
A BILL FOR AN ACT

RELATING TO SENIOR CITIZENS.

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- Medical services excise tax credit; elders. (a)

5 Each resident taxpayer sixty-five years of age or older who
6 files an individual income tax return for a taxable year and is
7 not claimed or is not otherwise eligible to be claimed as a
8 dependent by another taxpayer for federal or Hawaii state
9 individual income tax purposes may claim a medical services
10 excise tax credit against the resident taxpayer's individual
11 income tax liability for the taxable year for which the
12 individual income tax return is being filed; provided that:

13 (1) A husband and wife filing separate returns for a
14 taxable year for which a joint return could have been
15 filed by them shall claim only the tax credit to which
16 they would have been entitled had a joint return been
17 filed; and



1 (2) A resident individual who has no income or no income
2 taxable under this chapter and who is not claimed or
3 is not otherwise eligible to be claimed as a dependent
4 by a taxpayer for federal or Hawaii state individual
5 income tax purposes may claim tax credits as set forth
6 in this section.

7 (b) The medical services excise tax credit for elders
8 shall be four per cent of qualified medical expenses paid by the
9 resident individual during the taxable year. For the purposes
10 of this section, the term "qualified medical expenses" includes
11 those medical expenses allowable as deductions for income tax
12 purposes under section 213 (with respect to medical, dental,
13 etc., expenses) of the Internal Revenue Code; provided that the
14 medical expense was subject to the imposition and payment of the
15 general excise tax under chapter 237.

16 "Qualified medical expenses" shall not include the
17 following:

18 (1) Capital improvements; or

19 (2) Prescription drugs or prosthetic devices exempt under
20 section 237-24.3(7).

21 The amount of medical expenses paid during the taxable year
22 shall not be reduced by any insurance reimbursement.



1 (c) The tax credits claimed by a resident taxpayer
2 pursuant to this section shall be deductible from the resident
3 taxpayer's individual income tax liability, if any, for the tax
4 year in which they are properly claimed. If the tax credits
5 claimed by a resident taxpayer exceed the amount of income tax
6 payment due from the resident taxpayer, the excess of credits
7 over payments due shall be refunded to the resident taxpayer;
8 provided that:

9 (1) Tax credits properly claimed by a resident individual
10 who has no income tax liability shall be paid to the
11 resident individual; and

12 (2) No refunds or payment on account of the tax credits
13 allowed by this section shall be made for amounts less
14 than \$1.

15 (d) The director of taxation shall prepare the forms that
16 may be necessary to claim a credit under this section. The
17 director may also require the taxpayer to furnish reasonable
18 information in order that the director may ascertain the
19 validity of the claim for credit made under this section. The
20 director may adopt rules necessary to effectuate the purposes of
21 this section pursuant to chapter 91.



1 (e) All claims for tax credits under this section,
2 including any amended claims, must be filed on or before the end
3 of the twelfth month following the close of the taxable year for
4 which the credits may be claimed. Failure to comply with the
5 foregoing provision shall constitute a waiver of the right to
6 claim the credit."

7 SECTION 2. Section 235-55.85, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§235-55.85 Refundable food/excise tax credit.** (a) Each
10 resident individual taxpayer^[7] under the age of sixty-five and
11 each resident individual taxpayer sixty-five years of age or
12 older who files an individual income tax return for a taxable
13 year, and who is not claimed or is not otherwise eligible to be
14 claimed as a dependent by another taxpayer for federal or Hawaii
15 state individual income tax purposes, may claim a refundable
16 food/excise tax credit against the resident taxpayer's
17 individual income tax liability for the taxable year for which
18 the individual income tax return is being filed; provided that a
19 resident individual who has no income or no income taxable under
20 this chapter and who is not claimed or is not otherwise eligible
21 to be claimed as a dependent by a taxpayer for federal or Hawaii
22 state individual income tax purposes may claim this credit.



