§5219-O. Credit for dependent health benefits paid

1. Credit allowed. A taxpayer constituting an employing unit that employs fewer than 5 employees 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 the lesser of 20% of dependent health benefits paid with respect to the taxpayer's low-income employees under a health benefit plan during the taxable year for which the credit is allowed or $125 per low-income employee with dependent health benefits coverage. A taxpayer who received a credit under this section in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of employees was fewer than 5.
[PL 2001, c. 396, §39 (AMD).]

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. [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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. [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

C. "Employing unit" has the same meaning as in Title 26, section 1043. [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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

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

(a) Inpatient and outpatient hospital services;

(b) Physicians' surgical and medical services;

(c) Laboratory and x-ray services; and

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

(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. For purposes of this paragraph, "actuarial value" means the expected cost of a benefit based on assumptions as to relevant variables such as morbidity, mortality, persistency and interest. When comparing the actuarial value of one benefit or package of benefits to another, both actuarial values must be based on the same assumptions;

(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

(4) Makes the same or comparable coverage available for the benefit of the employee's dependent children who are under 19 years of age. [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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. [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

[PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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

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; [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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; [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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; and [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

D. The taxpayer submits documentation from the insurer of the portion of the cost of benefits attributable to coverage of dependents that qualifies for a credit under this section. [PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

[PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

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

[PL 1997, c. 775, §1 (NEW); PL 1997, c. 775, §2 (AFF).]

5. Application. Except for the credit allowed with respect to the carry-over of unused credit amounts pursuant to subsection 4, the tax credit allowed under this section does not apply to tax years beginning on or after January 1, 2016.

[PL 2015, c. 267, Pt. DD, §29 (NEW).]

REVISOR'S NOTE: §5219-O. Clean fuel vehicle economic and infrastructure development (As enacted by PL 1997, c. 791, Pt. A, §3 is REALLOCATED TO TITLE 36, SECTION 5219-P)

SECTION HISTORY

RR 1997, c. 2, §62 (RAL). PL 1997, c. 775, §1 (NEW). PL 1997, c. 775, §2 (AFF). PL 1997, c. 791, §A3 (NEW). PL 1999, c. 414, §48 (AMD). PL 2001, c. 396, §39 (AMD). PL 2015, c. 267, Pt. DD, §29 (AMD).