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## OLR Bill Analysis

### HB 6926

#### ***AN ACT ESTABLISHING A PERSONAL INCOME TAX DEDUCTION FOR CERTAIN HOME HEALTH CARE EXPENSES.***

#### **SUMMARY**

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

1. someone 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 people 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, deductible full-time home care expenses include medical supplies and in-home services provided by registered homemaker companion agencies and licensed home health agencies.

EFFECTIVE DATE: January 1, 2024, and applicable to taxable years commencing on or after January 1, 2024.

#### **BACKGROUND**

##### ***Related Bill***

sHB 5511, favorably reported by the Veterans' and Military Affairs Committee, has a nearly identical deduction for expenses incurred providing full-time home care to a veteran. Veterans or taxpayers

related to the veteran by blood, adoption, or marriage are eligible for the deduction under the bill.

***Federal Definition of Incapability***

Under federal law, a person is physically or mentally incapable of self-care if, due to a physical or mental defect, he or she (1) is incapable of caring for his or her hygiene or nutritional needs or (2) 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 incapability (26 C.F.R. § 1.21-1(b)(4)).

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51      Nay 0      (04/19/2023)