high. As a result, wages and benefits have increased as companies have had to compete to attract employees. *Businesses are perfectly capable of deciding whether Family and Medical Leave is of value to employees.*

ADDITIONAL VOLUNTARY FAMILY MEDICAL LEAVE INSURANCE OPTIONS ARE BEING PROPOSED

Governors Chris Sununu and Phil Scott of Vermont have introduced the Twin State Voluntary Leave Plan. That Plan is a voluntary paid family and medical leave insurance product not currently offered in either state. Available to all businesses, plus individuals, it is intended to be anchored by the 18,500 state employees of both states. Those groups of potential insureds are intended to provide a sufficient number for insurance companies to base their products and to include small businesses and individuals. *A free-market, voluntary system requires no additional state employees or costs to manage.*

Family Medical Leave Decisions should be made by employers and employees.

SB 1 grows government, adds regulation and cost, and has the State take over a service currently available, sold and purchased in the private market.

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