

HOUSE BILL 1295

C3, J1, Q3

9lr2393

By: **Delegate Mizeur**

Introduced and read first time: February 13, 2009

Assigned to: Health and Government Operations and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Kids First Coverage Incentive Act**

3 FOR the purpose of prohibiting a taxpayer from deducting a certain exemption for a
4 dependent child unless the dependent child had health care coverage; providing
5 for certain exceptions; repealing the prohibition on penalizing a taxpayer for not
6 providing certain information or providing certain information that is
7 inaccurate under certain circumstances; making permanent a requirement that
8 the Comptroller, under certain circumstances, send a taxpayer applications and
9 enrollment instructions for the Maryland Medical Assistance Program and the
10 Maryland Children's Health Program; defining a certain term; repealing a
11 certain obsolete provision of law; repealing the termination date for provisions
12 of law relating to the definition of creditable coverage, reporting the presence or
13 absence of health care coverage for a dependent child on the income tax return,
14 and sending applications and enrollment instructions for the Maryland Medical
15 Assistance Program and the Maryland Children's Health Program; providing
16 for a delayed effective date for certain provisions of this Act; and generally
17 relating to health care coverage and income tax exemptions for dependent
18 children.

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–211.1
22 Annotated Code of Maryland
23 (2004 Replacement Volume and 2008 Supplement)

24 BY repealing and reenacting, with amendments,
25 Chapter 692 of the Acts of the General Assembly of 2008
26 Section 6

27 BY adding to
28 Article – Tax – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 10–211.1(c)
2 Annotated Code of Maryland
3 (2004 Replacement Volume and 2008 Supplement)
4 (As enacted by Section 1 of this Act)

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

7 **Article – Tax – General**

8 10–211.1.

9 (a) (1) In this section[,], **THE FOLLOWING WORDS HAVE THE MEANINGS**
10 **INDICATED.**

11 (2) [“health] **“HEALTH** care coverage” means creditable coverage as
12 defined in § 15–1301 of the Insurance Article.

13 (3) **“TAXPAYER” MEANS:**

14 (I) **AN INDIVIDUAL FILING AN INDIVIDUAL RETURN; OR**

15 (II) **A MARRIED COUPLE FILING A JOINT RETURN.**

16 [(b) (1) If the income, reported on the tax return for tax year 2007, of a
17 taxpayer with a dependent child does not exceed the highest income eligibility
18 standard for the Maryland Medical Assistance Program or the Maryland Children’s
19 Health Program, the Comptroller shall send a notice to the taxpayer:

20 (i) indicating that the dependent child may be eligible for the
21 Maryland Medical Assistance Program or the Maryland Children’s Health Program;
22 and

23 (ii) providing information about how to enroll in the programs.

24 (2) The notice required under paragraph (1) of this subsection shall be
25 developed by the Department of Health and Mental Hygiene.]

26 [(c) (B) (1) [(i)] Beginning with the tax return for tax year 2008, the
27 taxpayer shall report on the income tax return, in the form required by the
28 Comptroller, the presence or absence of health care coverage for each dependent child
29 for whom an exemption is claimed.

30 [(ii) Notwithstanding any other provision of law, a taxpayer may
31 not be penalized in any manner for not providing the information required under

1 subparagraph (i) of this paragraph or providing information required under
2 subparagraph (i) of this paragraph that is inaccurate.]

3 (2) (i) If the taxpayer indicates on the income tax return [for tax
4 year 2008 or 2009] that a dependent child does not have health care coverage, and the
5 income on the taxpayer's tax return does not exceed the highest level income eligibility
6 standard for the Maryland Medical Assistance Program or the Maryland Children's
7 Health Program, the Comptroller shall send the taxpayer applications and enrollment
8 instructions for the Maryland Medical Assistance Program and the Maryland
9 Children's Health Program.

10 (ii) The Comptroller may not send any notice or information
11 with the applications and enrollment instructions required under subparagraph (i) of
12 this paragraph, other than a notice developed by the Department of Health and
13 Mental Hygiene.

14 **Chapter 692 of the Acts of 2008**

15 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2008. [It shall remain effective for a period of 3 years and, at the end of June
17 30, 2011, with no further action required by the General Assembly, this Act shall be
18 abrogated and of no further force and effect.]

19 SECTION 2. BE IT FURTHER ENACTED, That the Laws of Maryland read as
20 follows:

21 **Article - Tax - General**

22 10-211.1.

23 **(C) (1) A TAXPAYER MAY NOT DEDUCT AN EXEMPTION FOR A**
24 **DEPENDENT CHILD UNDER § 10-211 OF THIS SUBTITLE UNLESS THE**
25 **DEPENDENT CHILD FOR WHOM THE EXEMPTION IS CLAIMED HAD HEALTH CARE**
26 **COVERAGE:**

27 **(I) FOR AT LEAST 6 MONTHS OF THE TAXABLE YEAR; AND**

28 **(II) ON DECEMBER 31 OF THE TAXABLE YEAR.**

29 **(2) THE COMPTROLLER SHALL PROVIDE FOR EXCEPTIONS TO**
30 **PARAGRAPH (1) OF THIS SUBSECTION FOR A TAXPAYER:**

31 **(I) JUST ENTERING THE WORKFORCE;**

32 **(II) RECENTLY MOVING INTO THE STATE;**

1 **(III) WHO IS UNABLE TO OBTAIN HEALTH CARE COVERAGE**
2 **FOR THE DEPENDENT CHILD BECAUSE THE DEPENDENT CHILD:**

- 3 **1. IS NOT ELIGIBLE FOR COVERAGE THROUGH:**
- 4 **A. ANY EMPLOYER-SPONSORED PLAN AVAILABLE TO**
5 **THE TAXPAYER;**
- 6 **B. THE MARYLAND MEDICAL ASSISTANCE**
7 **PROGRAM; OR**
- 8 **C. THE MARYLAND CHILDREN'S HEALTH PROGRAM;**
- 9 **2. HAS BEEN TURNED DOWN FOR HEALTH BENEFITS**
10 **IN AN INDIVIDUAL PLAN; AND**
- 11 **3. HAS BEEN UNABLE TO ENROLL IN THE MARYLAND**
12 **HEALTH INSURANCE PLAN, BECAUSE THE MARYLAND HEALTH INSURANCE**
13 **PLAN HAS REACHED ITS ENROLLMENT CAPACITY;**

14 **(IV) WHO OBJECTS TO HEALTH INSURANCE ON RELIGIOUS**
15 **GROUND, PROVIDED THAT THE TAXPAYER FILES A SWORN AFFIDAVIT WITH**
16 **THE TAX RETURN STATING THAT THE TAXPAYER'S SINCERELY HELD RELIGIOUS**
17 **BELIEFS ARE THE BASIS OF THE TAXPAYER'S REFUSAL TO OBTAIN AND**
18 **MAINTAIN HEALTH CARE COVERAGE FOR THE DEPENDENT CHILD; OR**

19 **(V) WHOSE FEDERAL ADJUSTED GROSS INCOME FOR THE**
20 **TAXABLE YEAR IS GREATER THAN 300% BUT NOT GREATER THAN 500% OF**
21 **FEDERAL POVERTY INCOME GUIDELINES.**

22 SECTION 3. AND BE IT FURTHER ENACTED, That the Comptroller shall
23 publicize the requirements of this Act to provide an adequate opportunity for
24 taxpayers to obtain health care coverage for their dependent children.

25 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act
26 shall take effect January 1, 2012, and shall be applicable to all taxable years
27 beginning after December 31, 2011.

28 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
29 Section 4 of this Act, this Act shall take effect October 1, 2009.