HOUSE . . . . . No. 3911

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, September 21, 2017.

The committee on Revenue to whom were referred the petition (accompanied by bill, Senate, No. 1530) of Linda Dorcena Forry, Barbara A. L'Italien, Paul R. Heroux, Angelo J. Puppolo, Jr. and other members of the General Court for legislation to establish the family caregiver tax credit, the petition (accompanied by bill, House, No. 1497) of William Crocker and others relative to providing tax credits for certain caregivers, foster care caregivers and legal guardians, and the petition (accompanied by bill, House, No. 1643) of Chris Walsh and others for legislation to establish the family caregiver tax credit, reports recommending that the accompanying bill (House, No. 3911) ought to pass.

For the committee,

JAY R. KAUFMAN.

FILED ON: 9/14/2017

HOUSE . . . . . No. 3911

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

An Act to establish the family caregiver tax credit.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 6 of chapter 62 of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by inserting after subsection (t) the following new subsection:-

(u)(1) As used in this subsection, the following words shall have the following meanings unless the context clearly requires otherwise:

"Activities of daily living", everyday functions and activities, which individuals usually do without help, including, but not limited to, bathing, continence, dressing, eating, toileting and transferring.

"Eligible family member", an individual who (1) is at least 18 years of age during a taxable year, (2) requires assistance with at least one activity of daily living and (3) qualifies as a dependent, spouse, parent or other relation by blood or marriage, including an in-law, grandparent, grandchild, step-parent, aunt, uncle, niece or nephew of the family caregiver.

“Evaluation year”, the year in which an evaluation of the tax credit is to be complete. The evaluation year shall be every 5 years after the effective date of this subsection.

"Family caregiver", an individual who is a resident taxpayer for the taxable year and had eligible expenditures, as described in paragraph (3) of this subsection, with respect to 1 or more eligible family members during the taxable year. In the case of a joint return, the term includes the individual and the individual's spouse. The family caregiver claiming the credit must have a Massachusetts adjusted gross income of less than $75,000 for an individual and $150,000 for a couple and incur uncompensated expenses directly related to the care of an eligible family member.

(2) A taxpayer who is a family caregiver is eligible to receive for a taxable year is equal to a refundable credit against the taxes imposed by this chapter. The credit shall be equal to 100 per cent of the eligible expenditures incurred by the taxpayer during the taxable year, with a maximum allowable credit of $1,500.

(3) Expenditures eligible to be claimed for the tax credit include the costs associated with:

(i) the improvement or alteration to the family caregiver's primary residence to permit the eligible family member to remain mobile, safe, and independent;

(ii) the purchase or lease of equipment that is necessary to assist an eligible family member in carrying out one or more activities of daily living; and

(iii) other goods, services or supports that assist the family caregiver in providing care to an eligible family member, such as expenditures related to hiring a home care aide or personal

care attendant, respite care, adult day health, transportation, legal and financial services and assistive technology.

(4) No taxpayer shall be entitled to claim a tax credit under this subsection for the same eligible expenditures claimed by another taxpayer. The total amount of tax credits claimed by family caregivers shall not exceed $1,500 for the same eligible family member. If two or more family caregivers claim tax credits for the same eligible family member, the total of which exceeds $1,500, the total amount of the credit allowed shall be allocated in amounts proportionate to each eligible taxpayer's share of the total amount of the eligible expenditures for the eligible family member.

(5) A taxpayer may not claim a tax credit under this section for expenses incurred in carrying out general household maintenance activities, including painting, plumbing, electrical repairs or exterior maintenance, and such expenses must be directly related to assisting the family caregiver in providing care to an eligible family member.

(6) The commissioner of the department of revenue shall promulgate rules and regulations relative to the administration and enforcement of this subsection.

(7) The commissioner shall annually, not later than September 1, file a report with the house and senate committees on ways and means, the chairs of the joint committee on revenue and the chairs of the joint committee on elder affairs identifying, by community, the total amount of tax credits claimed and the total number of tax filers who received the tax credit for the preceding fiscal year.

(8) On or before May 31 of the year before the evaluation year, there shall be established a committee entitled the Caregiver Tax Credit Evaluation Committee to conduct a review of the tax credit.

The committee shall be comprised of 7 members: 2 of whom shall be appointed by the secretary of the executive office of health and human services; 2 of whom shall be appointed by the secretary of the executive office of elder affairs; 1 of whom shall be appointed by the secretary of the executive office for administration and finance; 1 of whom shall be appointed by the president of the senate; and 1 of whom shall be appointed by the speaker of the house of representatives.

The committee shall: (1) examine the purpose for which the tax credit was established; (2) determine whether the original intent of the tax credit is still appropriate; (3) examine whether the tax credit is meeting its objectives; (4) examine whether the purposes of the tax credit could be more efficiently and effectively carried out through alternative methods; and (5) calculate the costs of providing the tax credit, including the administrative cost and lost revenues to the commonwealth.

The committee shall file a report of its findings with the senate and house clerks and with the governor, which shall include a recommendation as to whether the tax credit should be continued, with or without changes, or be terminated. The report shall be accompanied by any legislation that is needed to accomplish the recommendations of the report. The report shall be filed no later than December 31 of the evaluation year.

SECTION 2. This act shall apply to taxable years beginning on or after January 1 next following the date of enactment.