

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4178

03/10/2022 Authored by Schultz
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; modifying the inflation protection
1.3 requirements for policies qualifying for the state long-term care insurance credit;
1.4 providing a phaseout for the credit; amending Minnesota Statutes 2020, section
1.5 290.0672, subdivisions 1, 2.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2020, section 290.0672, subdivision 1, is amended to read:

1.8 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.9 the meanings given.

1.10 (b) "Long-term care insurance" means a policy that:

1.11 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding
1.12 the adjusted gross income test; or meets the requirements given in section 62A.46; or provides
1.13 similar coverage issued under the laws of another jurisdiction; and

1.14 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

1.15 (3) has been offered in compliance with the inflation protection requirements of section
1.16 62S.23, but was not rejected by the policyholder under subdivision 6 of that section.

1.17 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

1.18 (d) "Premiums deducted in determining net income" means the lesser of (1) long-term
1.19 care insurance premiums that qualify as deductions under section 213 of the Internal Revenue
1.20 Code; and (2) the total amount deducted for medical care under section 290.0122, subdivision
1.21 6.

2.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.2 31, 2021.

2.3 Sec. 2. Minnesota Statutes 2020, section 290.0672, subdivision 2, is amended to read:

2.4 Subd. 2. **Credit.** (a) A taxpayer is allowed a credit against the tax imposed by this chapter  
2.5 for long-term care insurance policy premiums paid during the tax year. The credit for each  
2.6 policy equals 25 percent of premiums paid to the extent not deducted in determining taxable  
2.7 net income. A taxpayer may claim a credit for only one policy for each qualified beneficiary.  
2.8 A maximum of \$100 applies to each qualified beneficiary. The maximum total credit allowed  
2.9 per year is \$200 for married couples filing joint returns and \$100 for all other filers. For a  
2.10 nonresident or part-year resident, the credit determined under this section must be allocated  
2.11 based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

2.12 (b) The credit is reduced by five percent of adjusted gross income in excess of:

2.13 (1) \$150,000 for a married taxpayer filing a joint return; or

2.14 (2) \$75,000 for all other filing statuses.

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.16 31, 2021.