

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2688

**Session of
1988**

INTRODUCED BY DORR, LINTON, WASS, VAN HORNE, SCHULER, PRESTON, HERMAN, RITTER, DISTLER, G. SNYDER, CLYMER. GEIST, JOHNSON, FOX, MAIALE, E. Z. TAYLOR, HASAY, PERZEL, RAYMOND, BOOK, GODSHALL, FARMER, GLADECK, BUSH, S. H. SMITH, FARGO, STUBAN, LANGTRY, McHALE, ANGSTADT, MICOZZIE, BOWSER, CIVERA, CORNELL, McVERRY, BURD, NOYE, FLICK AND HECKLER, SEPTEMBER 27, 1988

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, SEPTEMBER 28, 1988

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing an additional tax credit to certain
11 small businesses for employee health insurance expenses.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
15 the Tax Reform Code of 1971, is amended by adding an article to
16 read:

ARTICLE XIX

SMALL BUSINESS EMPLOYE HEALTH INSURANCE CREDIT

19 Section 1901. Short Title.--This article shall be known and
20 may be cited as the Small Business Employee Health Insurance Tax
21 Credit Act.

22 Section 1902. Legislative Findings and Statements of Public

1 Policy.--(a) The General Assembly finds and declares that:

2 (1) Many small employers are unable to provide health
3 insurance for their employes or employe dependents because of
4 the high cost of health insurance premiums.

5 (2) An estimated two-thirds of the citizens of this
6 Commonwealth without health insurance are either employed or
7 dependents of an employed person.

8 (3) An estimated fifty per cent of Commonwealth firms
9 employing nine or fewer employes do not pay for health insurance
10 for their employes.

11 (4) The average annualized wage of employes in firms
12 employing nine or fewer employes is less than one hundred fifty
13 per cent of the Federal poverty level for a family of four.

14 (5) Uninsured employes and their dependents may postpone
15 necessary health care which may lead to more serious illness and
16 when faced with a costly health care expenditure, they rely on
17 government-financed health insurance or programs.

18 (b) It is therefore the policy of the Commonwealth that
19 small business employers engaged in a for-profit business
20 enterprise who provide health insurance in accordance with the
21 provisions of this act shall be eligible to receive a tax credit
22 as provided in this article, against any tax due under Article
23 II, III, IV or VI of the act and against any payment of
24 estimated tax or payment of tentative tax due on account of said
25 taxes.

26 Section 1903. Eligibility.--An employer will be eligible for
27 a tax credit if all of the following conditions are met:

28 (1) The employer has a payroll of nine or fewer employes.

29 (2) When seeking credit for the cost of providing employe
30 health care coverage, the employer has not provided at least

1 fifty per cent of the cost of a health insurance plan which
2 would have met standards established by the Insurance
3 Commissioner for any of the employes of the enterprise in any of
4 the preceding three years, or where seeking credit for the cost
5 of providing dependent coverage, the employer has not provided
6 at least fifty per cent of the cost of a health insurance plan
7 for any of the employes' uninsured dependents in any of the
8 preceding three years.

9 (3) The employer provides health care insurance for the
10 employes, or the employes and their uninsured dependents or the
11 uninsured dependents of the employes.

12 (4) The employer provides a health care benefit plan that
13 meets minimum standards established by the Insurance
14 Commissioner.

15 (5) The employer's health insurance expenditure for the
16 coverage for which credit is sought equals at least fifty per
17 cent of the total cost of the health insurance coverage.

18 (6) The health insurance plan is made available to at least
19 all of the employes.

20 Section 1904. Calculation of Tax Credit.--(a) An eligible
21 employer shall receive an annual tax credit of forty per cent of
22 the entire amount of the employers' expenditure for health
23 insurance costs for each of the first three years of initiated
24 or expanded coverage only for the following beneficiaries:

25 (1) Employes whose average annualized wage is less than one
26 hundred fifty per cent of the Federal poverty level for a family
27 of four as published by the United States Department of Health
28 and Human Services.

29 (2) Employes whose average annualized wage is less than one
30 hundred fifty per cent of the Federal poverty level and their

1 uninsured dependents.

2 (b) An eligible employer shall receive an annual tax credit
3 of forty per cent of the entire amount of the employers'
4 expenditure for health insurance costs for each of the first
5 three years of initiated or expanded coverage only for the
6 following beneficiaries:

7 (1) Uninsured dependents of employes whose average
8 annualized wage is less than one hundred fifty per cent of the
9 Federal poverty level, when coverage previously included only
10 the employes.

11 (c) The annual amount of the tax credit after the first
12 three years shall be twenty per cent of the entire amount of the
13 health insurance expenditure made annually by such employer.

14 (d) Such tax credits will be available in years following
15 the first year in which coverage is initiated or expanded, only
16 if the employer continues to offer it in consecutive years.

17 (e) No employer shall be eligible for a forty per cent tax
18 credit for more than three years for any eligible beneficiary
19 group receiving initiated or expanded health insurance coverage.

20 Section 1905. Powers and Duties.--In addition to any other
21 powers and duties, the Secretary of Revenue and the Insurance
22 Commissioner shall have the power and it shall be their duty to:

23 (1) Promulgate any rules and regulations which may be
24 required to implement this article.

25 (2) Publish as a notice in the Pennsylvania Bulletin, no
26 later than January 1, of the year following the effective date
27 of this article, forms upon which taxpayers may apply for the
28 tax credit authorized by this article.

29 (3) Within five months after the close of any calendar year
30 during which tax credits granted pursuant to this article were

1 used, furnish to the General Assembly an annual report providing
2 the number of employers who used credits during the preceding
3 calendar year pursuant to this article, the number of employes
4 and dependents receiving new health care coverage and the amount
5 of tax credits granted.

6 Section 2. This act shall take effect immediately.

01/11/88

)