

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 638 Session of 2011

INTRODUCED BY DePASQUALE, GROVE, DEASY, LONGIETTI, SCAVELLO, BOBACK, BOYD, BRADFORD, BRIGGS, V. BROWN, CARROLL, D. COSTA, FLECK, FREEMAN, GABLER, GILLEN, GOODMAN, GRELL, HORNAMAN, HUTCHINSON, JOSEPHS, W. KELLER, KILLION, KOTIK, KULA, MILLER, MYERS, M. O'BRIEN, O'NEILL, PASHINSKI, PETRARCA, QUINN, RAPP, READSHAW, REICHLEY, K. SMITH, TALLMAN, VULAKOVICH, WATSON, WHITE, YOUNGBLOOD, DeLUCA, CALTAGIRONE, CLYMER, GEIST, GINGRICH, HALUSKA, PICKETT, STABACK, J. TAYLOR AND FRANKEL, FEBRUARY 14, 2011

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 14, 2011

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
 2 act relating to tax reform and State taxation by codifying  
 3 and enumerating certain subjects of taxation and imposing  
 4 taxes thereon; providing procedures for the payment,  
 5 collection, administration and enforcement thereof; providing  
 6 for tax credits in certain cases; conferring powers and  
 7 imposing duties upon the Department of Revenue, certain  
 8 employers, fiduciaries, individuals, persons, corporations  
 9 and other entities; prescribing crimes, offenses and  
 10 penalties," providing for a personal income tax credit for  
 11 long-term care premiums paid by individuals; and imposing  
 12 duties on the Secretary of the Commonwealth and the  
 13 Legislative Reference Bureau.

14 The General Assembly of the Commonwealth of Pennsylvania  
 15 hereby enacts as follows:

16 Section 1. Section 301 of the act of March 4, 1971 (P.L.6,  
 17 No.2), known as the Tax Reform Code of 1971, is amended by  
 18 adding a clause to read:

19 Section 301. Definitions.--Any reference in this article to  
 20 the Internal Revenue Code of 1986 shall mean the Internal

1 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),  
2 as amended to January 1, 1997, unless the reference contains the  
3 phrase "as amended" and refers to no other date, in which case  
4 the reference shall be to the Internal Revenue Code of 1986 as  
5 it exists as of the time of application of this article. The  
6 following words, terms and phrases when used in this article  
7 shall have the meaning ascribed to them in this section except  
8 where the context clearly indicates a different meaning:

9 \* \* \*

10 (1.3) "Long-term care policy" means a policy for long-term  
11 care insurance as those terms are defined in section 1103 of the  
12 act of May 17, 1921 (P.L.682, No.284), known as "The Insurance  
13 Company Law of 1921."

14 \* \* \*

15 Section 2. The act is amended by adding a section to read:

16 Section 314.1. Long-Term Care Policy Premiums.--(a) A  
17 resident taxpayer shall be allowed a credit against the tax  
18 imposed by this article in an amount equal to the lesser of  
19 fifty per cent of any premiums paid during the taxable year by  
20 the taxpayer for a long-term care policy for the taxpayer, the  
21 taxpayer's spouse, or both, or one thousand dollars (\$1,000).

22 (b) The credit provided under this section shall not exceed  
23 the amount of the tax otherwise due under this article.

24 (c) If the taxpayer cannot use the entire amount of the tax  
25 credit for the taxable year in which the taxpayer is eligible  
26 for the credit, the excess may be carried over to succeeding  
27 taxable years and used as a credit against the qualified tax  
28 liability of the taxpayer for those taxable years. Each time the  
29 tax credit is carried over to a succeeding taxable year, it  
30 shall be reduced by the amount that was used as a credit during

1 the immediately preceding taxable year. The tax credit provided  
2 by this article may be carried over and applied to succeeding  
3 taxable years for no more than three taxable years following the  
4 first taxable year for which the taxpayer was entitled to claim  
5 the credit.

6 (d) A tax credit approved by the department in a taxable  
7 year shall first be applied against the taxpayer's qualified  
8 liability for the current taxable year as of the date on which  
9 the credit was approved before the tax credit can be applied  
10 against any tax liability under subsection (c).

11 (e) A taxpayer is not entitled to carry back, obtain a  
12 refund of, sell or assign an unused tax credit.

13 Section 3. The addition of sections 301(1.3) and 314.1 of  
14 the act shall apply to taxable years beginning after December  
15 31, 2010.

16 Section 4. If a constitutional amendment authorizing a  
17 personal income tax credit for long-term care premiums is  
18 ratified, the Secretary of the Commonwealth shall, immediately  
19 after tabulating and computing the returns of the ratification  
20 election, certify the result to the Legislative Reference Bureau  
21 for publication as a notice in the Pennsylvania Bulletin.

22 Section 5. This act shall take effect as follows:

23 (1) The addition of section 314.1 of the act shall take  
24 effect upon publication of the notice under section 4.

25 (2) The remainder of this act shall take effect  
26 immediately.