

2008

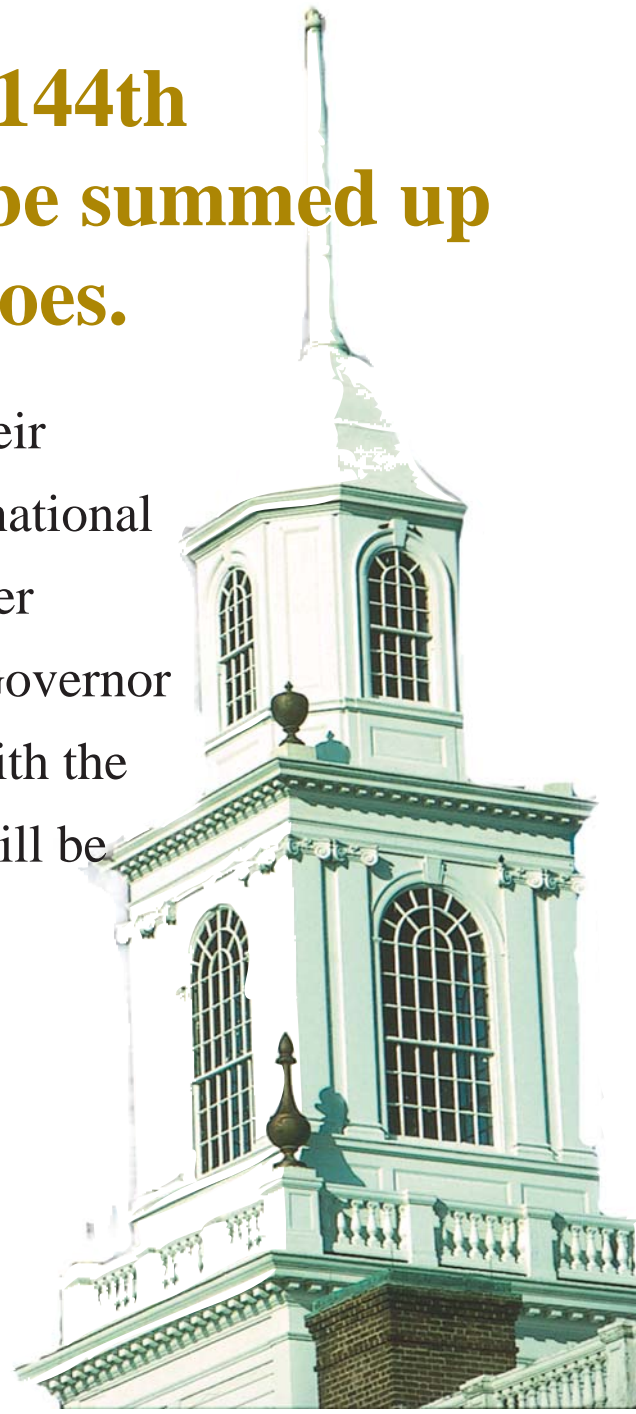


Legislative Wrap-up

Delaware State Chamber of Commerce

**The final session of the 144th
General Assembly can be summed up
in two words: budget woes.**

This year, Delawareans learned that their prosperous state is not immune to the national economic downturn. The State Chamber believes it is imperative that the new Governor and General Assembly work closely with the business community and others who will be affected to make fiscally responsible decisions that will allow Delaware's economy to grow once again.





From left: Reps. Debbie Hudson, Donna Stone and Bob Valihura.

Budget Details

Operating Budget - SB 300

The Joint Finance Committee was able to balance the FY 08 budget by a combination of budget cuts and unanticipated new revenue including a \$63 million corporate franchise fee payment that arrived two days before the end of the fiscal year.

In order to balance the FY 09 budget and prepare for another tight budget for FY 10, the administration and the General Assembly put together a series of budget cuts and fee and tax increases, innocuously called “revenue enhancers.”

Altogether the approved measures will provide approximately \$100 million in additional fee and tax revenue. The grand total: a \$3.362 billion operating budget for FY 09 – a 2.35 percent increase over the previous year’s spending.



Joint Finance Committee Co-Chair Sen. Nancy Cook.

Gross Receipts Tax Rollback - HB 513

After a series of discussions an agreement was reached on a three-year rollback of the 20 percent Gross Receipts Tax reduction enacted in 2005. The agreement leaves the increased monthly exemptions in place and rolls back a smaller portion of the tax on supermarkets.

Corporate Filing and LLC Fee Increases - HB 519 Tax and Fee Increases and Escheat - SB 333-335

Corporate and LLC fees were increased after discussions with corporate service companies and incorporation attorneys. The racinos agreed to an increase in the portion of video lottery payments that would go to the state, along with some other changes in the regulations, while the dormancy period on escheat items including pari-mutual winnings was lowered.

Hospital Tax - HB 512 Alcohol Fee and Tax Increases - HB 517-518

Some proposed tax and fee increases did not go through. An attempt to impose a 2.5 percent



State Budget Director Jennifer Davis reviews material with Joint Finance Committee Co-chair Rep. Bill Oberle.

hospital tax in exchange for increased Medicaid payments failed after vehement protest by the hospitals. Tax and fee increases on alcohol were also not approved.

Bond Bill - HB 525

The \$602 million Bond Bill includes \$133 million for public school construction and \$268 million for critical transportation infrastructure improvements. The bill also contains \$1.5 million in funds to continue the expansion of the first-in-the-nation Delaware Health Information Network. Also included: continued funding for the Strategic Fund and The New Economy Initiative, which are both designed to encourage local businesses to expand and to attract new business to the state.



