



Hundredth Legislature - First Session - 2007  
**Introducer's Statement of Intent**  
**LB 4**

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**Chairperson:** Ray Janssen  
**Committee:** Revenue  
**Date of Hearing:** January 19, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 4 creates a state income tax credit and an income tax deduction for taxpayers who purchase long-term care insurance.

Under this bill:

- Non-Itemized taxpayers get an income tax credit equal to 25% of the annual premium on long-term care insurance purchased for the individual taxpayer, the taxpayer's spouse, parent, or immediate family member, or a dependent. The credit cannot exceed \$500 or the total income tax liability, whichever is less
- Itemized taxpayers deduct 100% of the annual premium on long-term care insurance purchased for the individual taxpayer, the taxpayer's spouse, parent, or immediate family member, or a dependent.
- The benefit is not available to taxpayers who participate in the *Long-Term Care Savings Plan Act (LB 965, 2006)*.

The purpose of this bill is to create an incentive for taxpayers to purchase long-term care insurance. Long-term care insurance protects taxpayers' assets when they become eligible for long-term care. This bill will reduce the state's reliance on Medicaid and promotes personal responsibility for long-term health care.

**Principal Introducer:**

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**Senator Rich Pahls**