

MAINE STATE LEGISLATURE

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L.D. 1931

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**STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND REGULAR SESSION**

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 bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 36 MRSA §5219-O is enacted to read:

§5219-O. Credit for dependent health benefits paid

1. Credit allowed. A taxpayer constituting an employing unit is allowed a credit to be computed as provided in this section against the tax imposed by this Part, subject to the limitations contained in subsections 3 and 4. The credit equals 20% of dependent health benefits paid under a health benefit plan during the taxable year for which the credit is allowed.

2. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Dependent" means a dependent, as defined by Section 152 of the Code, who is under 19 years of age.

B. "Dependent health benefits" means health benefits and health insurance costs allowable as deductions to the employer under Section 105 of the Code, paid by the taxpayer on behalf of the taxpayer's low-income employees for the benefit of the employees' dependents.

2 C. "Employing unit" has the same meaning as in Title 26,
section 1043.

4 D. "Health benefit plan" means a plan that:

6 (1) Includes comprehensive coverage for at least the
following range of benefits:

8 (a) Inpatient and outpatient hospital services;

10 (b) Physicians' surgical and medical services;

12 (c) Laboratory and x-ray services; and

14 (d) Well-baby and well-child care, including
age-appropriate immunizations;

18 (2) Affords coverage that has an actuarial value no
less than 80% of the actuarial value of coverage that
is provided to employees of the State;

22 (3) Imposes copayment and deductible costs on the
employee that do not exceed 10% of the actuarial value
of all benefits afforded by the plan; and

26 (4) Makes the same or comparable coverage available
for the benefit of the employee's dependent children
who are under 19 years of age.

30 E. "Low-income employee" means a Maine resident whose
average weekly earnings from the taxpayer do not exceed the
State's average weekly wage as calculated by the Department
of Labor.

34 3. Qualifications. A taxpayer may claim the credit allowed
by this section only for those periods during which the following
conditions are met:

38 A. The taxpayer maintains a health benefit plan that is
available to all of the taxpayer's low-income employees who
have been employed for 30 days or more on a schedule that
exceeds either 25 hours per week or 1000 hours per year;

44 B. The taxpayer pays at least 80% of the cost of health
insurance coverage for each low-income employee who is under
the health benefit plan; and

48 C. The taxpayer pays at least 60% of the cost of dependent
health benefits for children under 19 years of age who are
covered under the health benefit plan and who are dependents
of a low-income employee.

2 4. Limitations; carry-over. The amount of the credit that
3 may be used by a taxpayer for a taxable year may not exceed 50%
4 of the state income tax otherwise due under this Part for that
5 year. The unused portion of any credit may be carried over to
6 the following year or years for a period not to exceed 2 years.
7 The credit allowable under this section may not be carried back
8 to prior years.

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

11 Further amend the bill by inserting at the end before the
12 summary the following:

13 **FISCAL NOTE**

14 **1998-99**

15 **REVENUES**

22	General Fund	(\$635,121)
24	Other Funds	(34,132)

26 The additional tax credit for dependent health insurance
27 coverage paid by qualifying employers will reduce individual
28 income tax and corporate income tax collections and decrease
29 General Fund revenue by \$602,328 in fiscal year 1998-99,
30 \$6,435,808 in fiscal year 1999-2000 and \$7,287,010 in fiscal year
31 2000-01. The corresponding decreases in dedicated revenue to the
32 Local Government Fund for state-municipal revenue sharing will be
33 \$34,132, \$345,866 and \$391,610, respectively.

34 The Bureau of Taxation will require additional future
35 General Fund appropriations of \$33,558 and \$35,500 in fiscal
36 years 1999-2000 and 2000-01, respectively, for an additional
37 Revenue Agent position effective January 1, 2000 and related
38 administrative costs including computer programming to add a line
39 to the corporate income tax form and to administer this tax
40 credit.'

41 **SUMMARY**

42 This amendment replaces the original bill.

43 The amendment establishes an income tax credit for eligible
44 employers who provide dependent health care coverage for
45 low-income employees. The employer must have a health benefit
46 plan that is available to employees who work specified hours and

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2 the employer must pay at least 80% of the cost of employee
benefits and at least 60% of dependent benefits. The credit is
4 equal to 20% of the cost of dependent health benefits and may not
exceed 50% of the income tax otherwise owed.

COMMITTEE AMENDMENT