Victories

All of the news out of Dover this year was not bleak. We saw the continued improvement of the revised workers compensation statute, an agreement on the Bluewater Wind energy project and the funding for a deputy Attorney General to focus on organized retail theft. In addition, the State Chamber was also able to convince the legislators this is not the time to add additional costs to businesses through increases in the minimum wage or added regulation.

WORKERS COMPENSATION REFORM

✓ SB1 & SB 160

The Workers Compensation Health Care Advisory Panel spent months establishing the fee schedule, treatment guidelines and appeal process as well as writing the rules and regulations that will guide the Department of Labor in managing the system. Early indications are positive. The Delaware Compensation Rating Bureau projects a 17 percent decrease in workers compensation premiums beginning in December 2008.

ENERGY & THE ENVIRONMENT

✓ Offshore Wind Power SB 328, SB 228, SB 276

After months of public hearings, extensive public relations campaigns, public bickering and negotiations led by Sen. Tony DeLuca, Delmarva Power and Bluewater Wind reached agreement on the financing for an off-shore wind energy project. From the beginning, the State Chamber outlined three goals: 1. We supported the development of renewable energy sources, including wind. 2. We wanted business to negotiate with business – not under the force of the state legislature. And 3. We wanted Delmarva Power to be able to purchase wind power at the best price available. We were pleased to see that all three objectives were met in the final agreement.

Offshore wind power is just one piece of Delaware's plan to increase the use of renewable energy in the state. The General Assembly passed legislation that establishes a Sustainable Energy Utility that will help Delaware companies and

residents find renewable energy products and services.

✓ Title V Program Renewal HB 418

The Title V Permitting Committee, which includes State Chamber members, agreed to a new formula for setting air emission fees. The two objectives of the committee are to make certain the program is financially stable (this is a federal mandate) and that the fee structure is equitable. Some facilities will experience lower fees while others will see their fees increase.

✓ Environmental Penalties SB 309

Hazardous Cleanup and CO2 Emission & Trading

SB 168 & SB 263

The legislature passed several pieces of legislation that set hazardous cleanup requirements, establish a CO2 emission and trading program and increase fines for violations of state environmental law.



Sen. Majority Leader Tony DeLuca, left, has a sidebar discussion with Fritz Schrank of DelDOT and Sen. John Still.

(Victories, continued.)

✓ *Solid Waste Dumping Fee*
HS 1 HB 146

The Senate defeated a bill that would have established a \$3 per ton fee for dumping solid waste at state landfills.

RETAIL

✓ *Organized Retail Theft*
HB 458

This legislation will allow the Attorney General's Office to appoint a Deputy Attorney General with the primary responsibility of prosecuting Organized Retail Crime. In order to pay for this position, the retail industry, through DSCC affiliate the Delaware Retail Council and the Delaware Food Industry Council, agreed to add a \$15 fee to all retail establishments' annual businesses licenses.

✓ *Lead-Based Toys*
HS1 HB 362

This bill that restricts the sale of toys imported from China that may contain lead-based paint was rewritten at the request of the Delaware Retail Council. The bill that passed is one that the retail industry agrees will protect the public, without onerous and unnecessary reporting requirements.

EDUCATION

✓ *Same-Sex Charter Schools*
HB 285

New Charter School Applications Moratorium - SJR 11
HB 285 allows for the establishment of single-sex schools and paved the way for the all-male Prestige Academy and a similar school for girls.



House Majority Leader Dick Cathcart, left, and House Majority Whip Biff Lee.

SJR 11 places a one-year moratorium on the establishment of new charter schools. The effect will be limited since the resolution excluded four proposed schools that had already made application for approval.

Anti-Business Legislation Derailed

- ✓ HS1 HB 121, Puts restrictions on the issuance and use of gift cards.
- ✓ HB 186, Places state restrictions on local sub-division rules.
- ✓ HB 229, Establishes unrealistically strict regulations for hotel/ motel occupancy.
- ✓ HB 313, Includes traumatic stress syndrome in workers compensation coverage.
- ✓ HB 327, Eliminates the Delaware Doctrine of employment at will.
- ✓ HB 468, Redefines the definition of an independent contractor as an employee.
- ✓ SB 204, Increases the minimum wage over a two-year period.
- ✓ SB 280, Increases the tip wage by tying it to the minimum wage.

DISAPPOINTMENT

✗ **Prevailing Wage Calculation**
SB 118, HB 394

Early in the session, SB 118, revamping the formula for setting the prevailing wage on public projects, was passed and signed by the Governor. Although this change will have little impact on the prevailing wage in New Castle County, it could increase the cost of public construction projects in Kent & Sussex counties. HB 394, which was tabled in the House Labor Committee, would have required any contractor who bids on publicly financed projects to report all wage rates paid to the Department of Labor for the purpose of calculating the prevailing wage. This would have created a more accurate calculation of the prevailing wage.

✓ = Chamber Win

✗ = Chamber Loss



DELAWARE STATE CHAMBER OF COMMERCE
1201 N. ORANGE STREET, P.O. BOX 671
WILMINGTON, DELAWARE, 19899-0671
(302) 655-7221 • FAX: (302) 654-0691
WWW.DSCC.COM

Questions? Contact DSCC Sr. VP. of Govt. Affairs Rich Heffron at (302) 576-6563 or rheffron@dsc.com.