

Honolulu, Hawaii
Feb 14, 2006

RE: H.B. No. 2097
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Human Services and Health, to which was referred H.B. No. 2097 entitled:

"A BILL FOR AN ACT RELATING TO CAREGIVERS,"

beg leave to report as follows:

The purpose of this bill is to provide caregivers with some financial relief by providing a \$1,000 tax credit to every eligible caregiver, providing care to one or more elderly relatives requiring such care.

The ILWU Local 142, Kokua Council, Hawaii Alliance For Retired Americans, National Multiple Sclerosis Society, Faith Action for Community Equity, Policy Advisory Board for Elderly Affairs, and several concerned individuals testified in support of this bill. The Department of Taxation (DOTAX) supported the intent of this measure. The Tax Foundation of Hawaii offered comments.

Your Committees recognize that a growing number of families in Hawaii are caring for loved ones in their homes. Many individuals who provide care sacrifice their time and personal savings to care for family members with little outside support.

DOTAX noted several issues that need clarification, including its concern that it is not feasible for DOTAX to enforce compliance with all applicable federal, state, and county statutes, rules, and regulations. DOTAX also noted that a



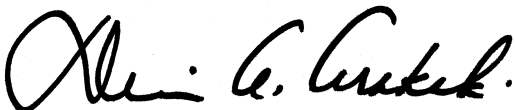
provision for the recapture of tax credits may not be necessary since the tax credit must be claimed after the year in which the eligible caregiver provided care.

Accordingly, your Committees have amended this bill by:

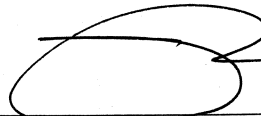
- (1) Clarifying that the tax credit is nonrefundable;
- (2) Clarifying that an eligible taxpayer must meet all three parts of a qualifying test;
- (3) Clarifying that only one caregiver per household may claim a tax credit;
- (4) Removing references that a caregiver must comply with all applicable federal, state, and county statutes, rules, and regulations to claim a tax credit;
- (5) Removing the recapture provision; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2097, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2097, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Health,



DENNIS A. ARAKAKI, Chair



ALEX M. SONSON, Chair



