

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1129

H.P. 857

House of Representatives, February 22, 2001

An Act to Allow an Income Tax Deduction for the Cost of Health Insurance Premiums.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative PINKHAM of Lamoine.
Cosponsored by Representative CRESSEY of Baldwin, Senator LEMONT of York and Representatives: BAGLEY of Machias, BUCK of Yarmouth, HONEY of Boothbay, MacDOUGALL of North Berwick, McNEIL of Rockland, SHERMAN of Hodgdon, TOBIN of Dexter, WHEELER of Bridgewater.

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

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

6 **§5219-U. Health insurance premium tax credit**

8 **1. Credit allowed.** A taxpayer who does not constitute an
10 employing unit is allowed a credit against the tax imposed by
this Part for each taxable year equal to 50% of the amount of the
health insurance premium paid by the taxpayer.

12 **2. Qualifications.** A taxpayer is eligible for a credit
14 under this section if:

16 **A.** The taxpayer pays the full premium for health insurance
coverage; or

18 **B.** The taxpayer pays a portion of the health insurance
20 premium under a health insurance program offered by the
taxpayer's employer.

22 **3. Limitations.** The amount of the credit allowed under
this section may not exceed \$4,000 in any tax year and may not
24 exceed the amount of tax otherwise due under this Part. This
credit may not reduce the state income tax to less than zero.
26 Any unused credit may not be carried over to the following year.

28 **4. Application.** This section applies to health insurance
30 premiums paid in any tax year beginning on or after January 1,
2002.

32 **SUMMARY**

34 This bill establishes a state income tax credit for up to
36 50% of the health insurance premiums paid by individuals. The
credit is available to individuals who pay the full premium for
38 health insurance and also to individuals who pay a portion of the
premium under a health insurance program offered through their
40 employer. The credit applies to premiums paid in any tax year
beginning on or after January 1, 2002.