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# A BILL FOR AN ACT

RELATING TO LONG-TERM CARE REFUNDABLE CAREGIVER TAX CREDIT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235-    Caregiver tax credit. (a) There shall be  
5 allowed to each eligible taxpayer who is not claimed or is not  
6 otherwise eligible to be claimed as a dependent by another  
7 taxpayer for federal or Hawaii state individual income tax  
8 purposes, and who files an individual net income tax return for  
9 a taxable year, a \$1,000 caregiver tax credit; provided that an  
10 eligible taxpayer who has no income or no income taxable under  
11 this chapter may claim the tax credit.

12           (b) As used in this section:

13           "Caregiver" means a person who provides care to a care  
14 recipient.

15           "Care recipient" means a person who receives care from a  
16 caregiver.

17           "Eligible taxpayer" means a caregiver who cares for a care  
18 recipient who is:



- 1        (1) Sixty years of age or older and is a citizen or
- 2        resident alien of the United States;
- 3        (2) An immediate relative to the caregiver or an immediate
- 4        in-law of the caregiver and has lived in the
- 5        caregiver's home for at least six months of the
- 6        taxable year and has received more than fifty per cent
- 7        of the care recipient's financial support during the
- 8        taxable year from the caregiver;
- 9        (3) Certified by a licensed physician or a registered
- 10       nurse as requiring one of the following:
- 11       (A) Substantial supervision to protect the care
- 12       recipient from threat to health or safety due to
- 13       cognitive impairment; or
- 14       (B) Substantial assistance to perform at least two of
- 15       the following daily living activities:
- 16           (i) Bathing;
- 17           (ii) Eating;
- 18           (iii) Using the toilet;
- 19           (iv) Dressing; or
- 20           (v) Transferring (i.e. bed to wheelchair).
- 21       (c) An eligible taxpayer may claim the tax credit for
- 22       every taxable year that a care recipient receives care. Only



1 one caregiver may claim a tax credit for any care recipient  
2 cared for in a taxable year. An eligible taxpayer may not claim  
3 multiple tax credits under this section in a taxable year,  
4 regardless of the number of care recipients receiving care.

5 (d) The eligible taxpayer shall be in compliance with all  
6 applicable federal, state, and county statutes, rules, and  
7 regulations.

8 (e) If the tax credit under this section exceeds the  
9 taxpayer's net income tax liability under this chapter, any  
10 excess of the tax credit may be used as a credit against the  
11 taxpayer's income tax liability in subsequent taxable years  
12 until exhausted; provided that no refund or payment on account  
13 of the tax credit allowed by this section shall be made for  
14 amounts less than \$1.

15 (f) If at any time during the period in which the tax  
16 credits are earned under this section, the taxpayer no longer  
17 qualifies for the tax credit, the tax credits claimed under this  
18 section shall be recaptured. The recapture shall be equal to  
19 one hundred per cent of the total tax credits claimed under this  
20 section during the taxable year of the ineligibility. The  
21 amount of the recaptured tax credits shall be added to the



1 taxpayer's tax liability for the taxable year in which the  
2 recapture occurs.

3 (g) Every claim, including amended claims, for the tax  
4 credit under this section shall be filed on or before the end of  
5 the twelfth month following the close of the taxable year for  
6 which the tax credit may be claimed. Failure to meet the filing  
7 requirements of this subsection shall constitute a waiver of the  
8 right to claim the tax credit.

9 (h) The director of taxation shall prepare such forms as  
10 may be necessary to claim a tax credit under this section, may  
11 require proof of the claim for the tax credit, and may adopt  
12 rules pursuant to chapter 91 to effectuate the purposes of this  
13 section.

14 (i) The department of taxation shall report to the  
15 legislature annually, no later than twenty days prior to the  
16 convening of every regular session, on the number of taxpayers  
17 claiming the tax credit and the total cost of the tax credit to  
18 the State during the past year."

19 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2005.

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INTRODUCED BY:

Sen. G. Cusack

Michael P. Kabrick

[Signature]

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JAN 23 2006



HB 2222

**Report Title:**

Long-Term Care; Low-Income Refundable Caregiver Tax Credit

**Description:**

Provides a \$1,000 refundable caregiver tax credit to taxpayer caregivers that care for qualified care recipients.

