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Committee on Health
Committee on Human Services and Housing

LATE
Testimony

HB 2113, RELATING TO TAXATION

Testimony of Noemi Pendleton
Director of Executive Office on Aging
Attached Agency to Department of Health

Friday, February 8, 2008

8:00 a.m.

1 **Department's Position:** The Executive Office on Aging defers to the Department of Taxation as
2 this is a tax matter.

3 **Fiscal Implication:** EOA prefers the Administration's proposals to establish a home modification
4 tax credit and increase the dependent care tax credit as alternative methods of providing family
5 caregivers with financial assistance.

6 **Purpose and Justification:** The Executive Office on Aging (EOA)'s Family Caregivers Needs
7 Assessment completed in 2007 revealed that caregivers need more affordable services and
8 financial assistance. Family caregivers indicated an interest in some type of caregiver tax credit.
9 The purpose of this measure is to provide a tax credit to caregivers who care for qualified care
10 recipients.

11 Pursuant to Act 204, SLH 2007, the Executive Office on Aging had contracted with the
12 University of Hawaii Public Policy Center to conduct a cost-benefit analysis of a caregiver tax
13 credit as was proposed in S.B. No. 1199, S.D. 2 (2007). Dr. Dave Nixon, the author of this

1 analysis, concluded that the likely cost of a caregiver tax credit is estimated at \$37.4 million, and
2 the likely consumer benefit is estimated at \$38.2 million.

3 The revisions to Chapter 235, Hawaii Revised Statutes, states the requirements and process
4 for family caregivers seeking a tax credit not to exceed an unspecified dollar amount. EOA
5 cannot speak to the adequacy of Chapter 235 in anticipation of implementation questions or
6 problems. The EOA defers this function to the Tax Department, which is more knowledgeable in
7 this area.

8 On page 3, lines 16 thru 21 and page 4, lines 1 thru 14, EOA defers the scope of work to
9 the department of taxation as these lines seem to be more tax related matters. HRS 349 does not
10 list tax services as one of the duties of the Executive Office on Aging for the caregivers and older
11 adults. Nor does EOA have the capability and expertise on taxation.

12 Also, EOA respectfully requests that on page 5, line 1 which describes “Qualified care
13 recipient” should also include those with disabilities and special needs.

14 Providing some form of financial assistance will help families who are often burdened with
15 out-of-pocket expenses of caring for a recipient who is disabled or elderly at home. While a
16 caregiver tax credit is laudable, EOA recommends that the Legislature consider establishing a
17 home modification tax credit and increasing the dependent care tax credit that the Administration
18 is proposing.

19 Thank you for the opportunity to testify.



DISABILITY AND COMMUNICATION ACCESS BOARD

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February 8, 2008

TESTIMONY TO THE HOUSE COMMITTEES ON HEALTH AND HUMAN SERVICES AND HOUSING

House Bill 2113 - Relating to Taxation

The Disability and Communication Access Board (DCAB) supports the intent of House Bill 2113 relating to a tax credit to taxpayer caregivers who care for qualified care recipients with a recommended change.

DCAB supports the efforts of the Joint Legislative Committee on Family Caregiving and its efforts to provide policy support to families who provide very much needed care for elders who require long term care. Within our community we do not have the resources to either provide or pay for more expensive care in nursing homes or long term care facilities. We simply do not have the beds or the financial resources to pay for all the beds, even if they were available. We also know that most individuals prefer to stay in their home or familiar family-like environments for their long term care needs.

While we recognize that this bill arose from the Committee researching the long term caregiver needs of elderly persons over the age of 60, we believe that the long term caregiver needs of individuals with disabilities under the age of 60 deserve equal attention. Individuals over the age of 18 with physical or mental disabilities require intensive family support, particularly if the individual has 'aged out' of the school system. Families must often choose between work and caregiving in order to avoid more costly institutionalization or out of home placement in adult residential care homes or other similar facilities, all of which costs money to the State. We view this measure, although a tax credit, as a cost saving measure to the State in the long run.

We support its passage with an amendment relating to the age eligibility.

Thank you for the opportunity to provide testimony.

Respectfully submitted,

PATRICIA M. NIELSEN
Chairperson
Legislative Committee

FRANCINE WAI
Executive Director