1 (b) Each resident individual taxpayer under the age of
 2 sixty-five may claim a refundable food/excise tax credit
 3 multiplied by the number of qualified exemptions to which the
 4 taxpayer is entitled; provided that a husband and wife filing
 5 separate tax returns for a taxable year for which a joint return
 6 could have been filed by them shall claim only the tax credit to
 7 which they would have been entitled had a joint return been
 8 filed.

9 (c) Each resident individual taxpayer under the age of
 10 sixty-five may claim a credit in accordance with the table
 11 below:

12	Adjusted gross income	Credit per exemption
13	Under \$5,000	\$85
14	\$5,000 under \$10,000	75
15	\$10,000 under \$15,000	65
16	\$15,000 under \$20,000	55
17	\$20,000 under \$30,000	45
18	\$30,000 under \$40,000	35
19	\$40,000 under \$50,000	25
20	\$50,000 and over	0

21 (d) Each resident individual taxpayer sixty-five years of
 22 age or older may claim a credit in an amount equal to four per



1 cent of all qualified food expenses paid by the taxpayer during
2 the taxable year.

3 [~~(e)~~] (e) For the purposes of this section, a qualified
4 exemption is defined to include those exemptions permitted under
5 this chapter; [~~provided that no additional exemption may be~~
6 ~~claimed by a taxpayer who is sixty-five years of age or older;~~]
7 provided that a person for whom exemption is claimed has
8 physically resided in the State for more than nine months during
9 the taxable year; and provided further that multiple exemptions
10 shall not be granted because of deficiencies in vision or
11 hearing, or other disability. For purposes of claiming this
12 credit only, a minor child receiving support from the department
13 of human services of the State, social security survivor's
14 benefits, and the like, may be considered a dependent and a
15 qualified exemption of the parent or guardian.

16 [~~(e)~~] (f) The tax credit under this section shall not be
17 available to:

18 (1) Any person who has been convicted of a felony and who
19 has been committed to prison and has been physically
20 confined for the full taxable year;

21 (2) Any person who would otherwise be eligible to be
22 claimed as a dependent but who has been committed to a



1 youth correctional facility and has resided at the
2 facility for the full taxable year; or

3 (3) Any misdemeanant who has been committed to jail and
4 has been physically confined for the full taxable
5 year.

6 [~~(e)~~] (g) The tax credits claimed by a resident taxpayer
7 pursuant to this section shall be deductible from the resident
8 taxpayer's individual income tax liability, if any, for the tax
9 year in which they are properly claimed. If the tax credits
10 claimed by a resident taxpayer exceed the amount of income tax
11 payment due from the resident taxpayer, the excess of credits
12 over payments due shall be refunded to the resident taxpayer;
13 provided that tax credits properly claimed by a resident
14 individual who has no income tax liability shall be paid to the
15 resident individual; and provided further that no refunds or
16 payment on account of the tax credits allowed by this section
17 shall be made for amounts less than \$1.

18 [~~(f)~~] (h) All claims for tax credits under this section,
19 including any amended claims, shall be filed on or before the
20 end of the twelfth month following the close of the taxable year
21 for which the credits may be claimed. Failure to comply with



1 the foregoing provision shall constitute a waiver of the right
2 to claim the credit.

3 [~~(g)~~] (i) For the purposes of this section [~~,"adjusted"]:~~

4 "Adjusted gross income" means adjusted gross income as
5 defined by the Internal Revenue Code.

6 "Food" means those items that can be purchased for home
7 consumption under the federal supplemental nutrition assistance
8 program."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act, upon its approval, shall apply to
11 taxable years beginning after December 31, 2010.

12

INTRODUCED BY:



JAN 20 2011



Report Title:

Food and Medical Services Excise Tax Credit; Elders

Description:

Clarifies that the existing graduated food excise tax credit applies to taxpayers under age 65. Adds food excise tax credit of 4% of qualified food expenses for elders age 65 and older. Creates medical services excise tax credit of 4% of qualified medical expenses for elders age 65 and older.

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