

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1437 (Delegate Howard, *et al.*)
 Ways and Means

Income Tax - Credit for Long-Term Care Premiums

This bill makes various alterations to the existing, one-time income tax credit for long-term care premiums. Under the bill, the credit may be claimed only with respect to policies purchased after December 31, 2026; however, the credit may be claimed in any taxable year in which the policy is in force. The maximum value of the credit is reduced from \$500 to \$250. Additionally, the bill disallows the credit for long-term care premiums for an insurance contract covering an individual who is younger than age 45. **The bill takes effect July 1, 2026, and applies to tax year 2027 and beyond.**

Fiscal Summary

State Effect: No effect in FY 2027. In FY 2028, general fund revenues increase by \$1.19 million, reflecting an estimated net decrease in the amount of credits claimed. FY 2029 and 2030 reflect diminishing net increases in general fund revenues as prior-year claimants claim the credit in successive years. In FY 2031, general fund revenues decrease by an estimated \$0.53 million, reflecting a net increase in the amount of credits claimed. Expenditures are not affected.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	\$0	\$1.19	\$0.62	\$0.04	(\$0.53)
Expenditure	0	0	0	0	0
Net Effect	\$0.00	\$1.19	\$0.62	\$0.04	(\$0.53)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law/Bill Summary: An individual may claim a one-time, nonrefundable credit against the State income tax for eligible long-term care premiums, within the meaning of § 213 of the Internal Revenue Code (medical expense deduction), for a long-term care insurance contract covering the individual or the individual's spouse, parent, stepparent, child, or stepchild. Under current law, the value of the State tax credit is equal to 100% of the eligible long-term care premiums paid by the individual during the taxable year, not to exceed \$500. Any unused amount of the credit may not be carried over to any other taxable year.

The State credit may not be claimed by more than one taxpayer with respect to the same insured individual and may be claimed only on behalf of a Maryland resident. Further, under current law, the credit may not be claimed with respect to an insured individual if:

- the insured individual was covered by long-term care insurance at any time before July 1, 2000; or
- the credit has been claimed with respect to the insured individual by any taxpayer for any prior taxable year.

Exhibit 1 shows a comparison of the value of and eligibility requirements for the long-term care premium credit under current law and under the bill.

Exhibit 1 Long-term Care Premiums Tax Credit: Value and Eligibility Requirements Current Law vs. the Bill

Under Current Law

- 100% of eligible long-term care premiums paid, not to exceed \$500.
- May be claimed only one time with respect to an insured individual.
- May not be claimed if the insured individual was covered at any time before July 1, 2000.

Under the Bill

- 100% of eligible premiums paid, not to exceed \$250.
- May be claimed in any year for which the policy is in force.
- May not be claimed if the insured individual was covered at any time before January 1, 2027.

Source: Department of Legislative Services

State Revenues: As discussed above, in fiscal 2028, the bill's changes are estimated to result in a \$1.19 million increase in general fund revenues due to a net decrease in the amount of credits claimed against the personal income tax. General fund revenues increase by diminishing amounts in fiscal 2029 and 2030 (\$0.62 and \$0.04 million, respectively) as credits are claimed in successive years by prior-year claimants. By fiscal 2031, the bill results in a net increase in credits claimed against the personal income tax; thus, general fund revenues decrease by an estimated \$0.53 million in fiscal 2031 and growing amounts in future years.

The estimate included in this analysis is based on historic claims for the existing long-term care premium tax credit. For context, taxpayers claimed, on average, approximately \$1.8 million in credits annually in tax years 2019 through 2023 under the existing long-term care premiums credit.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1276 of 2025; HB 1344 of 2024; and HB 1185 of 2023.

Designated Cross File: SB 973 (Senator Ready) - Rules.

Information Source(s): Comptroller's Office; Maryland Insurance Administration; Department of Legislative Services

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