

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 74\*  
Committee Substitute Favorable 6/9/97

Short Title: Credit for Long-Term Care Insurance.

(Public)

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Sponsors:

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Referred to:

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February 10, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE A REFUNDABLE INDIVIDUAL INCOME TAX CREDIT  
3 FOR PREMIUMS PAID ON LONG-TERM CARE INSURANCE.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 105 of the General Statutes is amended by adding a new  
6 section to read:

7 "**§ 105-151.27. Credit for premiums paid on long-term care insurance.**

8 (a) Credit. – An individual is allowed, as a credit against the tax imposed by this  
9 Division, an amount equal to fifteen percent (15%) of the premium costs paid during the  
10 taxable year on a qualified long-term care insurance contract that offers coverage to  
11 either the individual, the individual's spouse, or a dependent for whom the individual was  
12 allowed to deduct a personal exemption under section 151(c)(1)(A) of the Code for the  
13 taxable year. The credit allowed by this section may not exceed three hundred fifty  
14 dollars (\$350.00) for each qualified long-term care insurance contract for which a credit  
15 is claimed. A nonresident or part-year resident who claims the credit allowed by this  
16 subsection shall reduce the amount of the credit by multiplying it by the fraction  
17 calculated under G.S. 105-134.5(b) or (c), as appropriate.

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

1       (c) Credit Refundable. – If the credit allowed by this section exceeds the amount  
2 of tax imposed by this Division for the taxable year reduced by the sum of all credits  
3 allowable, the Secretary shall refund the excess to the taxpayer. The refundable excess is  
4 governed by the provisions governing a refund of an overpayment by the taxpayer of the  
5 tax imposed in this Division. In computing the amount of tax against which multiple  
6 credits are allowed, nonrefundable credits are subtracted before refundable credits."

7           Section 2. The Legislative Research Commission shall study the effectiveness  
8 of the credit enacted by this act. The Department of Revenue shall provide the  
9 Commission data on the usage of this credit, including profiles of taxpayer categories  
10 using the credit. The Division of Aging, Department of Human Resources, shall provide  
11 the Commission data on the effect of the credit on the State's Medicaid costs. The  
12 Commission shall report its findings and recommendations to the 2003 General  
13 Assembly.

14           Section 3. This act is effective for taxable years beginning on or after January  
15 1, 1998, and expires for taxable years beginning on or after January 1, 2003.