

SENATE BILL 638

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Q7
SB 30/97 - B&T

1998 Regular Session
8r1717

By: **Senators Hollinger, Dorman, Green, Haines, Craig, Derr, and Middleton**
Introduced and read first time: February 6, 1998
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
6 care insurance as part of an employee benefits package; providing for the
7 calculation of the credit; providing for the carryover of unused credit if the credit
8 exceeds the total tax otherwise payable for a taxable year; providing for the
9 application of this Act; and generally relating to a tax credit against the State
10 income tax, financial institution franchise tax, public service company franchise
11 tax, and insurance premiums tax for employer-provided long-term care
12 insurance.

13 BY adding to
14 Article - Tax - General
15 Section 8-218, 8-415, and 10-709
16 Annotated Code of Maryland
17 (1997 Replacement Volume)

18 BY adding to
19 Article - Insurance
20 Section 6-117
21 Annotated Code of Maryland
22 (1997 Volume)

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

1 **Article - Tax - General**

2 8-218.

3 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
4 INSTITUTION FRANCHISE TAX FOR EMPLOYER-PROVIDED LONG-TERM CARE
5 INSURANCE AS PROVIDED UNDER § 10-709 OF THIS ARTICLE.

6 8-415.

7 A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC
8 SERVICE COMPANY FRANCHISE TAX FOR EMPLOYER-PROVIDED LONG-TERM CARE
9 INSURANCE AS PROVIDED UNDER § 10-709 OF THIS ARTICLE.

10 10-709.

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

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

18 (2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
19 LESSER OF:

20 (I) \$5,000; OR

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

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

25 (2) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §
26 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER
27 THIS SECTION AGAINST STATE INCOME TAX DUE ON UNRELATED BUSINESS
28 TAXABLE INCOME AS PROVIDED UNDER §§ 10-304 AND 10-812 OF THIS TITLE.

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

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

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

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

4 **Article - Insurance**

5 6-117.

6 AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR
7 EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE AS PROVIDED UNDER § 10-709
8 OF THE TAX - GENERAL ARTICLE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 1998 and shall be applicable to all taxable years beginning after December
11 31, 1998.