

HOUSE BILL 583

**51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX CREDIT FOR  
THE PURCHASE OF A LONG-TERM CARE INSURANCE POLICY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Income Tax Act is enacted  
to read:

"~~[NEW MATERIAL]~~ LONG-TERM CARE INSURANCE TAX CREDIT.--

A. A taxpayer who files an individual New Mexico  
income tax return, who is not a dependent of another individual  
and who after January 1, 2014 and prior to January 1, 2018  
purchases a long-term care insurance policy may claim a credit  
in an amount equal to the premiums paid for the long-term care  
insurance policy. The tax credit provided in this section may  
be referred to as the "long-term care insurance tax credit".

B. The purpose of the long-term care insurance tax

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1 credit is to encourage an individual to purchase long-term care  
2 insurance.

3 C. A taxpayer may claim the long-term care  
4 insurance tax credit in the taxable year in which the taxpayer  
5 purchased the long-term care insurance policy. The taxpayer  
6 shall claim the credit within one year following the end of the  
7 calendar year in which the taxpayer purchased the long-term  
8 care insurance policy.

9 D. The taxpayer may only apply the long-term care  
10 insurance tax credit against the taxpayer's income tax  
11 liability. That portion of the tax credit approved by the  
12 department that exceeds a taxpayer's income tax liability in  
13 the taxable year in which the credit is claimed shall not be  
14 refunded to the taxpayer. The tax credit shall not be carried  
15 forward or transferred to another taxpayer.

16 E. A husband and wife filing separate returns for a  
17 taxable year for which they could have filed a joint return may  
18 each claim only one-half of the long-term care insurance tax  
19 credit that would have been claimed on a joint return.

20 F. The taxpayer shall submit an application to the  
21 human services department that identifies the long-term care  
22 insurance policy that qualifies the taxpayer for the tax credit  
23 by policy number, terms and premiums and any other information  
24 that the human services department requires to determine the  
25 eligibility of the taxpayer for the tax credit.

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1           G. The human services department shall adopt rules  
2 establishing procedures to certify a taxpayer for the purposes  
3 of obtaining a long-term care insurance tax credit. The rules  
4 shall ensure that a taxpayer claims the credit in an amount  
5 based on the price of premiums paid and that the credit is  
6 given only once per individual long-term care insurance policy.  
7 The human services department shall issue a dated certificate  
8 of eligibility containing the taxpayer's information, the  
9 amount of long-term care insurance tax credit for which the  
10 taxpayer is eligible and any other information required by the  
11 taxation and revenue department. All certificates of  
12 eligibility issued pursuant to this subsection shall be  
13 sequentially numbered, and an account of all certificates  
14 issued or destroyed shall be maintained by the human services  
15 department. The taxation and revenue department shall audit  
16 the records of the long-term care insurance tax credit  
17 maintained by the human services department on a periodic basis  
18 to ensure effective administration of the credit and compliance  
19 with the Tax Administration Act and with this section.

20           H. To claim a long-term care insurance tax credit,  
21 the taxpayer shall provide to the taxation and revenue  
22 department the certificate of eligibility issued by the human  
23 services department pursuant to this section to the taxpayer  
24 for the taxable year in which the tax credit is claimed.

25           I. The taxation and revenue department and human

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1 services department shall compile an annual report that  
2 includes the number of taxpayers approved to receive the  
3 tax credit, the aggregate amount of credits approved and any  
4 other information necessary to evaluate the effectiveness of  
5 the tax credit. Beginning in 2015 and every three years  
6 thereafter, the departments shall compile and present the  
7 annual reports to the revenue stabilization and tax policy  
8 committee and the legislative finance committee with an  
9 analysis of the effectiveness and cost of the tax credit and  
10 whether the tax credit is performing the purpose for which it  
11 was created.

12 J. As used in this section, "long-term care  
13 insurance policy" means an insurance product that helps provide  
14 for the cost of long-term care beyond a predetermined period,  
15 covers care generally not covered by health insurance, medicare  
16 or medicaid and provides long-term care for individuals who are  
17 generally not sick in the traditional sense but, instead, are  
18 unable to perform the basic activities of daily living."

19 **SECTION 2. APPLICABILITY.**--The provisions of this act  
20 shall apply to taxable years beginning on or after January 1,  
21 2014.

22 **SECTION 3. EFFECTIVE DATE.**--The effective date of the  
23 provisions of this act is January 1, 2014.