

HOUSE BILL 454

Q3, C3

7lr1882

By: **Delegates George, Bartlett, Beidle, V. Clagett, Costa, DeBoy, Dwyer, Eckardt, Elmore, Frush, Haddaway, Kach, Krebs, McConkey, O'Donnell, Ross, Shank, Smigiel, Sophocleus, Sossi, and Stukes**

Introduced and read first time: February 6, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of repealing certain limitations on a certain credit against the State
4 income tax for certain long-term care premiums paid by an individual;
5 providing for the application of this Act; and generally relating to a certain
6 income tax credit for eligible long-term care premiums.

7 BY repealing and reenacting, with amendments,
8 Article – Tax – General
9 Section 10–718
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2006 Supplement)

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

14 **Article – Tax – General**

15 10–718.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

5 (c) The credit allowed under this section:

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

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

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

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

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

15 (d) (1) The total amount of the credit allowed under this section for any
16 taxable year may not exceed the State income tax for that taxable year, calculated
17 before application of the credits under this section and §§ 10-701 and 10-701.1 of this
18 subtitle, but after application of the other credits allowable under this subtitle.

19 (2) The unused amount of the credit for any taxable year may not be
20 carried over to any other taxable year.

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

24 (f) On or before December 1, 2005 and each December 1 thereafter, the
25 Comptroller shall report to the Governor and, subject to § 2-1246 of the State
26 Government Article, to the General Assembly, regarding the credit allowed under this
27 section, including:

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

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,
6 2006.