



EMAC Q2 WAGES DUE JULY 1 AND AMENDMENTS TO EMAC SUPPLEMENT IN THE CURRENT 2019 STATE BUDGET BILL ARE UNDER CONSIDERATION

Many of your clients are still grappling with Q1 EMAC Supplement issues. They have a few more days -- until June 30, 2018 -- to submit EMAC Employee Information Forms requesting a MassHealth or Health Connector eligibility redetermination for their listed employees to make certain related EMAC Supplement charges for Q1 are correct.

Here's something that may cause some consternation -- more than \$130 million of the \$200 million in EMAC Supplement tax for 2018 has already been collected in Q1 alone (hat tip to AIM for reporting this figure).

Nonetheless, on July 1, 2018 employers start all over again by submitting wage reports for Q2 and then waiting for their Q2 EMAC Supplement assessments.

Some measure of relief from the EMAC/EMAC Supplement may be on the way as part of the fiscal 2019 Massachusetts Budget legislation -- Senate bill 2530 currently before a House and Senate conference committee seeking to produce a compromise bill. The relief under consideration amounts to an EMAC Hardship Waiver and a tax credit for employers. If enacted, both relief measures will likely require regulations to assist with implementation.

EMAC EMPLOYER HARDSHIP WAIVER

Section 119 of the proposed 2019 Senate budget (S. 2530) directs the director of the division of unemployment (DUA) to develop and approve a hardship waiver for an employer experiencing financial hardship due to its liability under increased EMAC contribution rates and/or the EMAC Supplement. Current bill language allows DUA to consider:

- businesses with limited or variable revenue;
- small businesses;
- employers with seasonal or temporary employees; and,
- employers providing services that serve the public interest.

Any such hardship waiver may reduce or fully exempt an employer for its EMAC liability due an increased EMAC contribution.



In addition, the DUA director must develop and approve administrative procedures for providing advanced notice for, and extending the due date of, an employer's EMAC Supplement contribution. The procedures for requesting an extension of the EMAC Supplement due date may be provided to employers with its quarterly notice of EMAC liability determination.

EMAC SUPPLEMENT EMPLOYER TAX CREDIT

Sections 53 and 55 of the proposed 2019 Senate budget (S. 2530) contain provisions allowing employers to file for a refundable tax credit in years an employer pays both an EMAC Supplement and an Employer Shared Responsibility payment under the ACA may claim the credit only for a taxable year in which the employer pays both in the same taxable year, without regard to the year or quarter the liabilities were accrued.

The tax credit, as proposed, is not transferable from one employer to another. The proposed bill language includes a formula to calculate the credit, and a cap on the amount of an employer's credit for a taxable year. Given the bill is in conference committee and these tax credit provisions may be removed/changed, I will not drill down to the calculation of the credit or the annual cap.

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Assuming one or both EMAC relief measures survive the reconciliation process and find their way into the final budget legislation passed on to Governor Baker, it is possible the governor may veto these provisions.

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