

HOUSE BILL 562

Q3

11r2452

By: **Delegate Hubbard**

Introduced and read first time: February 8, 2011

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 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 that the credit may not be
7 claimed after a certain date; providing that a report on the credit by the
8 Comptroller be provided until a certain date; providing for the application of
9 this Act; and generally relating to a certain income tax credit for eligible
10 long–term care insurance premiums.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 10–718
14 Annotated Code of Maryland
15 (2010 Replacement Volume)

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

18 **Article – Tax – General**

19 10–718.

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

24 (b) **[An individual] SUBJECT TO SUBSECTION (H) OF THIS SECTION, A**
25 **TAXPAYER** may claim a credit against the State income tax in an amount equal to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 100% of the eligible long-term care premiums paid by the [individual] TAXPAYER
2 during the taxable year for long-term care insurance covering the [individual]
3 TAXPAYER or the [individual's] TAXPAYER'S spouse, parent, stepparent, child, or
4 stepchild.

5 (c) The credit allowed under this section:

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

9 (I) MAY NOT EXCEED \$200 IN THE FIRST TAXABLE YEAR
10 FOR WHICH THE CREDIT UNDER THIS SECTION IS CLAIMED BY ANY TAXPAYER
11 WITH RESPECT TO THAT INSURED INDIVIDUAL; AND

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

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

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

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

20 (ii) the credit has been claimed with respect to that insured
21 individual by any taxpayer for any prior taxable year] IN THE SAME TAXABLE YEAR.

22 (d) (1) THE \$200 CREDIT ALLOWED UNDER SUBSECTION (C)(1)(I) OF
23 THIS SECTION MAY NOT BE CLAIMED WITH RESPECT TO AN INSURED
24 INDIVIDUAL IF THE INSURED INDIVIDUAL WAS COVERED BY LONG-TERM CARE
25 INSURANCE AT ANY TIME BEFORE JULY 1, 2000.

26 (2) THE \$150 CREDIT ALLOWED UNDER SUBSECTION (C)(1)(II) OF
27 THIS SECTION MAY NOT BE CLAIMED WITH RESPECT TO AN INSURED
28 INDIVIDUAL IF THE INSURED INDIVIDUAL WAS COVERED BY LONG-TERM CARE
29 INSURANCE AT ANY TIME BEFORE JANUARY 1, 2011.

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

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

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

6 **[(f)] (G)** On or before December 1, 2005 and each December 1 thereafter
7 **UNTIL DECEMBER 1, 2016**, the Comptroller shall report to the Governor and, subject
8 to § 2-1246 of the State Government Article, to the General Assembly, regarding the
9 credit allowed under this section, including:

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

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

16 **(H) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE CLAIMED**
17 **FOR ANY TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2015.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2011, and shall be applicable to all taxable years beginning after December 31,
20 2010.