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**Parity Bill's Small Business Exemption Must Be Preserved;
Members of Small Business Coalition Reject Using Tax Credit as "Trade Bait"**

ALBANY - A group of New York's leading business organizations and trade associations that represents tens of thousands of New York's small businesses and hundreds of thousands of workers called on state lawmakers today to preserve the small business exemption included in the Senate's version of mental health insurance mandate legislation. Members of the New York Main Street Small Business Coalition are urging legislators to reject the latest Assembly version of the mental health mandate legislation.

"Tax credits are vitally important for small businesses, and they should not become "trade bait" for new health care mandates," said Christopher Koetzle, Vice President of Membership Services for Support Services Alliance, Inc. "The Assembly proposal would grant a miniscule 3% tax credit merely to offset a portion of the costs of a full parity mandate. In the end, the value of the credit is far outweighed by the increased cost of coverage."

The Senate bill, S7296-A, exempts businesses with 50 employees or fewer from the proposed insurance mandate. This exemption is designed to recognize the significant impact the mandate would have on small businesses. "Of the 32 states that have some form of mandated mental health coverage laws, more than half include exemptions for small businesses due to the significant cost impact of this mandate. No state has offset costs through tax credits," said John Lincoln, President of the New York Farm Bureau.

In contrast, the Assembly has proposed a 3% tax credit for businesses with between 2 and 50 employees and an income of less than \$290,000. The Assembly bill is also a much broader mandate than the Senate bill, covering a wide range of mental illnesses and emotional disorders.

The Assembly's 3% tax credit is a bad deal for small businesses because: 1) tax credits are vitally important to small businesses in order to reduce costs or incentivize the purchase of coverage, not to offset the cost of a new mandate; 2) under the Assembly bill, sole proprietors would not be eligible for the tax credit; 3) the cost of the health insurance mandate will ultimately exceed the value of the tax credit; and 4) due to the income limits included in the bill, many small businesses would be ineligible for the credit.

"Don't accept the 'tax credits-for-mandates' ploy. Fight for small businesses by insisting upon a complete exemption from the full parity mandate, and preserving tax credits for job creation - and not merely 'new mandate' relief," said Elliott Shaw, Director of Government Affairs for the Business Council of New York State.

Nearly half of small businesses in New York do not provide any coverage for their employees because coverage is too expensive. The Assembly's new mental health mandate will only further exacerbate this crisis.

“A recent survey found that of those businesses in New York that don't provide coverage, 85% cited high health insurance premiums as the reason,” said Jim Calvin, President of the New York Association of Convenience Stores. “Small businesses want to offer health coverage to their workers. But, a 3% tax credit will do nothing toward that objective. A tax exemption would go much further at helping small businesses manage double-digit health-care cost increases and providing coverage to more workers.”

Members of the New York Main Street Small Business Coalition supporting the Senate bill include Support Services Alliance, Inc. (SSA), Business Council of New York State, New York Farm Bureau, Northeastern Retail Lumber Association, New York Association of Convenience Stores, and the Food Industry Alliance of New York State.

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