

Legislative Analysis



INCOME TAX DEDUCTION FOR LONG TERM CARE INSURANCE

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House Bill 4021

Sponsor: Rep. Roger Kahn

Committee: Tax Policy

Complete to 2-8-05

A SUMMARY OF HOUSE BILL 4021 AS INTRODUCED 1-27-05

The bill would amend the Income Tax Act to allow taxpayers to deduct from taxable income the premiums paid in the tax year to obtain long-term care benefits from an insurance policy. The deduction would apply for tax years beginning after December 31, 2005, and would apply to the extent the premiums had not already been deducted in determining adjusted gross income.

MCL 206.30

FISCAL IMPACT:

The bill would reduce income tax revenue by an estimated \$21 million in tax year 2006. About 77 percent of this reduction would affect the General Fund and 23 percent would affect the School Aid Fund. To the extent tax benefits are taken through refunds, the impact on the General Fund would be greater and the impact on the School Aid Fund less.

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