
By: **The President (By Request - Administration) and Senators Schrader,
Brinkley, DeGrange, Kramer, and Stoltzfus**

Introduced and read first time: January 23, 2006

Rules suspended

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Long-Term Care Provided by an**
3 **Eligible Caregiver**

4 FOR the purpose of allowing a subtraction modification in a certain amount for
5 long-term care provided by an eligible caregiver to certain individuals under
6 certain circumstances; providing that if the subtraction modification for
7 long-term care exceeds Maryland taxable income under certain circumstances
8 that the excess may be carried forward for a certain number of years; defining
9 certain terms; providing for the application of this Act; and generally relating to
10 a subtraction modification for long-term care provided by an eligible caregiver
11 to certain applicable individuals.

12 BY repealing and reenacting, without amendments,
13 Article - Tax - General
14 Section 10-208(a)
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2005 Supplement)

17 BY adding to
18 Article - Tax - General
19 Section 10-208(q)
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2005 Supplement)

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

1 **Article - Tax - General**

2 10-208.

3 (a) In addition to the modification under § 10-207 of this subtitle, the
4 amounts under this section are subtracted from the federal adjusted gross income of
5 a resident to determine Maryland adjusted gross income.

6 (Q) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
7 MEANINGS INDICATED.

8 (II) "APPLICABLE INDIVIDUAL" MEANS ANY INDIVIDUAL WHO IS AT
9 LEAST 18 YEARS OLD AND HAS BEEN CERTIFIED BY A LICENSED PHYSICIAN IN THE
10 STATE AS AN INDIVIDUAL WITH LONG-TERM CARE NEEDS FOR AT LEAST 180
11 CONSECUTIVE DAYS DURING THE TAXABLE YEAR.

12 (III) "ELIGIBLE CAREGIVER" MEANS A TAXPAYER WHO IS THE:

13 1. APPLICABLE INDIVIDUAL'S SPOUSE; OR

14 2. INDIVIDUAL WHO CARES FOR AN APPLICABLE
15 INDIVIDUAL AS A DEPENDENT WHO MEETS THE REQUIREMENTS OF PARAGRAPH (2)
16 OF THIS SUBSECTION.

17 (IV) "INDIVIDUAL WITH LONG-TERM CARE NEEDS" MEANS AN
18 INDIVIDUAL WHO IS:

19 1. UNABLE TO PERFORM WITHOUT SUBSTANTIAL
20 ASSISTANCE FROM ANOTHER INDIVIDUAL AT LEAST THREE ACTIVITIES OF DAILY
21 LIVING AS DEFINED IN § 7702B(C)(2)(B) OF THE INTERNAL REVENUE CODE; OR

22 2. UNABLE TO PERFORM WITHOUT SUBSTANTIAL
23 ASSISTANCE FROM ANOTHER INDIVIDUAL AT LEAST ONE OF THE ACTIVITIES OF
24 DAILY LIVING AS DEFINED IN § 7702B(C)(2)(B) OF THE INTERNAL REVENUE CODE AND
25 WHO REQUIRES SUBSTANTIAL SUPERVISION TO PROTECT THE INDIVIDUAL FROM
26 THREATS TO HEALTH AND SAFETY DUE TO SEVERE COGNITIVE IMPAIRMENT.

27 (2) TO QUALIFY AS A DEPENDENT OF AN ELIGIBLE CAREGIVER, THE
28 APPLICABLE INDIVIDUAL:

29 (I) SHALL BE THE ELIGIBLE CAREGIVER'S PARENT, STEPPARENT,
30 GRANDPARENT, CHILD, STEPCHILD, SIBLING, AUNT, UNCLE, SON-IN-LAW,
31 DAUGHTER-IN-LAW, MOTHER-IN-LAW, FATHER-IN-LAW, OR A MEMBER OF THE
32 HOUSEHOLD OF THE ELIGIBLE CAREGIVER FOR THE ENTIRE TAXABLE YEAR; AND

33 (II) MAY NOT HAVE A FEDERAL ADJUSTED GROSS INCOME FOR THE
34 TAXABLE YEAR THAT EXCEEDS \$10,000.

35 (3) FOR AN INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS INCOME
36 DOES NOT EXCEED \$150,000, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS

1 SECTION INCLUDES AN AMOUNT EQUAL TO \$1,000 FOR LONG-TERM CARE PROVIDED
2 BY AN ELIGIBLE CAREGIVER TO AN APPLICABLE INDIVIDUAL DURING THE TAXABLE
3 YEAR.

4 (4) IF THE SUBTRACTION ALLOWED UNDER PARAGRAPH (3) OF THIS
5 SUBSECTION EXCEEDS THE MARYLAND TAXABLE INCOME THAT IS COMPUTED
6 WITHOUT THE MODIFICATION ALLOWED UNDER THIS SUBSECTION AND THE
7 SUBTRACTION IS NOT USED FOR THE TAXABLE YEAR, THE EXCESS MAY BE CARRIED
8 OVER TO SUCCEEDING TAXABLE YEARS, NOT TO EXCEED 5 YEARS, UNTIL THE FULL
9 AMOUNT OF THE SUBTRACTION IS USED.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2006, and shall be applicable to taxable years after December 31, 2005.