

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

HOUSE BILL 1807

By: Representative Lowery

For An Act To Be Entitled

AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR PREMIUM
PAYMENTS MADE FOR A LONG-TERM CARE INSURANCE POLICY;
AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE AN INCOME TAX CREDIT FOR
PREMIUM PAYMENTS MADE FOR A LONG-TERM
CARE INSURANCE POLICY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-515. Tax credit for long-term care insurance.

(a) As used in this section:

(1) "Activities of daily living" means the following:

(A) Eating;

(B) Using the toilet;

(C) Transferring, including without limitation walking;

(D) Bathing, including without limitation grooming;

(E) Dressing; and

(F) Managing bowel and bladder functions;

(2) "Chronically ill person" means a person who has been certified by a licensed health care practitioner as:

(A) Being unable to perform without substantial assistance from another person at least two (2) activities of daily living for a period of at least ninety (90) days as the result of a loss of functional capacity;



(B) Having a level of disability similar to the level of disability described in subdivision (a)(2)(A) of this section as determined under applicable rules promulgated by the Department of Finance and Administration; or

(C) Requiring substantial supervision to protect the person from threats to his or her health and safety as the result of severe cognitive impairment;

(3) "Licensed health care provider" means a physician, registered professional nurse, licensed social worker, or other person who meets the requirements established by rule by the Department of Finance and Administration;

(4) "Long-term care insurance policy" means an insurance policy that provides coverage primarily for one (1) or more of the following:

(A) Necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services; or

(B) Maintenance or personal care services that are:

(i) Required by a chronically ill person; and

(ii) Provided pursuant to a plan of care prescribed by a licensed health care practitioner; and

(5) "Maintenance or personal care services" means care that has as its primary purpose the provision of needed assistance with one (1) or more of the disabilities listed in subdivision (a)(2) of this section.

(b)(1) There is allowed an income tax credit against the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., for premium payments made by the taxpayer for a long-term care insurance policy for the benefit of the taxpayer.

(2) However, the amount of the credit allowed in subdivision (b)(1) of this section shall not exceed seven hundred fifty dollars (\$750) for each taxpayer per tax year.

(c) The credit allowed under this section shall not be claimed by a taxpayer if:

(1) The taxpayer included the amount of the premium payments for the long-term care insurance policy upon which the credit was based as a deduction on the taxpayer's income tax return; or

(2) The premium payments for the long-term care insurance policy were paid from a health savings account that is exempt from tax under this

chapter.

(d) The amount of the income tax credit that may be claimed by the taxpayer in a tax year under this section shall not exceed the amount of income tax due by the taxpayer.

(e) The Director of the Department of Finance and Administration, in coordination with the Department of Health, shall promulgate rules to implement this section.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2013.