

BILL SUMMARY
1st Session of the 59th Legislature

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| Bill No.: | HB1368 |
| Version: | Introduced |
| Request Number: | 6594 |
| Author: | West (Tammy) |
| Date: | 2/16/2023 |
| Impact: | OTC Analysis: |
| | FY24: \$0 |
| | FY25: Unknown decrease in income tax revenue |

Research Analysis

HB1368, as introduced, creates an income tax credit for 50 percent of eligible expenditures incurred by a family caregiver for the support of an eligible family member ages 62 or older. The tax credit may be claimed beginning tax year 2024 and is subject to a \$1.5 million annual cap. Taxpayers are limited to a \$2000 credit per family member, or \$3000 if the family member is a veteran or is diagnosed with dementia.

Prepared By: Quyen Do

Fiscal Analysis

HB1368 proposes to create an income tax credit for 50% of eligible expenditures incurred by a family caregiver for the care of an eligible family member. The annual credit amount is limited to \$2,000, but is increased to \$3,000 if the eligible family member is a veteran or has been diagnosed with dementia. The Oklahoma Tax Commission anticipates a decrease in income tax revenue, but the number of eligible family members, caregivers, and expenditure amounts are unknown. This measure constitutes an unknown decrease in income tax revenue.

As provided by the Oklahoma Tax Commission:

In its *2020 Older Americans Key Indicators of Well-Being* report, the Federal Interagency Forum on Aging Related Statistics (FIFARS) reported that approximately 3.1 million persons age 65 and over were Medicare beneficiaries who had dementia and were living in settings other than nursing homes during 2015.² It is estimated that approximately 35,960 (1.16%)³ of these persons were Oklahoma residents; however, the actual number of Oklahoma residents age 65 and over who have dementia and are living in a private residential home is unknown. If a \$3,000 credit was claimed for 50% of these persons, the resulting decrease in income tax revenue would be approximately \$53.9 million. The actual number of persons in Oklahoma who have dementia and who meet all the criteria to be considered eligible family members for the proposed credit is unknown.

| Estimated Number of OK Medicare Enrollees with Limitations Performing 1 or More ADLs | | |
|--|-------|--------------|
| | Rate | # of Persons |
| 2020 Medicare Enrollees, Age 65 and Over | | 57,200,000 |
| Limitations Performing 1-2 ADLs | 16.3% | 9,323,600 |
| Limitations Performing 3-4 ADLs | 4.9% | 2,802,800 |
| Limitations Performing 5-6 ADLs | 2.9% | 1,658,800 |
| Est. Medicare Enrollees with Limitations Performing 1 or More ADLs | | 13,785,200 |
| Est. OK Medicare Enrollees with Limitations Performing 1 or More ADLs | 1.16% | 159,908 |

If a \$2,000 credit was claimed for 50% of the estimated Oklahoma Medicare enrollees with limitations performing one or more ADLs, the resulting decrease in income tax revenue would be approximately \$160 million. The actual number of persons requiring assistance with at least two ADLs and who meet all the criteria to be considered eligible family members for the proposed credit is unknown.

Due to a scarcity of data, the actual number of persons who may be considered eligible family members and eligible caregivers for the proposed credit and the related eligible expenditure amounts are unknown. As a result, the expected revenue impact of this proposal is an unknown decrease in income tax collections, beginning for FY 25 when the 2024 tax returns are filed.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

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