

JAN 17 2025

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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 Hawaii faces unique  
2 geographical challenges that limit access to specialized medical  
3 care, requiring many residents to travel to other islands or  
4 outside the State for essential medical services. The high  
5 costs associated with medical travel, including airfare,  
6 lodging, transportation, and meals, impose a significant  
7 financial burden on individuals and families, particularly those  
8 from rural or underserved areas. These expenses  
9 disproportionately affect vulnerable populations, including  
10 seniors, low-income residents, and those with chronic  
11 conditions, further exacerbating health inequities in the State.

12           The legislature also finds that access to timely and  
13 appropriate healthcare is a fundamental right and is essential  
14 for improving public health outcomes and reducing long-term  
15 healthcare costs. Existing federal tax deductions may not fully  
16 alleviate the financial burden on Hawaii residents due to the  
17 limitations on eligibility and coverage under current tax laws.



1 The legislature further finds that a state income tax credit for  
2 medical travel expenses would provide targeted relief and help  
3 to ensure equitable access to healthcare and strengthen the  
4 overall well-being of Hawaii's communities by reducing the  
5 financial burdens and barriers to care.

6 Accordingly, the purpose of this Act is to establish an  
7 income tax credit for medical travel expenses incurred by  
8 residents to alleviate financial hardships, improve access to  
9 critical healthcare services, and promote healthier medical  
10 outcomes for residents across the State.

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- Income tax credit; medical travel expenses. (a)  
15 Each resident taxpayer who is not eligible to be claimed by  
16 another as a dependent for federal or state income taxes; who  
17 paid for certain travel expenses, not covered by insurance, for  
18 the purpose of obtaining medical care for the taxpayer's own  
19 person, or for obtaining medical care for a dependent of the  
20 resident taxpayer; and who files an individual net income tax  
21 return for a taxable year, may claim a tax credit under this



1 section against the resident taxpayer's Hawaii state individual  
2 net income tax, subject to the requirements of this section.

3 (b) Each taxpayer having an adjusted gross income of less  
4 than \$ \_\_\_\_\_ who paid for travel expenses, not covered or  
5 compensated by insurance or otherwise, for the purpose of  
6 obtaining medical care for the taxpayer's own person, or for  
7 obtaining medical care for a dependent of the resident taxpayer,  
8 during the taxable year for which the credit is claimed, may  
9 claim a tax credit in an amount equal to \_\_\_\_\_ per cent of the  
10 travel expenses paid that were primarily for, and essential to,  
11 medical care.

12 (c) The tax credits shall be deductible from the  
13 taxpayer's individual net income tax for the tax year in which  
14 the credits are properly claimed; provided that spouses filing  
15 separate returns for a taxable year for which a joint return  
16 could have been made by the spouses shall claim only the tax  
17 credits to which they would have been entitled had a joint  
18 return been filed. If the allowed tax credits exceed the amount  
19 of the income tax payments due from the taxpayer, the excess of  
20 credits over payments due shall be refunded to the taxpayer;  
21 provided that allowed tax credits properly claimed by an



1 individual who has no income tax liability shall be paid to the  
2 individual; and provided further that no refunds or payments on  
3 account of the tax credits allowed by this section shall be made  
4 for amounts less than \$1.

5 (d) All of the provisions relating to assessments and  
6 refunds under this chapter and under section 231-23(c)(1) shall  
7 apply to the tax credits hereunder.

8 (e) Claims for tax credits under this section, including  
9 any amended claims thereof, shall be filed on or before the end  
10 of the twelfth month following the taxable year for which the  
11 credit may be claimed. Failure to comply with the foregoing  
12 provision shall constitute a waiver of the right to claim the  
13 credit.

14 (f) The director of taxation:

15 (1) Shall prepare any forms that may be necessary to claim a  
16 tax credit under this section;

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

20 (3) May adopt rules under chapter 91 necessary to effectuate  
21 the purposes of this section.

22 (g) For the purposes of this section:



1        "Dependent" has the same meaning as in section 152 of the  
2 Internal Revenue Code, determined without regard to subsections  
3 (b) (1), (b) (2), and (d) (1) (B) thereof.

4        "Medical care" has the same meaning as in sections  
5 213(d) (1) (A) and 213(d) (9) of the Internal Revenue Code."

6        SECTION 3. This Act does not affect rights and duties that  
7 matured, penalties that were incurred, and proceedings that were  
8 begun before its effective date.

9        SECTION 4. New statutory material is underscored.

10       SECTION 5. This Act, upon its approval, shall apply to  
11 taxable years beginning after December 31, 2024.

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INTRODUCED BY:

*Wendell M. Reel*



# S.B. NO. 567

**Report Title:**

Income Taxation; Individuals; Medical Travel; Tax Credit

**Description:**

Establishes an income tax credit for medically-related travel expenses not covered by insurance.

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

