

HOUSE BILL 1377

Q3
HB 1365/20 – W&M

1lr3005

By: **Delegate Howard**

Introduced and read first time: March 1, 2021

Assigned to: Rules and Executive Nominations

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

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–718
11 Annotated Code of Maryland
12 (2016 Replacement Volume and 2020 Supplement)

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

15 **Article – Tax – General**

16 10–718.

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

20 (b) [An individual] **A TAXPAYER** may claim a credit against the State income tax
21 in an amount equal to 100% of the eligible long–term care premiums paid by the
22 [individual] **TAXPAYER** during the taxable year for long–term care insurance covering the
23 [individual] **TAXPAYER** or the [individual’s] **TAXPAYER’S** spouse, parent, stepparent,
24 child, or stepchild.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) The credit allowed under this section:

2 (1) [may not exceed \$500 for] **WITH RESPECT TO** each insured
3 **INDIVIDUAL** covered by long-term care insurance for which the [individual] **TAXPAYER**
4 pays the premiums, **MAY NOT EXCEED:**

5 (I) **\$250 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
6 **31, 2021, BUT BEFORE JANUARY 1, 2024; AND**

7 (II) **\$500 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
8 **31, 2023;**

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

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

12 (i) the insured individual was covered by long-term care insurance
13 at any time before [July 1, 2000] **JANUARY 1, 2022; [or] AND**

14 (ii) the credit has been claimed with respect to that insured
15 individual by any taxpayer for any [prior] taxable year **BEGINNING BEFORE JANUARY 1,**
16 **2022.**

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

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

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

26 (f) On or before December 1, 2005 and each December 1 thereafter, the
27 Comptroller shall report to the Governor and, subject to § 2-1257 of the State Government
28 Article, to the General Assembly, regarding the credit allowed under this section, including:

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

32 (2) the savings under the State's Medical Assistance Program as a result

1 of additional individuals being covered by long-term care insurance as a result of the credit.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
3 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.