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# A BILL FOR AN ACT

RELATING TO CAREGIVERS.

**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-       Caregiver tax credit.   (a) There shall be  
5 allowed a refundable caregiver tax credit to each eligible  
6 taxpayer subject to the tax imposed by this chapter, who is not  
7 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, and who files an individual net  
10 income tax return for a taxable year.

11           (b) The refundable caregiver tax credit shall be \$1000;  
12 provided that the total amount of tax credits provided per year  
13 shall not exceed \$                   ; provided further that the tax  
14 credit shall be paid out in the order in which the tax credits  
15 are claimed until exhausted.

16           (c) The credit allowed under this section shall be claimed  
17 against net income tax liability for the taxable year. For the  
18 purpose of deducting the tax credit, "net income tax" liability



1 means net income tax liability reduced by all other credits  
2 allowed the taxpayer under this section.

3 (d) An eligible taxpayer may claim the tax credit for  
4 every taxable year that the eligible taxpayer provides care to a  
5 care recipient. Only one caregiver per household may claim a  
6 tax credit for any care recipient cared for in a taxable year.  
7 An eligible taxpayer may not claim multiple tax credits under  
8 this section in a taxable year, regardless of the number of care  
9 recipients receiving care from the eligible taxpayer. For the  
10 purposes of this subsection, "taxable year" that the eligible  
11 taxpayer provides care to a care recipient refers to a care  
12 recipient who has resided with the taxpayer for at least nine  
13 months in the year the tax credit is claimed.

14 (e) If the tax credit claimed by the taxpayer under this  
15 section exceeds the amount of income tax payments due from the  
16 taxpayer, the excess of credit over payments due shall be  
17 refunded to the taxpayer; provided that no refunds or payments  
18 on account of the tax credit allowed by this section shall be  
19 made for amounts less than \$1.

20 (f) Every claim, including amended claims, for the tax  
21 credit under this section shall be filed on or before the end of  
22 the twelfth month following the close of the taxable year for



1 which the tax credit may be claimed. Failure to meet the filing  
2 requirements of this subsection shall constitute a waiver of the  
3 right to claim the tax credit.

4 (g) The director of taxation shall prepare such forms as  
5 may be necessary to claim a tax credit under this section, may  
6 require proof of the claim for the tax credit, and may adopt  
7 rules pursuant to chapter 91 to effectuate the purposes of this  
8 section.

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

14 (i) Pursuant to applicable confidentiality laws, the  
15 department shall assist the executive office on aging to provide  
16 information on caregiver services to each taxpayer who claims  
17 the tax credit; provided that the department shall act as a  
18 conduit for information sent from the executive office on aging  
19 to caregivers.

20 (j) As used in this section:

21 "Eligible taxpayer" means a caregiver who cares for a  
22 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 a relative of the caregiver who:

4       (1) Has co-resided with the caregiver at least six months  
5 of the taxable year for which the credit is claimed or  
6 has received more than fifty per cent of the qualified  
7 care recipient's financial support during the taxable  
8 year from the caregiver; and

9       (2) Is certified by a licensed physician or advanced  
10 practice registered nurse as requiring one of the  
11 following:

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

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

17       (i) Bathing;

18       (ii) Eating;

19       (iii) Using the toilet;

20       (iv) Dressing; or

21       (v) Transferring, such as from bed to

22       wheelchair.



1       "Relative" means a spouse, child, parent, sibling, legal  
2 guardian, a reciprocal beneficiary as that term is defined in  
3 section 572C-3, or any other person who is related by blood,  
4 marriage, or adoption."

5       SECTION 2. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$       , or so much  
7 thereof as may be necessary for fiscal year 2007-2008, and the  
8 same sum, or so much thereof as may be necessary for fiscal year  
9 2008-2009, to assist the department of taxation with the costs  
10 related to assisting the executive office on aging under  
11 subsection (i) in section 1 of the Act.

12       The sums appropriated shall be expended by the department  
13 of taxation for the purposes of this Act.

14       SECTION 3. New statutory material is underscored.

15       SECTION 4. This Act shall take effect upon its approval  
16 and shall apply to taxable years beginning after December 31,  
17 2006, and shall be repealed on January 1, 2010; provided that  
18 section 2 shall take effect on July 1, 2007.



**Report Title:**

Caregivers; Tax Credit

**Description:**

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

