

JAN 12 2000
WAYS AND MEANS

HOUSE FILE
BY MARTIN

2044

(COMPANION TO SF 2005)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to a senior living insurance tax credit under the
2 individual income tax and including a retroactive
3 applicability date provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2044

1 Section 1. NEW SECTION. 422.11D SENIOR LIVING INSURANCE
2 TAX CREDIT.

3 The taxes imposed under this division less the credits
4 allowed under section 422.12 shall be reduced by a senior
5 living insurance tax credit. The amount of the credit is
6 equal to fifteen percent, not to exceed three hundred fifty
7 dollars, of the premium costs paid during the tax year on each
8 qualified long-term care insurance contract that offers
9 coverage to the taxpayer, the taxpayer's spouse or dependent,
10 or a parent or grandparent of the taxpayer or the taxpayer's
11 spouse. Any credit in excess of the tax liability is
12 nonrefundable. A deduction is not allowed for the tax year
13 for the amount of premium costs paid which is used in the
14 calculation of the credit taken under this section.

15 For purposes of this section, "qualified long-term care
16 insurance contract" means the same as defined in section 7702B
17 of the Internal Revenue Code.

18 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to January 1, 2000, for tax years beginning on
20 or after that date.

21 EXPLANATION

22 The bill provides a senior living insurance tax credit
23 under the individual income tax equal to 15 percent of the
24 premiums paid by the taxpayer on each qualified long-term care
25 insurance contract which covers the taxpayer, the taxpayer's
26 spouse or dependent, or a parent or grandparent of the
27 taxpayer or the taxpayer's spouse. Each credit shall not
28 exceed \$350 and any excess credits are not refundable. The
29 insurance contract for which the credit is allowed, per the
30 Internal Revenue Code is a renewable insurance policy that has
31 no cash surrender value and that provides coverage for
32 necessary diagnostic, preventive, therapeutic, curing,
33 treatment, mitigating, and rehabilitative services to
34 chronically ill individuals prescribed by a licensed health
35 care practitioner. A deduction for premium costs paid is not

1 allowed to the extent of the amount of the costs used in the
2 calculation of the credit taken.

3 The bill applies retroactively to January 1, 2000, for tax
4 years beginning on or after that date.

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