

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 79

H.P. 70

House of Representatives, January 9, 2001

An Act to Reinstate Tax Deductibility of Qualified Long-term Care Insurance.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative KANE of Saco.
Cosponsored by Senator GAGNON of Kennebec and
Representatives: FULLER of Manchester, LEMOINE of Old Orchard Beach, O'NEIL of Saco.

Be it enacted by the People of the State of Maine as follows:

2
4 **Sec. 1. 36 MRSA §2525, sub-§1**, as amended by PL 1999, c. 521,
Pt. C, §1 and affected by §9, is further amended to read:

6 **1. Credit.** A taxpayer under this chapter constituting an
8 employing unit is allowed a credit against the tax imposed by
10 this chapter for each taxable year that begins on or after July
10, 1989 ~~and before January 1, 2000~~ equal to the lowest of the
following:

12 A. Five thousand dollars;

14 B. Twenty percent of the costs incurred by the taxpayer in
16 providing long-term care policy coverage as part of a
benefit package; or

18 C. One hundred dollars for each employee covered by an
20 employer-provided long-term care policy.

22 **Sec. 2. 36 MRSA §2525-A**, as enacted by PL 1999, c. 521, Pt.
C, §2 and affected by §9, is repealed.

24 **Sec. 3. 36 MRSA §5122, sub-§2, ¶G**, as amended by PL 1999, c.
26 521, Pt. C, §3 and affected by §9, is further amended to read:

28 G. For income tax years commencing on or after January 1,
30 1989 ~~and before January 1, 2000~~, an amount equal to the
total premiums spent for insurance policies for long-term
32 care that have been certified by the Superintendent of
Insurance as complying with Title 24-A, ~~chapter~~ chapters 68
and 68-A;

34 **Sec. 4. 36 MRSA §5122, sub-§2, ¶L**, as amended by PL 1999, c.
36 708, §35 and c. 731, Pt. S, §2 and affected by §4 and amended by
c. 790, Pt. A, §49, is repealed.

38 **Sec. 5. 36 MRSA §5217-B, sub-§1**, as amended by PL 1999, c.
40 521, Pt. C, §7 and affected by §9, is further amended to read:

42 **1. Credit.** A taxpayer constituting an employing unit is
44 allowed a credit against the tax imposed by this Part for each
taxable year that begins on or after July 10, 1989 ~~and before~~
~~January 1, 2000~~ equal to the lowest of the following:

46 A. Five thousand dollars;

48 B. Twenty percent of the costs incurred by the taxpayer in
50 providing long-term care policy coverage as part of a
benefit package; or

2 C. One hundred dollars for each employee covered by an
employer-provided long-term care policy.

4 **Sec. 6. 36 MRSA §5217-C**, as enacted by PL 1999, c. 521, Pt.
C, §8 and affected by §9, is repealed.

6
8 **Sec. 7. Retroactivity.** This Act applies retroactively to
January 1, 2000.

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SUMMARY

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14 Public Law 1999, chapter 521 changed the tax treatment of
employer-provided long-term care benefits to allow a credit for
16 the amount paid for premiums against the tax imposed upon all
gross direct premiums up to the amount of the tax due; chapter
521 applies to all policies issued beginning January 1, 2000.
18 Premiums on policies issued before that date are fully deductible
against the state income tax.

20

22 This bill restores the full deductibility of
employer-provided long-term care benefit premiums that are
certified by the Superintendent of Insurance as complying with
24 current requirements for long-term care insurance and applies the
deductibility retroactively to January 1, 2000.