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# A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that family caregivers  
2 are the backbone of the long-term care system in the State.  
3 AARP's 2023 report "Valuing the Invaluable" found that 154,000  
4 residents of the State provide unpaid caregiving services for a  
5 loved one. The report finds that each year, these family  
6 caregivers contribute nearly 144,000,000 hours of unpaid  
7 services, estimated at a value of \$2,600,000,000. Caregiving  
8 services can range from managing personal finances and  
9 transporting for medical visits to providing twenty-four-hour  
10 supervision and assisting with bathing, toileting, and dressing  
11 so that their loved ones are not prematurely institutionalized  
12 and can remain in their homes.

13           The legislature further finds that nonpaid family  
14 caregivers face many physical, emotional, and financial  
15 challenges and often balance caregiving with work and other  
16 personal responsibilities. A 2021 national study found that, on  
17 average, family caregivers spend twenty-six per cent of their



1 income on caregiving services; nearly eight in ten caregivers  
2 report having routine out-of-pocket expenses related to  
3 caregiving; and that these out-of-pocket expenses average \$7,242  
4 per year. The legislature believes that the demands on family  
5 caregivers are not isolated family issues and that the State  
6 should assist in the delivery of meaningful support and  
7 solutions for those that provide unpaid long-term care services  
8 in the State.

9 Accordingly, the purpose of this Act is to establish a tax  
10 credit for nonpaid family caregivers.

11 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14 "§235- Family caregiver tax credit. (a) There shall be  
15 allowed to each eligible taxpayer subject to the tax imposed by  
16 this chapter a family caregiver tax credit that shall be  
17 deductible from the taxpayer's net income tax liability, if any,  
18 imposed by this chapter for the taxable year in which the credit  
19 is properly claimed.

20 (b) The family caregiver tax credit shall be equal to the  
21 qualified expenses of the taxpayer, up to a maximum of \$5,000 in



1 any taxable year; provided that married individuals filing  
2 separate tax returns for a taxable year for which a joint return  
3 could have been filed shall claim only the tax credit to which  
4 they would have been entitled had a joint return been filed.

5 (c) An eligible taxpayer may claim the tax credit for  
6 every taxable year or part thereof that the eligible taxpayer  
7 provides care to a care recipient during the taxable year; has  
8 personally incurred uncompensated expenses directly related to  
9 the care of a care recipient; and has not claimed the care  
10 recipient as a dependent for the purpose of a tax deduction in  
11 the same taxable year. Only one eligible taxpayer per household  
12 may claim a tax credit for any care recipient cared for in a  
13 taxable year. An eligible taxpayer shall not claim multiple tax  
14 credits under this section in a taxable year, regardless of the  
15 number of care recipients receiving care from the eligible  
16 taxpayer.

17 (d) The director of taxation:  
18 (1) Shall prepare any forms that may be necessary to claim  
19 a tax credit under this section;



1       (2) May require the taxpayer to furnish reasonable  
2           information to ascertain the validity of the claim for  
3           the tax credit made under this section; and

4       (3) May adopt rules pursuant to chapter 91 necessary to  
5           carry out this section.

6       (e) All claims for the tax credit under this section,  
7       including amended claims, shall be filed on or before the end of  
8       the twelfth month following the close of the taxable year for  
9       which the credit may be claimed. Failure to comply with the  
10       foregoing provisions shall constitute a waiver of the right to  
11       claim the credit.

12       (f) The department of taxation shall report to the  
13       legislature, no later than twenty days prior to the convening of  
14       each regular session, on the number of taxpayers claiming the  
15       tax credit and the total cost of the tax credit under this  
16       section to the State during the past year.

17       (g) As used in this section,  
18       "Activity of daily living" has the same meaning as defined  
19       in section 349-16.

