

MAINE STATE LEGISLATURE

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L.D. 1931

DATE: April 3, 1998

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "C" 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 in section 1 in that part designated "~~§5219-O.~~" in subsection 2 in paragraph D in

subparagraph (2) in the last line (page 2, line 20 in amendment)
by inserting after the following: "State" the following: '
For purposes of this paragraph, "actuarial value" means the
expected cost of a benefit based on assumptions as to relevant
variables such as morbidity, mortality, persistency and
interest. When comparing the actuarial value of one benefit or
package of benefits to another, both actuarial values must be
based on the same assumptions'

Further amend the amendment in section 1 in that part
designated "§5219-O." in subsection 3 in paragraph B in the last
line (page 2, line 46 in amendment) by striking out the
following: "and"

Further amend the amendment in section 1 in that part
designated "§5219-O." in subsection 3 in paragraph C in the last
line (page 2, line 51 in amendment) by striking out the
following: "." and inserting in its place the following: ";
and"

Further amend the amendment in section 1 in that part
designated "§5219-O." in subsection 3 by inserting at the end the
following:

'D. The taxpayer submits documentation from the insurer of
the portion of the cost of benefits attributable to coverage
of dependents that qualifies for a credit under this
section.'

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

1997-98 1998-99

REVENUES

General Fund	\$635,121
Other Funds	34,132

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 \$424,281 in fiscal year 1999-2000 and
\$844,760 in fiscal year 2000-01. The corresponding decreases in

SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to S.P. 696,
L.D. 1931

dedicated revenue to the Local Government Fund for
state-municipal revenue sharing will be \$22,801 and \$45,398,
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.

It also makes changes to clarify the intent of the committee amendment and provides for administrative efficiency.

SPONSORED BY:

Sen Michael H. Michaud
(Senator MICHAUD)

COUNTY: Penobscot