

FILED FEB 20 '01

SENATE FILE 255
BY TINSMAN

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

A BILL FOR

1 An Act relating to a senior living insurance tax credit under the
2 individual income tax and including a retroactive
3 applicability date provision.

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

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255 WAYS & MEANS

1 Section 1. NEW SECTION. 422.11F SENIOR LIVING CARE
2 INSURANCE TAX CREDIT.

3 The taxes imposed under this division less the credits
4 allowed under section 422.12 shall be reduced by a senior
5 living insurance tax credit. The amount of the credit is
6 equal to fifty 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, the taxpayer's spouse or dependent,
10 or a parent or grandparent of the taxpayer or the taxpayer's
11 spouse. Any credit in excess of the tax liability is
12 refundable. A deduction is not allowed for the tax year for
13 the amount of premium costs paid which is used in the
14 calculation of the credit taken under this section.

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

18 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to January 1, 2001, for tax years beginning on
20 or after that date.

21 EXPLANATION

22 This bill provides a senior living insurance tax credit
23 under the individual income tax equal to 50 percent of the
24 premiums paid by the taxpayer on each qualified long-term care
25 insurance contract which covers the taxpayer, the taxpayer's
26 spouse or dependent, or a parent or grandparent of the
27 taxpayer or the taxpayer's spouse. Each credit shall not
28 exceed \$350 and any excess credits are refundable. The
29 insurance contract for which the credit is allowed, per the
30 Internal Revenue Code, is a renewable insurance policy that
31 has no cash surrender value and that provides coverage for
32 necessary diagnostic, preventive, therapeutic, curing,
33 treatment, mitigating, and rehabilitative services to
34 chronically ill individuals prescribed by a licensed health
35 care practitioner. A deduction for premium costs paid is not

1 allowed to the extent of the amount of the costs used in the
2 calculation of the credit taken.

3 The bill applies retroactively to January 1, 2001, for tax
4 years beginning on or after that date.

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