

Tax credits to ease health costs

Tom Tobin • Staff writer • July 25, 2010

West Fire Systems Inc., which sells a variety of security products, is an honored company. It is the 2009 recipient of the Greece Chamber of Commerce's **Small Business** of the Year Award.

Recognition like that can bring in customers and clients. But it doesn't pay the property tax bill. Or the health **insurance** premium.

That's why chief **financial** officer Debbie West is mobilizing advice about how federal health reform — aspects of which take effect this year — will affect the company's bottom line.

"I'm definitely educating myself on what this will mean for us," West said. The company, which has 15 employees, pays the health premiums for individual plans and a share of the costs for family coverage.

Fortunately, information is becoming more available as the government and nonprofits parse the huge bill's many provisions and apply them to local realities.

Families USA, a consumer-oriented advocacy firm, and the pro-business group Small Business Majority last week released a study finding that 81.6 percent of New York small business with fewer than 25 employees will be eligible for federal tax **credit** to help defray the cost of employee health insurance.

The report, which reviewed state-by-state data on business size and composition and matched those to the new tax-credit provisions, found that nearly 84 percent of American **small businesses** are eligible this year for relief under the Patient Protection and Affordable Care Act.

The report found that 78,000 New York businesses will qualify for the maximum tax credit of 35 percent. Under the law, the maximum credits go to businesses with fewer than 10 workers who earn, on average, annual wages under \$25,000.

"Many small businesses face special challenges in

providing health coverage for their small number of employees," Families USA executive **director** Ron Pollack said.

Nationally, 72 percent of small businesses with 10 to 25 workers offer health coverage while more than 95 percent of businesses with 50 or more workers do the same.

West Fire System's 15 employees put the firm within the payroll limit for the tax credit, but Debbie West didn't know if the higher salaries the company pays its workers will mitigate the relief.

"That's the kind of thing that I will sit down with our accountants to talk about," West said.

West added that gaining the credits under the reform law will help with insurance costs but will also better enable the company to afford rising property **taxes**. "Taxes in general are hurting our ability to expand where we are," West said.

Fran Weisberg, head of the Finger Lakes Health Systems Agency who has worked with the **Rochester Business Alliance** in finding solutions to the uninsured problem, said the tax credits "are part of the whole."

"But a key in this area, and something we're working very hard on, is controlling the cost curve while maintaining quality health care," Weisberg said. "Those are the essentials."

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