

FILED FEB 15 1999

SENATE FILE 141
BY TINSMAN

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

A BILL FOR

1 An Act relating to a long-term care insurance premium tax credit
2 under the individual income tax and including a retroactive
3 applicability date provision.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF 141
WAYS & MEANS

1 Section 1. NEW SECTION. 422.11D LONG-TERM CARE INSURANCE
2 CREDIT.

3 The taxes imposed under this division less the credits
4 allowed under section 422.12 shall be reduced by a long-term
5 care insurance premium 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 or the taxpayer's spouse or
10 dependent. Any credit in excess of the tax liability is
11 nonrefundable. A deduction is not allowed for the tax year
12 for the amount of premium costs paid for which a credit under
13 this section is taken.

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

17 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
18 retroactively to January 1, 1999, for tax years beginning on
19 or after that date.

20 EXPLANATION

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

34 The bill applies retroactively to January 1, 1999, for tax
35 years beginning on or after that date.