

**Title 24
DEPARTMENT OF
COMMERCE**

**Subtitle 05 ECONOMIC
DEVELOPMENT**

**24.05.03 Biotechnology Investment Incentive Tax
Credit**

Authority: Economic Development Article, §2-108; Tax-General Article, §10-725; Annotated Code of Maryland

Notice of Proposed Action
[16-069-P]

The Secretary of Commerce proposes to amend Regulations .02 and .06 under COMAR 24.05.03 Biotechnology Investment Incentive Tax Credit.

Statement of Purpose

The purpose of this action is to amend the Biotechnology Investment Incentive Tax Credit Regulations to permit certain types of convertible debt to be considered as investments.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Mark Vulcan, Manager, Tax Programs, Department of Commerce, 401 E. Pratt Street, Suite 1735, Baltimore, MD 21202, or call 410-767-6438, or email to mark.vulcan@maryland.gov, or fax to 410-333-6931. Comments will be accepted through April 18, 2016. A public hearing has not been scheduled.

.02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1)—(9) (text unchanged)

(10) "Convertible Debt" means a debt, bond, or loan issued by a qualified Maryland biotechnology company to a qualified investor for a contemporaneous exchange of cash or cash equivalents expressed in United States dollars, at a risk of loss, convertible into a specified amount of stock, partnership or membership interests, or other ownership interest.

[(10)] (11)—[(15)] (16) (text unchanged)

[(16)] (17) Investment.

(a) (text unchanged)

(b) Investment includes convertible debt created on or after July 1, 2015, if the convertible debt is:

(i) Created by the qualified investor applying for an initial certificate of eligibility for tax credit;

(ii) Created within 1 year prior to the date that the qualified investor applies for an initial certificate of eligibility for tax credit; and

(iii) Converted to an interest described in §B(17)(a) within 30 days after the issuance of an initial certificate of eligibility for tax credit and prior to the issuance of a final certificate for tax credit.

[(b)] (e) Investment does not include any other form of debt.
[(17)] (18)—[(33)] (34) (text unchanged)

.06 Investment.

A.—B. (text unchanged)

C. Evidence of Investment.

(1) The investment notice shall be supported by evidence of the investment and of the equity interest issued or acquired in consideration of the investment. This evidence shall include an affidavit, in a form approved by the Department, of the applicant or its principals affirming under penalty of perjury the facts constituting the making of the investment including:

(a)—(b) (text unchanged)

(c) Proof of the receipt of the investment by the qualified Maryland biotechnology company; [and]

(d) A complete description of the nature of the ownership interest in the equity of the qualified Maryland biotechnology company acquired in consideration of the investment[.]; and

(e) For convertible debt, acceptable evidence that the convertible debt instrument has been canceled and proof of conversion of the convertible debt into an investment.

(2) (text unchanged)

R. MICHAEL GILL
Secretary of Commerce

**Title 31
MARYLAND INSURANCE
ADMINISTRATION**

**Subtitle 10 HEALTH INSURANCE —
GENERAL**

31.10.38 Wellness Program Incentives

Authority: Insurance Article, §§2-109(a)(1) and 27-210(h)(4), Annotated Code of Maryland

Notice of Proposed Action

[16-079-P]

The Insurance Commissioner proposes to amend Regulations .01—.05 under COMAR 31.10.38 Wellness Program Incentives.

Statement of Purpose

The purpose of this action is to replace the definition of "bona fide wellness program" with the defined term "wellness program," consistent with Insurance Article section 27-210(h)(1), Annotated Code of Maryland. Additionally, all references to the term "bona fide wellness program" in the chapter are being replaced by the term "wellness program."

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Catherine Grason, Director of Regulatory Affairs, Maryland Insurance Administration, 200 St. Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2201, or email to insurancereview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through April 18, 2016. A public hearing has not been scheduled.

.01 Purpose.

The purpose of this chapter is to establish a limit on the value of incentives offered by carriers in [bona fide] wellness programs.

.02 Scope.

This chapter applies only to the [bona fide] wellness programs as defined in Regulation .03 of this chapter, and Insurance Article, §27-210(h)(1), Annotated Code of Maryland.

.03 Definitions.

- A. (text unchanged)
- B. Terms Defined.

[(1) "Bona fide wellness program" has the meaning stated in Insurance Article, §15-509, Annotated Code of Maryland.]

[(2)] (1) (text unchanged)

(2) "Wellness program" has the meaning stated in Insurance Article, §27-210(h)(1), Annotated Code of Maryland.

.04 Incentive Permitted.

A carrier may offer an incentive for participation in a [bona fide] wellness program if the incentive:

- A. Is reasonably related to the [bona fide] wellness program; and
- B. (text unchanged)

.05 Value of Incentive Offered.

An incentive offered for participation in a [bona fide] wellness program by a carrier may not have a value that exceeds \$500 per year, per individual who is an insured, a subscriber, or a member.

ALFRED W. REDMER, JR.
Insurance Commissioner

Subtitle 14 LONG-TERM CARE

31.14.03 Long-Term Care Partnership

Authority: Insurance Article, §§18-102 and 18-106—18-107; Health-General Article, §15-407; Annotated Code of Maryland

Notice of Proposed Action

[16-080-P]

The Insurance Commissioner proposes to amend Regulation .05 under COMAR 31.14.03 Long-Term Care Partnership.

Statement of Purpose

The purpose of this action is to reduce the minimum inflation protection benefit that is required to be purchased by an applicant who is younger than 61 years of age in order for the policy to meet the requirements of a long-term care partnership policy. Under these amended regulations, an individual who is younger than 61 years of age is required to purchase an inflation protection of at least 1 percent compounded annually, reduced from the prior requirement of at least 3 percent compounded annually. This will reduce the premium for a long-term care partnership policy for individuals under the age of 61 and will permit more individuals to purchase a long-term care partnership policy.

Comparison to Federal Standards

There is a corresponding federal standard to this proposed action, but the proposed action is not more restrictive or stringent.

Estimate of Economic Impact

I. Summary of Economic Impact. The proposed amendments to the regulations will have a minimal impact on the Maryland Insurance Administration, the Department of Health and Mental Hygiene, insurers who sell long-term care partnership insurance policies and to individuals who may be interested in buying a long-term care insurance partnership policy, but could not afford a 3 percent annually compounded inflation protection benefit.

II. Types of Economic Impact.	Revenue (R+/R-)	Magnitude
	Expenditure (E+/E-)	
A. On issuing agency:		
(1) Form filing fees	(R+)	Minimal
(2) Form review expenditures	(E+)	Minimal
B. On other State agencies:		
DHMH	(E-)	Unknown/Minimal
C. On local governments:		
	NONE	
	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:		
Insurers and insurance producers	(+)	Unknown
E. On other industries or trade groups:		
	NONE	
F. Direct and indirect effects on public:		
Consumer benefit	(+)	Unknown

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A(1). The Maryland Insurance Administration will receive a filing fee of \$125 for each form filed by an insurer to offer an inflation protection benefit to a long-term care partnership policy that is less than the current minimum requirement of 3 percent. This may include amended inflation protection riders and amended applications for long-term care partnership policies. Staff from the Maryland Insurance Administration will be required to review the forms for approval. It is unknown how many forms will be filed, but very few insurers offer long-term care insurance in Maryland, so the expectation is that the revenue received will be minimal.

A(2). Staff from the Maryland Insurance Administration will be required to review amended forms for approval. It is unknown how many forms will be filed, but very few insurers offer long-term care insurance in Maryland, so the expectation is that the increase in expenditures will be minimal.

B. The Department of Health and Mental Hygiene may benefit if more individuals purchase long-term care insurance policies, as these individuals will be less likely to exhaust their assets and qualify for Medicaid since the long-term care insurance policy will initially pay the expenses for long-term care. However, if an individual who