

SENATE BILL 282

Q3

9lr1876

By: **Senator Stone**

Introduced and read first time: January 27, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Long–Term Care Premium**

3 FOR the purpose of repealing a certain limitation on a certain credit against the State
4 income tax for certain long–term care premiums paid by an individual; altering
5 the amount a taxpayer may claim as credit; providing for the application of this
6 Act; and generally relating to a certain income tax credit for eligible long–term
7 care premiums.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–718
11 Annotated Code of Maryland
12 (2004 Replacement Volume and 2008 Supplement)

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

15 **Article – Tax – General**

16 10–718.

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

21 (b) [An individual] **A TAXPAYER** may claim a credit against the State
22 income tax in an amount equal to 100% of the eligible long–term care premiums paid
23 by the [individual] **TAXPAYER** during the taxable year for long–term care insurance
24 covering the [individual] **TAXPAYER** or the [individual’s] **TAXPAYER’S** spouse, parent,
25 stepparent, child, or stepchild.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) The credit allowed under this section:

2 (1) [may not exceed \$500 for] **WITH RESPECT TO** each insured
3 **INDIVIDUAL** covered by long-term care insurance for which the [individual]
4 **TAXPAYER** pays the premiums[;]:

5 (I) **MAY NOT EXCEED \$500 IN THE FIRST TAXABLE YEAR**
6 **FOR WHICH THE CREDIT UNDER THIS SECTION IS CLAIMED BY ANY TAXPAYER**
7 **WITH RESPECT TO THAT INSURED INDIVIDUAL; AND**

8 (II) **MAY NOT EXCEED \$150 IN ANY TAXABLE YEAR IF THE**
9 **CREDIT HAS BEEN CLAIMED WITH RESPECT TO THAT INSURED INDIVIDUAL BY**
10 **ANY TAXPAYER FOR ANY PRIOR TAXABLE YEAR; AND**

11 (2) may not be claimed by more than one taxpayer with respect to the
12 same insured individual **IN THE SAME TAXABLE YEAR** [; and

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

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

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

18 (d) (1) The total amount of the credit allowed under this section for any
19 taxable year may not exceed the State income tax for that taxable year, calculated
20 before application of the credits under this section and §§ 10-701 and 10-701.1 of this
21 subtitle, but after application of the other credits allowable under this subtitle.

22 (2) The unused amount of the credit for any taxable year may not be
23 carried over to any other taxable year.

24 (e) The credit allowed under this section does not affect the treatment under
25 this title of any deduction or exclusion allowed for federal income tax purposes for the
26 eligible long-term care premiums paid by the individual.

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

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

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2009, and shall be applicable to all taxable years beginning after December 31,
6 2008.