

JAN 23 2009

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Caregiver tax credit. (a) There shall be
5 allowed a caregiver tax credit to each eligible taxpayer subject
6 to the tax imposed by this chapter who is not claimed, and is
7 not otherwise eligible to be claimed, as a dependent by another
8 taxpayer for federal or Hawaii state individual income tax
9 purposes and who files an individual net income tax return for a
10 taxable year.

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



TAX CREDIT SCHEDULE

1		
2	<u>Adjusted Gross Income</u>	<u>Tax Credit Percentage of \$</u>
3	<u>Under \$30,000</u>	<u>100 per cent</u>
4	<u>\$30,000 to under \$50,000</u>	<u>70 per cent</u>
5	<u>\$50,000 to under \$75,000</u>	<u>40 per cent</u>
6	<u>\$75,000 and over</u>	<u>10 per cent</u>

7 (c) The credit allowed under this section shall be claimed
8 against net income tax liability for the taxable year. For the
9 purpose of deducting this tax credit, "net income tax" liability
10 means net income tax liability reduced by all other credits
11 allowed to the eligible taxpayer under this chapter.

12 (d) An eligible taxpayer may claim the tax credit for
13 every taxable year or part thereof that the eligible taxpayer
14 provides care to a qualified care recipient. Only one eligible
15 taxpayer per household may claim a tax credit for any eligible
16 care recipient cared for in a taxable year. An eligible
17 taxpayer shall not claim multiple tax credits under this section
18 in a taxable year, regardless of the number of eligible care
19 recipients receiving care from the eligible taxpayer.

20 (e) If the tax credit claimed by the eligible taxpayer
21 under this section exceeds the amount of income tax payments due
22 from the eligible taxpayer, the excess of credit over payments



1 due shall be refunded to the eligible taxpayer; provided that
2 the tax credit properly claimed by an eligible taxpayer who has
3 no income tax liability shall be paid to the eligible taxpayer;
4 and provided that no refunds or payments on account of the tax
5 credit allowed by this section shall be made for amounts less
6 than \$1.

7 (f) Every claim, including amended claims, for the tax
8 credit under this section shall be filed on or before the end of
9 the twelfth month following the close of the taxable year for
10 which the tax credit may be claimed. Failure to meet the filing
11 requirements of this subsection shall constitute a waiver of the
12 right to claim the tax credit.

13 (g) The director of taxation:

14 (1) Shall prepare any forms that may be necessary to claim
15 a tax credit under this section;

16 (2) May require proof of the claim for the tax credit; and

17 (3) May adopt rules pursuant to chapter 91 to effectuate
18 this section.

19 (h) Every eligible taxpayer, no later than March 31 of
20 each year, shall submit a written, certified statement to the
21 executive office on aging, in the form specified by the director
22 of the executive office on aging, identifying the amount of tax



1 credits claimed pursuant to this section, if any, in the
2 previous taxable year.

3 The executive office on aging shall maintain records of the
4 names of eligible taxpayers and the total amount of tax credit
5 that the taxpayer is allowed to use for the taxable year and
6 shall verify no more than \$10,000,000 in credits in the
7 aggregate for all taxpayers for each taxable year.

8 The executive office on aging shall provide information on
9 caregiver services to each eligible taxpayer who claims the tax
10 credit.

11 (i) The department, with the assistance of the executive
12 office on aging, shall report to the legislature annually, no
13 later than twenty days prior to the convening of each regular
14 session, on the number of eligible taxpayers claiming the tax
15 credit and the total cost of the tax credit to the State during
16 the past year.

17 (j) A maximum of \$10,000,000 of tax credits in the
18 aggregate for all eligible taxpayers may be used in any one
19 taxable year.

20 (k) As used in this section:



1 "Cognitive impairment" means a diminished mental capacity
2 or a loss of the ability to process, learn, and remember
3 information.

4 "Eligible taxpayer" means a caregiver or person who cares
5 for a qualified care recipient.

6 "Qualified care recipient" means a person with a disability
7 as that term is defined under section 515-2. The term also
8 means a person who is sixty years of age or older, a citizen or
9 resident alien of the United States, and a relative of an
10 eligible taxpayer who:

11 (1) Has resided with the eligible taxpayer for at least
12 six months of the taxable year for which the credit is
13 claimed or has received more than fifty per cent of
14 the qualified care recipient's financial support
15 during the taxable year from the eligible taxpayer;
16 and

17 (2) Is certified by a physician licensed under chapter
18 453, or an advanced practice registered nurse licensed
19 under chapter 457, as requiring one of the following:

20 (A) Substantial supervision to protect the qualified
21 care recipient's health or safety due to a
22 cognitive impairment; or



(B) Substantial assistance to perform at least two of the following activities of daily living:

(i) Bathing;

(ii) Eating;

(iii) Using the toilet;

(iv) Dressing; or

(v) Transferring, such as from a bed to a wheelchair.

"Relative" means a spouse, child, parent, sibling, legal guardian, a reciprocal beneficiary as that term is defined in section 572C-3, or any other person who is related to a qualified care recipient by blood, marriage, or adoption."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2009, and shall apply to taxable years beginning after December 31, 2008.

INTRODUCED BY: Theranne Cruz Oakland

For Clerk
Ante Hattard
David Y. Ige



Report Title:

Caregiver; Tax Credit

Description:

Provides a tax credit to a caregiver who cares for a qualified care recipient.

