

---

---

# 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) Each eligible  
15 taxpayer subject to the tax imposed by this chapter may claim a  
16 family caregiver tax credit against the taxpayer's individual  
17 income tax liability, if any, imposed by this chapter for the  
18 taxable year in which the credit is properly claimed.

19 (b) The family caregiver tax credit shall be equal to the  
20 qualified expenses of the eligible taxpayer, up to a maximum of  
21 \$5,000 in any taxable year; provided that married individuals



1 who do not file a joint tax return shall only be entitled to  
2 claim the tax credit to the extent that they would have been  
3 entitled to claim the tax credit had they filed a joint return.

4 (c) An eligible taxpayer may claim the tax credit for  
5 every taxable year or part thereof that the eligible taxpayer:

6 (1) Provides care to a care recipient during the taxable  
7 year;

8 (2) Has personally incurred uncompensated expenses  
9 directly related to the care of a care recipient; and

10 (3) Has not claimed the care recipient as a dependent for  
11 the purpose of a tax deduction in the same taxable  
12 year.

13 (d) Only one eligible taxpayer per household may claim a  
14 tax credit under this section for any care recipient cared for  
15 in a taxable year. Only one tax credit under this section shall  
16 be claimed by an eligible taxpayer in any one taxable year,  
17 regardless of the number of care recipients receiving care from  
18 the eligible taxpayer.

19 (e) The director of taxation, in consultation with the  
20 executive office on aging:



- 1        (1) Shall prepare any forms that may be necessary to claim  
2        a tax credit under this section;
- 3        (2) May require the taxpayer to furnish reasonable  
4        information to ascertain the validity of the claim for  
5        the tax credit made under this section; provided that  
6        the executive office on aging shall certify the claim  
7        for the tax credit; and
- 8        (3) May adopt rules pursuant to chapter 91 necessary to  
9        carry out this section.
- 10       (f) If the tax credit under this section exceeds the  
11       taxpayer's income tax liability, the excess of the credit over  
12       liability may be used as a credit against the taxpayer's income  
13       tax liability in subsequent years until exhausted. All claims  
14       for the tax credit under this section, including amended claims,  
15       shall be filed on or before the end of the twelfth month  
16       following the close of the taxable year for which the credit may  
17       be claimed. Failure to comply with the foregoing provision  
18       shall constitute a waiver of the right to claim the credit.
- 19       (g) The department of taxation shall submit a report to  
20       the legislature no later than twenty days prior to the convening  
21       of each regular session on the number of eligible taxpayers



1 claiming the tax credit and the total cost of the tax credit  
2 under this section to the State during the past year.

3 (h) For the purposes of this section:

4 "Activity of daily living" has the same meaning as in  
5 section 349-16.

6 "Care recipient" means an individual who:

7 (1) Is a citizen of the United States or a qualified  
8 alien; provided that for the purposes of this  
9 paragraph, "qualified alien" means a lawfully admitted  
10 permanent resident under the Immigration and  
11 Nationality Act;

12 (2) Does not reside in a long-term care facility, such as  
13 an intermediate care facility, assisted living  
14 facility, skilled nursing facility, hospital, adult  
15 foster home, community care foster family home, adult  
16 residential care home, expanded adult residential care  
17 home, or developmental disabilities domiciliary home;  
18 and

19 (3) Has impairments of at least:

20 (A) Two activities of daily living;

21 (B) Two instrumental activities of daily living;



1            (C) One activity of daily living and one instrumental  
2            activity of daily living; or

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

8            "Care recipient" includes a person with a disability as  
9            that term is defined under section 515-2.

10           "Eligible taxpayer" means any relative of a care recipient  
11           who:

12           (1) Has a federal adjusted gross income of \$75,000 or  
13           less, or \$125,000 if filing a joint tax return; and

14           (2) Has undertaken the care, custody, or physical  
15           assistance of the care recipient.

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

18           "Qualified expenses" means out-of-pocket expenses directly  
19           incurred by the eligible taxpayer in providing care to a care  
20           recipient that have not been reimbursed, credited, paid, or  
21           otherwise covered by another individual, organization, provider,



1 or government entity. "Qualified expenses" includes but is not  
2 limited to:

3 (1) The improvement or alteration to the eligible  
4 taxpayer's primary residence to permit the care  
5 recipient to live in the residence and remain mobile,  
6 safe, and independent, including entrance ramps,  
7 safety grab bars by toilets, and the conversion of  
8 tubs to accessible showers;

9 (2) The purchase or lease of equipment and supplies,  
10 including but not limited to durable medical  
11 equipment, incontinent undergarments, and portable  
12 commodes, necessary to assist a care recipient in  
13 carrying out one or more activities of daily living;  
14 and

15 (3) Other paid or incurred expenses by the eligible  
16 taxpayer that assists the eligible taxpayer in  
17 providing care to a care recipient, such as  
18 expenditures related to:

19 (A) Home care aides or chore workers;

20 (B) Respite care;



- 1           (C) Adult day care or adult day health center
- 2           services;
- 3           (D) Personal care attendants;
- 4           (E) Transportation, including but not limited to
- 5           paratransit service for non-emergency medical
- 6           transport;
- 7           (F) Health care equipment; and
- 8           (G) Assistive technology, including emergency alert
- 9           systems and voice activated medication dispensers
- 10           or reminders.

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

17           SECTION 3. There is appropriated out of the general  
 18 revenues of the State of Hawaii the sum of \$                    or so  
 19 much thereof as may be necessary for fiscal year 2025-2026 and  
 20 the same sum or so much thereof as may be necessary for fiscal



1 year 2026-2027 for the certification of claims for tax credits  
2 under the family caregiver tax credit.

3 The sums appropriated shall be expended by the executive  
4 office on aging for the purposes of this Act.

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 3000, and  
7 shall apply to taxable years beginning after December 31, 2025.



# H.B. NO. 701 H.D. 2

**Report Title:**

Kupuna Caucus; DOTAX; Family Caregiver Tax Credit; Report;  
Executive Office on Aging; Appropriation

**Description:**

Establishes a Family Caregiver Tax Credit for nonpaid family caregivers. Requires the Department of Taxation to report to the Legislature. Appropriates funds to the Executive Office on Aging to certify claims for the credit. Effective 7/1/3000.  
(HD2)

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

2025-1475 HB701 HD2 HMSO

