

Maryland's Eight Percent Health Care Mandate is a New Tax on Business

"Experience should teach us to be most on our guard to protect liberty when the government's purposes are beneficent."

– U.S. Judge Louis D. Brandeis

HAS the power of government spun further out of control? Maryland's state legislature recently passed a law that requires all companies with over 10,000 employees to expend 8 percent of their total payroll on health care benefits or to give the difference to the state.

Although the new legislation now only applies to Wal-Mart (the only company of three in the state with over 10,000 employees that does not meet the health care spending minimum), it's likely the Maryland law will be amended over time to apply to all but the smallest businesses. According to a spokesperson for Wal-Mart, just 3,900 of the

company's 17,000 Maryland employees are uninsured, comprising 0.5 percent of the 786,000 uninsured persons in the state.

In an interview, Bruce Josten of U.S. Chamber of Commerce told the *Wall Street Journal* that roughly 25 million of the more than 45 million Americans who do not have health insurance work for companies with less than 10 employees.

How can politicians pass up an opportunity to make all closely and publicly held companies pay more for health care? Making health care or any employer-awarded benefits a government mandate is a bad idea. As former U.S. Supreme Court Chief Justice John Marshall once said, "The power to tax involves the power to destroy."

The Maryland Chamber of Commerce has taken the position that the Maryland bill was preempted by the Federal Employee Retirement Income Security Act. This means the

Maryland law is likely to face legal challenge.

National trade groups, including The International Franchise Association, National Restaurant Association and the International Franchise Association, are preparing a campaign to prevent lawmakers from passing similar legislation outside Maryland.

Kentucky's General Assembly has indicated a bill similar to Maryland's is in the offing. Although this legislation may receive strong support from unions, Wal-Mart's competitors and bureaucrats who are seeking more tax dollars for health care, the General Assembly must hold the line on legislation that ultimately could adversely impact the rights of Kentucky businesses, the state's economic competitiveness, the price of goods and services in Kentucky, and the free enterprise system as a whole.

In a free market system, all businesses must adjust to competitive forces or close their doors. We believe that competition is vastly superior to state laws. Freedom and free enterprise are the concepts that make America great.

WAL★MART®



Kentucky House Bill to Remove Sales Tax on Equine Products

HOUSE Bill 263, which removes the sales tax on feed, grooming and other products sold for equine use, was introduced by primary sponsors Rep. Susan Westrom (D-Lexington), Rep. Royce Adams (D-Dry Ridge) and Rep. David Osborne (R-Prospect). Since the bill was filed, several other legislators have signed on as co-sponsors.

"This bill addresses an equity

issue," said Jim Navolio, executive director of Kentucky Equine Education Project. "This is an unfair tax that is only levied on horse farmers. If you buy the same item for another animal, you are not charged sales tax on the item. Every horse owner across the state would be positively impacted by the removal of this tax." *The Lane Report* concurs that all taxes should be equitably allocated and supports House Bill 263.



"One of my employees has accused me of being closed-minded. He's just upset because I refuse to listen to him."

Passing Lane

Commentary on Life in Kentucky

The Last Word

Space limitations did not allow us to print all of the comments we received last month on what to expect in 2006. We're included a few more of the notable quotes here.

"There are two assets that make the bluegrass unique - the University of Kentucky and the Thoroughbred industry.

Look for UK to be an even stronger economic catalyst for our region and state.

The Thoroughbred industry enjoyed an incredible sales and racing year in Kentucky. Outside of our region though, difficult times face the racing industry. Keeneland along with other Central Kentucky-based equine industries will play a major role in meeting these ongoing challenges.

— **Kip Cornett**
President and CEO
Cornett Advertising

"The Federal Reserve has increased the fed funds rate by .25 percent at every meeting since June of 2004. The rising rates have slowed the housing and bond market, but U.S. economy has been strong even in light of the natural disasters in 2005. Economic growth looks to slow this year but should stay above its long-term trend level.

The rate environment should move money back into banks. Our local market is as competitive as it's ever been with more out-of-state banks entering the area as well as new banks being formed."

— **Sam Barnes**
President and CEO
Fifth Third Bank, Central Kentucky



Sam Barnes



Linda Edwards

"2006 is already an exciting year for booking business at the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville. Our package in downtown Louisville is now complete with first class hotel rooms, new attractions and 'state of the art' convention space. The Kentucky Exposition Center will add another 215,000 square feet of class A exhibit space and maintain its competitive edge as the sixth-largest convention and trade show facility in the United States."

— **Linda Edwards**
Vice President, Sales and Marketing
Kentucky State Fair Board

"Fayette County Farm Bureau Federation (FCFBF) won top county in the state for the third consecutive year at Kentucky Farm Bureau's annual state convention. Fayette County, which has 7,500 members and a variety of successful service programs, also was named top county in the largest membership classification."

— **Jane Elam**
President
Fayette County Farm Bureau



Jane Elam



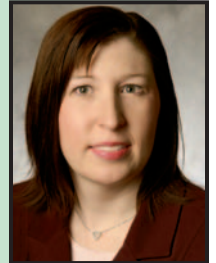
Deborah Clayton

"Our state possesses a great many assets that will contribute to successfully expanding the commonwealth's economy in 2006. For example, our universities, medical centers, and high-tech businesses are developing valuable intellectual property that can be patented and commercialized."

— **Deborah L. Clayton**
Commissioner
Department of Commercialization and Innovation
Kentucky Cabinet for Economic Development

Thornberry Joins as Special Publications Editor

JENNIFER Thornberry, a veteran newspaper editor, joined *The Lane Report* as special publications editor in January. Thornberry will manage the production of annual publications and special sections in the monthly magazine.



Jennifer Thornberry

A former assistant editor of the *Richmond Register*, Thornberry also served as a journalist and sales representative for Lexington-based Sampler Publications and a news editor at *The Bluegrass Horseman*, an equine magazine. Her writing has appeared in various publications, including *The Lane Report*.

Thornberry earned a bachelor's degree in journalism from Morehead State University and a master's degree in journalism from Ohio University. She lives with her husband in Lexington.



Misdealt Moniker

IN *The Lane Report's* political and economic forecast in January, House Speaker Jody Richards (D-Bowling Green) was misidentified when his and Senate President David Williams (R-Burkesville) names were inadvertently shuffled together.

We trust that neither the speaker nor the president were offended or embarrassed by our bad luck of the draw.