

STAND. COM. REP. NO.

620

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1199
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 1199, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a tax credit for taxpayer caregivers who care for qualified care recipients.

Testimony in support of this measure was received from the Policy Advisory Board for Elder Affairs, Hawaii Aging Advocates Coalition, and one individual. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that by 2020, the elderly and disabled population of Hawaii will constitute over one-fourth of the State's adult population. It is critical that policies are enacted to ease the burden for both the aging and their families.

Your Committee has received a revenue impact statement from the Department of Taxation (Department) that the impact is indeterminate because the tax credit is unspecified. However, in subsequent statement the Department projected a revenue loss of \$35,600,000 for fiscal year 2008 to fiscal year 2010, assuming the tax credit base of \$1,000.

In its methodology, the Department stated that a 2003 Hawaii Health Survey estimated there are 192,390 caregivers who provide regular care or assistance to those aged sixty years old or older.

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About twenty per cent of caregivers (38,478 caregivers) live in the same household with their elderly care recipients. Among caregivers and elderly living in the same household, seventy-two per cent of caregivers (27,704 caregivers) are related to the elderly. The methodology assumed all 27,704 caregivers qualify for the credit and each caregiver provides care to one elderly relative, and that there is only one caregiver per household. The methodology also assumed ten per cent of caregivers (19,239 caregivers) provide more than fifty per cent of financial support, but not live in the same household with the elderly.

While the specifics of this measure must still be resolved, your Committee believes it is an important first step in easing some of the financial burden of Hawaii's caregivers. It is the intent of your Committee to continue deliberation on this matter.

Your Committee has amended this measure by:

- (1) Capping the tax credit at \$1,000; and
- (2) Inserting an effective date of July 1, 2050, for the purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1199, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 1199, S.D. 2.


Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,


CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1199 SDI	HSP, EDT, WAM	2/15/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes