
A BILL FOR AN ACT

RELATING TO LONG-TERM CARE INSURANCE.

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

1 SECTION 1. According to the United States Census Bureau,
2 the estimated total population of Hawaii in 2011 was 1,378,129
3 people. Of these people 202,585, or 14.7 per cent, of our
4 population was composed of persons age 65 years and older.

5 While many of our kupuna live active and healthy lifestyles, the
6 legislature finds that too many Hawaii residents must bear the
7 burden of providing long-term care for their aging loved ones,
8 without any assistance.

9 Long-term care insurance is meant to provide relief to
10 these caregivers by providing services to those who need care as
11 the result of serious trauma or a chronic disease, such as
12 Alzheimer's or Parkinson's. The legislature acknowledges the
13 steep cost of this insurance and finds there is a need to help
14 ease the financial burden on such caregivers.

15 The purpose of this Act is to create a long-term care tax
16 credit to encourage our aging population and the general public
17 to invest in long-term care insurance.



1 SECTION 2. 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- Long-term care tax credit. (a) Each individual
5 taxpayer who:

6 (1) Is subject to this chapter;

7 (2) Files an individual income tax return for a taxable
8 year; and

9 (3) Is not claimed or is not otherwise eligible to be
10 claimed as a dependent by another taxpayer for Hawaii
11 state individual income tax purposes;

12 may claim a long-term care credit against the taxpayer's net
13 individual income tax liability for the taxable year for which
14 the individual's income tax return is being filed; provided that
15 an individual who has no income taxable under this chapter, and
16 who is not claimed or is not otherwise eligible to be claimed as
17 a dependent by a taxpayer for Hawaii state individual income tax
18 purposes may claim this credit.

19 (b) The tax credit shall apply to taxpayers with an
20 adjusted gross income of:

21 (1) \$100,000 or less for a taxpayer filing a single return
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1 or a married person filing separately;

2 (2) \$150,000 or less for a taxpayer filing as a head of
3 household; or

4 (3) \$250,000 or less for a taxpayer filing a joint return
5 or as a surviving spouse.

6 (c) The tax credit for an individual taxpayer, including a
7 husband and wife filing a joint return, shall be an amount equal
8 to ten per cent of the cost of any long-term care insurance
9 premium payments made by the individual taxpayer for the taxable
10 year in which the payments were made, provided that a husband
11 and wife filing separate tax returns for a taxable year for
12 which a joint return could have been filed by them shall claim
13 only the tax credit to which they would have been entitled under
14 this section had a joint return been filed.

15 For the purposes of this section, "long-term care insurance"
16 shall have the same meaning as defined in section 431:10H-104.

17 (d) If a deduction is taken under this chapter pursuant to
18 section 213 (with respect to medical, dental, etc., expenses) of
19 the Internal Revenue Code of 1986, as amended, no tax credit
20 shall be allowed for that portion of the cost of long-term care
21 insurance for which the deduction was taken.

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1 (e) The tax credit applies to premium payments for a long-
2 term care insurance contract that covers:

3 (1) The taxpayer;

4 (2) The taxpayer's dependent as defined in section 152 of
5 the Internal Revenue Code of 1986, as amended;

6 (3) The taxpayer's spouse;

7 (4) A son or daughter of the taxpayer;

8 (5) A stepson or stepdaughter of the taxpayer;

9 (6) The father or mother of the taxpayer; or

10 (7) A stepfather or stepmother of the taxpayer.

11 (f) No refunds or payment on account of the tax credit
12 allowed by this section shall be made for amounts less than \$1.

13 (g) All claims, including any amended claims, for tax
14 credits under this section shall be filed on or before the end
15 of the twelfth month following the close of the taxable year for
16 which the credit may be claimed. Failure to comply with the
17 foregoing provision shall constitute a waiver of the right to
18 claim the credit."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act, upon its approval, shall apply to
21 taxable years beginning after December 31, 2013.

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H.B. NO. 304

Report Title:

Long-Term Care Insurance; Tax Credit

Description:

Provides tax credit to resident taxpayers for long-term care insurance premiums at 10% of the amount of the insurance premium paid. Prohibits a medical expense deduction for long-term care insurance cost if long-term care tax credit is claimed.

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