

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**HOUSE BILL 396**

Short Title: Increase Long-Term Care Tax Credit. (Public)

Sponsors: Representatives Holloway; Culp, Folwell, Gillespie, Lewis, McGee, Moore, Pate, and Walend.

Referred to: Finance.

February 28, 2005

A BILL TO BE ENTITLED

AN ACT TO REENACT AND REVISE THE INCOME TAX CREDIT FOR  
LONG-TERM CARE INSURANCE PREMIUMS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-151.28 is reenacted and reads as rewritten:

**"§ 105-151.28. Credit for premiums paid on long-term care insurance.**

(a) Credit. – An individual is allowed, as a credit against the tax imposed by this Part, an amount equal to ~~fifteen percent (15%)~~ twenty-five percent (25%) of the premium costs the individual paid during the taxable year on a qualified long-term care insurance contract that offers coverage to either the individual, the individual's spouse, or a dependent for whom the individual was allowed to deduct a personal exemption under section 151(c)(1)(A) of the Code for the taxable year. The credit allowed by this section may not exceed ~~three hundred fifty dollars (\$350.00)~~ five hundred dollars (\$500.00) for each qualified long-term care insurance contract for which a credit is claimed. The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer. A nonresident or part-year resident who claims the credit allowed by this subsection shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate.

(b) No Double Benefit. – No credit is allowed for payments that are deducted from, or not included in, the taxpayer's gross income for the taxable year. If the taxpayer claimed a deduction for health insurance costs of self-employed individuals under section 162(l) of the Code for the taxable year, the amount of credit otherwise allowed the taxpayer under this section is reduced by the applicable percentage provided in section 162(l) of the Code. If the taxpayer claimed a deduction for medical care expenses under section 213 of the Code for the taxable year, the taxpayer is not allowed a credit under this section. A taxpayer who claims the credit allowed by this section

1 must provide any information required by the Secretary to demonstrate that the amount  
2 paid for premiums for which the credit is claimed was not excluded from the taxpayer's  
3 gross income for the taxable year.

4 (c) Definition. – For purposes of this section, the term 'qualified long-term care  
5 insurance contract' has the same meaning as defined in section 7702B of the Code."

6 **SECTION 2.** G.S. 105-160.3(b)(7) is reenacted.

7 **SECTION 3.** This act is effective for taxable years beginning on or after  
8 January 1, 2005.