

April 7, 2011

IN THIS ISSUE

[Federal conformity, tax refunds advance](#)
[Support state health insurance exchange](#)
[2011 HR Regulatory Outlook](#)
[Updates to current legislation](#)
[HR Blunders to Avoid During an Economic Recovery](#)
[Employer Guides To Managing Your Workforce](#)
[Safety Management Committee Update](#)
[Safety Leadership](#)

FEDERAL CONFORMITY, TAX REFUNDS ADVANCE

Governor Dayton signed legislation March 21 that includes two important tax measures for employers. HF 79 is authored by Representative Greg Davids, R-Preston, and Senator Julianne Ortman, R-Chanhassen.

The first provision aligns state law with federal law with regard to health coverage, among other items. Under federal law, health coverage provided for an employee's adult nondependent children younger than age 27 is generally tax-free to the employee for federal purposes. Now those benefits will be tax-free to the employee for state purposes as well. The change was made for the tax year 2010 only. In addition, employers would not be required to reissue W-2s related to this provision. The House and Senate will likely debate federal conformity for tax year 2011 and beyond as part of future tax bills this session. The second item repeals a 2010 law that delayed capital equipment and corporate income tax refunds as part of the budget compromise. Businesses will now receive these refunds immediately rather than waiting until July 1, 2011.

SUPPORT STATE HEALTH INSURANCE EXCHANGE

A proposed state-designed health insurance exchange is at the forefront of the Minnesota Chamber's health care initiatives at the Legislature. The state legislation is intended to preserve flexibility and protect the future interests of Minnesota, its small businesses, and its individuals as federal health care reform is implemented. Minnesota must pass legislation in 2011 that designs a framework for an exchange or else have a federal exchange imposed on Minnesotans.

A state exchange is intended to improve upon the existing marketplace and:

- Provide individuals and businesses a variety of options to purchase health insurance in the private market.
- Allow businesses to shop directly for coverage for their employees and dependents.
- Allow people to choose policies that fulfill their individual needs.
- Improve the quality of patient outcomes and decrease costs.

HF 497 is authored by Representative Steve Gottwalt, R-St. Cloud. There is no Senate companion yet.

Many details remain to be determined. The Minnesota Chamber supports passing the framework legislation this year. Then convene a task force – with majority representation from business and individual purchaser representatives – to work with health care experts and legislators to ensure that the exchange meets the needs of the customers who will use it. For additional information, contact Lisa Bodine, manager of health policy, at (651) 292-4682 or lbodine@mnchamber.com.

2011 HR REGULATORY OUTLOOK

Looking back at 2010, we experienced a monumental year for regulatory changes, many which affected human resources programs and practices. Early in the year, the Patient Protection and Affordable Care Act (PPACA or Healthcare Reform) was enacted after much anticipation and controversy. The year was rounded out with the Dodd-Frank Wall Street Reform and Consumer Protection Act, which contained many provisions related to executive compensation.

HR professionals may feel as if they need another full time staff person just to keep up with the legal changes of our profession, but 2011 may provide a bit of a break in the action when it comes to major regulatory changes. Read on to see why and what changes you might see in 2011.

What do politics have to do with it?

The mid-term elections of 2010 resulted in a 'split' Congress, meaning Republicans now hold the majority of seats in the House of Representatives and Democrats currently control the Senate. Having a split Congress does not necessarily mean gridlock but the current Congress has spent the first part of this year working to balance and agree upon a federal budget. With the 2012 elections just around the corner, many politicians have already started their campaigns, which means their attention may be focused elsewhere. The result? Fewer regulatory changes for HR professionals in early 2011. However, there are several areas for potential change that HR professionals will want to monitor as the year unfolds. While it is not within the scope of this article to cover all of these changes, we did want to touch on key pieces of legislation which will likely have significant impact on Human Resources practitioners this year. To keep a pulse on these and other potential regulatory changes, visit the [WorldatWork Public Policy](#).

UPDATES TO CURRENT LEGISLATION

Healthcare Reform

According to WorldatWork, a global total rewards professional association, the House will likely attempt to repeal the entire PPACA; the repeal will face likely defeat in the Senate and definite veto by President Obama. The healthcare reform changes that may actually occur in 2011 will target the aspects of the Act seen as 'unfavorable'. Employers should not expect the Act to be repealed, and therefore should comply with the changes that go into effect in 2011. Talk with your healthcare insurance provider or visit the [Kaiser Family Foundation](#) for an implementation timeline.

A notable pending change to the healthcare reform act includes the repeal of the 1099 requirement. The initial requirement states that all businesses must issue a 1099 for any expenditure in excess of \$600. Seen as extremely burdensome to businesses, versions of the repeal have already progressed through Congress, with passage extremely likely.

Another healthcare reform change is the date by which individual states may apply to opt-out of the PPACA. The application date may change from 2017 to 2014. State Innovation Waivers, if granted, allow states to be excluded from the Act's requirements and to provide an alternative healthcare plan, as long as the state's alternative provides comparable coverage.

Dodd-Frank

The Dodd-Frank Act seems to be facing a similar fate, in that the full Act will most likely stand, with Republicans working to change various provisions. The SEC is charged with providing further guidance on executive compensation issues throughout 2011.

Dodd-Frank outlines a CEO pay ratio requirement that is to be disclosed in proxy statements for publicly traded companies. This has been met with controversy and considerable confusion exists on how the ratio is to be calculated and reported. Look for further clarification or potential revocation of this specific stipulation from the Act. A bill has been proposed to do just that as recently as March 16, 2011.

Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) is the federal law that establishes minimum wage and overtime requirements. In early 2010, the Department of Labor (DOL) issued a notice in which it proposed new rules about disclosure and recordkeeping. First, it would require employers to notify all employees of their rights

under the FLSA, beyond the 'lunchroom posters'. For employees considered exempt, the employer would need to conduct a formal analysis of the status, disclose to the worker the findings, and retain the documentation for recordkeeping. While employers have always been expected to comply with these laws, the recordkeeping, formal analysis, and specific employee communication aspects have not previously been required. Proposed amendments to the regulations are expected in 2011 but a specific timeline is unclear.

In a related effort, the DOL and IRS have both increased their efforts to identify misclassification of independent contractors. Both agencies see this as an opportunity to increase revenue because employers are not required to pay social security or Medicare taxes for independent contractors. Both the IRS and DOL have tests that employers can use to determine if they have individuals misclassified as [independent contractors](#).

Other Legislation

Two notable pieces of proposed legislation in 2010, the Paid Sick Leave bill and the Paycheck Fairness Act, were not passed and it is unlikely that either bill will resurface in 2011.

If the potential changes outlined above aren't enough for you, there are also recent law changes or pending revisions related to the Americans with Disabilities Act, FMLA, and Lilly Ledbetter. In addition there are numerous judicial cases related to discrimination, retaliation, and employees' rights to privacy that may impact HR practices in the months to come. 2011 is shaping up to be anything but "quiet"!

[IRS Independent Contractor Information](#)

Article provided by Emily Masters, CCP, McGladrey, Inc., (612) 376-9351, emily.masters@mcgladrey.com.

[HR BLUNDERS TO AVOID DURING AN ECONOMIC RECOVERY](#)

Throughout the prolonged recession, many employers shifted into survival mode. And while they were trying just to hold on, many necessary and critical human resources (HR) functions were cast aside to trim costs.

Despite the best of intentions, diminishing HR can be damaging and long-lasting, wreaking havoc on worker morale and retention with implications well into the economy rebound. Productivity levels decline, ultimately impeding customer satisfaction and a company's ability to stay competitive.



Article by Insperty (NYSE: NSP), a trusted advisor to America's best businesses for more than 25 years. Insperty provides an array of human resources and business solutions designed to help improve business performance. For more information, call 800-465-3800 or visit www.insperty.com.

[EMPLOYER GUIDES TO MANAGING YOUR WORKFORCE](#)

If you're looking to put time back in your day, then look no further. The American Chamber of Commerce Resources has developed a library of resources to help you obtain answers you need FAST so you can get back to work FASTER. These plain-English resources give you an in-focus look and answers that employers are looking for. The Compliance Library includes titles such as:

- *Wages and Hours – An Employer's Guide*
- *Hiring, Firing and Discipline for Employers*
- *Workplace Safety and Health Compliance Guide*
- *Health Care Reform: A Year-By-Year Guide for Employers*
- *Employee Benefits – An Employer's Guide*
- *A Guide to FMLA and ADA*
- *Employment Verification – An Employer's Guide*

In addition to the books, you'll also get free digital copies of the books! This means you can search for answers right on your computer and customize and print forms and policies as needed. Plus, you'll stay current all year long with the free weekly e-newsletter *HR Update*! For a description on these publications, go to www.mnchamber.com/benefits/compliance_publications.cfm.

[SAFETY MANAGEMENT COMMITTEE UPDATE](#)

Minnesota Chamber Safety Committee presenting at Annual Safety & Health Conference

The Minnesota Safety Council annual safety and health conference is scheduled for May 11-13 at the Minneapolis Convention Center. This conference provides participants with speakers and vendors which provide members with the most up-to-date information to bring back to their businesses. This year,

members of the Minnesota Chamber Safety Committee will be leading two sessions:

Wednesday, May 11/ 10:15 – 11:00 a.m.
Potential Hazards and Near-Miss Reporting

Thursday, May 12/ 10:15 – 11:00 a.m.
Good Hiring Practices and Employee Safety

For more information or an outline of the program agenda, click [here](#).

Ergonomics in the Workplace

The safety committee has developed a webinar series to assist employers in understanding and implementing ergonomics in the workplace. Whether office setting or manufacturing, it all starts with the Basic 101 in ergonomics. Our February program provided an overview on this subject for employers. The second webinar Ergonomics in a Manufacturing Environment is scheduled for June 14. The third program is Office Ergonomics and is scheduled for October 11. The programs are scheduled from 12:00 – 1:00 p.m. and are free to Minnesota Chamber members. To register or for more information on our program or archived webinars, go to www.mnchamber.com/benefits/safetymanagement.cfm.

SAFETY LEADERSHIP

One of the biggest challenges in leading safety programs in a company is to get people to do what they are supposed to do! If employees do not follow safety regulations or do not use equipment properly, safety leadership can be a never-ending challenge! These challenges include skipping steps in Lockout/Tagout procedures, failing to wear PPE for different tasks, not drinking enough water to prevent heat stress. This type of behavior led to the development of Behavior-Based Safety over twenty years ago.

 [READ MORE](#)

Article provided by Jan Fedora, Occupational Safety Consultant, Minnesota Safety Council,
www.minnesotasafetycouncil.org/home.cfm.

MINNESOTA
CHAMBER of
COMMERCE

MINNESOTA CHAMBER OF COMMERCE
400 N. Robert Street, Suite 1500
St. Paul, MN 55101
(651) 292-4650 / (800) 821-2230
www.mnchamber.com