2       Date:                                                   (Filing No. H-        )

3                        **INSURANCE AND FINANCIAL SERVICES**

4           Reproduced and distributed under the direction of the Clerk of the House.

5                                   **STATE OF MAINE**

6                           **HOUSE OF REPRESENTATIVES**

7                               **125TH LEGISLATURE**

8                            **SECOND REGULAR SESSION**

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

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

13          '**Sec. 1. 36 MRSA §5219-HH** is enacted to read:

14      **§5219-HH. Small business health coverage credit**

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

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

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

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

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

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

# *COMMITTEE AMENDMENT*

1     **4. Qualification; phase in of credit.** The credit allowed under this section is phased
2 in based on the number of employees of an eligible business as follows:

3     A. For tax years beginning on or after January 1, 2014 and before January 1, 2015,
4 the credit allowed is limited to an eligible business that employs at least 2 but not
5 more than 10 full-time employees;

6     B. For tax years beginning on or after January 1, 2015 and before January 1, 2016,
7 the credit allowed is limited to an eligible business that employs at least 2 but not
8 more than 25 full-time employees; and

9     C. For tax years beginning on or after January 1, 2016, the credit allowed is available
10 to any eligible business.

11     **5. Limitation; carry-over.** The credit provided by this section may not reduce the
12 tax otherwise due under this Part to less than zero. Any unused portion of the credit may
13 be carried over to the following year or years for a period not to exceed 2 years. The
14 credit allowable under this section may not be carried back to prior years.

15     **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
16 2014.'

17                                         **SUMMARY**

18     This amendment is the minority report and replaces the bill, which is a concept draft.
19 The amendment establishes the small business health coverage income tax credit for
20 small businesses with up to 50 employees that purchase health coverage through a small
21 business health exchange established in the State pursuant to federal law. The credit is
22 calculated as 5% of up to $25,000 of expenditures paid and expenses incurred to purchase
23 health coverage and is not refundable. The credit is phased in over 3 years beginning
24 January 1, 2014 based on the number of eligible employees. To qualify for the tax credit,
25 a small business must contribute at least 60% of the cost of coverage and have at least
26 50% of its employees earning less than the State's average hourly wage.

*COMMITTEE AMENDMENT*