SB 148

Department of Legislative Services

Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 148 (Senator Hoffman, *et al.*)
Budget and Taxation Ways and Means

Credit for Long-Term Care Insurance Premiums

This bill specifies that the income tax credit for the purchase of long-term care insurance premiums enacted during the 2000 session (Chapter 242) cannot exceed the Maryland income tax and that any excess credit cannot be carried forward to any future tax years.

The bill takes effect July 1, 2001 and applies to all taxable years beginning after December 31, 1999.

Fiscal Summary

State Effect: None. The bill codifies current practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: See below.

Background: The General Assembly approved legislation during the 2000 session (Chapter 242) that created an income tax credit in an amount equal to 100% of the premiums paid for long-term care insurance by an individual for coverage of the individual, or the individual's spouse, parent, stepparent, child or stepchild, subject to a $500 maximum for each insured.

However, there has been some confusion about the bill because the bill does not state whether the credit was "refundable," i.e., that any excess of the credit over the income tax otherwise imposed should be paid to the taxpayer, nor does it state that the credit is limited to the individual's income tax liability.

This bill is intended to clarify this confusion by providing that the amount of the credit cannot exceed the State income tax imposed and that any excess may not be carried forward to any other taxable year.

In preparing the State income tax forms for tax year 2000, the Comptroller assumed that this was the intent of the General Assembly when approving Chapter 242. As a result, this bill will have no fiscal impact.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Bureau of Revenue Estimates), Department of Legislative Services

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