
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 fifty-three per cent of
12 caregivers 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 and to require the executive office on aging to submit a report
4 to the legislature evaluating the tax credit program after three
5 years.

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

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

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



TAX CREDIT SCHEDULE

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

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

15 (d) The credit allowed under this section shall be claimed
16 against net income tax liability for the taxable year. For the
17 purpose of this tax credit, "net income tax" liability means net
18 income tax liability reduced by all other credits allowed to the
19 taxpayer under this chapter.

20 (e) If the tax credit claimed by the taxpayer under this
21 section exceeds the amount of income tax payments due from the
22 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 department shall report to the legislature
13 annually, no later than twenty days prior to the convening of
14 each regular session, on the number of taxpayers claiming the
15 tax credit and the total cost of the tax credit to the State
16 during the past year.

17 (h) The department shall assist the executive office on
18 aging in providing information on caregiver services to each
19 taxpayer who claims the tax credit, provided that the executive
20 office on aging shall provide to the department the proper
21 informational materials to be disseminated regarding its
22 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 or
11 has received more than fifty per cent of the qualified
12 care recipient's financial support during the taxable
13 year from the caregiver; and

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

19 (A) Substantial supervision to protect the qualified
20 care recipient from threat to health or safety
21 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. The executive office on aging, with the
10 assistance of the department of taxation, shall submit a report
11 to the legislature, that evaluates over a three year period the
12 caregiver tax credit described in this Act, no later than twenty
13 days prior to the convening of the regular session of 2011.

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$100,000 or so much
16 thereof as may be necessary for fiscal year 2008-2009 to enable
17 the department of taxation to process and mail executive office
18 on aging caregiver program materials to taxpayers pursuant to
19 section 2 of this Act.

20 The sum appropriated shall be expended by the department of
21 taxation for the purposes of this Act.

22 SECTION 5. New statutory material is underscored.



1 SECTION 6. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2007; provided that
3 section 4 shall take effect on July 1, 2008.



Report Title:

Joint Legislative Committee on Family Caregiving; Caregiver Tax Credit; Appropriation

Description:

Provides a tax credit to taxpayer caregivers who care for qualified care recipients; requires the executive office on aging to submit a report to the legislature evaluating the program after three years; makes appropriation to the department of taxation to disseminate information on executive office of aging caregiver support information and services. (SD1)

