

**HEALTH CARE REFORM FINANCING PROPOSAL**  
**From Secs. 45-46 of the Administration's Miscellaneous Tax Proposal**

Sec. 45. 32 V.S.A. Chapter 247 is added to read:

CHAPTER 247. HEALTH CARE PAYROLL TAX

§ 10601. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context requires otherwise:

(1) "Employer" has the same meaning as in 21 V.S.A. § 1301(5), but shall not include the government of the United States.

(2) "Employment" means employment as defined in 26 U.S.C. § 3121(b) of the Internal Revenue Code and shall include service performed in the employ of the State of Vermont.

(3) "Person" shall include an individual, firm, partnership, association, joint stock company, corporation, trust, estate, or other entity.

(4) "Tax" or "tax liability" includes the liability for all amounts owing by a taxpayer to the State of Vermont under this chapter.

(5) "Taxable year" means the calendar year, or the fiscal year ending during the calendar year, with respect to which a tax is imposed under this chapter, and, in the case of a return filed with respect to a fractional part of a year, the period with respect to which the return is filed.

(6) "Taxpayer" means a person obligated to file a return with or pay or remit any amount to this State under this chapter.

(7) "Wages" means wages, as defined in section 26 U.S.C. § 3121(a) of the Internal Revenue Code.

§ 10602. PAYROLL TAX

(a) There is imposed on every employer for each calendar year a tax in an amount equal to 0.7 percent of all wages paid by the employer with respect to employment.

(b) Revenues collected under this chapter shall be deposited into the State Health Care Resources Fund established under 33 V.S.A. § 1901d.

§ 10603. PAYMENT OF ESTIMATED PAYROLL TAX

(a) Every employer shall make payments of the employer's tax liability under this section on the same filing frequency as the employer is required to pay withholding taxes to the Commissioner under section 5842 of this Title.

(b) The Commissioner shall establish schedules or formulae as will result in payments that closely approximate the income tax liabilities of the recipients of those payments with respect to those payments for that year under this chapter.

(c) Every person required to deduct and withhold any amount under this section shall make return thereof and shall pay over that amount to the Commissioner in accordance with § 5842 of this title; provided however, that a return reconciling the payments made during the preceding calendar quarter shall be filed on the 25<sup>th</sup> day of the month following the end of the quarter.

§ 10604. ADMINISTRATION OF TAX

All of the administrative provisions of chapter 151 of this title, including those relating to the collection and enforcement by the Commissioner of the withholding tax and the income tax, shall apply to the tax imposed by this

chapter. In addition, the provisions of chapter 103 of this title, including those relating to the imposition of interest and penalty for failure to pay the tax as provided in section 10602 of this title, shall apply to the tax imposed by this chapter.

§ 10605. INCLUSION OF COST OF EMPLOYER-SPONSORED HEALTH COVERAGE ON W-2

(a) Every person who is required under 32 V.S.A. chapter 151 subchapter 4 to withhold income taxes from payments of income, except for the government of the United States, shall provide the aggregate cost of applicable employer-sponsored coverage required under 26 U.S.C. § 6051(a)(14) regardless of the number of W-2 forms filed.

Sec. 46. 33 V.S.A . §1901d(b) is amended to read:

(b) Into the Fund shall be deposited:

(1) all revenue from the tobacco products tax and from the cigarette tax levied pursuant to 32 V.S.A. chapter 205;

(2) revenue from health care provider assessments pursuant to subchapter 2 of chapter 19 of this title;

(3) revenue from the employer health care premium contribution pursuant to 21 V.S.A. chapter 25;

(4) revenue from health care claims assessments pursuant to 32 V.S.A. § 10402;

(5) premium amounts paid by individuals unless paid directly to the insurer;

(6) the proceeds from grants, donations, contributions, taxes, and any other sources of revenue as may be provided by statute, rule, or act of the General Assembly; ~~and~~

(7) any remaining balance in the terminated Catamount Fund as of June 30, 2012.

(8) revenues collected under the health care payroll tax pursuant to 32 V.S.A. chapter 247.

**EFFECTIVE DATE: January 1, 2016.**