

Assembly Joint Resolution

No. 8

Introduced by Assembly Member Mountjoy

February 20, 2003

Assembly Joint Resolution No. 8—Relative to deductibility of long-term care insurance premiums for purposes of federal income tax.

LEGISLATIVE COUNSEL'S DIGEST

AJR 8, as introduced, Mountjoy. Federal income tax deductions: long-term care insurance premiums.

Existing federal income tax law limits the deduction of qualified long-term care insurance premiums on the basis of, among other things, the income of the taxpayer, the total annual amount paid for medical expenses by the taxpayer, and the age of the individual covered by the qualified long-term care insurance policy or contract.

This measure would memorialize the Congress and the President to enact legislation that would mandate the total deductibility of all long-term care insurance premiums paid by a taxpayer regardless of either the income of the taxpayer, the total amount paid by the taxpayer for medical expenses, or the age of the individual covered by the qualified long-term care insurance policy or contract.

Fiscal committee: no.

- 1 WHEREAS, Long-term care insurance has a positive effect on
- 2 the federal government because the government will not have to
- 3 pay long-term care expenses for individuals who have long-term
- 4 care insurance policies or contracts; and

1 WHEREAS, The average long-term care insurance premium is
2 \$2,000 per year and the average cost of staying in a long-term care
3 facility is \$42,000 per year; and

4 WHEREAS, Based on these comparisons and in order to
5 encourage individuals to purchase qualifying long-term care
6 insurance policies or contracts, it would be cost-effective for the
7 federal government to allow individuals to deduct the total cost of
8 any premiums paid for a qualifying long-term care insurance
9 policy or contract in computing his or her federal income tax
10 liability; now, therefore, be it

11 *Resolved by the Assembly and Senate of the State of California,*
12 *jointly,* That the Legislature respectfully requests the President and
13 Congress of the United States to review federal income tax laws
14 applicable to deductibility of long-term care insurance premiums
15 and to enact new tax benefits that will allow individuals to deduct
16 the total cost of any premiums paid for a qualifying long-term care
17 insurance policy or contract regardless of either the income of a
18 taxpayer, the total annual amount paid by the taxpayer for medical
19 expenses, or the age of the individual covered by the qualified
20 long-term care insurance policy or contract; and be it further

21 *Resolved,* That the Chief Clerk of the Assembly transmit copies
22 of this resolution to the President and Vice President, the Speaker
23 of the House of Representatives, the Chairpersons of the House
24 and Senate Committees on Aging, and to each Senator and
25 Representative from California in the Congress of the United
26 States.