20       "Care recipient" means an individual who:



- 1        (1) Is a citizen of the United States or a qualified
- 2            alien; provided that for the purposes of this
- 3            paragraph, "qualified alien" means a lawfully admitted
- 4            permanent resident under the Immigration and
- 5            Nationality Act;
- 6        (2) Is not covered by any comparable government or private
- 7            home- and community-based care service, except or
- 8            excluding kupuna care services;
- 9        (3) Does not reside in a long-term care facility, such as
- 10           an intermediate care facility, assisted living
- 11           facility, skilled nursing facility, hospital, adult
- 12           foster home, community care foster family home, adult
- 13           residential care home, expanded adult residential care
- 14           home, or developmental disabilities domiciliary home;
- 15           and
- 16        (4) Has impairments as certified by a primary care medical
- 17           provider of at least:
- 18           (A) Two activities of daily living;
- 19           (B) Two instrumental activities of daily living;
- 20           (C) One activity of daily living and one instrumental
- 21           activity of daily living; or



1           (D) Substantive cognitive impairment requiring  
2           substantial supervision because the individual  
3           behaves in a manner that poses a serious health  
4           or safety hazard to the individual or another  
5           person.

6   "Care recipient" also refers to a person with a disability as  
7   that term is defined under section 515-2.

8           "Eligible taxpayer" means any relative of a care recipient  
9   who:

10          (1) Has a federal adjusted gross income of \$75,000 or less  
11          (or \$125,000 if filing a tax return jointly);

12          (2) Has undertaken the care, custody, or physical  
13          assistance of the care recipient; and

14          (3) Has not claimed a credit under section 235-55.6.

15          "Instrumental activities of daily living" has the same  
16   meaning as defined in section 349-16.

17          "Kupuna care services" has the same meaning as defined in  
18   section 349-16.

19          "Qualified expenses" means costs that are directly incurred  
20   by the eligible taxpayer in providing care to a care recipient,  
21   including but not limited to:



- 1        (1) The improvement or alteration to the eligible  
2        taxpayer's primary residence to permit the care  
3        recipient to live in the residence and remain mobile,  
4        safe, and independent, including entrance ramps,  
5        safety grab bars by toilets, and the conversion of  
6        tubs to accessible showers;
- 7        (2) The purchase or lease of equipment and supplies,  
8        including but not limited to durable medical  
9        equipment, incontinent undergarments, and portable  
10       commodes, necessary to assist a care recipient in  
11       carrying out one or more activities of daily living;  
12       and
- 13       (3) Other paid or incurred expenses by the eligible  
14       taxpayer that assists the eligible taxpayer in  
15       providing care to a care recipient, such as  
16       expenditures related to:
- 17       (A) Home care aides or chore workers;  
18       (B) Respite care;  
19       (C) Adult day care or adult day health center  
20       services;  
21       (D) Personal care attendants;



- 1           (E) Transportation, including but not limited to
- 2                   para-transit service for non-emergency medical
- 3                   transport;
- 4           (F) Health care equipment; and
- 5           (G) Assistive technology, including emergency alert
- 6                   system and voice activated medication dispensers
- 7                   or reminders.

8           "Relative" means a spouse, child, parent, sibling, legal  
9 guardian, a reciprocal beneficiary as that term is defined in  
10 section 572C-3, a partner as that term is defined in  
11 section 572B-1, or any other person who is related to a care  
12 recipient by blood, marriage, or adoption, including a person  
13 who has a hanai or substantial familial relationship to the care  
14 recipient."

15           SECTION 3. New statutory material is underscored.

16           SECTION 4. This Act shall take effect on December 31,  
17 2050, and shall apply to taxable years beginning after  
18 December 31, 2024.





**Report Title:**

Kupuna Caucus; DOTAX; Family Caregiver Tax Credit; Report

**Description:**

Establishes a refundable tax credit for nonpaid family caregivers. Requires the Department of Taxation to report to the Legislature before the convening of each Regular Session. Takes effect 12/31/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

