Let's Make Something Work for Us

To date, IDWR reports that approximately 1,300 new Well Permits have been issued. That means there will be about 1,500 issued in 2010 by year-end. 1,500 Permits represents about 30% of an average year. Next year holds no promises to being any better.

Something has to change if we are going to keep our heads above water financially in this Industry. Hoping we can just hold on is wishful thinking. Being proactive in changing what we do and how we are going to do it appears to be a smart move in the right direction even for those who intend to stay in the Industry. This includes everyone from suppliers to drillers to employees to management to bankers. What to do will have to be decided upon each individual. Waiting until someone else opens up the big gate of opportunities so we can all walk through as a group simply isn't going to happen.

Someone suggested that the solution will be to innovate our way out of this crisis. "Necessity is the mother of invention." It is time for some aggressive innovation. It will happen, but each person will have to decide what part he will play and the price he will pay. Some changes will be subtle and others drastic. The way we sell, what we sell, how we collect our money, how we manage our business, adapting to business changing or getting out of business are all options for us in today's marketplace. Let's not wait until we are so down the road financially that we have to look up to see the bottom. Act now to conserve resources and use resources wisely and effectively.

I am convinced there is a solution for everyone. Finding that solution will take some real soul-searching, determination, will power, forward thinking, factual analysis, business evaluation and humble prayer. In your search, include anyone and everyone who can help, especially the One who knows all of the answers and the future.

The late January 2011 IGWA Convention is in the planning stages. Broad latitude is being given to allow for credits to be issued for some bold subjects. The above subjects will be addressed during the Convention. We solicit your assistance by coming with an open mind and some ideas on which to build. We don't want to deal with complaints, gripes, moans and groans. We will only be going in the opposite direction with negative remarks. We intend to build. You will need to bring a mindset ready for that kind of experience.
Hope to see all of you there.

By Henry Baker, IGWA Board Member

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A NOTE FROM TONY

IGWA: Please take time to read this!

I'm sitting here at 5:30AM at elk camp listening to it rain cats and dogs! I'm thinking I don't want to go out there. So as I'm drinking coffee, I think about work. Seems like that happens to me when, whatever it is that I'm doing for fun runs into an obstacle – BAM! - I start thinking about work. I don't know why, but thinking about work also makes me think about the IGWA. It is kind of like a second job. One, I might add, that seems sometimes like it doesn't pay. It's a voluntary kind of job. Then as I think about the first time I went to an IGWA meeting in the early nineties, I remember meeting so many people - drillers of all ages. At that time, I was just a driller beginning a new profession, one that I truly love. I must say it's a profession that gives me a different feeling when I finish a job and provide clean, clear, sand-free water. It feels great. Sometimes the harder the job is, the more satisfying the feeling is when I'm done. Not just to be done, but making something good out of something so bad.

The IGWA has created a place for meeting people who go through the same things all the time. Well drillers, pump men, any profession dealing with water. One of the things I like about our gatherings (and it's not just drinking beer) is the opportunity to visit with everyone; listening to horror stories, which by then, come out a little humorous, generally because you're at least done with it and just sharing the experience. Sometimes you find out that other people had the same problem, so you laugh about it. Then you share how each of you fixed it.

I'm going to be the president in 2011. This will be my second time and I'm feeling like the IGWA is changing. I'm feeling that between the recession, the rulemaking changes, and all the changes coming, it's pulling us apart, slowly but surely. Somehow I want to find a way to pull us back together and make it as enjoyable and powerful as it was. We cannot just sit back and see if it stays together. If we don't do something, it will slowly diminish.

The board has been looking at everything possible to make things better and more interesting. Not only do we have an outstanding director, who's on top of everything, we have an awesome board that works very well together.

The financial report shows that with attendance down (we have the winter convention, northern workshop, eastern workshop, and summer retreat), we are going backwards with our finances. Attendance was low for summer retreat, so we are thinking of scratching it this year, unless someone has a great idea. The northern workshop is great; eastern workshop was low. We are working on a plan. The winter convention is our best. We really need good attendance because M.S. also attends and works hard putting up booths. They bring their crew to meet everyone and introduce new things to us.

What I feel is this: we need more contact time with "you," the association and the members. We need to know what you are thinking, what you want, and your ideas. Here is an idea we are working on to help speed up our communication gap, since a newsletter four times a year doesn't give us time for quick feedback. We are working on a new website. It should be working by the time we meet this winter. It will be awesome. As a member, you will have a member code to access lots of information like the NGWA site.

We will have:

All current information on what's happening

Schedule of all meetings, workshops, conventions, events, board meetings

Videos of drilling events

We will be working on distributor's ads, current sales, etc.

I'm working on having a place for your credits, so they will be recorded for members to find, not open for public, just you, your personal records.

And the list goes on. I assure you, it will be nice. After board meetings, our meetings will be on there; you will be able to comment, vote, and speak your mind as a member to help us out. We can save money. Instead of mailing out newsletters to everyone, we could mail one to each firm, and then post one on our site. Hopefully, this will better the connection between the members and the board and help make our decision-making quicker. We are also open to more ideas, so please let us know if you have any. I personally would like it if our members would write an article of their own.

Okay, this is getting awfully long, so I better stop now. Thanks for your time. Let me know your thoughts about this at the winter convention.

