

April 29, 2011 - The "Loop"

Lets us continue to pray for the lives lost and families affected by the destructive storms that tore through the South bringing numerous tornadoes and strong straight line winds through Tennessee. Thursday's House session was shortened so that many members could get to their districts to survey the damage. District 40 was spared with only a few trees down and slight damages to buildings.

Happenings this Week

House votes to renew tax on hospitals to avert TennCare cuts

The Tennessee legislature has raised and extended for another year a hospital tax it first levied last year to generate revenue that – when combined with federal 2-for-1 matching money – will help avoid over \$1 billion in TennCare cuts. The bill increases the 3.52 percent tax on hospital net income to 4.52 percent and extends it to July 1, 2012. State officials have acknowledged it's likely to be extended annually, like a similar nursing home tax enacted nearly two decades ago and renewed yearly.

The hospital tax exempts government-owned hospitals like the Regional Medical Center at Memphis, rural critical-access hospitals, free-standing rehabilitation hospitals and pediatric research hospitals like St. Jude Children's Research Hospital. Its approval last year was credited with avoiding cuts that would have closed The Med.

The tax won overwhelming, bipartisan approval in both chambers. The law stipulates that hospitals cannot pass on the tax to patients through higher fees. Lawmakers made much of that, plus the THA's backing and the fact that the bill titles the fee as an "assessment" rather than a "tax." The tax will generate \$449 million from the hospitals, which will draw down an additional \$870 million in federal Medicaid funding, for a total of over \$1.3 billion for health care.

House Passes Override of Nashville Discrimination Ordinance

The House has passed a bill that would void a Nashville ordinance barring companies that discriminate against gays and lesbians from doing business with the city. The measure was approved 73-24 on Monday. The proposal would prohibit local governments from creating anti-discrimination laws that are stricter than the state's own laws. Under state law it is illegal to discriminate against a person because of race, creed, color, religion, sex, age or national origin.

The Nashville ordinance prohibits companies that discriminate because of sexual orientation or gender identity from receiving city contracts. It does not apply to local governments' hiring policies for their own workers. An amendment to remove Nashville from the proposed legislation failed.

Pro-Business Tort Reforms Move to House Floor

Legislation that caps non-economic damage awards at \$750,000 and at \$1 million in cases where victims suffer certain catastrophic injuries was given final approval to move to the House Floor next week for full consideration by the Chamber. The bill also caps punitive damages meant to punish accidental negligence by businesses or individuals. Awards for injuries that can be quantified, such as medical care, rehabilitation, or loss of income, are not capped.

The bill is a central focus of the Majority's legislative agenda. Proponents of the legislation believe these reforms will bring stability to the legal environment companies have to account for when considering relocation

to Tennessee or doing business here.

On numerous occasions, the Majority Leader has talked about the fact this reform will drastically improve the business prospects for Tennessee. "Leveling the playing field so Tennessee is more competitive with other States in the region is the smart thing to do for our citizens," he said recently.

Constitutional Amendment to Ban State Income Tax Moves Through General Assembly

The House Finance, Ways & Means Subcommittee this week approved a measure that calls for a constitutional amendment that forever bans a State income tax in Tennessee. While many are comfortable with the Tennessee Constitution saying as much, many legislators believe there needs to be a concrete prohibition enshrined in Tennessee law to prevent future legislators from examining an income tax as a source of revenue.

Our State has carefully cultivated a low-tax, business-friendly image and passage of this bill will help make sure we never ruin that reputation. The measure now goes to full Finance Committee.

Tennessee was recently ranked as one of the friendliest States for business development and small business creation. Additionally, it was placed in the top five States for its low tax burden and certainly is something to be proud of and something to continue to protect.

In closing...

I lost a dear friend this past week. Marietta, when we all get to heaven what a day of rejoicing that will be.

Blessings,
Terri Lynn