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National Council of Insurance Legislators (NCOIL)

Long-Term Care Tax Credit Model Act

Adopted by the NCOIL Health Insurance and Executive Committees on July 10, 1998. Readopted by the NCOIL Executive Committee on March 2, 2001; July 11, 2003; March 4, 2005; and March 7, 2010; and February 28, 2016; and April 18, 2021.

Section 1. Title. This Act may be cited as the Long-Term Care Tax Credit Act.

Section 2. Main Provisions.

A. A taxpayer shall be allowed a credit against the state income tax in an amount equal to fifteen percent (15%) of the premium costs paid during the taxable year for a qualified long-term care insurance policy as defined in section 7702B of the Internal Revenue Code that offers coverage to either the individual, the individual's spouse, parent, or a dependent as defined in Section 152 of the Internal Revenue Code.

(Drafting note -- The long-term care tax credit has been defined as 10 percent in some states,
and as much as 20 percent in other states.)

B. No taxpayer shall be entitled to such credit with respect to the same expended amounts for qualified long-term care insurance which are claimed by another taxpayer.

Section 3. Applicability.

A. The credit allowed by this Act may not exceed five hundred dollars ($500) or the taxpayers income tax liability, which ever is less, for each qualified long-term care insurance policy.

(Drafting note -- Legislation varies on this amount as well.)

B. Any unused tax credit shall not be allowed to be carried forward to apply to the taxpayer's succeeding years' tax liability.

C. No credit shall be allowed under this Act with respect to any premium for qualified long-term care insurance either deducted or subtracted by the taxpayer in arriving at [the state's] net taxable income or with respect to any premiums for qualified long-term care insurance for which amounts were excluded for [the state's] net taxable income.

Section 4. {Severability clause}

Section 5. {Repealer clause}

Section 6. {Effective date}