

MAINE STATE LEGISLATURE

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R.O.S.

L.D. 79

DATE: 2-19-02

(Filing No. H-811)

APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 70, L.D. 79, Bill, "An Act to Reinstate Tax Deductibility of Qualified Long-term Care Insurance"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 24-A MRSA §5075-A is enacted to read:

§5075-A. Certification by superintendent

1. Filing of form. An insurer, nonprofit hospital or medical service organization or nonprofit health care plan may request, at the time it files a policy or contract for approval for issuance or delivery in the State or at any time thereafter, that the superintendent certify the policy or contract as a long-term care insurance policy.

2. Determination. Within 60 days after receipt of a request for certification, the superintendent shall in writing:

A. Certify that the policy or contract complies with this section;

B. Deny the request and state the reasons for the denial; or

C. Notify the insurer, nonprofit hospital or medical service organization or nonprofit health care plan that an

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insufficient basis exists for determining whether a certification should be made and indicate the nature of the insufficiency.

3. Standards for compliance. The superintendent shall certify a policy or contract submitted for review under this section as a long-term care insurance policy if the superintendent finds that the policy or contract complies with all the standards applicable to long-term care policies set forth in this chapter and in chapters 27, 33 and 35 and rules adopted pursuant to those chapters by the superintendent. Waivers granted under the rules must be taken into consideration.

Sec. 2. 36 MRSA §2525-A, sub-§§1 and 2, as enacted by PL 1999, c. 521, Pt. C, §2 and affected by §9, are amended to read:

1. **Credit.** A taxpayer under this chapter constituting an employing unit is allowed a credit against the tax imposed by this chapter for each taxable year that ~~begins on or after January 1, 2000~~ equal to the lowest of the following:

A. Five thousand dollars;

B. Twenty percent of the costs incurred by the taxpayer in providing qualified eligible long-term care insurance ~~contract coverage~~ as part of a benefit package; or

C. One hundred dollars for each employee covered by an employer-provided eligible long-term care insurance ~~contract~~.

2. **Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Employing unit" has the same meaning as in Title 26, section 1043.

~~B. "Qualified long-term care insurance contract" means a qualified long-term care insurance contract as defined in the Code, Section 7702B(b).~~

C. "Eligible long-term care insurance" means:

(1) For tax years beginning on or after January 1, 2000, a qualified long-term care insurance contract as defined in the Code, Section 7702B(b); and

(2) For tax years beginning on or after January 1, 2002, a contract specified in subparagraph (1) or a long-term care insurance policy certified by the

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Superintendent of Insurance under Title 24-A, section 5075-A.

Sec. 3. 36 MRSA §5122, sub-§2, ¶O, as enacted by PL 2001, c. 439, Pt. KK, §1 and affected by §2, is amended to read:

O. A Holocaust victim settlement payment received by a Holocaust victim to the extent included in federal adjusted gross income. This paragraph applies only to a taxpayer who is the first recipient of a Holocaust victim settlement payment. For purposes of this paragraph, the following terms have the following meanings.

(1) "Holocaust victim" means an individual who died, lost property or was a victim of persecution as a result of discriminatory laws, policies or actions targeted against discrete groups of individuals based on race, religion, ethnicity, sexual orientation or national origin, whether or not the individual was actually a member of any of those groups, or because the individual assisted or allegedly assisted any of those groups, between January 1, 1929 and December 31, 1945, in Nazi Germany or in any European country allied with or occupied by Nazi Germany. "Holocaust victim" includes the spouse or descendant of such an individual.

(2) "Holocaust victim settlement payment" means a payment received:

(a) As a result of the taxpayer's status as a Holocaust victim;

(b) As a result of the settlement of any other Holocaust claim, including an insurance claim, a claim relating to looted art, a claim relating to looted financial assets, a claim relating to slave labor wages or a class action lawsuit claim against Swiss banks; or

(c) As interest on any payment under division (a) or (b) accumulated or accrued through the date of payment.

Sec. 4. 36 MRSA §5122, sub-§2, ¶P is enacted to read:

P. For income tax years beginning on or after January 1, 2002, an amount equal to the total premiums spent for long-term care insurance policies certified under Title 24-A, section 5075-A as long as the amount subtracted is reduced by the long-term care premiums claimed as an itemized deduction pursuant to section 5125.

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Sec. 5. 36 MRSA §5217-C, sub-§§1 and 2, as enacted by PL 1999, c. 521, Pt. C, §8 and affected by §9, are amended to read:

1. Credit. A taxpayer constituting an employing unit is allowed a credit against the tax imposed by this Part for each taxable year ~~that begins on or after January 1, 2000~~ equal to the lowest of the following:

- A. Five thousand dollars;
- B. Twenty percent of the costs incurred by the taxpayer in providing qualified eligible long-term care insurance ~~contract-coverage~~ as part of a benefit package; or
- C. One hundred dollars for each employee covered by an employer-provided eligible long-term care insurance ~~contract~~.

2. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. "Employing unit" has the same meaning as in Title 26, section 1043.
- B. ~~"Qualified long-term care insurance contract" means a qualified long-term care insurance contract as defined in the Code, Section 7702B(b).~~
- C. "Eligible long-term care insurance" means:

- (1) For tax years beginning on or after January 1, 2000, a qualified long-term care insurance contract as defined in the Code, Section 7702B(b); and
- (2) For tax years beginning on or after January 1, 2002, a contract specified in subparagraph (1) or a long-term care insurance policy certified by the Superintendent of Insurance under Title 24-A, section 5075-A.

Sec. 6. Application. This Act applies to tax years beginning on or after January 1, 2002.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

2001-02 2002-03

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2 REVENUES

4	General Fund	(\$9,743)	(\$49,673)
	Other Funds	(523)	(2,697)

6
 8 The expansion of the current income modification for
 long-term care insurance premiums will decrease individual income
 tax collections by \$10,008 and \$51,067 in fiscal years 2001-02
 10 and 2002-03, respectively. The reduction of these tax
 collections will decrease the amounts transferred to the Local
 12 Government Fund for state-municipal revenue sharing in those
 years by \$510 and \$2,630. The resulting net reduction of General
 14 Fund revenue will be \$9,498 and \$48,437 in fiscal years 2001-02
 and 2002-03, respectively.

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 18 The expansion will decrease corporate income tax collections
 by \$258 in fiscal year 2001-02 and \$1,304 in fiscal year
 2002-03. The reduction of these tax collections will decrease
 20 the amounts transferred to the Local Government Fund for
 state-municipal revenue sharing in those years by \$13 and \$67,
 22 respectively. The resulting net reductions of General Fund
 revenue will be \$245 in fiscal year 2001-02 and \$1,236 in fiscal
 24 year 2002-03.

26 The Bureau of Revenue Services within the Department of
 Administrative and Financial Services will incur some minor
 28 additional costs to administer the expanded provisions. These
 costs can be absorbed within the bureau's existing budgeted
 30 resources.

32 The Bureau of Insurance within the Department of
 Professional and Financial Regulation will incur some minor
 34 additional costs to certify certain policies for compliance
 purposes. These costs can be absorbed within the bureau's
 36 existing budgeted resources.'

38 SUMMARY

40 This amendment provides an income tax deduction for persons
 42 purchasing long-term care insurance certified by the
 Superintendent of Insurance and tax credits for employers who
 44 provide that insurance for their employees.

46 This amendment also adds a fiscal note to the bill.