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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2007

A N A C T

RELATING TO INSURANCE -- ESTABLISHING A HEALTH INSURANCE TAX
INCENTIVE

Introduced By: Senators Perry, Miller, C Levesque, Sosnowski, and Gibbs

Date Introduced: February 13, 2007

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 70

4 HEALTH INSURANCE TAX INCENTIVE

5 **27-70-1. Short title.** – This chapter shall be known and may be cited as "The Health
6 Insurance Tax Incentive".

7 **27-70-2. Definitions.** – As used in this chapter:

8 (1) "Business" means a sole proprietorship, partnership, joint venture, corporation, or
9 other business entity formed for profit-making purposes, including retail establishments where
10 goods or services are sold as well as professional corporations and other entities where legal,
11 medical, dental, engineering, architectural or other professional services are delivered.

12 (2) "Employee" means a person who is employed by an employer in consideration for
13 direct or indirect monetary wages or profit.

14 (3) "Employer" means a person, business, partnership, association, corporation, including
15 a municipal corporation, trust or nonprofit entity that employs the services of one or more
16 individual persons.

17 **27-70-3. Cafeteria plans.** – Each employer with more than twenty-five (25) employees
18 in the state of Rhode Island shall adopt and maintain a cafeteria plan that satisfies 26 U.S.C. 125

1 and the rules and regulations promulgated by the office of the health insurance commissioner and
2 through which employees and their dependents may purchase health insurance. Nothing in this
3 section shall be construed to require an employer covered by this section to pay for, or otherwise
4 contribute to, the cost of any health insurance purchased through the cafeteria plan.

5 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would require each employer with more than twenty-five (25) employees to
2 adopt and maintain a cafeteria plan that satisfies 26 U.S.C. 125. The employer would not be
3 required to pay for or otherwise contribute to the cost of any health insurance purchased through
4 the cafeteria plan.

5 This act would take effect upon passage.

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