

# HB273 ENGROSSED



1 KH19AA-2

2 By Representatives Kiel, Garrett, Paschal, Almond, Lee,

3 Pringle, Baker, Ellis, Collins, Hulsey, Estes, Chestnut,

4 Lawrence, Woods, Marques, Colvin, Stubbs, Mooney, Robertson,

5 Kitchens, Faulkner, Wood (D), Daniels

6 RFD: Ways and Means Education

7 First Read: 06-Apr-23

8

9 2023 Regular Session



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A BILL  
TO BE ENTITLED  
AN ACT

Relating to income taxes; to amend Section 40-18-15.3, Code of Alabama 1975, to revise the qualifications for employees and employers to receive the income tax deduction for health insurance premiums paid.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-18-15.3

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

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

(2) QUALIFYING EMPLOYERS. Employers with less than ~~25~~50 employees.



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(b) For tax years beginning after December 31, ~~2010~~2023, in addition to any other Alabama income tax deduction that a qualifying employee may be entitled to with respect to the payment of health insurance premiums, qualifying employees shall be allowed to deduct from Alabama gross income 100 percent of the amounts they pay as health insurance premiums as part of an employer provided health insurance plan provided by a qualifying employer.

(c) In addition to any other Alabama income tax deduction that a qualifying employer may be entitled to with respect to the payment of health insurance premiums paid on behalf of ~~qualifying~~ employees, the qualifying employer shall be allowed as a deduction in the computation of Alabama taxable income 100 percent of the amounts they pay as health insurance premiums in connection with an employer provided health insurance plan on behalf of ~~qualifying~~ employees making less than \$75,000 annually in wages from the qualifying employer~~in connection with an employer provided health insurance plan~~.

(d) The deductions allowed under this section shall be effective January 1, 2024, through the sooner of the following, unless extended by an act of the Legislature:

(1) December 31, 2028

(2) December 31 of the tax year in which the cumulative amount reported in the Report on Tax Expenditures by the Legislative Services Agency reaches ten million dollars



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52 (\$10,000,000) for the following expenditures:

53 a. Corporate income tax small business health  
54 insurance premiums.

55 b. Individual income tax small employer and employee  
56 health insurance premiums."

57 Section 2. This act shall become effective on the first  
58 day of the third month following its passage and approval by  
59 the Governor, or its otherwise becoming law.



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### House of Representatives

Read for the first time and referred .....06-Apr-23  
to the House of Representatives  
committee on Ways and Means  
Education  
  
Read for the second time and placed .....19-Apr-23  
on the calendar:  
1 amendment  
  
Read for the third time and passed .....27-Apr-23  
as amended  
Yeas 97  
Nays 1  
Abstains 7

John Treadwell  
Clerk