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## OLR Bill Analysis

### sSB 261

#### ***AN ACT CONCERNING A STATE INCOME TAX DEDUCTION FOR HOME CARE COSTS.***

#### **SUMMARY**

This bill establishes state income tax deductions for home care costs for certain qualifying relatives. Under the bill, taxpayers may deduct from their Connecticut adjusted gross income (AGI), to the extent not deductible in determining federal AGI, up to \$60,000 of the ordinary and necessary expenses they paid or incurred for the following individuals:

1. an individual who is age 70 or older and related to the taxpayer by blood, adoption, or marriage or
2. a dependent or spouse who is incapable of caring for himself or herself due to a physical or mental disability and lived with the taxpayer for at least half of the tax year (i.e., certain qualifying individuals for purposes of the federal dependent care credit), but only if the expenses are not otherwise deductible under the bill or state law.

Under the bill, the deductions apply to full-time home care costs, including medical supplies, in-home services provided by homemaker-companion agencies, and health care provided by home health agencies.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2022.

#### **BACKGROUND**

##### ***Federal Definition of Incapability***

Under federal law, a person is physically or mentally incapable of self-care if, as a result of a physical or mental defect, he or she is incapable of caring for his or her hygiene or nutritional needs or requires another person's full-time attention for his or her own safety or the

safety of others. The inability to engage in any substantial gainful activity, perform normal household functions, or care for minor children due to a physical or mental condition does not establish that the individual is incapable of self-care (26 C.F.R. § 1.21-1(b)(4)).

**COMMITTEE ACTION**

Aging Committee

Joint Favorable

Yea 16 Nay 0 (03/10/2022)