

SENATE BILL 171

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Q3

2000 Regular Session
0lr1261
CF 0lr1262

By: **Senators Hollinger, Middleton, Lawlah, Munson, DeGrange, Forehand, Teitelbaum, Jacobs, Hooper, Roesser, Collins, Blount, Stone, Green, Dorman, Astle, Kelley, Ferguson, Mooney, Conway, Sfikas, Pinsky, Frosh, Colburn, and Bromwell**

Introduced and read first time: January 21, 2000
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 27, 2000

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of allowing an individual a credit against the State income tax for
4 certain long-term care insurance premiums paid by the individual; defining a
5 certain term; requiring the Comptroller to report to the Governor and the
6 General Assembly regarding the credit on or before certain dates; providing for
7 the application of this Act; and generally relating to a credit against the State
8 income tax for certain long-term care insurance premiums.

9 BY adding to
10 Article - Tax - General
11 Section 10-718
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1999 Supplement)

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

16 **Article - Tax - General**

17 10-718.

18 (A) IN THIS SECTION, "ELIGIBLE LONG-TERM CARE PREMIUMS" MEANS
19 ELIGIBLE LONG-TERM CARE PREMIUMS WITHIN THE MEANING OF § 213(D)(10) OF

1 THE INTERNAL REVENUE CODE FOR A LONG-TERM CARE INSURANCE CONTRACT
2 COVERING AN INDIVIDUAL WHO IS A MARYLAND RESIDENT.

3 (B) AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
4 IN AN AMOUNT EQUAL TO 100% OF THE ELIGIBLE LONG-TERM CARE PREMIUMS PAID
5 BY THE INDIVIDUAL DURING THE TAXABLE YEAR FOR LONG-TERM CARE INSURANCE
6 COVERING THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE, PARENT, STEPPARENT,
7 CHILD, OR STEPCHILD.

8 (C) THE CREDIT ALLOWED UNDER THIS SECTION:

9 (1) MAY NOT EXCEED \$500 FOR EACH INSURED COVERED BY
10 LONG-TERM CARE INSURANCE FOR WHICH THE INDIVIDUAL PAYS THE PREMIUMS;

11 (2) MAY NOT BE CLAIMED BY MORE THAN ONE TAXPAYER WITH
12 RESPECT TO THE SAME INSURED INDIVIDUAL; AND

13 (3) MAY NOT BE CLAIMED WITH RESPECT TO AN INSURED INDIVIDUAL
14 IF:

15 (I) THE INSURED INDIVIDUAL WAS COVERED BY LONG-TERM
16 CARE INSURANCE AT ANY TIME BEFORE JULY 1, 2000; OR

17 (II) THE CREDIT HAS BEEN CLAIMED WITH RESPECT TO THAT
18 INSURED INDIVIDUAL BY ANY TAXPAYER FOR ANY PRIOR TAXABLE YEAR.

19 (D) THE CREDIT ALLOWED UNDER THIS SECTION DOES NOT AFFECT THE
20 TREATMENT UNDER THIS TITLE OF ANY DEDUCTION OR EXCLUSION ALLOWED FOR
21 FEDERAL INCOME TAX PURPOSES FOR THE ELIGIBLE LONG-TERM CARE PREMIUMS
22 PAID BY THE INDIVIDUAL.

23 (E) ON OR BEFORE DECEMBER 1, 2005 AND EACH DECEMBER 1 THEREAFTER,
24 THE COMPTROLLER SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF
25 THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, REGARDING THE
26 CREDIT ALLOWED UNDER THIS SECTION, INCLUDING:

27 (1) THE NUMBER OF INDIVIDUALS WHO HAVE CLAIMED THE CREDIT,
28 THE AMOUNT ALLOWED AS CREDITS, AND THE ADDITIONAL NUMBER OF
29 INDIVIDUALS COVERED BY LONG-TERM CARE INSURANCE AS A RESULT OF THE
30 CREDIT; AND

31 (2) THE SAVINGS UNDER THE STATE'S MEDICAL ASSISTANCE PROGRAM
32 AS A RESULT OF ADDITIONAL INDIVIDUALS BEING COVERED BY LONG-TERM CARE
33 INSURANCE AS A RESULT OF THE CREDIT.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
36 1999.

