

**Sec. 1421. Credit for employee health insurance expenses of small businesses.** Amends the Internal Revenue Code to provide tax credits to small employers.

**Sec. 45R. Employee health insurance expenses of small employers.** As amended by Section 10105, provides a sliding scale tax credit to small employers with fewer than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for their employees. The full credit will be available to employers with 10 or fewer employees and average wages of less than \$25,000. To be eligible for a tax credit, the employer must contribute at least 50 percent of the total premium cost or 50 percent of a benchmark premium.

In 2010 through 2013, eligible employers can receive a small business tax credit for up to 35 percent of their contribution toward the employee's health insurance premium. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 25 percent of their contribution.

In 2014 and beyond, eligible employers who purchase coverage through the State Exchange can receive a tax credit for two years of up to 50 percent of their contribution. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 35 percent of their contribution.