

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 74\*  
Committee Substitute Favorable 6/9/97  
Senate Finance Committee Substitute Adopted 10/15/98

Short Title: Credit for Long-Term Care Insurance.

(Public)

Sponsors:

Referred to:

February 10, 1997

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN INDIVIDUAL INCOME TAX CREDIT FOR PREMIUMS PAID ON LONG-TERM CARE INSURANCE.

The General Assembly of North Carolina enacts:

Section 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-151.28. Credit for premiums paid on long-term care insurance.**

(a) Credit. – An individual is allowed, as a credit against the tax imposed by this Division, an amount equal to fifteen percent (15%) of the premium costs paid during the taxable year on a qualified long-term care insurance contract that offers coverage to either the individual, the individual's spouse, or a dependent for whom the individual was allowed to deduct a personal exemption under section 151(c)(1)(A) of the Code for the taxable year. The credit allowed by this section may not exceed three hundred fifty dollars (\$350.00) for each qualified long-term care insurance contract for which a credit is claimed. The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer. A nonresident or part-year resident who claims the credit allowed by this subsection shall reduce the amount of the

1 credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as  
2 appropriate.

3 (b) No Double Benefit. – If the taxpayer claimed a deduction for health insurance  
4 costs of self-employed individuals under section 162(l) of the Code for the taxable year,  
5 the amount of credit otherwise allowed the taxpayer under this section is reduced by the  
6 applicable percentage provided in section 162(l) of the Code. If the taxpayer claimed a  
7 deduction for medical care expenses under section 213 of the Code for the taxable year,  
8 the taxpayer is not allowed a credit under this section. A taxpayer who claims the credit  
9 allowed by this section must provide any information required by the Secretary to  
10 demonstrate that the amount paid for premiums for which the credit is claimed was not  
11 excluded from the taxpayer's gross income for the taxable year.

12 (c) Definition. – For purposes of this section, the term ‘qualified long-term care  
13 insurance contract’ has the same meaning as defined in section 7702B of the Code.”

14 Section 2. G.S. 105-160.3(b) is amended by adding a new subdivision to read:

15 “(6) G.S. 105-151.28. Credit for long-term care insurance.”

16 Section 3. The Legislative Research Commission shall study the effectiveness  
17 of the credit enacted by this act. The Department of Revenue shall provide the  
18 Commission data on the usage of this credit, including profiles of taxpayer categories  
19 using the credit. The Division of Aging, Department of Human Resources, shall provide  
20 the Commission data on the effect of the credit on the State's Medicaid costs. The  
21 Commission shall report its findings and recommendations to the 2004 Session of the  
22 2003 General Assembly.

23 Section 4. Sections 1 and 2 of this act are effective for taxable years beginning  
24 on or after January 1, 1999, and expire for taxable years beginning on or after January 1,  
25 2004. The remainder of this act is effective when it becomes law.