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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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 a caregiver tax credit to each eligible taxpayer subject  
6 to the tax imposed by this chapter who is not claimed and is not  
7 otherwise eligible to be claimed as a dependent by another  
8 taxpayer for federal or Hawaii state individual income tax  
9 purposes, and who files an individual net income tax return for  
10 a taxable year.

11           (b) The caregiver tax credit shall not exceed \$ \_\_\_\_\_,  
12 based on the following schedule; provided that a husband and  
13 wife filing separate tax returns for a taxable year for which a  
14 joint return could have been filed by them shall claim only the  
15 tax credit to which they would have been entitled had a joint  
16 return been filed:



TAX CREDIT SCHEDULE

<u>Adjusted Gross Income</u>	<u>Tax Credit Percentage</u>
<u>Under \$30,000</u>	<u>100 per cent</u>
<u>\$30,000 to under \$50,000</u>	<u>70 per cent</u>
<u>\$50,000 to under \$75,000</u>	<u>40 per cent</u>
<u>\$75,000 and over</u>	<u>10 per cent</u>

(c) The credit allowed under this section shall be claimed against net income tax liability for the taxable year. For the purpose of deducting this tax credit, "net income tax" liability means net income tax liability reduced by all other credits allowed the taxpayer under this chapter.

(d) An eligible taxpayer may claim the tax credit for every taxable year or part thereof that the eligible taxpayer provides care to a care recipient. Only one caregiver per household may claim a tax credit for any care recipient cared for in a taxable year. An eligible taxpayer shall not claim multiple tax credits under this section in a taxable year, regardless of the number of care recipients receiving care from the eligible taxpayer.

(e) If the tax credit claimed by the taxpayer under this section exceeds the amount of income tax payments due from the taxpayer, the excess of credit over payments due shall be



1 refunded to the taxpayer; provided that the tax credit properly  
2 claimed by a taxpayer who has no income tax liability shall be  
3 paid to the taxpayer; and provided that no refunds or payments  
4 on account of the tax credit allowed by this section shall be  
5 made for amounts less than \$1.

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

12 (g) The director of taxation shall prepare any forms that  
13 may be necessary to claim a tax credit under this section, may  
14 require proof of the claim for the tax credit, and may adopt  
15 rules pursuant to chapter 91.

16 (h) Every eligible taxpayer, no later than March 31 of  
17 each year, shall submit a written, certified statement to the  
18 executive office on aging, in the form specified by the director  
19 of the executive office on aging, identifying the amount of tax  
20 credits claimed pursuant to this section, if any, in the  
21 previous taxable year.



1       The executive office on aging shall maintain records of the  
2 names of taxpayers eligible for the credits and the total amount  
3 of tax credit that the taxpayer is allowed to use for the  
4 taxable year and shall verify no more than \$10,000,000 in  
5 credits in the aggregate for all taxpayers for each taxable  
6 year.

7       The executive office on aging shall provide information on  
8 caregiver services to each taxpayer who claims the tax credit.

9       (i) The department, with the assistance of the executive  
10 office on aging, shall report to the legislature annually, no  
11 later than twenty days prior to the convening of each regular  
12 session, on the number of taxpayers claiming the tax credit and  
13 the total cost of the tax credit to the State during the past  
14 year.

15       (j) A maximum of \$10,000,000 of tax credits in the  
16 aggregate for all qualified taxpayers may be used in any one  
17 taxable year.

18       (k) As used in this section:

19       "Eligible taxpayer" means a caregiver who cares for a  
20 qualified care recipient.

21       "Qualified care recipient" means a person with a disability  
22 as defined under section 515-2. The term also means a person



1 who is sixty years of age or older, a citizen or resident alien  
2 of the United States, and a relative of the caregiver who:

3 (1) Has co-resided with the caregiver at least six months  
4 of the taxable year for which the credit is claimed or  
5 has received more than fifty per cent of the qualified  
6 care recipient's financial support during the taxable  
7 year from the caregiver; and

8 (2) Is certified by a physician licensed under chapter 453  
9 or 460, or an advanced practice registered nurse  
10 licensed under chapter 457, as requiring one of the  
11 following:

12 (A) Substantial supervision to protect the qualified  
13 care recipient from threat to health or safety  
14 due to cognitive impairment; or

15 (B) Substantial assistance to perform at least two of  
16 the following activities of daily living:

17 (i) Bathing;

18 (ii) Eating;

19 (iii) Using the toilet;

20 (iv) Dressing; or

21 (v) Transferring, such as from bed to  
22 wheelchair.



1       "Relative" means a spouse, child, parent, sibling, legal  
2 guardian, a reciprocal beneficiary as that term is defined in  
3 section 572C-3, or any other person who is related by blood,  
4 marriage, or adoption."

5       SECTION 2. New statutory material is underscored.

6       SECTION 3. This Act shall take effect on July 1, 2008, and  
7 shall apply to taxable years beginning after December 31, 2007.



**Report Title:**

Caregivers; Tax Credit

**Description:**

Provides a tax credit to caregivers who care for qualified care recipients. (HB2113 HD1)

