
By: Senators Hollinger and Teitelbaum

Requested: September 5, 1996

Introduced and read first time: January 8, 1997

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Employer-Provided Long-Term Care Insurance**

3 FOR the purpose of allowing certain credits against the State income tax, insurance
4 premiums tax, financial institution franchise tax, and public service company
5 franchise tax for certain costs incurred by employers that provide long-term care
6 insurance as part of an employee benefits package; providing for the calculation of
7 the credit; providing for the carryover of unused credit if the credit exceeds the total
8 tax otherwise payable for a taxable year; providing for the application of this Act;
9 and generally relating to a tax credit against the State income tax, financial
10 institution franchise tax, public service company franchise tax, and insurance
11 premiums tax for employer-provided long-term care insurance.

12 BY adding to

13 Article - Tax - General
14 Section 8-216, 8-413, and 10-708
15 Annotated Code of Maryland
16 (1988 Volume and 1996 Supplement)

17 BY adding to

18 Article - Insurance
19 Section 6-115
20 Annotated Code of Maryland
21 (1995 Volume and 1996 Supplement)
22 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

25 **Article - Tax - General**

26 8-216.

27 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
28 INSTITUTION FRANCHISE TAX FOR EMPLOYER-PROVIDED LONG-TERM CARE
29 INSURANCE AS PROVIDED UNDER § 10-708 OF THIS ARTICLE.

2

1 8-413.

2 A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC
3 SERVICE COMPANY FRANCHISE TAX FOR EMPLOYER-PROVIDED LONG-TERM CARE
4 INSURANCE AS PROVIDED UNDER § 10-708 OF THIS ARTICLE.

5 10-708.

6 (A) IN THIS SECTION, "LONG-TERM CARE INSURANCE" HAS THE MEANING
7 STATED IN § 18-101 OF THE INSURANCE ARTICLE.

8 (B) (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS
9 SUBSECTION, AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
10 5% OF THE COSTS INCURRED BY THE EMPLOYER DURING THE TAXABLE YEAR TO
11 PROVIDE LONG-TERM CARE INSURANCE AS PART OF AN EMPLOYEE BENEFIT
12 PACKAGE.

13 (2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
14 THE LESSER OF:

15 (I) \$5,000; OR

16 (II) \$100 FOR EACH EMPLOYEE COVERED BY LONG-TERM CARE
17 INSURANCE PROVIDED UNDER THE EMPLOYEE BENEFIT PACKAGE.

18 (C) (1) AN INDIVIDUAL OR CORPORATION MAY APPLY THE CREDIT UNDER
19 SUBSECTION (B) OF THIS SECTION AGAINST THE STATE INCOME TAX.

20 (2) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §
21 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER
22 THIS SECTION AGAINST STATE INCOME TAX DUE ON UNRELATED BUSINESS
23 TAXABLE INCOME AS PROVIDED UNDER §§ 10-304 AND 10-812 OF THIS TITLE.

24 (D) (1) IF THE EMPLOYER IS SUBJECT TO MORE THAN ONE TAX AGAINST
25 WHICH THE CREDIT ALLOWED UNDER THIS SECTION MAY BE APPLIED, THE SAME
26 CREDIT MAY NOT BE APPLIED MORE THAN ONCE AGAINST DIFFERENT TAXES.

27 (2) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY
28 TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE EMPLOYER
29 FOR THAT TAXABLE YEAR, THE EMPLOYER MAY APPLY THE EXCESS AS A CREDIT
30 FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

31 (I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

32 (II) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER THE
33 TAXABLE YEAR IN WHICH THE COSTS TO PROVIDE LONG-TERM CARE INSURANCE
34 AS PART OF AN EMPLOYEE BENEFIT PACKAGE WERE INCURRED.

3

1 **Article - Insurance**

2 6-115.

3 AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR
4 EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE AS PROVIDED UNDER § 10-708
5 OF THE TAX - GENERAL ARTICLE.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 1997 and shall be applicable to all taxable years beginning after December 31,
8 1997.