

1 HB181
2 116200-1
3 By Representatives Love, Mask, Ison, Gaston, Sherer, Clouse,
4 Sanderford, Wood, Hubbard, Faust, Wren, Beck, Hammon, Gipson,
5 Canfield, Treadaway, McClendon, Ward, McClurkin, DeMarco,
6 McCutcheon, Allen, Collier, Payne, Hill, Drake, Baker (A),
7 Bentley, Greeson, McMillan, Oden, Thomas (E), Grimes, Fincher,
8 Lewis, Johnson, Boothe, Laird and Ford
9 RFD: Education Appropriations
10 First Read: 12-JAN-10

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8 SYNOPSIS: This bill increases the state income tax
9 deduction allowed under Section 40-18-15.3 that
10 qualifying employees and employers may claim for
11 the cost of paying health insurance premiums.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT

16
17 To amend Section 40-18-15.3, Code of Alabama 1975,
18 to increase, from 50 percent to 100 percent of the cost of
19 certain health insurance premiums, the benefit for qualifying
20 employees and employers.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. This act shall be known and referred to
23 as the "Small Business Health Care Assistance Act of 2010".

24 Section 2. Section 40-18-15.3, Code of Alabama 1975
25 is amended to read as follows:

26 "§40-18-15.3.

1 "(a) As used in this section, the following terms
2 shall have the following meanings:

3 "(1) QUALIFYING EMPLOYEES. Alabama resident
4 employees who are employed by qualifying employers, earn no
5 more than \$50,000 of wages in the applicable tax year, and
6 report no more than \$75,000 of adjusted gross income on their
7 Alabama individual income tax return (\$150,000 if married
8 filing jointly) for the applicable year.

9 "(2) QUALIFYING EMPLOYERS. Employers with less than
10 25 employees.

11 "(b) For tax years beginning after December 31,
12 2008, in addition to any other Alabama income tax deduction
13 that a qualifying employee may be entitled to with respect to
14 the payment of health insurance premiums, qualifying employees
15 shall be allowed to deduct from Alabama gross income 50
16 percent of the amounts they pay as health insurance premiums
17 as part of an employer provided health insurance plan provided
18 by a qualifying employer.

19 "(c) In addition to any other Alabama income tax
20 deduction that a qualifying employer may be entitled to with
21 respect to the payment of health insurance premiums paid on
22 behalf of qualifying employees, the qualifying employer shall
23 be allowed as a deduction in the computation of Alabama
24 taxable income 50 percent of the amounts they pay as health
25 insurance premiums on behalf of qualifying employees in
26 connection with an employer provided health insurance plan. In
27 determining whether an employee is a qualifying employee,

1 solely for the purpose of calculating the allowable employer
2 deduction under this subsection, the total compensation paid
3 to the qualifying employee by the qualifying employer shall be
4 treated as and deemed to be the total wages and adjusted gross
5 income to be reported on the qualifying employee's Alabama
6 individual income tax return for the applicable year."

7 Section 3. The provisions of this act are severable.
8 If any part of this act is declared invalid or
9 unconstitutional, that declaration shall not affect the part
10 which remains.

11 Section 4. All laws or parts of laws which conflict
12 with this act are repealed.

13 Section 5. This act shall become effective
14 immediately following its passage and approval by the
15 Governor, or upon its otherwise becoming law.