2017R2770

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

Senate Bill 487

FISCAL NOTE

BY SENATORS GAUNCH, CLINE, MULLINS AND STOLLINGS

[Introduced March 1, 2017; Referred

to the Committee on Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article, designated §11-28-1, §11-28-2, §11-28-3 and §11-28-4, all relating to providing a tax credit to eligible caregivers for expenses of modifications to homes made more accessible for an elderly person or a person with a disability, for lease or purchase of equipment, or for other goods and services for the care of an eligible family member.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new article, designated §11-28-1, §11-28-2, §11-28-3 and §11-28-4, all to read as follows:

ARTICLE 28. LIVABLE-HOME TAX CREDIT FOR CAREGIVERS.

§11-28-1. Legislative purpose.

At any given time, an estimated 300,000 West Virginia residents provide varying degrees of unreimbursed care to adults with limitations in daily activities. While most caregivers are asked to assist an individual with basic activities of daily living, such as mobility, eating, and dressing, many are expected to perform complex tasks on a daily basis such as administering multiple medications, providing wound care, and operating medical equipment.

Increasingly, caregivers are contributing more time, more energy, and more support to their loved ones. The rising cost of health care, the limitations to Medicare and other insurance coverage, the increased number of years that caregivers are providing care, and improved longevity have all put pressure on caregivers to dip into their own finances to help pay for various elements of care.

For many caregivers, these out-of-pocket expenses can add up. For caregiver’s earning at or below the average median income level, the contributions have a significant impact. In order to successfully address the challenges of a surging population of older adults and others living with chronic conditions, who have significant needs for long-term services and support, the state must develop methods to enable caregivers to continue to support their loved ones at home and in the community, and avoid unnecessary costs to the state’s health care system. Therefore, it is the intent of the Legislature to provide a tax credit for certain expenses incurred by a family caregiver for the care and support of a qualifying family member age eighteen and over.

§11-28-2. Definitions.

(a) General. – When used in this article, or in the administration of this article, terms defined in subsection (b) of this section have the meanings ascribed to them by this section, unless a different meaning is clearly required by the context in which the term is used.

(b) Terms defined.

(1) "Eligible family member" means an individual who:

(A) Is at least eighteen years of age during the taxable year;

(B) Requires assistance with at least one activity of daily living, as certified by a licensed health care practitioner; and

(C) Is an individual who 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.

(2) "State tax liability" means a family caregiver's total state tax liability incurred under state statute for the taxable year.

(3) "Family Caregiver" means an individual who is a resident taxpayer for 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 federal 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 care recipient. In addition, the family caregiver must:

(A) Provide care to one or more eligible care recipients during the taxable year, and;

(B) Be eligible to receive a credit against the family caregiver's state tax liability for the taxable year.

§11-28-3. Value of Credit.

(a) The total amount of the tax credit that a taxpayer described in section two of this chapter is eligible to receive for a taxable year is equal to a credit equal to fifty percent of the eligible expenses incurred by the taxpayer during the taxable year, with a maximum allowable credit of $1,000.

(b) A taxpayer is not entitled to a refund, carryback, or carryforward of any credit under this section. To obtain a tax credit under this chapter, a taxpayer must claim the tax credit in the manner prescribed by the state.

§11-28-4. Eligible Expenditures.

(a) Expenditures eligible to be claimed for the tax credit include:

(1) The improvement or alteration to the family caregiver's primary residence to permit the care recipient to remain mobile, safe, and independent.

(2) The purchase or lease of equipment that is necessary to assist an eligible care recipient in carrying out one or more activities of daily living;

(3) Other goods, services, or supports that assist the family caregiver to provide care to an eligible care recipient, such as expenditures related to hiring a home care aide or personal care attendant, respite care, adult day care, transportation, legal and financial services, and for assistive technology to care for their loved one.

(b) Only one tax credit may be claimed in a taxable year under this article for expenses for an eligible family member. If two or more qualified taxpayers claim a credit for the same qualifying senior family member, the total amount of the credit allowed shall be allocated in equal amounts between or among each of the qualified taxpayers.

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

NOTE: The purpose of this bill is to provide a tax credit to eligible caregivers for expenses of modifications to homes made more accessible for an elderly person or a person with a disability, lease or purchase of equipment, or other goods or services.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.