

LATE

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To: The Honorable Suzanne Chun Oakland, Chair,
and Members of the Senate Committee on Human Services

Date: Tuesday, January 31, 2012
Time: 1:15 P.M.
Place: Conference Room 016, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 2317, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 2317 and provides the following information for your consideration.

S.B. 2317 creates three tax credits intended to support caregivers of older adults and the disabled. The first is a small business tax credit which allows a business to claim a percentage of the cost of providing paid caregiver leave to an employee. The second is a caregiver tax credit which a person providing care to an elderly or disabled relative may claim as a percentage of the caregiver's adjusted gross income. The third is a caregiver educational tax credit.

The small business tax credit proposal needs further clarification. For example, it is not clear what costs would be included in the term "payroll." Additionally, there is no verification, nor requirements, used to determine when a taxpayer would qualify for the caregiver tax credit.

Regarding the caregiver tax credit, it is unclear how the credit should be calculated. As written, it appears that the caregiver credit would be equal to an unspecified percentage of the taxpayer's adjusted gross income. The Department suggests amending the measure to specify that the credit is calculated as a specified percentage of the taxpayer's caregiving costs.

Regarding the caregiver education tax credit, the Department recommends that the measure be clarified to specify which taxpayers the tax credit is meant to address. Currently, any taxpayer attending a University of Hawaii system caregiver course or program could claim this caregiver education tax credit, not just current care givers. The credit also needs to be

Thank you for the opportunity to provide comments.

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The Twenty-Sixth Legislature
Regular Session of 2012

THE SENATE

Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair
State Capitol, Conference Room 016
Tuesday, January 31, 2012; 1:15 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2317
RELATING TO TAXATION**

The ILWU Local 142 supports S.B. 2317, which establishes three new tax credits for caregivers: a small business caregiver leave tax credit, a caregiver tax credit on a percentage of adjusted gross income, and a caregiver educational cost tax credit.

Caregivers who provide support for family members are unsung heroes. They sacrifice their time and resources to care for others. They sometimes sacrifice their current livelihood and their future retirement income to provide caregiving services. They deserve a tax credit or some other support to help them.

While the three tax credits being proposed offer much-needed support to caregivers, we are well aware that State revenues may not be able to support all three. If only one may be considered, it should be the tax credit given directly to caregivers themselves.

The ILWU urges passage of S.B. 2317. Thank you for allowing us to testify on this matter.