
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. During the 2007 interim, the joint legislative
2 committee on family caregiving received information and data
3 related to the family caregivers needs assessment conducted by
4 the executive office on aging. The needs assessment indicated
5 that caregivers need more affordable services and financial
6 assistance.

7 Specifically, the needs assessment confirms that the
8 household income levels of caregivers tend to be low, with
9 approximately 15.1 per cent in the \$25,000 to \$29,000 income
10 range, and 13.2 per cent falling into the \$30,000 to \$34,999
11 income range. In general, more than 53 per cent of caregivers
12 report earning less than \$35,000 annually.

13 As family caregivers are carrying the financial burdens of
14 caregiving, it is not surprising that the needs assessment also
15 shows that family caregivers are interested in some type of
16 caregiver tax credit.



1 The purpose of this Act is to create a caregiver tax credit
2 for eligible taxpayers who care for qualified care recipients.

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

6 "§235- Caregiver tax credit. (a) There shall be
7 allowed a caregiver tax credit to each eligible taxpayer subject
8 to the tax imposed by this chapter who is not claimed and is not
9 otherwise eligible to be claimed as a dependent by another
10 taxpayer for federal or Hawaii state individual income tax
11 purposes, and who files an individual net income tax return for
12 a taxable year.

13 (b) The caregiver tax credit shall not exceed \$1,000,
14 based on the following schedule; provided that a husband and
15 wife filing separate tax returns for a taxable year for which a
16 joint return could have been filed by them shall claim only the
17 tax credit to which they would have been entitled had a joint
18 return been filed:



TAX CREDIT SCHEDULE

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<u>Adjusted Gross Income</u>	<u>Tax Credit Percentage</u>
<u>Under \$30,000</u>	<u>100%</u>
<u>\$30,000 to under \$50,000</u>	<u>70%</u>
<u>\$50,000 to under \$75,000</u>	<u>40%</u>
<u>\$75,000 and over</u>	<u>10%</u>

(c) An eligible taxpayer may claim the tax credit for every taxable year or part thereof that the eligible taxpayer provides care to a care recipient. Only one caregiver per household may claim a tax credit for any care recipient cared for in a taxable year. An eligible taxpayer shall not claim multiple tax credits under this section in a taxable year, regardless of the number of care recipients receiving care from the eligible taxpayer.

(d) If the tax credit claimed by the taxpayer under this section exceeds the amount of income tax payments due from the taxpayer, the excess of credit over payments due shall be refunded to the taxpayer; provided that the tax credit properly claimed by a taxpayer who has no income tax liability shall be paid to the taxpayer; and provided that no refunds or payments on account of the tax credit allowed by this section shall be made for amounts less than \$1.



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

7 (f) The director of taxation shall prepare any forms that
8 may be necessary to claim a tax credit under this section, may
9 require proof of the claim for the tax credit, and may adopt
10 rules pursuant to chapter 91 to effectuate this section.

11 (g) The department shall report to the legislature
12 annually, no later than twenty days prior to the convening of
13 each regular session, on the number of taxpayers claiming the
14 tax credit and the total cost of the tax credit to the State
15 during the past year.

16 (h) The department shall assist the executive office on
17 aging in providing information on caregiver services to each
18 taxpayer who claims the tax credit.

19 (i) As used in this section:

20 "Eligible taxpayer" means a caregiver who cares for a
21 qualified care recipient.



1 "Qualified care recipient" means a person who is sixty
2 years of age or older, a citizen or resident alien of the United
3 States, and who:

4 (1) Has co-resided with the caregiver at least six months
5 of the taxable year for which the credit is claimed;
6 or

7 (2) Has received more than fifty per cent of the qualified
8 care recipient's financial support during the taxable
9 year from the caregiver; and

10 (3) Is certified by a physician licensed under chapter 453
11 or 460, or an advanced practice registered nurse
12 licensed under chapter 457, as requiring one of the
13 following:

14 (A) Substantial supervision to protect the qualified
15 care recipient from threat to health or safety
16 due to cognitive impairment; or

17 (B) Substantial assistance to perform at least two of
18 the following activities of daily living:

19 (i) Bathing;

20 (ii) Eating;

21 (iii) Using the toilet;

22 (iv) Dressing; or



1 (v) Transferring, such as from bed to
2 wheelchair."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act, upon its approval, shall apply to
5 taxable years beginning after December 31, 2007.
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Report Title:

Joint Legislative Committee on Family Caregiving; Caregiver Tax Credit

Description:

Provides a tax credit to taxpayer caregivers who care for qualified care recipients.

