

# HOUSE BILL 1343

Q3, C3

8lr0618

---

By: **Delegates Healey, V. Clagett, Elmore, George, Howard, Ivey, Krebs, Ross, Stocksdale, F. Turner, and Walker**

Introduced and read first time: February 8, 2008

Assigned to: Ways and Means

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit and Subtraction Modification for Long–Term Care**  
3 **Insurance**

4 FOR the purpose of repealing certain limitations on a certain credit against the State  
5 income tax for certain long–term care premiums paid by an individual;  
6 providing a subtraction modification under the State income tax for the  
7 payment of certain eligible long–term care insurance premiums; providing for  
8 the application of this Act; and generally relating to a certain income tax credit  
9 and subtraction modification for eligible long–term care premiums.

10 BY repealing and reenacting, without amendments,  
11 Article – Tax – General  
12 Section 10–208(a)  
13 Annotated Code of Maryland  
14 (2004 Replacement Volume and 2007 Supplement)

15 BY adding to  
16 Article – Tax – General  
17 Section 10–208(q)  
18 Annotated Code of Maryland  
19 (2004 Replacement Volume and 2007 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – Tax – General  
22 Section 10–718  
23 Annotated Code of Maryland  
24 (2004 Replacement Volume and 2007 Supplement)

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

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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 a  
5 resident to determine Maryland adjusted gross income.

6 **(Q) (1) IN THIS SUBSECTION, “ELIGIBLE LONG–TERM CARE**  
7 **PREMIUMS” HAS THE MEANING STATED IN § 10–718 OF THIS TITLE.**

8 **(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**  
9 **INCLUDES \$500 OF THE ELIGIBLE LONG–TERM CARE PREMIUMS PAID BY AN**  
10 **INDIVIDUAL DURING EVERY 3RD TAXABLE YEAR FOLLOWING THE TAXABLE**  
11 **YEAR AN INCOME TAX CREDIT WAS CLAIMED FOR THE INSURED INDIVIDUAL**  
12 **UNDER § 10–718 OF THIS TITLE.**

13 10–718.

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

18 (b) **[An] SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN** individual  
19 may claim a credit against the State income tax in an amount equal to 100% of the  
20 eligible long–term care premiums paid by the individual during the taxable year for  
21 long–term care insurance covering the individual or the individual’s spouse, parent,  
22 stepparent, child, or stepchild.

23 (c) **[The] FOR ANY TAXABLE YEAR, THE** credit allowed under this section:

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

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

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

29 (i) the insured individual was covered by long–term care  
30 insurance at any time before July 1, 2000; or

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

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

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

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

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

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

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

20           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,  
22 2007.