

State Tax Incentives for Long-Term Care Insurance

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Alabama	Deduction	Deduction of premiums for federally tax-qualified long-term care insurance policies covering three or more years and meeting the requirements of <i>Alabama Code 27-47-3</i> . <i>Alabama Code 40-18-15(27)(1996); Reg. 810-3-15.26</i>
Arkansas	Deduction	Deduction of federally tax-qualified long-term care insurance premiums similar to that available in federal law. <i>Ark. Code Sec. 26-51-423; Reg. 1.26-51-423(a)(2)</i>
California	Deduction	Deduction of federally tax-qualified long-term care insurance premiums similar to that available in federal law. This new legislation replaces a partial, age-dependent deduction. <i>Cal. Rev. & Tax Code §17201 (2003)</i>
Colorado	Credit	Tax credit for premiums paid for long-term care insurance, to the lesser of (A) 25% of the premiums or (B) \$150 per policy, for tax years starting on or after January 1, 2000. The credit is available only to individual filers with federal taxable income less than \$50,000; joint filers with income less than \$50,000 claiming credit for one policy; or joint filers with income less than \$100,000 claiming credit for two policies. Policies must cover Colorado's definition of long-term care. <i>C.R.S. 39-22-122 (1999)</i>
District of Columbia	Deduction	With effect from 21 Jan. 2005, permits a deduction from gross income of long-term care premiums up to \$500 per person per year, whether the person files individually or jointly. <i>Section 47-7803.03 (b-1) of the DC Official Code</i>

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Hawaii	Deduction	Deduction of premiums for long-term care insurance similar to that available in federal law. <i>HRS Sec. 235-2.4 (1999)</i>
Idaho	Deduction	Deduction of premiums for federally tax-qualified long-term care policies that meet the requirements of <i>Idaho Code 41-4603</i> , purchased for the benefit of the taxpayer, or a dependent or an employee of the taxpayer. This new legislation replaced a 50% deduction. <i>Idaho Code, 63-3022P (2003)</i>
Indiana	Deduction	For qualified Partnership policies only (see Page 256), deduction of the eligible portion of premiums paid from January 1, 2000 for federally tax-qualified long-term care policies meeting the requirements of <i>IC 12-15-39.6-5</i> and insuring the taxpayer or his spouse. <i>Section 2, IC 6-3-1-3.5 (1999)</i>
Iowa	Deduction	Deduction of premiums for long-term care insurance similar to that available in federal law. This new legislation replaced a more restrictive deduction. <i>IAC Chapter 40, §701-40.38(422)</i>
Kansas	Deduction	Tax deduction for premiums of federally tax-qualified long-term care insurance, up to a limit that is \$500 in 2004 and increases by \$100 each year until 2009. <i>HB 2545 (2003)</i>
Kentucky	Exclusion	Exclusion from Kentucky AGI of any amounts paid for long-term care insurance as defined in the Kentucky code. <i>KRS 140.010(10)(m); Reg. 304.14-600 & 610</i>
Louisiana	Credit	Tax credit of up to 10% of federally tax-qualified long-term care policies with coverage periods of at least three years. <i>HB 55 (2002)</i>

Maine	Deduction	<p>With effect from 1 Jan. 2004, a taxpayer may deduct any premiums for qualified long-term care insurance, <i>reduced by</i> any premiums deducted from federal income tax and by premiums claimed as an itemized deduction pursuant to Title 24-A, Chapter 68.</p> <p><i>Rev. Stat. Title 36, Part 8, Chapter 805, Sec. 5122</i></p>
	Credit	<p>For employers, tax credit for federally tax-qualified long-term care insurance, equal to the lowest of: (A) \$5,000; (B) 20% of the taxpayer's costs of providing coverage; or (C) \$100 for each covered employee.</p> <p><i>Title 36, Part 4, Section 2525, Chapter 357 (1996)</i></p>
Maryland	Credit	<p>A one-time-only tax credit of up to \$500 per insured (varying with the age of the insured and adjusted annually for inflation) for premiums of long-term care policies insuring the taxpayer, his spouse, parent, step-parent, child, or stepchild, if they reside in Maryland and were not covered by long-term care insurance prior to July 1, 2000. Credit for the insured must not have been claimed by the taxpayer in any prior tax year. Credit in excess of the tax liability cannot be carried over.</p> <p><i>Chapter 242, Section 10-718 (2000)</i></p>
	Credit	<p>For employers, tax credit for long-term care coverage as employee benefit, not to exceed the lowest of (A) 5% of the taxpayer's costs of providing coverage; (B) a total of \$5,000; or (B) \$100 per employee.</p> <p><i>Ins. Art. 6-117, Chapter 7 (1998)</i></p>
Minnesota	Credit	<p>Tax credit for long-term care insurance premiums equal to the lesser of (A) 25% of premiums paid to the extent not deducted from federal taxation; or (B) \$100 for individual filers or \$200 for married couples filing jointly.</p> <p><i>Sec. 21, Sec. 290.0672 subdivision 2 (2000)</i></p>

