

## ISSUES THAT IMPACT OUR INDUSTRY

As we conduct our daily business, we are governed by laws and regulations that have been passed by either our local, state or national legislative or regulatory bodies. Most of us sit back and are not included in the legislative process, but NKBA, through its Legislative Committee, will be working harder to take an active role in the early stages of this process. Each member can play an important role in helping NKBA to protect their interests and those of the kitchen and bath industry. As a member of the Legislative Committee, I will discuss major issues of national importance, and will request assistance in helping the Association to protect our industry from harmful regulations and laws.

### ISSUE: GOVERNMENT SPONSORED ENTERPRISES (GSEs) OVERSIGHT

The kitchen and bath industry is affected by factors such as the general economic condition of our country, including private mortgage rates, home improvement loan rates, and Government Sponsored Enterprises (GSEs) such as Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System.

Our current administration has proposed legislation that would strip the Department of Housing and Urban Development (HUD) of their authority to approve new mortgage programs offered by the GSEs. The proposal would have this authority fall under the Treasury Department. It would diminish HUD's role as the voice of housing and further diminish its strength as a cabinet-level agency. In my opinion, the Treasury Department has not been "Housing Friendly" and does not have the expertise in housing programs. In fact, many economists believe that capital should be redirected to other sectors of the economy that are not doing as well as the housing sector. The House and Senate are developing legislation to reform the

regulatory restructuring of Fannie Mae and Freddy Mac.

If Congress were to pass this legislation allowing new program approval to be turned over to the Treasury Department, Fannie Mae and Freddie Mac's ability to provide the liquidity and stability needed to keep mortgage credit available at the lowest possible cost to homeowners would be disrupted. The proposal would further impede the development of effective programs to address the nation's housing needs. The proposal could mean fewer affordable mortgage programs would be available to help new and struggling families into new homes.

When housing starts decrease, the number of kitchens and baths that our members provide to builders also decreases. To protect our businesses, each of us must contact our senators and representatives and let them know we are not in favor of this change from HUD to the Treasury Department.

### ISSUE: ASSOCIATION HEALTH PLANS (AHPs)

In June 2003, the House of Representatives passed HR.600, the "Small Business Health Fairness Act" by a vote of 262-162. AHPs would allow bona fide associations to provide uniform health insurance benefits across state lines for their members. The legislation is now before the senate where it is expected there will be a tough battle with continued strong opposition from special interest groups such as Blue Cross/Blue Shield, labor unions, and state health insurance commissioners. The White House has indicated strong support for the AHPs and is expected to actively continue to work on the senate side to secure passage. President Bush, in his State of the Union address, directly noted the need for passage of this legislation.

We all are affected by the rising cost of health care, along with other rising insurance costs. In my home state of New Mexico, the New Mexico Home Builders Association was granted the authority by our state legislature to form our own, self-funded, workman's compensation insurance company. The benefit it

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provides to our Builder's Association members has not only been recognized through lower insurance premiums, but an improved safety training program has reduced the number of work related accidents, which certainly improves the quality of life for builder member employees, and reduces the time away from work for employees due to work related injuries.

Please contact your state senators and request they support this bill. And even if NKBA couldn't provide the program to its members, the Association is affiliated with groups like the National Association of Home Builders, which could provide this program to NKBA members.

Peter Merrill, CKD, is a member of the NKBA Legislative Committee, a past member of the NKBA Builders/Remodelers Advisory Council and is a past president of the New York Tri-State Chapter of NKBA. He represents the housing industry on the Community Development Advisory Council to the Federal Reserve Bank headquartered in Kansas City. He is on the Construction Codes and Standards Committee of the National Association of Home Builders and is a member of the NAHB Building Codes, Green Building, Standards, and Energy Subcommittees.