
By: **Delegates Petzold and Redmer**
Introduced and read first time: February 1, 2001
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of eliminating a certain prohibition against claiming a credit
4 against the State income tax for certain long-term care insurance premiums
5 paid by an individual if the individual was covered by long-term care insurance
6 before a certain date; providing for the application of this Act; and generally
7 relating to a credit against the State income tax for certain long-term care
8 insurance premiums.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 10-718
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2000 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 eligible
19 long-term care premiums within the meaning of § 213(d)(10) of the Internal Revenue
20 Code for a long-term care insurance contract covering an individual who is a
21 Maryland resident.

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

26 (c) The credit allowed under this section:

27 (1) may not exceed \$500 for each insured covered by long-term care
28 insurance for which the individual pays the premiums;

1 (2) may not be claimed by more than one taxpayer with respect to the
2 same insured individual; and

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

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

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

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

11 (e) On or before December 1, 2005 and each December 1 thereafter, the
12 Comptroller shall report to the Governor and, subject to § 2-1246 of the State
13 Government Article, to the General Assembly, regarding the credit allowed under this
14 section, including:

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

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

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
23 2000.