

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 431

S.P. 194

In Senate, February 23, 1989

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MATTHEWS of Kennebec.

Cosponsored by President PRAY of Penobscot, Speaker MARTIN of Eagle Lake and Representative GWADOSKY of Fairfield.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act Concerning Health Care Insurance.



1 Be it enacted by the People of the State of Maine as follows:

3 36 MRSA §5219-C is enacted to read:

5 §5219-C. Employer-paid health insurance credit

7 1. Credit. A taxpayer constituting an employing unit is
8 allowed a credit against the tax imposed by this Part equal to a
9 percentage, as determined in subsection 3, of the corporation's
10 total health insurance premium expenditure in each of the first 2
11 years it makes such an expenditure.

13 2. Eligibility. A corporation is eligible for the income
14 tax credit provided by this section if:

15 A. The corporation has one or more full-time equivalent
16 employees unrelated to its owners or shareholders but no
17 more than 50 of these employees calculated on an average
18 annual basis. For the purposes of this section, "unrelated"
19 means not having the familial relationship of spouse, parent
20 or child;

23 B. The corporation has not in any one of the preceding 3
24 years made an expenditure for the full or partial payment of
25 premiums for a health insurance plan covering any of its
26 employees; and

27 C. The corporation makes a health insurance premium
28 expenditure for a health insurance plan which is available
29 to at least all of its full-time employees. The health
30 insurance premium expenditure must equal at least 50% of the
31 total cost of the premiums for the health insurance plan
32 made available to the employees.

35 3. Amount of credit. The amount of the credit under
36 subsection 1 shall be 20% of the entire amount of the health
37 insurance premium expenditure made by the corporation in the
38 first year and 10% of the entire amount of the health insurance
39 premium expenditure made by the corporation in the 2nd year.

41 4. Applicable tax years. This section applies to tax years
42 beginning on or after January 1, 1990, and ending on or before
43 December 31, 1992.

45 **STATEMENT OF FACT**

47
48 This bill encourages employers to provide health insurance
49 programs to their employees by giving an income tax credit for
50 the first 2 years the new program is in effect. Employers with 1
51 to 50 full-time employees would be eligible, provided the
employer pays at least half of the premiums.