

SENATE BILL 148

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2001 Regular Session
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By: **Senators Hoffman, Hollinger, and Teitelbaum**
Introduced and read first time: January 18, 2001
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of clarifying that the amount of a certain credit allowed against the
4 State income tax for certain long-term care insurance premiums for any taxable
5 year may not exceed the State income tax for that taxable year and that any
6 unused credit for a taxable year may not be carried over to any other taxable
7 year; providing for the application of this Act; and generally relating to a certain
8 credit allowed against the State income tax for certain long-term care insurance
9 premiums.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - General
12 Section 10-718
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2000 Supplement)

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

17 **Article - Tax - General**

18 10-718.

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

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

27 (c) The credit allowed under this section:

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

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

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

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

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

10 (D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
11 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR
12 THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS UNDER
13 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER
14 APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

15 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
16 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

17 [(d)] (E) The credit allowed under this section does not affect the treatment
18 under this title of any deduction or exclusion allowed for federal income tax purposes
19 for the eligible long-term care premiums paid by the individual.

20 [(e)] (F) On or before December 1, 2005 and each December 1 thereafter, the
21 Comptroller shall report to the Governor and, subject to § 2-1246 of the State
22 Government Article, to the General Assembly, regarding the credit allowed under this
23 section, including:

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

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

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
32 1999.