

ASSEMBLY WOMEN AND CHILDREN COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1855

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2014

The Assembly Women and Children Committee reports favorably Assembly Bill No. 1855.

This bill, designated as the Caregiver's Assistance Act, provides a gross income tax credit to qualified caregivers, including resident taxpayers and resident individuals, who pay or incur qualified care expenses for the care and support of a qualifying senior family member residing with the caregiver at the caregiver's permanent place of abode in this State.

The bill provides that to be allowed a credit, qualified caregivers who pay or incur qualified care expenses must have gross income that does not exceed an annual income limitation. The bill specifies that qualified caregivers must have gross income that does not exceed \$100,000, or does not exceed \$50,000 if married or a civil union partner filing separately or if unmarried, not a partner in a civil union, and not filing or eligible to file as head of household or as a surviving spouse for federal income tax purposes, to be allowed the credit.

The bill provides that the amount of the credit is equal to 22.5 percent of the qualified care expenses paid or incurred by the qualified caregiver during the taxable year for the care and support of a qualifying senior family member that are not in excess of \$3,000. The bill's limitation on the amount of qualified care expenses caps the maximum amount of each credit at \$675 per year. The bill provides that if multiple qualified caregivers maintain residency at the same place in this State and each caregiver is allowed a credit for qualified care expenses of the same qualifying senior family member, the credit allowed will be allocated in equal amounts unless a different allocation is established by agreement. The bill provides that the credit is in addition to the benefit of the dependent deduction that may be received by the qualified caregiver for claiming the qualifying senior family member as a dependent on the caregiver's gross income tax return.

The bill provides that the credit is refundable; the amount of any credit that reduces the qualified caregiver's tax liability to an amount less than zero is required to be refunded to the caregiver as an overpayment of tax. The bill provides that a qualified caregiver is eligible to receive the benefits of the credit, even if the caregiver has gross income below the statutory minimum subject to tax.

The bill defines a qualifying senior family member as an individual who: (1) is 60 years of age or older and a relative of the qualified caregiver, (2) resides with the qualified caregiver at the qualified caregiver's permanent place of abode in this State for not less than six months of the taxable year, and (3) has gross income for the taxable year not in excess of \$20,000, or not in excess of \$13,000 if married or a civil union partner filing separately or if unmarried, not a partner in a civil union, and not filing or eligible to file as head of household or as a surviving spouse for federal income tax purposes. The bill defines qualified care expenses as the expenses paid or incurred during the taxable year for the purchase, lease, or rental of tangible personal property and services that are necessary to allow the qualifying senior family member to be maintained within or at the qualified caregiver's permanent place of abode in this State.

The purpose of this bill is to recognize and provide financial assistance to State residents who provide informal, uncompensated care and support to elderly relatives. Family caregivers who provide care and support to senior loved ones help meet a critical need of the State's aging population by allowing elderly residents to remain at home and in their communities for longer periods and by reducing the overall strain on the State's existing health care and long-term care service and support systems.

According to recent reports, the efforts of family caregivers typically go unnoticed and often have significant impacts on the emotional and financial health of those providing care. The credit provided by the bill will alleviate a portion of the overall cost associated with providing in-home care to elderly relatives, and illuminate the critical role family caregivers play in supporting the health and well-being of the State and its senior residents.

This bill was pre-filed for introduction in the 2014-2015 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.