
A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that Hawaii has an acute
2 shortage of long-term care resources. The number of aged
3 continues to grow, not only locally, but also nationally. The
4 number of residents needing long-term care has grown steadily,
5 resulting in a significant shortage of facilities statewide.

6 The construction of new long-term care facilities and
7 improvements to existing facilities will help to accommodate the
8 increasing needs for elder care and provide for the health and
9 welfare of our residents who deserve to live in comfortable
10 homes staffed by qualified caregivers.

11 The purpose of this Act is to spur development of long-term
12 care facilities by providing a tax credit for the construction
13 and improvement of long-term care facilities in Hawaii.

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

17 "§235- Long-term care facility construction and
18 improvement tax credit. (a) There shall be allowed to each



1 taxpayer subject to the taxes imposed by this chapter, a long-
2 term care facility construction and improvement tax credit,
3 which shall be deductible from the taxpayer's net income tax
4 liability, if any, imposed by this chapter for the taxable year
5 in which the credit is properly claimed.

6 The amount of the credit shall be twenty-five per cent of
7 the construction or improvement costs incurred during the
8 taxable year for each qualified long-term care facility located
9 in Hawaii, and shall not include the costs of construction or
10 improvement for which another credit was claimed under this
11 chapter for the taxable year.

12 In the case of a partnership, S corporation, estate, or
13 trust, the tax credit allowable is for construction or
14 improvement costs incurred by the entity for the taxable year.

15 The cost upon which the tax credit is computed shall be
16 determined at the entity level. Distribution and share of
17 credit shall be determined pursuant to section 235-110.7(a).

18 If a deduction is taken under Section 179 (with respect to
19 election to expense depreciable business assets) of the Internal
20 Revenue Code, no tax credit shall be allowed for that portion of
21 the construction or improvement cost for which the deduction is
22 taken.



1 The basis of eligible property for depreciation or
2 accelerated cost recovery system purposes for state income taxes
3 shall be reduced by the amount of credit allowable and claimed.
4 In the alternative, the taxpayer shall treat the amount of the
5 credit allowable and claimed as a taxable income item for the
6 taxable year in which it is properly recognized under the method
7 of accounting used to compute taxable income.

8 (b) The credit allowed under this section shall be claimed
9 against the net income tax liability for the taxable year
10 reduced by all other credits allowed the taxpayer under this
11 chapter.

12 (c) If the tax credit under this section exceeds the
13 taxpayer's income tax liability, the excess of credit over
14 liability may be used as a credit against the taxpayer's income
15 tax liability in subsequent years until exhausted.

16 (d) All claims for a tax credit under this section,
17 including amended claims, shall be filed on or before the end of
18 the twelfth month following the close of the taxable year for
19 which the credit may be claimed. Failure to comply with the
20 foregoing provision shall constitute a waiver of the right to
21 claim the credit.



1 (e) The director of taxation shall prepare any forms that
2 may be necessary to claim a credit under this section. The
3 director may also require the taxpayer to furnish information to
4 ascertain the validity of the claim for credit made under this
5 section and may adopt rules necessary to effectuate the purposes
6 of this section pursuant to chapter 91.

7 (f) To qualify for the income tax credit, the taxpayer
8 shall be in compliance with all applicable federal, state, and
9 county statutes, rules, and regulations.

10 (g) As used in this section:

11 "Construction or improvement cost" means any costs incurred
12 for plans, design, construction, and equipment related to the
13 construction of a new qualified long-term care facility, or of
14 alterations of or modifications to a qualified long-term care
15 facility.

16 "Qualified long-term care facility" means a skilled nursing
17 facility as defined in Section 1861(j) of the Social Security
18 Act, as amended, a nursing home as defined in Section 1908(e) of
19 the Social Security Act, as amended, or other similar adult care
20 facilities licensed by the State serving elders."

21 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval;
2 provided that section 2 of this Act shall apply to construction
3 and improvement costs incurred after December 31, 2008.



Report Title:

Tax Credit; Long-term Care Facilities

Description:

Provides a tax credit for the costs incurred in the construction and improvement of long-term care facilities. (HB2171 HD1)

