

MAINE STATE LEGISLATURE

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L.D. 1030

Date: 3/1/12

(Filing No. H-736)

Minority

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INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE

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HOUSE OF REPRESENTATIVES

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125TH LEGISLATURE

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SECOND REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 764, L.D. 1030, Bill, "An Act To Reduce Costs for Small Businesses"

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Amend the bill by striking out everything after the enacting clause and inserting the following:

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'Sec. 1. 36 MRS A §5219-HH is enacted to read:

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§5219-HH. Small business health coverage credit

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

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A. "Health coverage" means a qualified health plan purchased through a small business health exchange established in this State pursuant to the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments to or regulations or guidance issued under those acts.

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B. "Eligible business" means a business that employs at least 2 but not more than 50 full-time employees of whom at least 50% are eligible employees and that contributes at least 60% toward the cost of health coverage for each covered employee.

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C. "Eligible employee" means a resident of the State whose average hourly wage from an eligible business is less than the State's average hourly wage as calculated by the Department of Labor.

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2. Credit allowed. Subject to subsection 4, a taxpayer constituting an eligible business is allowed a credit against the tax imposed by this Part in an amount equal to the qualifying portion of expenditures paid and expenses incurred by the eligible business during the tax year for the purchase of health coverage.

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3. Qualifying portion. For the purpose of calculating the credit provided by this section, the qualifying portion is 5% of up to \$25,000 of expenditures paid and expenses incurred by an eligible business pursuant to subsection 2.



125th MAINE LEGISLATURE

LD 1030

LR 1414(02)

An Act To Reduce Costs for Small Businesses

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-736)

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$0	\$0	\$185,250	\$684,000
Revenue				
General Fund	\$0	\$0	(\$185,250)	(\$684,000)
Other Special Revenue Funds	\$0	\$0	(\$9,750)	(\$36,000)

Fiscal Detail and Notes

The bill provides a tax credit for qualifying small businesses that purchase health insurance coverage through a small business health exchange established pursuant to federal law. The credit will be equal to 5% of qualifying expenditures for purchases of health coverage, up to a maximum credit value of \$1,250, and is non-refundable. The credit will be available for taxable years beginning January 1, 2014 for firms with from 2 to 10 employees. Eligibility will be extended to firms with up to 25 employees for tax years beginning on or after January 1, 2015, and to firms with up to 50 employees for tax years beginning on or after January 1, 2016.

The bill will have no impact on General Fund revenues or expenditures through FY 2012-2013. Maine Revenue Services estimates that the bill will reduce General Fund Revenues by \$185,250 in FY 2013-2014 and by \$684,000 in FY 2014-2015. Transfers to the Local Government Fund will be reduced in those years. As the credit will not be fully phased in until later, it is likely that over the longer term the bill will reduce General Fund revenues by more than \$1,000,000 annually.