



NLBMDA Calls for Extension and Expansion of Homebuyer Tax Credit

Association Urges Lawmakers to Act Swiftly before Current Tax Expires

Source: NLBMDA, September 10, 2009

The National Lumber and Building Material Dealers Association (NLBMDA) called on Congress to expand and extend the homebuyer tax credit before it expires on December 1, 2009. NLBMDA's 6,000 member companies employ more than 400,000 American workers, but have faced significant challenges in light of the housing and economic crisis. The \$8,000 first-time home buyer tax credit passed as part of the American Recovery and Reinvestment Act (ARRA) earlier this year has provided a powerful incentive to spur home purchases, resulting in some positive signs of recovery this summer. Now that Congress has returned from its summer recess, NLBMDA is urging legislators to make housing a priority.

Specifically, NLBMDA has urged the Senate Finance Committee and the House Ways & Means Committee to support and pass legislation such as that introduced by Sen. Johnny Isakson (R-GA), S. 1230, that makes the credit available to all prospective homebuyers and extends its availability for home purchases through November 30, 2010. The bill has support from across the political spectrum, including Banking Committee Chairman Chris Dodd (D-CT)

Health Care Reform Bill Takes Shape in Senate

Source: NLBMDA E-Update, September 21, 2009

Tomorrow the Senate Finance Committee will begin to mark up the draft health care legislation, "America's Healthy Future Act," introduced last week by Chairman Max Baucus (D-MT). Affordability has become the major focal point, with some in the Senate seeking to increase the tax credit for individuals who will be forced to purchase insurance under the Baucus plan. Affordability is also a concern for the business community, where the Baucus small business tax credit is so narrow few businesses will be able to qualify.

Under the Baucus bill, an employer with up to 25 full-time employees and average wages of under \$40,000 would qualify for a portion of the temporary tax credit, only employers with 10 or fewer employees and average wages of under \$20,000 will qualify for the full 35% credit. Employers with 50 or more employees will be assessed a tax penalty if any of their workers receive coverage through the exchange, and employers with more than 200 employees will have to automatically enroll workers in a plan unless the worker can prove they have coverage from another source (e.g. spouse's employer). Many of the revenue raisers in the Baucus bill, such as fees on medical devices and hospitals, will surely be passed on to insurers, thus raising the costs for private health plans.

While the Baucus bill came in at an unexpectedly "low" cost of under \$900 billion, it is likely that amendments will be offered that will raise the overall cost, meaning additional revenue raisers are still very much on the table for possible inclusion.

Baucus Health Care Plan Includes Onerous 1099 Reporting Provision

As anticipated, the Baucus health care plan also includes a corporate reporting requirement as one of the revenue raising provisions to pay for health care reform. The plan, as we've reported previously, would require all business to issue 1099s to all corporations from whom they purchase goods or services. As introduced in the Senate bill, there would be a \$600 threshold for each vendor, posing a further administrative burden as companies would have to track spending for each vendor to determine when the threshold was reached.

NLBMDA is working with its small business allies on this issue and will be vigorously opposing this measure.