

STAND. COM. REP. NO.

2793

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 3274  
S.D. 2

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3274, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE REFUNDABLE CAREGIVER TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to reduce the burden on those who give long-term care to family members.

Specifically, this bill creates a \$1,000 refundable caregiver tax credit for eligible taxpayers. In order to qualify for the tax credit, the eligible care recipient must have lived in the caregiver's home for more than six months of the taxable year or have received more than fifty-one per cent of the care recipient's financial support from the caregiver.

Your Committee believes that this tax credit is very important to those who provide financial support and who provide care for family members who require either substantive supervision due to a cognitive impairment or substantial assistance with at least two activities of daily living.

Upon further consideration, your Committee has amended this bill by:

- (1) Changing the term "eligible care recipient" to "qualified care recipient" on page 1, line 17, to comport with Senate Standing Committee Report No. 2222,



which stated that a definition of "qualified care recipient" was added by the S.D. 1 draft when, in fact, the definition added was mislabeled as "eligible care recipient";

- (2) Deleting the definitions of "caregiver" and "care recipient" as being redundant and confusing;
- (3) Replacing all references to "caregiver" and "individual" (when referring to the caregiver) with the term "eligible taxpayer" since it is the latter who is claiming the credit;
- (4) Replacing all references to "care recipient" with the term "qualified care recipient" since no tax credit can be claimed unless the care recipient meets the qualifications as defined in the bill;
- (5) Changing "more than fifty-one per cent" of financial support to "more than fifty per cent" (on page 2, line 6) because the clear intent is "majority", which is expressed as either "more than half" or "more than fifty per cent" but not "more than fifty-one per cent";
- (6) Deleting the "or" (on page 2, line 5) and restoring the bill's original intent to require both provision of a home for living for more than six months of the taxable year and more than fifty per cent of financial support for the qualified care recipient. Your Committee notes that the change in the S.D. 1 appears to be inadvertent, as Senate Standing Committee Report No. 2222 did not indicate any specific intent to reduce the requirement to just either one of the two;
- (7) Clarifying (on page 3, lines 1-3) that the eligible taxpayer must actually engage in the provision of care, by referencing this care to the specific needs of the qualified care recipient in paragraph (3)(A) or (B) in the definition of qualified care recipient; and
- (8) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your



Committee is in accord with the intent and purpose of S.B. No. 3274, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3274, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



BRIAN T. TANIGUCHI, Chair



The Senate  
Twenty-Third Legislature  
State of Hawaii

Record of Votes of the  
Committee on Ways and Means  
(Bills and Resolutions)

Measure:* SB 3274 SD1	Committee Referral: HMS/HTH, WAM	Date: 2/24/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani				/
ESPERO, Will	/			
FUKUNAGA, Carol				/
HOOSER, Gary L.	/			
INOUE, Lorraine R.	/			
KANNO, Brian	/			
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman				/
HEMMINGS, Fred	/			
SLOM, Sam	/			
TRIMBLE, Gordon			/	
TOTAL	11	0	1	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution:             Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Do not list more than one measure per Record of Votes.