

SENATE BILL 460

Q3

0lr2905
CF HB 382

By: **Senators Stone and Klausmeier**
Introduced and read first time: February 1, 2010
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering a certain limitation on a certain credit against the State
4 income tax for certain long–term care insurance premiums paid by a taxpayer;
5 altering the amount a taxpayer may claim as a credit for certain long–term care
6 insurance purchased after a certain date; providing for the application of this
7 Act; providing for a delayed effective date; and generally relating to a certain
8 income tax credit for eligible long–term care insurance premiums.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 10–718
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2009 Supplement)

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

16 **Article – Tax – General**

17 10–718.

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

22 (b) [An individual] **A TAXPAYER** may claim a credit against the State
23 income tax in an amount equal to 100% of the eligible long–term care premiums paid
24 by the [individual] **TAXPAYER** during the taxable year for long–term care insurance

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 covering the [individual] TAXPAYER or the [individual's] TAXPAYER'S spouse, parent,
2 stepparent, child, or stepchild.

3 (c) The credit allowed under this section:

4 (1) [may not exceed \$500 for] **WITH RESPECT TO** each insured
5 **INDIVIDUAL** covered by long-term care insurance for which the [individual]
6 **TAXPAYER** pays the premiums[.];

7 **(I) MAY NOT EXCEED \$500 IN THE FIRST TAXABLE YEAR**
8 **FOR WHICH THE CREDIT UNDER THIS SECTION IS CLAIMED BY ANY TAXPAYER**
9 **WITH RESPECT TO THAT INSURED INDIVIDUAL; AND**

10 **(II) MAY NOT EXCEED \$150 IN ANY TAXABLE YEAR IF THE**
11 **CREDIT HAS BEEN CLAIMED WITH RESPECT TO THAT INSURED INDIVIDUAL BY**
12 **ANY TAXPAYER FOR ANY PRIOR TAXABLE YEAR; AND**

13 (2) may not be claimed by more than one taxpayer with respect to the
14 same insured individual **IN THE SAME TAXABLE YEAR**[; and

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

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

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

20 (d) **(1) THE \$500 CREDIT ALLOWED UNDER SUBSECTION (C)(1)(I) OF**
21 **THIS SECTION MAY NOT BE CLAIMED WITH RESPECT TO AN INSURED**
22 **INDIVIDUAL IF THE INSURED INDIVIDUAL WAS COVERED BY LONG-TERM CARE**
23 **INSURANCE AT ANY TIME BEFORE JULY 1, 2000.**

24 **(2) THE \$150 CREDIT ALLOWED UNDER SUBSECTION (C)(1)(II) OF**
25 **THIS SECTION MAY NOT BE CLAIMED WITH RESPECT TO AN INSURED**
26 **INDIVIDUAL IF THE INSURED INDIVIDUAL WAS COVERED BY LONG-TERM CARE**
27 **INSURANCE AT ANY TIME BEFORE JANUARY 1, 2012.**

28 **(E)** (1) The total amount of the credit allowed under this section for any
29 taxable year may not exceed the State income tax for that taxable year, calculated
30 before application of the credits under this section and §§ 10-701 and 10-701.1 of this
31 subtitle, but after application of the other credits allowable under this subtitle.

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

1 **[(e)] (F)** The credit allowed under this section does not affect the treatment
2 under this title of any deduction or exclusion allowed for federal income tax purposes
3 for the eligible long-term care premiums paid by the individual.

4 **[(f)] (G)** On or before December 1, 2005 and each December 1 thereafter,
5 the Comptroller shall report to the Governor and, subject to § 2-1246 of the State
6 Government Article, to the General Assembly, regarding the credit allowed under this
7 section, including:

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

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

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2011, and shall be applicable to all taxable years beginning after December 31,
16 2011.