

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 290
Version: As introduced

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Authors: Kiel and others

Subject: Tax credit – long-term care use of retirement withdrawals

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This bill allows a refundable state income tax credit equal to the 10 percent additional federal tax incurred for early withdrawals from IRAs or other qualified retirement plans, if the proceeds are used to pay for long-term care expenses (as defined under the federal itemized deduction for medical care) or to pay premiums on long-term care insurance. The additional tax (often referred to as a penalty) applies if the withdrawal is made by someone who is younger than age 59-½ and is not made under a series of substantially equal payments over a period of five or more years.

Effective date: Tax year 2015