
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
20 to per cent of the qualified expenses of the eligible
21 taxpayer, up to a maximum of \$ in any taxable year;



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

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

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

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

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

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

20 (e) The director of taxation, in consultation with the
21 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; provided that
14 no credit carried forward under this subsection shall be used as
15 a credit more than five years after the taxable year in which
16 qualified expenses are incurred. All claims for the tax credit
17 under this section, including amended claims, shall be filed on
18 or before the end of the twelfth month following the close of
19 the taxable year for which the credit may be claimed. Failure
20 to comply with the foregoing provision shall constitute a waiver
21 of the right to claim the credit.



1 (g) The department of taxation shall submit a report to
2 the legislature no later than twenty days prior to the convening
3 of each regular session on the number of eligible taxpayers
4 claiming the tax credit and the total cost of the tax credit
5 under this section to the State during the past year.

6 (h) For the purposes of this section:

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

9 "Care recipient" means an individual who:

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

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



- 1 (3) Has impairments of at least:
- 2 (A) Two activities of daily living;
- 3 (B) Two instrumental activities of daily living;
- 4 (C) One activity of daily living and one instrumental
- 5 activity of daily living; or
- 6 (D) Substantive cognitive impairment requiring
- 7 substantial supervision because the individual
- 8 behaves in a manner that poses a serious health
- 9 or safety hazard to the individual or another
- 10 person.

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

13 "Eligible taxpayer" means any relative of a care recipient
14 who:

- 15 (1) Has a federal adjusted gross income of \$75,000 or
- 16 less, or \$125,000 if filing a joint tax return; and
- 17 (2) Has undertaken the care, custody, or physical
- 18 assistance of the care recipient.

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



1 "Qualified expenses" means out-of-pocket expenses directly
2 incurred by the eligible taxpayer in providing care to a care
3 recipient that have not been reimbursed, credited, paid, or
4 otherwise covered by another individual, organization, provider,
5 or government entity. "Qualified expenses" includes but is not
6 limited to:

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

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

19 (3) Other expenses paid or incurred by the eligible
20 taxpayer that assists the eligible taxpayer in



- 1 providing care to a care recipient, such as
2 expenditures related to:
- 3 (A) Home care aides or chore workers;
 - 4 (B) Respite care;
 - 5 (C) Adult day care or adult day health center
6 services;
 - 7 (D) Personal care attendants;
 - 8 (E) Transportation, including but not limited to
9 paratransit service for non-emergency medical
10 transport;
 - 11 (F) Health care equipment; and
 - 12 (G) Assistive technology, including emergency alert
13 systems and voice activated medication dispensers
14 or reminders.

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



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2025-2026 and
4 the same sum or so much thereof as may be necessary for fiscal
5 year 2026-2027 for the certification of claims for tax credits
6 under the family caregiver tax credit.

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

9 SECTION 4. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 3000;
11 provided that section 2 shall apply to taxable years beginning
12 after December 31, 2025.



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.
(HD3)

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