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HOUSE BILL 291

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Christine Trujillo

AN ACT

RELATING TO TAXATION; CREATING THE LONG-TERM CARE INSURANCE TAX CREDIT.

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 pays the premiums for a long-term care insurance policy may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount equal to the premium paid. The tax credit provided in this section may be referred to as the "long-term care insurance tax credit".

B. A taxpayer may claim the long-term care

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1 insurance tax credit in the taxable year in which the taxpayer
2 pays the premiums for a long-term care insurance policy. The
3 taxpayer shall claim the credit within one year following the
4 end of the calendar year in which the taxpayer pays the
5 premiums for a long-term care insurance policy.

6 C. That portion of the tax credit approved by the
7 department that exceeds a taxpayer's income tax liability in
8 the taxable year in which the credit is claimed shall not be
9 refunded to the taxpayer. The tax credit shall not be carried
10 forward or transferred to another taxpayer.

11 D. The taxpayer shall submit an application to the
12 human services department that identifies the long-term care
13 insurance policy that qualifies the taxpayer for the tax credit
14 by policy number, terms and any other information that the
15 human services department requires to determine the eligibility
16 of the taxpayer for the tax credit.

17 E. The human services department shall adopt rules
18 establishing procedures to certify a taxpayer for the purposes
19 of obtaining a long-term care insurance tax credit. The rules
20 shall ensure that a taxpayer claims the credit in an amount
21 based on the amount of premium paid in the taxable year. The
22 human services department shall issue a dated certificate of
23 eligibility containing the taxpayer's information, the amount
24 of long-term care insurance tax credit for which the taxpayer
25 is eligible and any other information required by the taxation

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1 and revenue department. All certificates of eligibility issued
2 pursuant to this subsection shall be sequentially numbered, and
3 an account of all certificates issued or destroyed shall be
4 maintained by the human services department. The taxation and
5 revenue department shall audit the records of the long-term
6 care insurance tax credit maintained by the human services
7 department on a periodic basis to ensure effective
8 administration of the credit and compliance with the Tax
9 Administration Act and with this section.

10 F. To claim a long-term care insurance tax credit,
11 the taxpayer shall provide to the taxation and revenue
12 department the certificate of eligibility issued by the human
13 services department pursuant to this section to the taxpayer
14 for the taxable year in which the tax credit is claimed.

15 G. Married individuals filing separate returns for
16 a taxable year for which they could have filed a joint return
17 may each claim only one-half of the long-term care insurance
18 tax credit that would have been claimed on a joint return.

19 H. The taxation and revenue department shall
20 compile an annual report that includes the number of taxpayers
21 approved to receive the tax credit, the aggregate amount of
22 credits approved and any other information necessary to
23 evaluate the cost of the tax credit. The department shall
24 compile and present the report to the revenue stabilization and
25 tax policy committee and the legislative finance committee with

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1 an analysis of the cost of the tax credit.

2 I. As used in this section, "long-term care
3 insurance policy" means an insurance product that helps provide
4 for the cost of long-term care beyond a predetermined period,
5 covers care generally not covered by health insurance, medicare
6 or medicaid and provides long-term care for individuals who are
7 generally not sick in the traditional sense but, instead, are
8 unable to perform the basic activities of daily living."

9 SECTION 2. APPLICABILITY.--The provisions of this act
10 apply to taxable years beginning on or after January 1, 2020.