

Honolulu, Hawaii

FEB 07 , 2024

RE: H.B. No. 1769
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.B. No. 1769 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a refundable tax credit for nonpaid family caregivers.

Your Committee received testimony in support of this measure from the Executive Office on Aging; Disability and Communication Access Board; County of Hawaii Office of Aging; Hawaii Primary Care Association; Alzheimer's Association; Aloha United Way; Hawaii Family Caregiver Coalition; AARP Hawai'i; Hawaii State Democratic Women's Caucus; and numerous individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that nonpaid family caregivers face many physical, emotional, and financial challenges and often balance caregiving with work and other personal responsibilities. Your Committee further finds that on average, family caregivers spend twenty-six percent of their income on caregiving, with more than three out of four paying out-of-pocket for care-related expenses like equipment, transportation, and home modifications. The modest tax credit proposed by this measure will help ease the



financial expenses that unpaid family caregivers incur for their loved ones on a daily basis.

Your Committee has amended this measure by:

- (1) Amending relevant language to clarify that the Family Caregiver Tax Credit is refundable;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes the Department of Taxation's request that the tax credit under this measure apply to taxable years beginning after December 31, 2024. This delay would provide the Department with sufficient time to make the necessary form, instruction, and computer system changes, and also educate taxpayers about the availability of the new tax credit.

Your Committee also notes the Department of Taxation's request for a third party to assist in certifying individuals as a qualified care recipient and the amount of qualified expenses incurred for purposes of the tax credit, as the Department lacks the subject matter expertise to make these determinations. The Executive Office on Aging has indicated a willingness to assist the Department of Taxation in this matter and your Committee believes this conversation should continue as this measure moves forward in the legislative process.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1769, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Human Services,



LISA MARTEN, Chair