By Tony Hackett, IGWA Vice President

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SOME INFORMATION ON UPCOMING INSURANCE AND TAX LAWS

Rod Hendricks

Another drilling season is nearly gone. If you are like me, you are probably trying to catch up on jobs started and to schedule projects that should have been started already.

I had the opportunity to attend an insurance and tax seminar a few weeks ago. It was enlightening to me to see the different laws/rules that are coming out this year and in the next few years. There were four insurance agents and a panel made up of two health insurance providers, one tax attorney, and one accountant. The main topic covered was health insurance and how it will affect the small business owner.

The insurance plan that Congress passed this spring went into effect September 23, 2010. Currently, there are 20 states (including Idaho) that have filed suit against the Federal Government challenging the constitutionality of the health care reform bill. The challenge is being made that the Federal Government has overstepped its authority in mandating individuals to buy health insurance.

Since the government has elected to impose the health care reform bill over the next few years, I think it will be easier to address the bill by year that each part is enacted.

In 2010, there will be a $2.3 billion annual fee imposed upon pharmaceutical companies based on sales as of December 31, 2009. This cost will, of course, have to be passed on to the consumer. Medical loss ratio reporting begins. (This is the ratio between what the insurance company collects in premiums and the amount they pay back in claims.) There will be no cost sharing (co-pay) for preventive services; they have also taken any limits off. This means you could go in for a MRI as many times as you would like throughout the year as long as your doctor claimed it was a preventive service. On most policies there is a limit of $200-$500 for preventive services (check-ups, etc.) in any fiscal year. There will be a one-time tax-free rebate for seniors reaching the coverage gap "Donut hole." The insurance companies will not be able to drop your coverage for any reason except for fraud or intentional misrepresentation. There will be no pre-existing condition exclusions for children under the age of 19. Life-time caps on insurance policies will be gone, although there is nothing stating the insurance companies can't impose annual limits till the year 2014. The bill also allows dependents to stay on their parents' plans until age 26, but it does not include any kind of maternity coverage for them. The dependent can be married or not living at home.

Starting in 2011, use of medical savings accounts for over-the-counter medicines will be eliminated, and penalties go up to 20% for non-medical expenses. All employers must include the aggregate cost of employer-sponsored health benefits on W-2 forms. One good piece of news is that there may be some grant monies available for small employers who offer a wellness program. All employers would be required to enroll employees in a new national public long-term care program, unless the employee opts out. Health insurance companies must spend 80% of premiums on claims. (The term "claims" hasn't been defined yet and may include such things as agent commissions and cost of accounting.) Right now in Idaho, insurance companies operate with a loss ratio as high as 83%, but in some parts of the nation where the state doesn't regulate health care as stringently, the loss ratio is as low as 40%.

In 2014, the individual mandate to purchase health insurance for all citizens and legal residents takes effect. There are no specified exceptions and under current law any violators will be subject to a phased-in excise tax penalty ($695 per adult, ½ for minor child, limited to 4 total per household based on income) for non-compliance or *either* a flat-dollar amount per person or a percentage of the individual's income, whichever is higher. This is also the year the 90-day limit on probationary periods comes into effect. I know some people who use insurance coverage as an incentive to keep good workers. Now you will have to offer the benefit within 90 days of employment. Health insurance State Exchanges for individual and small employers will be established. This means you can buy your health insurance from the state similar to the state fund for workman's comp. 2014 is also the year when no exclusions for pre-existing conditions begins. Massachusetts has been doing this for the past 5 years or so and the insurance companies there are experiencing loss ratios of up to 125%. It seems like people are paying the tax penalty for not having insurance because it is cheaper than the premium, then when they get sick, they run out and buy the insurance and let the insurance companies pay for all of their medical bills.

The year 2014 also marks the beginning of imposed tax on private health insurance plans, with expected tax revenues of $8 billion in 2014, $11.3 billion in 2015 & 2016, $13.9 billion in 2017, and $14.3 billion in 2018. Make no mistake. All of the above costs to insurance companies will be passed on to you. They have no choice.

In 2012, the corporate exception for 1099 forms goes away. Also, they have changed the law so you will have to send 1099 forms not only to sub-contractors, but also to any vendor with whom you do more than $6oo worth of business. This could include places such as Wal-Mart, or Office Max, as well as product distributors.

Please keep involved with your local legislators and make your voice heard whenever you can.

By Rod Hendricks, IGWA Board Member

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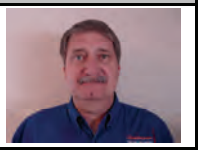
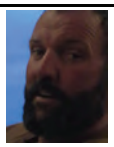
President Roger Buchanan	Andrew Well Drilling 3405 N 15 E Idaho Falls ID 83401 roger@andrewwelldrill.com	Ph 208-522-2794 Fax 208-522-2798 Hm 208-524-1191 Cell 208-681-3517	
Vice President Tony Hackett	Down Right Drilling & Pump 6025 Little Freeze Out Rd Caldwell ID 83607 tonyup@speedyquick.net	Ph 208-454-3098 Fax 208-454-0010 Hm 208-459-4079 Cell 208-484-8472	
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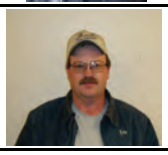
Eric Forsmann	Stuivenga Vessey Drilling 1087 Highway 13 Grangeville ID 83530 stuvesdrill@qwestoffice.net	Ph 208-983-2356 Hm 208-983-0768 Cell 208-451-4273	
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