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Missouri	Deduction	<p>With effect from 2007, a resident taxpayer may deduct from each individual's Missouri taxable income all non-reimbursed amounts paid for qualified long-term care insurance premiums to the extent that such amounts are not included in the taxpayer's itemized deduction. A married individual filing separately may deduct the amount he personally paid for such premiums.</p> <p><i>Section 8 of R.S. Mo. 334660 (1999.) Mo. Rev Stat. Sec. 135.096. Secs. 376.951-376.958 of Mo. Long Term Care Insurance Act</i></p>
Montana	Deduction	<p>Deduction of premiums for long-term care insurance policies covering both nursing-home and home care, retroactively to the 1995 tax year, and of premiums for policies insuring the taxpayer's parents or grandparents retroactively to 1997. A taxpayer may not claim both this deduction and the credit below for the same policy.</p> <p><i>Chapter 111 (1997)</i></p>
	Credit	<p>Tax credit for "qualified elderly care expenses" (including insurance premiums) made by the taxpayer for a "qualified family member." The credit is limited to \$5,000 per year for a single family member or \$10,000 for two or more family members and varies in accordance with the taxpayer's adjusted gross income. A taxpayer may not claim both this credit and the above deduction for the same policy.</p> <p><i>Chapter 111 (1997)</i></p>
Nebraska	Deduction	<p>With effect from 1 Jan. 2006, deduction for Nebraska Long-Term Care Savings Plan contributions of up to \$2,000 per married filing jointly return or \$1,000 for any other return, to the extent not deducted from federal income tax.</p> <p><i>Section 77-6102 of NE State Law</i></p>

New Jersey	Deduction	Deduction of medical expenses, including long-term care insurance premiums, to the extent that they exceed 2% of adjusted gross income. <i>N.J. Stat. Sec. 54A:3-3</i>
New Mexico	Deduction	Limited deduction, varying with adjusted gross income, of unreimbursed medical expenses, including premiums for federally tax-qualified long-term care insurance policies. <i>N.M. Stat. Ann. Sec. 7-2-35</i>
New York	Credit	Tax credit of 10% of the premiums for long-term care policies approved by the Superintendent of Insurance pursuant to Section 1017 of the insurance law, for tax years beginning on or after January 1, 2002. <i>Chapter 407 (2000)</i>
North Carolina	Credit	Tax credit totaling 15% of all premiums paid in a given tax year for policies attained for the taxpayer, taxpayer's spouse, or taxpayer's dependent with a per policy maximum of \$350.
North Dakota	Credit	Tax credit for premiums of long-term care policies insuring the taxpayer, his spouse, parents, step-parents or children, to the extent of the lesser of: (A) 25% of the premium; or (B) \$100 per insured. <i>N.D. Cent. Code Sec. 57-37-29.2 (1997); Reg. 26.1-45-01; Rule 81-03-02.1-11</i>
Ohio	Deduction	Deduction of federally tax-qualified long-term care insurance premiums. <i>Ohio Rev. Stat. Section 5747.01(A)(11) (1999)</i>
Oklahoma	Deduction	Deduction of premiums for long-term care insurance similar to that available in federal law. <i>68 Okl. Stat Sec. 2353</i>

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Oregon	Credit	<p>Tax credit for premiums of long-term care policies purchased on or after January 1, 2000 and insuring the taxpayer, his parents or dependents, to the extent of the lesser of: (A) 15% of the premium; or (B) \$500. Married taxpayers filing individually must divide the \$500 limit between them. Credit in excess of the tax liability cannot be carried over.</p> <p><i>Or. Rev. Stat Sec. 315.610; Sec. 743.652 (Definition for Secs. 743.650 - 743.656)</i></p>
	Credit	<p>For employers, tax credit for premiums of long-term care policies purchased on or after January 1, 2000 and insuring employees, to the extent of the lesser of: (A) 15% of the premium; or (B) \$500 per insured. Credit in excess of the tax liability cannot be carried over.</p> <p><i>Or. Rev. Stat Sec. 315.610; Sec. 743.652 (Definition for Secs. 743.650 - 743.656)</i></p>
Utah	Deduction	<p>Deduction of premiums for long-term care insurance by residents or nonresidents to the extent not deducted from federal taxation. Policies must provide at least a consecutive year of coverage, and cover medically necessary services other than in an acute-care unit of a hospital.</p> <p><i>Chapter 60, §59-10-114(2)(K) (1999)</i></p>
Virginia	Deduction	<p>Deduction of long-term care insurance premiums “provided the individual has not claimed a deduction for federal income tax purposes.”</p> <p><i>Chapter 298, §58.1-322(D)(10) (1999)</i></p>
	Credit	<p>With effect from 1 Jan. 2006, a 15% credit against individual income tax for certain long-term care insurance premiums, reduced by those deducted from federal or Virginia income tax.</p> <p><i>VA Code Ann 58.1-322(D)(10)</i></p>

West Virginia	Deduction	Deduction of premiums for long-term care policies, as defined in <i>W. Va. Code 33-15A-4</i> and covering at least a consecutive year, insuring the taxpayer or his spouse, parent or dependent, to the extent they are not deductible from federal taxation. <i>W. Va. Code §11-21-12C, (2000)</i>
Wisconsin	Deduction	Deduction of premiums for long-term care policies insuring the taxpayer or his spouse. <i>Wis. Stat. §71.05(6)(b)26 (1999–2000)</i>