

1 HB61  
2 126254-1  
3 By Representatives Weaver, Collins, Baker, Patterson,  
4 Canfield, Rich, Nordgren, Buttram, Merrill, Treadaway, Clouse,  
5 Wallace, Johnson (R), Roberts, Henry, Bridges, Gaston,  
6 Johnson (K), Chesteen, Sanderford, Williams (D), McClendon,  
7 Wren, Williams (J), Hubbard (M), Williams (P), Baughn,  
8 Moore (B), Long and Lee  
9 RFD: Commerce and Small Business  
10 First Read: 01-MAR-11  
11 PFD: 02/25/2011

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8 SYNOPSIS: Under existing law, in addition to any other  
9 Alabama income tax deduction that a qualifying  
10 employee may be entitled to with respect to the  
11 payment of health insurance premiums, qualifying  
12 employees are allowed to deduct from Alabama gross  
13 income 50 percent of the amounts they pay as health  
14 insurance premiums as part of an employer provided  
15 health insurance plan provided by a qualifying  
16 employer.

17 Under existing law, in addition to any other  
18 Alabama income tax deduction that a qualifying  
19 employer may be entitled to with respect to the  
20 payment of health insurance premiums paid on behalf  
21 of qualifying employees, a qualifying employer is  
22 allowed as a deduction in the computation of  
23 Alabama taxable income 50 percent of the amounts  
24 they pay as health insurance premiums on behalf of  
25 qualifying employees in connection with an employer  
26 provided health insurance plan.

1                   This bill, in addition to any other Alabama  
2                   income tax deduction that a qualifying employee may  
3                   be entitled to with respect to the payment of  
4                   health insurance premiums, would allow qualifying  
5                   employees to deduct from Alabama gross income 100  
6                   percent of the amounts they pay as health insurance  
7                   premiums as part of an employer provided health  
8                   insurance plan provided by a qualifying employer.

9                   This bill would also provide, in addition to  
10                  any other Alabama income tax deduction that a  
11                  qualifying employer may be entitled to with respect  
12                  to the payment of health insurance premiums paid on  
13                  behalf of qualifying employees, that a qualifying  
14                  employer would be allowed as a deduction in the  
15                  computation of Alabama taxable income 100 percent  
16                  of the amounts the employer pays as health  
17                  insurance premiums on behalf of qualifying  
18                  employees in connection with an employer provided  
19                  health insurance plan.

20  
21                                   A BILL

22                                   TO BE ENTITLED

23                                   AN ACT

24  
25                   Amending Section 40-18-15.3 of the Code of Alabama  
26                   1975, to allow, in addition to any other Alabama income tax  
27                   deduction that a qualifying employee may be entitled to with

1 respect to the payment of health insurance premiums,  
2 qualifying employees to deduct from Alabama gross income 100  
3 percent of the amounts they pay as health insurance premiums  
4 as part of an employer provided health insurance plan provided  
5 by a qualifying employer; and to provide, in addition to any  
6 other Alabama income tax deduction that a qualifying employer  
7 may be entitled to with respect to the payment of health  
8 insurance premiums paid on behalf of qualifying employees,  
9 that a qualifying employer is allowed as a deduction in the  
10 computation of Alabama taxable income 100 percent of the  
11 amounts the employer pays as health insurance premiums on  
12 behalf of qualifying employees in connection with an employer  
13 provided health insurance plan.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. Section 40-18-15.3 of the Code of Alabama  
16 1975, is amended to read as follows:

17 "§40-18-15.3.

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

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

26 "(2) QUALIFYING EMPLOYERS. Employers with less than  
27 25 employees.

1           "(b) For tax years beginning after December 31, ~~2008~~  
2     2010, in addition to any other Alabama income tax deduction  
3     that a qualifying employee may be entitled to with respect to  
4     the payment of health insurance premiums, qualifying employees  
5     shall be allowed to deduct from Alabama gross income ~~50~~ 100  
6     percent of the amounts they pay as health insurance premiums  
7     as part of an employer provided health insurance plan provided  
8     by a qualifying employer.

9           "(c) In addition to any other Alabama income tax  
10    deduction that a qualifying employer may be entitled to with  
11    respect to the payment of health insurance premiums paid on  
12    behalf of qualifying employees, the qualifying employer shall  
13    be allowed as a deduction in the computation of Alabama  
14    taxable income ~~50~~ 100 percent of the amounts they pay as  
15    health insurance premiums on behalf of qualifying employees in  
16    connection with an employer provided health insurance plan."

17           Section 2. All laws or parts of laws which conflict  
18    with this act are repealed.

19           Section 3. This act shall become effective  
20    immediately following its passage and approval by the  
21    Governor, or its otherwise becoming law.