

# MAINE STATE LEGISLATURE

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DATE: April 1, 1998

(Filing No. S- 688)

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STATE OF MAINE  
SENATE  
118TH LEGISLATURE  
SECOND SPECIAL SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 696, L.D. 1931, Bill, "An Act to Create Incentives for Employers to Contribute toward the Costs of Comprehensive Health Insurance for Families"

Amend the amendment in section 1 in that part designated "~~§5219-O.~~" in subsection 1 in the 2nd line (page 1, line 32 in amendment) by inserting after the following: "unit" the following: 'that employs fewer than 5 low-income employees'

Further amend the amendment in section 1 in that part designated "~~§5219-O.~~" in subsection 1 in the 4th line (page 1, line 34 in amendment) by inserting after the following: "equals" the following: 'the lesser of'

Further amend the amendment in section 1 in that part designated "~~§5219-O.~~" in subsection 1 in the last line (page 1, line 36 in amendment) by inserting after the following: "allowed" the following: 'or \$125 per employee'

Further amend the amendment in section 1 in that part designated "~~§5219-O.~~" in subsection 1 by inserting at the end the following new sentence: 'A taxpayer who received a credit under this section in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5.'

Further amend the amendment by striking out all of section 2 and inserting in its place the following:

'Sec. 2. Application. This Act applies to tax years beginning on or after January 1, 1999.'

**FISCAL NOTE**

**1998-99**

**REVENUES**

General Fund	\$570,799
Other Funds	30,675

This amendment reduces and delays the tax revenue loss. As amended, the additional tax credit for dependent health insurance coverage paid by qualifying employers will reduce individual income tax and corporate income tax collections and decrease General Fund revenue by \$64,322 in fiscal year 1998-99, \$648,535 in fiscal year 1999-2000 and \$701,722 in fiscal year 2000-01. The corresponding decreases in dedicated revenue to the Local Government Fund for state-municipal revenue sharing will be \$3,457, \$34,853 and \$37,711, respectively.

**SUMMARY**

This amendment limits the credit for dependent health benefits paid under a health benefit plan to employers with fewer than 5 low-income employees. It provides that a taxpayer who received this credit in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5.

It also provides that the credit equals the lesser of 20% of dependent health benefits paid under a health benefit plan during the taxable year for which the credit is allowed or \$125 per employee.

It also amends the application section to specify that the legislation applies to tax years beginning on or after January 1, 1999.

SPONSORED BY: Susan Longley  
(Senator LONGLEY)

COUNTY: Waldo