
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that as the number of
2 elderly individuals in the State increases, it is important to
3 allow these individuals to age-in-place with the help of family
4 caregivers. Enabling these elderly individuals to remain in
5 their own or their families' homes will allow them to live
6 happier, healthier lives, and allow the State to benefit from
7 the value of the services provided by family caregivers through
8 the deferral of paid caregiving and institutionalization.

9 Unfortunately, many homes are not readily equipped with the
10 safety and accessibility measures necessary to facilitate caring
11 for elderly or disabled individuals. Many elderly or disabled
12 individuals require modifications for increased accessibility
13 when entering and exiting a home and maneuvering within a home.
14 Safety features are also necessary for using the facilities in a
15 bathroom, such as the sink, toilet, tub, or shower. Increased
16 support and services must be provided to family caregivers to
17 facilitate family caregiving and aging-in-place efforts.



1 Although these types of home modifications can prove to be very
2 costly, it will be more costly to move an elderly individual
3 into an outside care facility, if such a facility is even
4 available.

5 The purpose of this Act is to provide a refundable tax
6 credit for taxpayers who make modifications to their homes to
7 accommodate individuals with disabilities or facilitate
8 aging-in-place.

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

12 **"§235- Home accessibility features for the disabled tax**
13 **credit.** (a) Each individual taxpayer who files an individual
14 income tax return for a taxable year, and who is not claimed or
15 is not otherwise eligible to be claimed as a dependent by
16 another taxpayer for federal or Hawaii state individual income
17 tax purposes, may claim a home accessibility features for the
18 disabled tax credit against the taxpayer's net individual income
19 tax liability for the taxable year for which the individual's
20 income tax return is being filed; provided that:

21 (1) An individual who has no income or no income taxable
22 under this chapter and who is not claimed or is not



1 otherwise eligible to be claimed as a dependent by a
2 taxpayer for federal or Hawaii state individual income
3 tax purposes may claim this tax credit;

4 (2) A husband and wife filing separate returns for a
5 taxable year for which a joint return could have been
6 filed by them shall claim only the tax credit to which
7 they would have been entitled had a joint return been
8 filed; and

9 (3) No tax credit may be claimed for amounts less than \$1.

10 (b) The tax credit under this section shall be equal to
11 fifty per cent of the qualified costs incurred by a taxpayer to
12 renovate a residence with one or more accessibility features up
13 to the following maximums in qualified costs:

14 (1) \$5,000 for a taxpayer filing as single or married
15 filing separately;

16 (2) \$7,500 for a taxpayer filing as head of household or
17 as a surviving spouse; or

18 (3) \$10,000 for taxpayers filing a joint return.

19 (c) To qualify for the income tax credit:

20 (1) All qualified costs must be incurred in Hawaii and be
21 subject to chapter 237;



1 (2) The residence for which qualified costs are incurred
2 must be located in Hawaii; and

3 (3) At least one elderly person or person with a
4 disability must physically reside in the renovated
5 residence for which a credit is claimed under this
6 section.

7 (d) The tax basis of the renovated residence for which a
8 credit is claimed under this section shall be reduced by an
9 amount equal to the credit allowable and claimed, otherwise the
10 taxpayer shall treat the amount of the credit allowable and
11 claimed as a taxable income item for the taxable year in which
12 the residence is disposed.

13 (e) The credit allowed under this section shall be claimed
14 against the net income tax, if any, imposed by this chapter for
15 the taxable year in which the credit is properly claimed. If
16 the tax credit under this section exceeds the taxpayer's net
17 income tax liability, any excess of the tax credit shall be
18 refunded to the taxpayer; provided that no refund or payment on
19 account of the tax credit allowed by this section shall be made
20 for any amounts less than \$1.

21 (f) Every claim, including amended claims, for the tax
22 credit under this section shall be filed on or before the end of



1 the twelfth month following the close of the taxable year for
2 which the tax credit may be claimed. Failure to meet the filing
3 requirements of this subsection shall constitute a waiver of the
4 right to claim the tax credit.

5 (g) If a taxpayer claims the cost of accessibility
6 features as a tax deduction or for claiming another tax credit
7 under this chapter or as a tax credit or tax deduction for
8 federal income tax purposes, then no tax credit shall be claimed
9 under this section.

10 (h) As used in this section:

11 "Accessibility features" means:

12 (1) A no-step entrance allowing access into the residence;

13 (2) Lifts or lift mechanisms that assist a person with
14 vertical movement for entry into or access within a
15 residence;

16 (3) Expanding the width of doorways, hallways, or
17 entryways to provide at least a thirty-two inch
18 clearance for purposes of entry into or access within
19 a residence;

20 (4) Reinforcements in bathroom walls and installation of
21 grab bars around the toilet, tub, and shower;



- 1 (5) Light switches and outlets placed in wheelchair-
2 accessible locations; and
- 3 (6) Other universal design features or accessibility or
4 adaptability features prescribed in building codes of
5 any county that are approved by the director of
6 taxation.

7 "Disability" means a physical or mental impairment that
8 substantially limits one or more of an individual's major life
9 activities.

10 "Elderly person" means an individual who has attained the
11 age of sixty-five before the close of the taxable year in which
12 a tax credit is claimed under this section.

13 "Residence" means the taxpayer's "principal residence"
14 within the meaning of section 121 of the Internal Revenue Code.

15 (i) The director of taxation may adopt rules under chapter
16 91 and prepare any forms necessary to carry out this section."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval
19 and shall apply to taxable years beginning after December 31,
20 2007.



Report Title:

Joint Legislative Committee on Family Caregiving; Home
Modification; Tax Credit

Description:

Establishes an income tax credit for taxpayers who make
modifications to their homes to accommodate individuals with
disabilities or facilitate aging-in-place. (SD1)

