

STAND. COM. REP. NO.

2542

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2047
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 2047, 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 create an income tax credit for taxpayers who make modifications to their home to increase accessibility for the disabled. Modifications qualifying for the tax credit include a no-step entrance, lifts or lift mechanisms, and expanding width doorways, hallways, or entry ways to improve access into and within a residence; reinforcements in bathroom walls and grab bars; light switches and outlets placed in wheelchair-accessible locations; and other universal design, accessibility, and adaptability features prescribed in county building codes.

Testimony in support of this measure was submitted by the Senior Policy Advisor of the Governor, the Department of Taxation, the American Association of Retired Persons, the Policy Advisory Board for Elder Affairs, and one individual citizen. Comments on this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that Hawaii's individuals and families require additional tax relief incentives to offset the high cost of living in Hawaii and have a better quality of living. This includes tax incentives for families that provide care for



children and dependents and family caregivers who are carrying the financial and other responsibilities of caregiving.

Accordingly, your Committee has amended this measure by:

- (1) Creating a caregiver tax credit for eligible taxpayers who care for qualified care recipients;
- (2) Creating an additional personal income tax exemption for any dependent age eighteen or younger;
- (3) Increasing the tax relief provided by the child and dependent care income tax credit;
- (4) Adding a definition for "qualified costs" relating to the home accessibility features for the disabled tax credit;
- (5) Providing an unspecified appropriation and unspecified tax credit amounts for the caregiver tax credit;
- (6) Changing the effective date to facilitate further discussions on this measure; and
- (7) Making technical, nonsubstantive amendments for the purpose of clarity.

Your Committee received a fiscal impact statement from the Department of Taxation that stated this measure would result in a revenue loss to the State in the 2009 fiscal year of approximately \$17,000,000. Their methodology including an analysis of individual taxpayer tax returns, an estimation of the number of taxpayers who would qualify for the credits, and renovation costs.

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. 2047, 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. 2047, S.D. 2.



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

Carol Fukunaga

CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:* <i>SB 2047 SD</i>	Committee Referral: <i>HSP, EDT, WAM</i>	Date: <i>2/14/08</i>		
<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)	✓			
BAKER, Rosalyn H.	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	<i>5</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Will Espero</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes