



Senate

General Assembly

File No. 173

February Session, 2008

Substitute Senate Bill No. 477

Senate, March 26, 2008

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CAFETERIA 125 PLANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-51uu of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective January 1, 2009*):

4 [Any] Each employer with eleven or more full-time employees in
5 this state, that provides health insurance benefits to its employees for
6 which any portion of the premiums are deducted from the employees'
7 pay, shall [offer such employees the opportunity to have such portion
8 excluded from their gross income for state or federal income tax
9 purposes, except as required under] adopt and maintain a cafeteria
10 plan that satisfies Section 125 of the Internal Revenue Code of 1986, or
11 any subsequent corresponding internal revenue code of the United
12 States, as from time to time amended.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2009</i>	31-51uu

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 477****AN ACT CONCERNING CAFETERIA 125 PLANS.****SUMMARY:**

This bill exempts employers with 10 or fewer full-time employees in Connecticut from having to adopt and maintain an IRS Section 125 cafeteria plan. Under current law, all employers must establish and maintain one if they provide health insurance benefits to employees for which any portion of the premiums are deducted from the employees' pay.

A Section 125 cafeteria plan allows employees' to contribute toward premiums on a pre-tax basis, thus reducing the employees' income tax liability and employers' payroll taxes.

EFFECTIVE DATE: January 1, 2009

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/11/2008)