

STAND. COM. REP. NO. 2809

Honolulu, Hawaii

FEB 29 2008  
RE: S.B. No. 2047  
S.D. 3

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2047, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to assist taxpayers who are elderly or disabled, caregivers, and who have children by providing income tax credits and an additional personal exemption.

Specifically, this measure provides a home accessibility features for the disabled tax credit to taxpayers who make home modifications to help elderly or disabled persons live in their homes. The tax credit is in an amount equal to fifty per cent of qualified costs of modifications, capped at \$5,000 for single filers, \$7,500 for head of household filers, and \$10,000 for joint return filers. The measure also defines "accessibility features" and "qualified costs".

In addition, the measure provides a refundable tax credit to a person who provides care to a care recipient provided that only one caregiver per household may claim a tax credit for any care recipient cared for in a taxable year. The amounts of the tax credit vary from ten per cent to one hundred per cent of an amount that is uncharacterized and not described, based upon a graduated adjusted gross income schedule from under \$30,000 to over \$75,000.

The Department of Taxation is to report annually to the Legislature on the number of taxpayers claiming the caregiver tax



credit and the total cost of the tax credit. The Department of Taxation is also required to assist the Executive Office on Aging by providing certain information on caregiver services to each taxpayer who claims a credit. The measure appropriates an unspecified amount to the Department of Taxation to process and mail the information. The Executive Office on Aging, assisted by the Department of Taxation, is required to submit a report to the Legislature that evaluates over a three-year period the caregiver tax credit.

Finally, the measure provides an additional income tax exemption known as the "ohana exemption" for each claimed qualified dependent eighteen years old and younger equal to \$1,000 for taxpayers with a federal adjusted gross incomes of \$100,000 or less and \$500 for those with incomes of more than \$100,000 up to \$200,000. The exemption is phased out for those with adjusted gross incomes over \$200,000.

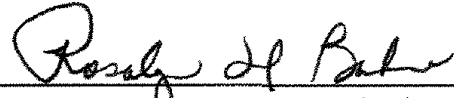
Your Committee received testimony in support of this measure from the Department of Taxation, AARP, and Hawaii Alliance for Retired Americans. The State Council on Developmental Disabilities offered comments.

In order to streamline this measure for meaningful consideration, your Committee has amended this measure to delete all tax measures (in parts II and III) except for the home accessibility features for the disable tax credit in part I. In addition, your Committee has modified that tax credit by limiting the amounts of the credit to specified percentages of qualified costs depending on adjusted gross income, ranging from fifty per cent for adjusted gross income under \$30,000 to five per cent for adjusted gross income \$75,000 and over.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2047, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2047, S.D. 3.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



