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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. During the 2007 interim, the joint legislative  
2 committee on family caregiving received information and data  
3 related to the family caregivers needs assessment conducted by  
4 the executive office on aging. The needs assessment indicated  
5 that caregivers need more affordable services and financial  
6 assistance.

7           Specifically, the needs assessment confirms that the  
8 household income levels of caregivers tend to be low, with  
9 approximately 15.1 per cent in the \$25,000 to \$29,000 income  
10 range, and 13.2 per cent falling into the \$30,000 to \$34,999  
11 income range. In general, more than 53 per cent of caregivers  
12 report earning less than \$35,000 annually.

13           As family caregivers are carrying the financial burdens of  
14 caregiving, it is not surprising that the needs assessment also  
15 shows that family caregivers are interested in some type of  
16 caregiver tax credit.



1       The purpose of this Act is to create a caregiver tax credit  
2 for eligible taxpayers who care for qualified care recipients.

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

6       "§235-     Caregiver tax credit. (a) There shall be  
7 allowed a caregiver tax credit to each eligible taxpayer subject  
8 to the tax imposed by this chapter who is not claimed and is not  
9 otherwise eligible to be claimed as a dependent by another  
10 taxpayer for federal or Hawaii state individual income tax  
11 purposes, and who files an individual net income tax return for  
12 a taxable year.

13       (b) The caregiver tax credit shall not exceed \$1,000,  
14 based on the following schedule; provided that a husband and  
15 wife filing separate tax returns for a taxable year for which a  
16 joint return could have been filed by them shall claim only the  
17 tax credit to which they would have been entitled had a joint  
18 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) 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.

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



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

7       (f) The director of taxation shall prepare any forms that  
8 may be necessary to claim a tax credit under this section, may  
9 require proof of the claim for the tax credit, and may adopt  
10 rules pursuant to chapter 91 to effectuate this section.

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

16       (h) The department shall assist the executive office on  
17 aging in providing information on caregiver services to each  
18 taxpayer who claims the tax credit; provided that the executive  
19 office on aging shall provide to the department the proper  
20 informational materials to be disseminated regarding its  
21 caregiver services, including information about support groups,



1 referral services, training, conferences, community education  
2 notices, and a caregiver newsletter.

3 (i) As used in this section:

4 "Eligible taxpayer" means a caregiver who cares for a  
5 qualified care recipient.

6 "Qualified care recipient" means a person who is eighteen  
7 years of age or older, a citizen or resident alien of the United  
8 States, and who:

9 (1) Has co-resided with the caregiver at least six months  
10 of the taxable year for which the credit is claimed;

11 or

12 (2) Has received more than fifty per cent of the qualified  
13 care recipient's financial support during the taxable  
14 year from the caregiver; and

15 (3) Is either certified by a physician licensed under  
16 chapter 453 or 460, or an advanced practice registered  
17 nurse licensed under chapter 457, that the individual  
18 has a disability, is elderly, or otherwise requires  
19 special assistance and requires one of the following:

20 (A) Substantial supervision to protect the qualified  
21 care recipient from threat to health or safety  
22 due to cognitive impairment; or



- 1            (B) Substantial assistance to perform at least two of  
2            the following activities of daily living:  
3            (i) Bathing;  
4            (ii) Eating;  
5            (iii) Using the toilet;  
6            (iv) Dressing; or  
7            (v) Transferring, such as from bed to  
8            wheelchair."

9            SECTION 3. New statutory material is underscored.

10           SECTION 4. This Act, upon its approval, shall apply to  
11 taxable years beginning after December 31, 2007.



**Report Title:**

Joint Legislative Committee on Family Caregiving; Caregiver Tax Credit

**Description:**

Provides a tax credit to taxpayer caregivers who care for qualified care recipients. (HB2197 HD1)

