

HOUSE BILL 280

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Q3

2001 Regular Session
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By: **Delegate Hixson**

Introduced and read first time: January 25, 2001

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 6, 2001

CHAPTER 459

1 AN ACT concerning

2 **Credit for Long-Term Care Insurance Premiums**

3 FOR the purpose of clarifying that the amount of a certain credit allowed against the
4 State income tax for certain long-term care insurance premiums for any taxable
5 year may not exceed the State income tax for that taxable year and that any
6 unused credit for a taxable year may not be carried over to any other taxable
7 year; providing for the application of this Act; and generally relating to a certain
8 credit allowed against the State income tax for certain long-term care insurance
9 premiums.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - General
12 Section 10-718
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2000 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Tax - General**

18 10-718.

19 (a) In this section, "eligible long-term care premiums" means eligible
20 long-term care premiums within the meaning of § 213(d)(10) of the Internal Revenue
21 Code for a long-term care insurance contract covering an individual who is a
22 Maryland resident.

1 (b) An individual may claim a credit against the State income tax in an
2 amount equal to 100% of the eligible long-term care premiums paid by the individual
3 during the taxable year for long-term care insurance covering the individual or the
4 individual's spouse, parent, stepparent, child, or stepchild.

5 (c) The credit allowed under this section:

6 (1) may not exceed \$500 for each insured covered by long-term care
7 insurance for which the individual pays the premiums;

8 (2) may not be claimed by more than one taxpayer with respect to the
9 same insured individual; and

10 (3) may not be claimed with respect to an insured individual if:

11 (i) the insured individual was covered by long-term care insurance
12 at any time before July 1, 2000; or

13 (ii) the credit has been claimed with respect to that insured
14 individual by any taxpayer for any prior taxable year.

15 (D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
16 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR
17 THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS UNDER
18 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER
19 APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

20 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
21 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

22 [(d)] (E) The credit allowed under this section does not affect the treatment
23 under this title of any deduction or exclusion allowed for federal income tax purposes
24 for the eligible long-term care premiums paid by the individual.

25 [(e)] (F) On or before December 1, 2005 and each December 1 thereafter, the
26 Comptroller shall report to the Governor and, subject to § 2-1246 of the State
27 Government Article, to the General Assembly, regarding the credit allowed under this
28 section, including:

29 (1) the number of individuals who have claimed the credit, the amount
30 allowed as credits, and the additional number of individuals covered by long-term
31 care insurance as a result of the credit; and

32 (2) the savings under the State's Medical Assistance Program as a result
33 of additional individuals being covered by long-term care insurance as a result of the
34 credit.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
37 1999.

