H.B. NO. **H**

A BILL FOR AN ACT

RELATING TO LONG-TERM CARE INSURANCE.

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

SECTION 1. According to the United States Census Bureau, 1 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 population was composed of persons age 65 years and older. 4 While many of our kupuna live active and healthy lifestyles, the 5 legislature finds that too many Hawaii residents must bear the 6 burden of providing long-term care for their aging loved ones, 7 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.

HB HMIA 2013-1-13.doc

Page 2

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H.B. NO. 304

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	" <u>\$235-</u> 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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H.B. NO. 304

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	<u>(c)</u>	The tax credit for an individual taxpayer, including a		
7	husband a	nd wife filing a joint return, shall be an amount equal		
8	<u>to ten pe</u>	r cent of the cost of any long-term care insurance		
9	premium p	ayments 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	<u>shall hav</u>	e the same meaning as defined in section 431:10H-104.		
17	<u>(d)</u>	If a deduction is taken under this chapter pursuant to		
18	section 2	13 (with respect to medical, dental, etc., expenses) of		
19	the Inter	nal 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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H.B. NO. 304

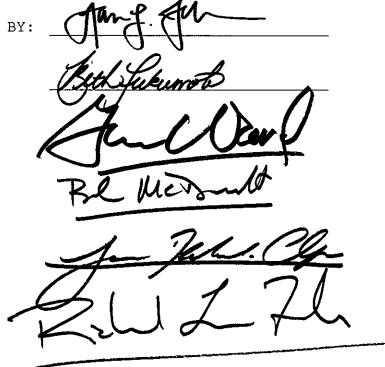
1	<u>(e)</u>	The tax credit applies to premium payments for a long-	
2	term care	insurance contract that covers:	
3	(1)	The taxpayer;	
4	(2)	The taxpayer's dependent as defined in section 152 of	
5		the Internal Revenue Code of 1986, as amended;	
6	(3)	The taxpayer's spouse;	
7	(4)	A son or daughter 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	<u>(f)</u>	No refunds or payment on account of the tax credit	
12	allowed by	y this section shall be made for amounts less than \$1.	
13	(g)	All claims, including any amended claims, for tax	
14	credits un	nder 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	SECT	ION 3. New statutory material is underscored.	
20	SECTION 4. This Act, upon its approval, shall apply to		
21	taxable ye	ears beginning after December 31, 2013.	
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HB HMIA 2013-1-13.doc

Page 5

H.B. NO. 304

INTRODUCED BY:



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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.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

