

Briefing Document: Arkansas House Bill 1076 – Caring for Caregivers Act

Subject: Analysis of proposed legislation to establish a tax credit for family caregivers in Arkansas.

Source: Excerpts from Arkansas House Bill 1076 (HB1076.pdf)

Note: This briefing document provides an overview of the key provisions of HB1076. Further analysis of the potential economic and social impacts of this legislation will be necessary.

1. Introduction

House Bill 1076, also known as the "Caring for Caregivers Act," proposes to amend Arkansas income tax laws by creating a new income tax credit specifically designed to assist family caregivers. This legislation aims to alleviate the financial burden on individuals who provide care for eligible family members, allowing them to better manage and afford the costs associated with caregiving. The act seeks to provide direct financial relief to families who are often taking on the responsibility of caring for loved ones at home, allowing them to continue this care.

2. Key Provisions and Definitions

The bill introduces specific definitions to outline eligibility for both caregivers and care recipients. Here are the core components:

- **Activities of Daily Living (ADLs):** The bill defines ADLs as "Ambulating...Feeding...Dressing...Personal hygiene...Continence...and Toileting." The inability to perform two or more of these activities is a key requirement for the care recipient's eligibility.
- **Eligible Expenditure:** This term encompasses expenses directly related to assisting a family caregiver in providing care, including:
 - Home modifications to improve mobility, safety, and independence.
 - Purchase or lease of necessary durable medical equipment.
 - Expenses for home care aides, respite care, adult day care, personal care attendants, healthcare equipment, and technology. Notably, general household maintenance expenses are *excluded*. The definition of "Eligible expenditure" is broad, aiming to encompass common costs associated with providing care and allowing for many routes to support family caregiving.
- **Eligible Family Member:** To qualify for care under this act, an individual must meet these criteria:
 - Be at least 62 years of age.
 - Require assistance with at least two ADLs, as certified by a licensed healthcare practitioner.
 - Be a dependent, spouse, parent, or other blood/marriage relative of the caregiver.

- Live in a private residence (not assisted living, nursing, or residential care homes). This emphasis on private residences is likely to support those who are attempting to care for family members in a home setting as opposed to institutional care.
- **Family Caregiver:** The bill outlines specific criteria for caregivers:
 - Provide care and support for an eligible family member.
 - Have a total adjusted gross income (including spouse) of less than \$50,000. This income threshold is intended to target the tax credit toward lower-to-middle income families.
 - Have personally incurred uncompensated expenses related to the care of an eligible family member.
- **Veteran:** A "Veteran" is defined as someone who served in the US military and was discharged under conditions other than dishonorable. This is important, as veterans are eligible for a larger tax credit.

3. Tax Credit Details

- **Credit Amount:** The proposed credit is equal to 50% of eligible expenditures. This provision is key to the intent of the bill, as it establishes significant monetary relief for caregivers.
- **Maximum Credit:** The maximum credit is capped at \$2,000 per year, *unless* the eligible family member is a veteran or diagnosed with dementia, in which case it increases to \$3,000 per year. This allows for greater support of situations involving veterans or those with specific conditions that might require increased care.
- **Allocation:** If multiple taxpayers claim the credit for the same individual, the credit is divided equally among them. This addresses situations where care is shared amongst multiple family members.
- **Annual Cap:** The total amount of credits allowed under this Act is capped at \$1,500,000 per calendar year. This establishes a maximum total cost of this program and is important to ensure program viability and prevent overspending.
- **Credit Order:** The tax credit is awarded on a first-come, first-served basis.
- **Credit Limit:** The amount of the credit cannot exceed the amount of tax due by the taxpayer.

4. Effective Date

Section 2 of the act is effective for tax years beginning on or after January 1, 2025. This establishes a specific timeframe for the law to go into effect and for families to be eligible for the tax credit.

5. Key Themes

- **Support for Family Caregivers:** The bill explicitly acknowledges the value and burden placed on family caregivers by providing direct financial assistance. The legislation aims to make at-home care more feasible for families in Arkansas.

- **Emphasis on Home-Based Care:** By excluding those in assisted living facilities and nursing homes, the bill prioritizes and supports families who are choosing to provide care in private residential settings, and aims to support keeping families together.
- **Targeted Assistance:** The income cap (\$50,000) and eligibility criteria seek to target financial aid to those who are likely to be facing the greatest financial burden associated with caregiving, including low-to-middle-income families. The increased credit for veterans and those with dementia demonstrates a focus on populations in particular need.
- **Fiscal Responsibility:** The \$1.5 million annual cap ensures financial accountability and prevents overspending.

6. Potential Impacts

- **Positive:** The bill could reduce the financial strain on family caregivers, enable more families to keep loved ones at home, and potentially reduce the strain on long-term care facilities.
- **Limitations:** The \$1.5 million annual cap means that some eligible families may not receive the credit if funds are exhausted. Additionally, the income cap may exclude some families who need assistance, and the definition of "eligible expenditures" may not be exhaustive.

7. Conclusion

House Bill 1076, the "Caring for Caregivers Act," represents a significant step toward supporting family caregivers in Arkansas by providing a financial incentive to assist with the costs of care. The bill seeks to target those most in need and encourages the provision of in-home care. The bill includes specific guidelines on eligibility, payment, and limitations. If implemented, this act could have a substantial impact on the lives of many Arkansan families. However, it is important to note that the impact of the program will depend on how it is implemented and the utilization of the tax credit by eligible families.