
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the growing elderly
2 population in the State has resulted in an increasing number of
3 families struggling financially to care for their aging
4 relatives. Financing the home or nursing care needs of our
5 frail seniors is not only a financial drain on local families,
6 but in certain cases, the State as well. The legislature also
7 finds that more families could reduce or eliminate their home or
8 nursing care costs if they lived closer to their aging
9 relatives. Given that the majority of taxes are paid by the
10 seller, the percentage for this credit is considerably higher
11 than average so a homebuyer will have a realistic incentive.

12 The purpose of this Act is to provide tax incentives to
13 allow families to move closer to aging relatives to reduce their
14 home or nursing care expenses.

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



1 "§235- Family care tax credit. (a) There shall be
2 allowed to each individual taxpayer who is not claimed or is not
3 otherwise eligible to be claimed as a dependent by another
4 taxpayer for federal or state income tax purposes, who files a
5 net income tax return for a taxable year, a family care tax
6 credit that shall be deductible from the taxpayer's net income
7 tax liability imposed under this chapter for the taxable year in
8 which the tax credit is properly claimed.

9 (b) The tax credit shall apply to a taxpayer who purchases
10 a single family dwelling to care for a family member who resides
11 within three miles of the dwelling purchased by the taxpayer so
12 the taxpayer, or someone who resides with the taxpayer, can
13 personally care for the family member.

14 (c) The amount of the tax credit shall be equal to two
15 hundred per cent of all state or county taxes (including the
16 conveyance tax) associated with the purchase of the single
17 family dwelling by the taxpayer; provided that no refund or
18 payment on account of the tax credit allowed by this section
19 shall be made for amounts less than \$1.

20 (d) If the tax credit under this section exceeds the
21 taxpayer's net income tax liability, any excess of the tax



1 credit may be used as a credit against the taxpayer's income tax
2 liability in subsequent taxable years until exhausted.

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

9 (f) For the purpose of this section:

10 "Disability" means the inability to engage in any
11 substantial gainful employment because of a medically
12 determinable physical or mental impairment that is expected to
13 last for at least twelve continuous months.

14 "Family member" means a person at least fifty-five years of
15 age with a disability who is related by blood or marriage to,
16 and is financially dependent upon, the taxpayer.

17 "Financially dependent" means a family member who is
18 dependent upon a taxpayer for at least _____ per cent of the
19 family member's total annual income; provided that the family
20 member's total annual income:

21 (1) Is less than \$ _____ ; and



1 (2) Includes the cost of home or nursing care that would
 2 have been provided but for the services of a taxpayer
 3 under this section.

4 "Single family dwelling" means an owner-occupied home in a
 5 county-zoned residential area that is occupied by not more than
 6 one family.

- 7 (g) The director of taxation:
- 8 (1) Shall prepare the forms as may be necessary to claim a
 9 tax credit under this section;
- 10 (2) May require proof of the claim for the tax credit; and
- 11 (3) May adopt rules pursuant to chapter 91 to effectuate
 12 the purposes of this section."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval
 15 and apply to taxable years beginning after December 31, 2009.

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INTRODUCED BY: John M. M...
 / Ken Ward

JAN 20 2010

Report Title:

Tax Credits; Real Property; Elderly

Description:

Provides a tax credit for a taxpayer that purchases a home within 3 miles of a disabled elderly relative to care for that relative.

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