DEPARTMENT OF REVENUE

INDIVIDUAL INCOME TAX
Increase LTC Insurance Credit

March 11, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 355 (O'Driscoll) / S.F. 1399 (Weber)

	Fund Impact			
	F.Y. 2026	**F.Y. 2027**	**F.Y. 2028**	**F.Y. 2029**
	(000's)			
General Fund	($13,300)	($13,600)	($13,900)	($14,200)

Assumed effective beginning with tax year 2025.

EXPLANATION OF THE BILL

Current Law: A taxpayer is allowed a nonrefundable credit against the individual income tax for long-term care insurance policy premiums paid during the tax year, to the extent not deducted in determining taxable net income. The credit may be claimed for up to 25 percent of the premiums paid for each qualified beneficiary. A maximum of $100 per year applies to each qualified beneficiary and a maximum total of $200 per year for married couples. For a nonresident or part-year resident, the credit must be allocated based on the percentage of income that is Minnesota source income.

Proposed Law: The bill would increase the maximum credit to $250 for each qualified beneficiary. The maximum credit for a married couple would be $500.

REVENUE ANALYSIS DETAIL

- About 71,900 returns claimed $10.4 million in long-term care insurance credits in tax year 2022.
- The House Income Tax Simulation Model (HITS 7.5) was used to estimate the tax year revenue impact. These simulations assume the same economic conditions used by Minnesota Management and Budget for the forecast published in February 2025. The model uses a stratified sample of 2022 individual income tax returns compiled by the Minnesota Department of Revenue.
- Tax years were allocated to the following fiscal year.

Number of Taxpayers: About 66,100 returns would have an average decrease in tax of $201 in tax year 2025.

Minnesota Department of Revenue
Tax Research Division
https://www.revenue.state.mn.us/revenue-analyses

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