



# 127th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2016

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Legislative Document

No. 1542

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H.P. 1051

House of Representatives, January 7, 2016

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### **An Act To Encourage Maine Employers To Offer and Employees To Enroll in Disability Income Protection Plans in the Workplace**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative BECK of Waterville.  
Cosponsored by Senator WHITTEMORE of Somerset and  
Representatives: FOLEY of Wells, MORRISON of South Portland, PRESCOTT of Waterboro.

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

2 **Sec. 1. 24-A MRSA §2804-B** is enacted to read:

3 **§2804-B. Group disability income protection plan**

4 An employer may offer its employees an employer-sponsored group disability  
5 income protection plan in accordance with the requirements of section 2804. As used in  
6 this section, "disability income protection plan" means a group short-term disability  
7 policy or a group long-term disability policy instituted by an employer that provides  
8 income benefits to an employee who is unable to work for an extended period of time  
9 because of sickness or an accident. For the purpose of Title 26, section 629, subsection 1,  
10 the premium paid by an employee for an employer-sponsored group disability income  
11 protection plan issued pursuant to this section is considered a premium that the employee  
12 has agreed to pay if the group disability income protection plan provides for appropriate  
13 disclosure regarding the plan chosen by the employer, a method of enrollment that allows  
14 employees to opt out of coverage and an appropriate time period for employees to  
15 voluntarily terminate coverage.

16 **Sec. 2. 36 MRSA §5219-NN** is enacted to read:

17 **§5219-NN. Credit for disability income protection plans in the workplace**

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

20 A. "Disability income protection plan" or "plan" has the same meaning as in Title  
21 24-A, section 2804-B.

22 B. "Elimination period" means the time period during which an employee is unable  
23 to work due to sickness or injury but is not yet eligible for disability benefits under  
24 the plan.

25 C. "Employee" means an individual who performs services for an employing unit.

26 D. "Employing unit" has the same meaning as in Title 26, section 1043, subsection  
27 10.

28 E. "Qualified long-term disability income protection plan" means an employer-  
29 sponsored disability income protection plan that replaces at least 50% of predisability  
30 earnings prior to any applicable offsets, offers benefits for at least 24 months, has an  
31 elimination period of no greater than 185 days and is either:

32 (1) A plan established after January 1, 2017 that allows for employees to opt out  
33 of enrollment; or

34 (2) An existing plan that is reopened for enrollment and allows for employees to  
35 opt out of enrollment.

36 F. "Qualified short-term disability income protection plan" means an employer-  
37 sponsored disability income protection plan that replaces income of at least \$200 per

1 week, offers benefits for at least 6 months, has an elimination period of no more than  
2 30 days and is either:

3 (1) A plan established after January 1, 2017 that allows for employees to opt out  
4 of enrollment; or

5 (2) An existing plan that is reopened for enrollment and allows for employees to  
6 opt out of enrollment.

7 **2. Credit allowed.** A taxpayer constituting an employing unit is allowed a credit  
8 against the tax imposed by this Part for each taxable year beginning on or after January 1,  
9 2017 for either a qualified short-term disability income protection plan or a qualified  
10 long-term disability income protection plan.

11 **3. Limit.** The total annual credit for a taxpayer under this section is limited to an  
12 amount equal to \$50 for each employee enrolled after January 1, 2017 in either a  
13 qualified short-term disability income protection plan or a qualified long-term disability  
14 income protection plan. The credit may be taken for no more than 5 years.

## 15 SUMMARY

16 This bill authorizes an employer to provide its employees a group disability income  
17 protection plan, which is a group policy instituted by an employer that provides income  
18 benefits to an employee who is unable to work for an extended period of time because of  
19 sickness or an accident. The group disability income protection plan may be either a  
20 short-term plan offering at least 6 months of benefits or a long-term plan offering at least  
21 24 months of benefits. The premium paid by an employee for participation in an  
22 employer-sponsored group disability income protection plan is considered a premium that  
23 the employee has agreed to pay, as long as certain conditions are met.

24 An employer is entitled to a tax credit of \$50 for each employee enrolled in a group  
25 disability income protection plan after January 1, 2017. The credit may be taken by an  
26 employer for no more than 5 years.