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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) 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 net income tax liability, if any, imposed by this chapter for  
18 the 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 net income tax liability, the excess of the credit  
12       over liability may be used as a credit against the taxpayer's  
13       income tax liability in subsequent years until exhausted;  
14       provided that no credit carried forward under this subsection  
15       shall be used as a credit more than five years after the taxable  
16       year in which qualified expenses are incurred. All claims for  
17       the tax credit under this section, including amended claims,  
18       shall be filed on or before the end of the twelfth month  
19       following the close of the taxable year for which the credit may  
20       be claimed. Failure to comply with the foregoing provision  
21       shall constitute a waiver 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 defined  
8 in 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       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 activity of daily living" has the same  
20       meaning as defined 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 2026-2027 to be  
4 allocated as follows:

- 5       (1) \$100,000 for infrastructure development and  
6           implementation of the family caregiver tax credit; and  
7       (2) \$                   for the certification of claims for tax  
8           credits under the family caregiver tax credit.

9       The sum appropriated shall be expended by the executive  
10 office on aging for the purposes of this Act.

11       SECTION 4. New statutory material is underscored.

12       SECTION 5. This Act shall take effect on December 31,  
13 2050; provided that section 2 shall apply to taxable years  
14 beginning after December 31, 2026.



**Report Title:**

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

**Description:**

Establishes a Family Caregiver Tax Credit for nonpaid family  
caregivers. Requires the Department of Taxation to submit  
annual reports to the Legislature. Appropriates funds to the  
Executive Office on Aging. Applies to taxable years beginning  
after 12/31/2026. Effective 12/31/2050. (SD1)

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not legislation or evidence of legislative intent.*

